LTKM Berhad (442942-H)

LTKM Berhad (442942-H)

2004 annual report

2004 annual report

Master Alliance Communications (M) Sdn. Bhd.

Contents

2 Notice of Seventh Annual General Meeting

4 Profile of Directors

6 Chairman's Statement

8 Financial Highlights

9 Corporate Information

10 Audit Committee Report

13 Statement on Corporate Governance

17 Financial Statements

58 List of Properties

58 Analysis of Shareholdings

Form of Proxy

Notice of Seventh Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Seventh Annual General Meeting of the Company will be held at Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, off Jalan Damansara, 60000 Kuala Lumpur on **Monday, 16 August 2004** 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 year ended 31 March 2004 together with the Directors' and Auditors' Report thereon. ***(Resolution 1)***

2. To approve a final dividend of 5% less 28% income tax, for the year ended 31 March 2004. ***(Resolution 2)***

3. To approve the payment of Directors' fees for the year ended 31 March 2004. ***(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 Wah ***(Resolution 5)***
   iii. Mr. Tan Kim Hock ***(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 no 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 5% less 28% income tax in respect of the financial year ended 31 March 2004, if approved by the shareholders, will be payable on 15 September 2004 to Depositors registered in the Record of Depositors at the close of business on 20 August 2004.

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 20 August 2004 in respect of ordinary transfers;

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

By Order Of The Board
LTKM BERHAD

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

Kuala Lumpur
Dated: 22 July 2004

Notes:

a) A member of the Company entitled to attend and vote at the Meeting is entitled to appoint a Proxy 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 Proxy Form 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 authorized attorney or officers.

d) The instrument appointing a Proxy must be deposited at the Registered Office of the Company at Level 17, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, 50490 Kuala Lumpur not less than 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 7th Annual General Meeting of the Company.

   i. Madam Lim Hooi Tin ***(Resolution 4)***
   ii. Mr. Tan Wah ***(Resolution 5)***
   iii. Mr. Tan Kim Hock ***(Resolution 6)***

2. Details of attendance of Directors at Board Meetings

   There were five Board of Directors' meetings held during the financial year ended 31 March 2004. Attendance for each Director is shown below:

Name of Director	Attendance
Encik Ahmad Khairuddin bin Ilias	4/5
Mr. Tan Kok	5/5
Mr. Tan Kark Bin	5/5
Mr. Tan Kim Hock	5/5
Mr. Tan Wah	5/5
Madam Lim Hooi Tin	5/5
Encik Kamarudin bin Md Derom	5/5
Mr. Ooi Chee Seng	5/5

3. Place, date and time of the 7th Annual General Meeting.

Date of Meeting	Time of Meeting	Place of Meeting
16 August 2004	10.00 a.m.	Bukit Kiara Equestrian & Country Resort Jalan Bukit Kiara off Jalan Damansara 60000 Kuala Lumpur

Profile of Directors

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

A Malaysian, aged 46, he was appointed to the Board on 23 December 1999. He graduated with a Diploma in Architecture 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.

He has neither any family relationship with any Director and / or substantial shareholder of the Company nor has he any conflict of interest with the Company.

Tan Kok
Managing Director, Chairman of Remuneration Committee & Chairman of ESOS Committee

A Malaysian, aged 53, he was appointed to the Board on 23 December 1999. He has more than 25 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 a Committee Member of the Selangor Livestock Farmers' Association. He also sits on the Board of several private limited companies.

He is the spouse of Mdm Lim Hooi Tin and the brother of Mr Tan Kim Hock and Mr Tan Wah. He does not have any conflict of interest with the Company other than those as disclosed in note 22 to the financial statements.

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

A Malaysian, aged 54, 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.

He has neither any family relationship with any Director and / or substantial shareholder of the Company nor has he any conflict of interest with the Company.

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

A Malaysian, aged 50, 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.

He is the brother of Mr Tan Kok and Mr Tan Wah. He does not have any conflict of interest with the Company other than those as disclosed in note 22 to the financial statements.

Tan Wah
Non-Executive Director

A Malaysian, aged 56, 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.

He is the brother of Mr Tan Kok and Mr Tan Kim Hock. He does not have any conflict of interest with the Company other than those as disclosed in note 22 to the financial statements.

Lim Hooi Tin
Non-Executive Director

A Malaysian, aged 52, 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.

She is the spouse of Mr Tan Kok. She does not have any conflict of interest with the Company other than those as disclosed in note 22 to the financial statements.

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

A Malaysian, aged 46, 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.

He has neither any family relationship with any Director and / or substantial shareholder of the Company nor has he any conflict of interest with the Company.

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

A Malaysian, aged 58, 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.

He has neither any family relationship with any Director and / or substantial shareholder of the Company nor has he any conflict of interest with the Company.

General Information

None of the Directors has had convictions for any offences within the past 10 years other than traffic offences.

All Directors attended all five Board meetings held during the financial year ended 31 March 2004 except for En Ahmad Khairuddin bin Ilias who did not attend one meeting for which he had extended his apology.

Chairman's Statement

On behalf of the Board of Directors of LTKM Berhad, it is a great pleasure 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 2004.

FINANCIAL REVIEW

The Group completed its financial year with a turnover of RM71.15 million, an increase of 21.5% above the previous year's RM58.55. The profit before tax (PBT) however rose significantly to RM 8.20 million, a 333% increase above last year's RM1.89 million. This was despite having to face intense competition from other producers, the cautious reactions from the public in regards to bird flu (although it did not occurred in Malaysia) and SARS, and a substantial increase in feed costs. Our ability to remain profitable is due to the following factors:-

i. we managed to achieve higher egg production yield during the year under review;

ii. there were some reasonable adjustments to the prices of eggs during the year, for eggs sold locally and for those exported to Singapore; and,

iii. our ability to contain our operating costs, through our continuing cost monitoring exercises.

Exports to Singapore increased marginally again this year. The demand for our LTK Omega Plus eggs, the LTK Organic Selenium Plus eggs and even the LTK Telo'Mas had also increased. Our subsidiary, LTK Bio-fer Sdn Bhd, also experienced an increase in turnover and profit before tax during this financial year.

Capital expenditure for the financial year 2004 was within our budgeted amount, at about RM11 million, inclusive of the acquisition cost of the 200 acres freehold lands at Bukit Senggeh, Melaka. The acquisition was completed in May 2003, and was partially financed by a RM5 million term loan.

Profit after tax (PAT) increased by an encouraging 494% to RM7.2 million. A significant amount of the tax was for deferred liability, in line with the requirement of the Malaysian Accounting Standards Board (MASB 25). The Group's subsidiary companies have, subject to confirmation from the Inland Revenue Board, in excess of RM6 million of future income tax benefits in the form of unutilized re-investment allowances which could be off-set against future profits.

The Group's net earnings per share increased significantly to 18.1 sen, from 3.0 sen achieved in 2003. The net tangible asset (NTA) backing per share was RM1.61, as compared to RM1.47 in 31 March 2003. The Group's gearing ratio remained at a manageable 0.26.

DIVIDEND

The Board of Directors is pleased to recommend a final dividend of 5 sen per share, less tax for the financial year ended 31 March 2004. This is subject to the approval of the shareholders at the forthcoming Annual General Meeting.

This, together with the Interim Tax Exempt Dividend of 2 sen per share, paid on 9 January 2004, will result in a total net dividend paid and payable of approximately RM2.2 million for the year under review, as compared to RM0.8 million declared in the previous year.

PROSPECTS FOR THE FINANCIAL YEAR ENDING 2005

We will continue to look for more efficient and improved housing system for the birds and will also continue to place emphasis on human resource development. We will proceed to look into expanding our products range and customers mix, and also work closely with SIRIM Berhad, in regards to the environmental issues. Our plans for the new farm at Bukit Senggeh will progress in stages, depending on the economic prospects of the layer industry. We expect to receive approval from all the relevant authorities before the end of this calendar year. This new set-up will be for our future expansion and we envisage that the farm layout will be well-planned, environmental friendly and should be more efficient, having had so many years of experience.

We expect the costs of feeds to increase but, not as drastically as that experienced in the financial year 2004 and we expect to see more favourable adjustments to the average selling prices of eggs. The demand for our organic fertilizers for this coming financial year is expected to be maintained at this year's level. We will again continue to explore and implement alternative methods of improving productivity and enhance efficient employment of our resources. We are gearing ourselves to face continuing competition and a difficult economic environment, but with prudent and efficient financial management and controls in place, we feel that financial year 2005 could be another profitable year. We would also like to be able to maintain our dividend record of financial year 2004

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 made our Group performed very well throughout this very difficult and challenging year.

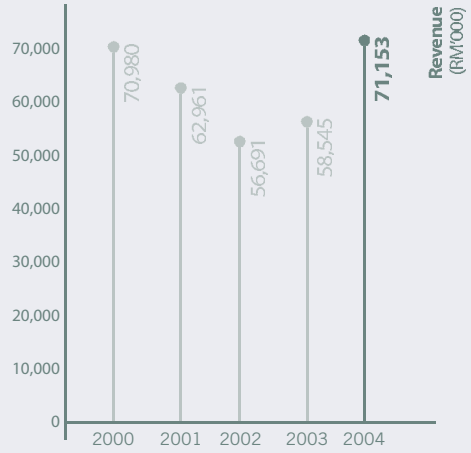
I would also like to convey my sincere appreciation and gratitude to the dedicated staff at the Department of Veterinary Services, Malaysian Agriculture Research and Development Institute (MARDI), Marditech Corporation Sdn Bhd, and SIRIM Berhad, including those at the various other government authorities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

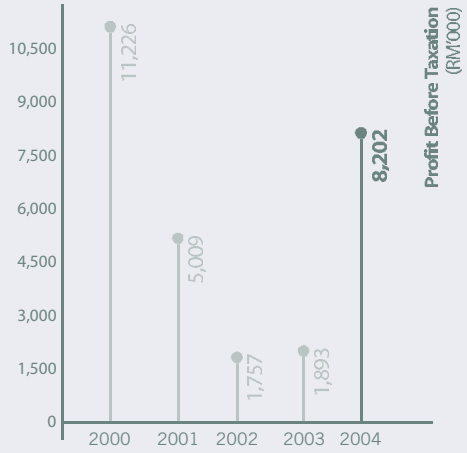
Thank you,

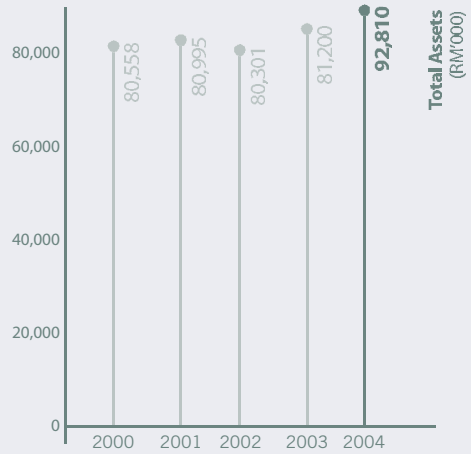
AHMAD KHAIRUDDIN BIN ILIAS
Chairman

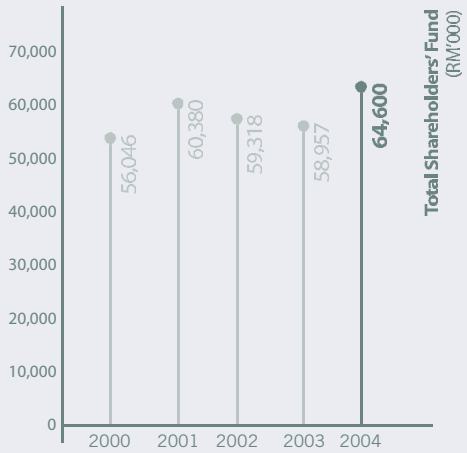
Financial Highlights

Year Ended 31 March	2004 RM'000	2003 RM'000	2002 RM'000	2001 RM'000	2000 RM'000
Revenue	71,153	58,545	56,691	62,961	70,980
Profit Before Taxation	8,202	1,893	1,757	5,009	11,226
Total Assets	92,810	81,200	80,301	80,995	80,558
Total Shareholders' Fund	64,600	58,957	59,318	60,380	56,046
Total Borrowings	17,055	13,769	12,833	11,549	8,749
	sen	sen	sen	sen	sen
Gross Earnings Per Share	20.45	4.72	4.38	12.52	37.42
Net Tangible Assets Per Share	1.61	147	148	151	140









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-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

Level 17, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur
Tel : 03-2718 1551
Fax : 03-2715 7655

REGISTRAR

Signet Share Registration Services 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, Jalan Meru
41050 Klang
Selangor Darul Ehsan
Tel : 03-3342 2830
Fax : 03-3341 1967

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, the 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 Exchange 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.

Audit Committee Report *(cont'd)*

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 fulfil 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.

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 on 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 2004.

Member	No. of meetings attended
Ahmad Khairuddin bin Ilias	4 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 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

Statement on Corporate Governance

(cont'd)

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 five 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 Secretary. 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 prescribed by BMSB.

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 below 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 director. 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.

Details of Directors' remuneration are given in Note 4 to the financial statements. Their respective ESOS entitlements are also disclosed in the Directors' Report.

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 A C. The department also ensures that recommendations to improve controls are followed through by management.

  There is an ongoing process for identifying, evaluating and managing the significant risks faced by the LTKM Group, which has been in place for the year under review and up to the date of approval of the Annual Report. 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. Please refer to the AC Report for the details on its terms of reference, functions and activities carried out during the year.

Statement on Corporate Governance

(cont'd)

(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

18 Directors' Report

24 Statement by Directors

24 Statutory Declaration

25 Auditors' Report

26 Income Statements

27 Balance Sheets

28 Consolidated Statement of Changes in Equity

29 Statement of Changes in Equity

30 Cash Flow Statements

32 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 2004.

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 activities during the year under review.

RESULTS

	Group *RM*	Company *RM*
Net profit for the year	7,248,640	2,875,610

There were no material transfers to or from reserves or provisions during the financial year.

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

DIVIDENDS

The amount of dividends paid by the Company since 31 March 2003 were as follows:

	RM
In respect of the financial year ended 31 March 2003 as reported in the directors' report of that year:	
First and final tax exempt dividend of 2%, on 40,116,002 ordinary shares, declared on 28 August 2003 and paid on 28 October 2003	802,320
In respect of the financial year ended 31 March 2004:	
Interim tax exempt dividend of 2%, on 40,116,002 ordinary shares, declared on 10 November 2003 and paid on 9 January 2004	802,320

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 March 2004, of 5% gross on 40,116,002 ordinary shares, amounting to a dividend payable of RM1,444,176 (3.6 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 2005.

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

In accordance with Article 83 of the Company's Articles of Association, Lim Hooi Tin, Tan Wah and Tan Kim Hock retire and being eligible, offer themselves for re-election at the forthcoming Annual General Meeting.

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 directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

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 fulltime employee of the Company) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 22 to the financial statements.

DIRECTORS' INTEREST

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:

	No. of ordinary shares of RM1 each			
	As at 1.4.2003	**Bought**	**Sold**	**As at 31.3.2004**
		During the year		
(a) Interest in shares of the Company:				
LTKM Berhad				
Direct interest:				
Tan Kim Hock	65,000	-	-	**65,000**
Tan Kark Bin	450,000	-	-	**450,000**
Ahmad Khairuddin Bin Ilias	801,000	-	-	**801,000**

Directors' Report

DIRECTORS' INTEREST (Cont'd)

	No. of ordinary shares of RM1 each			
	As at 1.4.2003	Bought During the year	Sold During the year	As at 31.3.2004
Indirect interest:				
Tan Kok	21,898,002	681,300	-	**22,579,302**
Lim Hooi Tin	21,898,002	681,300	-	**22,579,302**
Tan Wah	21,898,002	681,300	-	**22,579,302**
Tan Kim Hock	21,898,002	681,300	-	**22,579,302**

	No. of options to subscribe for ordinary shares of RM1 each			
	As at 1.4.2003	Granted	Exercised	As at 31.3.2004
Interest in share options of the Company:				
LTKM Berhad				
Indirect interest:				
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	-	-	**180,000**

	No. of ordinary shares of RM1 each			
	As at 1.4.2003	Bought During the year	Sold During the year	As at 31.3.2004
(b) Interest in shares of the 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**

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

At an Extraordinary General Meeting held on 25 September 2001, the shareholders of the Company approved the implementation by the Company of an Employees' Share Option Scheme ("ESOS") which will offer eligible employees (including executive directors) of the Group options to subscribe for new ordinary shares of RM1 each in the Company.

The salient features of the ESOS are as follows:-

(i) The scheme is in force for a period of 5 years and expires on 17 October 2006.

(ii) 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.

(iii) Eligible persons 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.

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

(v) 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.

(vi) 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.

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

(viii) No more than 10% of the shares to be offered under the ESOS 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.

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

	No. of options over ordinary shares of RM 1 each	
	2004	**2003**
At 1 April	**3,484,000**	3,501,000
Exercised	**-**	(17,000)
At 31 March	**3,484,000**	3,484,000

Directors' Report

EMPLOYEES' SHARE OPTION SCHEME (Cont'd)

Details of share options exercised during the financial year:

Exercise Date	Exercise Price per ordinary share RM	Consideration Received RM	No. of options over ordinary shares of RM 1 each 2004	2003
02.05.2002	1.05	15,750	-	15,000
05.09.2002	1.05	2,100	-	2,000
		17,850	-	17,000

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

Exercise Period	Exercise Price per ordinary share RM	No. of outstanding options over ordinary shares of RM 1 each 2004	2003
26.11.2001-17.10.2006	1.05	**3,484,000**	3,484,000

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 has 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

OTHER STATUTORY INFORMATION (Cont'd)

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

(f) In the opinion of the directors:

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

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

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
2 July 2004

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 26 to 57 are drawn up in accordance with applicable 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 2004 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
2 July 2004

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 26 to 57 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 2 July 2004 **TAN KARK BIN**

Before me,

CHEW KIM SWEE @ CHEW TOO NYAAH B102
Commissioner for Oaths
Klang

Auditors' Report

to the Members

We have audited the financial statements set out on pages 26 to 57. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

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 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 2004 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.1212/12/04(J)
Partner

Kuala Lumpur, Malaysia
2 July 2004

Income Statements

For The Year Ended 31 March 2004

	Note	Group 2004 RM	Group 2003 RM	Company 2004 RM	Company 2003 RM
Revenue	3	**71,152,557**	58,544,679	**3,760,000**	1,270,000
Cost of sales		**(57,914,996)**	(51,899,320)	**-**	-
Gross profit		**13,237,561**	6,645,359	**3,760,000**	1,270,000
Other operating income		**818,348**	364,320	**272,348**	294,267
Distribution costs		**(1,239,207)**	(1,247,455)	**-**	-
Administrative expenses		**(3,650,595)**	(3,124,838)	**(377,325)**	(326,605)
Profit from operations	4	**9,166,107**	2,637,386	**3,655,023**	1,237,662
Finance costs	5	**(964,032)**	(744,158)	**(562)**	(615)
Profit before taxation		**8,202,075**	1,893,228	**3,654,461**	1,237,047
Taxation	6	**(953,435)**	(672,018)	**(778,851)**	(90,834)
Profit attributable to shareholders		**7,248,640**	1,221,210	**2,875,610**	1,146,213
Earnings per share (sen):	7	**18.1**	3.0	**7.2**	2.9
Net dividend per ordinary share in respect of the year (sen):	8	**4.0**	2.0	**4.0**	2.0

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

Balance Sheets

As at 31 March 2004

	Note	Group 2004 RM	Group 2003 RM	Company 2004 RM	Company 2003 RM
NON CURRENT ASSETS					
Property, plant and equipment	9	**63,957,598**	57,219,374	**64,296**	68,184
Investments in subsidiaries	10	**-**	-	**31,003,000**	30,003,002
Other investment	11	**1,000,000**	1,000,000	**1,000,000**	1,000,000
		64,957,598	58,219,374	**32,067,296**	31,071,186
CURRENT ASSETS					
Inventories	12	**17,378,178**	12,490,638	**-**	-
Trade receivables	13	**4,437,134**	3,987,517	**-**	-
Other receivables		**430,609**	941,878	**1,040**	1,300
Tax recoverable		**359,814**	1,005,761	**-**	-
Amount due from subsidiaries	14	**-**	-	**8,820,636**	8,880,837
Cash and bank balances	15	**5,247,129**	4,554,613	**4,205,417**	3,851,347
		27,852,864	22,980,407	**13,027,093**	12,733,484
CURRENT LIABILITIES					
Trade payables		**4,726,632**	2,476,887	**-**	-
Other payables and accruals	16	**657,000**	645,742	**106,977**	77,216
Hire purchase payables	17	**551,588**	163,836	**-**	-
Borrowings	18	**10,357,154**	11,305,642	**-**	-
Taxation		**-**	-	**2,500**	13,172
		16,292,374	14,592,107	**109,477**	90,388
NET CURRENT ASSETS		**11,560,490**	8,388,300	**12,917,616**	12,643,096
		76,518,088	66,607,674	**44,984,912**	43,714,282
FINANCED BY:					
Share capital	19	**40,116,002**	40,116,002	**40,116,002**	40,116,002
Share premium		**2,008,551**	2,008,551	**2,008,551**	2,008,551
Retained profits	20	**22,475,480**	16,831,820	**2,860,359**	1,589,729
SHAREHOLDERS' FUNDS		**64,600,033**	58,956,373	**44,984,912**	43,714,282
LONG TERM LIABILITIES					
Deferred taxation	21	**5,771,867**	5,352,116	**-**	-
Hire purchase payables	17	**987,085**	-	**-**	-
Borrowings	18	**5,159,103**	2,299,185	**-**	-
		76,518,088	66,607,674	**44,984,912**	43,714,282

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

Consolidated Statement of Changes in Equity

For The Year Ended 31 March 2004

	Note	Share capital RM	(Non-Distributable) Share premium RM	(Distributable) Retained profits RM	Total RM
At 1 April 2002					
- as previously reported		40,099,002	2,007,701	17,211,310	59,318,013
- prior year adjustment	23	-	-	(798,720)	(798,720)
- as restated		40,099,002	2,007,701	16,412,590	58,519,293
Share options exercised		17,000	850	-	17,850
Profit for the year		-	-	1,221,210	1,221,210
Dividends	8	-	-	(801,980)	(801,980)
At 31 March 2003		40,116,002	2,008,551	16,831,820	58,956,373
At 1 March 2003					
- as previously reported		40,116,002	2,008,551	17,630,540	59,755,093
- prior year adjustment	23	-	-	(798,720)	(798,720)
- as restated		40,116,002	2,008,551	16,831,820	58,956,373
Profit for the year		-	-	7,248,640	7,248,640
Dividends	8	-	-	(1,604,980)	(1,604,980)
At 31 March 2004		**40,116,002**	**2,008,551**	**22,475,480**	**64,600,033**

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

Statement of Changes in Equity

For The Year Ended 31 March 2004

	Note	Share capital RM	(Non-Distributable) Share premium RM	(Distributable) Retained profits RM	Total RM
At 1 April 2002		40,099,002	2,007,701	1,245,496	43,352,199
Share options exercised		17,000	850	-	17,850
Profit for the year		-	-	1,146,213	1,146,213
Dividends	8	-	-	(801,980)	(801,980)
At 31 March 2003		40,116,002	2,008,551	1,589,729	43,714,282
Profit for the year		-	-	2,875,610	2,875,610
Dividends	8	-	-	(1,604,980)	(1,604,980)
At 31 March 2004		**40,116,002**	**2,008,551**	**2,860,359**	**44,984,912**

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

Cash Flow Statements

For The Year Ended 31 March 2004

	Group		Company	
	2004	2003	2004	2003
	RM	*RM*	*RM*	*RM*
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	**8,202,075**	1,893,228	**3,654,461**	1,237,047
Adjustments for:				
Depreciation of property, plant and equipment	**4,209,961**	4,066,277	**10,497**	9,782
Provision for doubtful debts	**186,734**	-	**-**	-
Bad debts written off	**460**	-	**-**	-
Interest expense	**794,534**	596,135	**-**	-
Write off of property, plant and equipment	**89,518**	3,013	**-**	-
Gain on disposal of property, plant and equipment	**(69,395)**	(112,154)	**-**	-
Interest income	**(127,539)**	(116,471)	**(263,948)**	(285,866)
Operating profit before working capital changes	**13,286,348**	6,330,028	**3,401,010**	960,963
Receivables	**(158,374)**	(979,465)	**260**	3,073
Inventories	**(4,887,540)**	693,798	**-**	-
Subsidiary companies	**-**	-	**(2,639,799)**	(345,571)
Payables	**2,261,003**	(1,032,686)	**29,761**	(22,057)
Cash generated from operating activities	**10,501,437**	5,011,675	**791,232**	596,408
Dividend paid	**(1,604,980)**	(801,980)	**(1,604,980)**	(801,980)
Income tax paid	**(89,734)**	(95,811)	**(789,523)**	(83,172)
Income tax recovered	**201,997**	-	**-**	-
Interest paid	**(790,842)**	(585,212)	**-**	-
Interest received	**127,539**	116,471	**263,948**	285,866
Net cash generated from/(used in) operating activities	**8,345,417**	3,645,143	**(1,339,323)**	(2,878)
CASH FLOWS FROM INVESTING ACTIVITIES				
Dividend received	**-**	-	**2,700,000**	1,000,000
Acquisition of a subsidiary company (Note 10)	**-**	-	**(999,998)**	(2)
Purchase of property, plant and equipment (Note A)	**(11,038,558)**	(3,873,549)	**(6,609)**	-
Purchase of other investment	**-**	(1,000,000)	**-**	(1,000,000)
Proceeds from disposal of property, plant and equipment	**70,250**	132,285	**-**	-
Net cash (used in)/generated from investing activities	**(10,968,308)**	(4,741,264)	**1,693,393**	(2)

		Group		Company	
		2004	2003	2004	2003
		RM	*RM*	*RM*	*RM*
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issue of shares		**-**	17,850	**-**	17,850
Drawdown of term loan		**5,000,000**	1,000,000	**-**	-
Repayment of term loans		**(1,875,101)**	(306,140)	**-**	-
Net drawdown/(repayment) of other bank borrowings		**370,000**	(784,000)	**-**	-
Drawdown of hire purchase		**1,655,397**	-	**-**	-
Repayment of hire purchase		**(251,420)**	(211,275)	**-**	-
Fixed deposits pledged as security with licensed financial institutions		**(2,501)**	(2,416)	**-**	-
Net cash generated from/(used in) financing activities		**4,896,375**	(285,981)	**-**	17,850
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**2,273,484**	(1,382,102)	**354,070**	14,970
CASH AND CASH EQUIVALENTS AT 1 APRIL		**2,820,015**	4,202,117	**3,851,347**	3,836,377
CASH AND CASH EQUIVALENTS AT 31 MARCH	(Note 15)	**5,093,499**	2,820,015	**4,205,417**	3,851,347

Note to the Cash Flow Statements

(A)	Property, plant and equipment acquired during the year were financed by:				
	Cash	**9,383,161**	3,873,549	**6,609**	-
	Hire purchase	**1,655,397**	-	**-**	-
		11,038,558	3,873,549	**6,609**	-

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

Notes to the Financial Statements

31 March 2004

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 Level 17, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, 50490 Kuala Lumpur.

The immediate and ultimate holding 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 388 (2003: 394) and 2 (2003: 2) respectively.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 2 July 2004.

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 Approved Accounting Standards in Malaysia.

During the financial year ended 31 March 2004, the Group and the Company adopted MASB 25- Income Taxes for the first time. Arising from the adoption of MASB 25, the adjustment to the opening balances of retained profits of the prior and current year is as disclosed in Note 23 to the financial statements.

(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 year are included in the consolidated financial statements from the effective date of acquisition or up to the effective date of disposal, as appropriate. The assets and liabilities of a subsidiary are measured at their fair values at the date of acquisition and these values are reflected in the consolidated balance sheet. Goodwill or reserve on consolidation represents the difference between the consideration paid for the shares in the subsidiary company and the value of attributable net assets acquired, as applicable.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(b) Basis of Consolidation (cont'd)

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.

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 which were not previously recognised in the consolidated income statement.

(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 diminution in value. 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 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 an increase on unutilised earlier valuations in respect of the same asset and 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 lease of 36 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.

Notes to the Financial Statements

31 March 2004

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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

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, short term deposits 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 charged or credited 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.

Prior to the adoption of MASB 25 - Income Taxes on 1 April 2003, deferred tax was provided for using the liability method in respect of significant timing differences and deferred tax assets were not recognised unless there was reasonable expectation of their realisation.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(i) Employee Benefits

(i) Short term benefits

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

(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.

Notes to the Financial Statements

31 March 2004

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(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 closing rate used by the Group in translation of foreign currency amounts is as follows:

	2004 *RM*	2003 *RM*
1 Singapore Dollar	**2.238**	2.130

(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.

The directors have considered the carrying value as at 31 March 2004 of the assets of the Group and are satisfied that no impairment losses in value are required to be made.

(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 charged 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 Investment

Non-current investments other than 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 an investment, the difference between net disposal proceeds and its carrying amount is recognised in the income statement.

(ii) Trade Receivables

Trade 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.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(m) Financial Instruments (cont'd)

(iii) Trade Payables

Trade 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.

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).

Notes to the Financial Statements

31 March 2004

3. REVENUE

	Group		Company	
	2004	2003	2004	2003
	RM	*RM*	*RM*	*RM*
Sales of produce inventories, livestocks and consumable goods, less returns and discounts allowed	**71,152,557**	58,544,679	**-**	-
Dividend income	**-**	-	**3,400,000**	1,000,000
Management fee	**-**	-	**360,000**	270,000
	71,152,557	58,544,679	**3,760,000**	1,270,000

4. PROFIT FROM OPERATIONS

This is arrived at after charging/(crediting):				
Staff cost (excluding Directors)	**5,857,831**	5,676,512	**150,634**	127,947
Auditors' remuneration	**31,500**	31,000	**9,000**	9,000
Depreciation of property, plant and equipment	**4,209,961**	4,066,277	**10,497**	9,782
Directors' remuneration (Note a)	**843,682**	771,205	**69,000**	60,000
Provision for doubtful debts	**186,734**	-	**-**	-
Bad debt written off	**460**	-	**-**	-
Rental of farm paid to holding company	**262,080**	240,240	**-**	-
Rental of office	**38,400**	38,400	**38,400**	38,400
Write off of property, plant and equipment	**89,518**	3,013	**-**	-
Goodwill on consolidation of subsidiary written off	**-**	6,069	**-**	-
Realised gain on foreign exchange	**(237,742)**	(133,166)	**-**	-
Gain on disposal of property, plant and equipment	**(69,395)**	(112,154)	**-**	-
Rental income	**(101,140)**	(18,340)	**(8,400)**	(8,400)
Interest income	**(127,539)**	(116,471)	**(124,986)**	(114,055)
Interest income from subsidiary companies	**-**	-	**(138,962)**	(171,811)
Dividend income from a subsidiary company				
- tax exempt	**-**	-	**(900,000)**	(1,000,000)
- non-tax exempt	**-**	-	**(2,500,000)**	-
Management fee from a subsidiary company	**-**	-	**(360,000)**	(270,000)

4. PROFIT FROM OPERATIONS (Cont'd)

	Group		Company	
	2004	2003	2004	2003
	RM	*RM*	*RM*	*RM*
(a) Directors' remuneration:				
Directors of the Company				
Executive:				
Fees	**100,000**	100,000	**-**	-
Salaries and other emoluments	**534,000**	493,200	**-**	-
Defined contribution plan	**66,420**	61,524		
Bonuses	**19,500**	19,500	**-**	-
Benefits-in-kind	**54,762**	36,981	**-**	-
	774,682	711,205	**-**	-
Non-executive:				
Fees	**69,000**	60,000	**69,000**	60,000
Total				
Fees	**169,000**	160,000	**69,000**	60,000
Salaries and other emoluments	**534,000**	493,200	**-**	-
Defined contribution plan	**66,420**	61,524		
Bonuses	**19,500**	19,500	**-**	-
Benefits-in-kind	**54,762**	36,981	**-**	-
	843,682	771,205	**69,000**	60,000

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

	Group		Company	
	Executive Directors	Non-Executive Directors	Executive Directors	Non-Executive Directors
Directors' remuneration (No. of Directors)				
2004				
RM1 to RM50,000	-	3	-	3
RM50,001 to RM100,000	-	-	-	-
RM100,001 to RM150,000	3	-	-	-
RM150,001 to RM200,000	1	-	-	-
RM200,001 to RM250,000	1	-	-	-
	5	3	-	3

Notes to the Financial Statements

31 March 2004

4. PROFIT FROM OPERATIONS (Cont'd)

(a) Directors' remuneration (cont'd)

	Group		Company	
	Executive Directors	Non-Executive Directors	Executive Directors	Non-Executive Directors
Directors' remuneration (No. of Directors)				
2003				
RM1 to RM50,000	-	3	-	3
RM50,001 to RM100,000	2	-	-	-
RM100,001 to RM150,000	2	-	-	-
RM150,001 to RM200,000	-	-	-	-
RM200,001 to RM250,000	1	-	-	-
	5	3	-	3

5. FINANCE COSTS

	Group		Company	
	2004 *RM*	2003 *RM*	2004 *RM*	2003 *RM*
Interest				
- overdraft	**25,883**	99,105	**-**	-
- bankers' acceptance	**172,911**	144,261	**-**	-
- revolving credit	**123,451**	116,169	**-**	-
- bank term loans	**439,882**	200,748	**-**	-
- hire purchase	**32,407**	35,852	**-**	-
	794,534	596,135	**-**	-
Bank charges and commitment fees	**169,498**	148,023	**562**	615
	964,032	744,158	**562**	615

6. TAXATION

	Group		Company	
	2004	2003	2004	2003
	RM	*RM*	*RM*	*RM*
Income tax:				
Malaysian income tax	**531,735**	93,090	**777,000**	70,670
Underprovision in prior years Malaysian income tax	**1,949**	19,928	**1,851**	20,164
	533,684	113,018	**778,851**	90,834
Deferred tax (Note 21):				
Relating to origination and reversal of temporary differences	**533,351**	559,000	**-**	-
Overprovision in prior years	**(113,600)**	-	**-**	-
	419,751	559,000	**-**	-
	953,435	672,018	**778,851**	90,834

Domestic income tax is calculated at the Malaysian statutory tax rate of 28% (2003 : 28%) of the estimated assessable profit for the year.

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

	Group		Company	
	2004	2003	2004	2003
	RM	*RM*	*RM*	*RM*
Profit before taxation	**8,202,075**	1,893,228	**3,654,461**	1,237,047
Taxation at Malaysian statutory rate of 28% (2003 : 28%)	**2,296,581**	530,104	**1,023,249**	346,373
Effect of different tax rate for qualified small and medium enterprises	**(56,047)**	(112)	**-**	-
Effect of income not subject to tax	**-**	-	**(252,000)**	(280,000)
Effect of expenses not deductible for tax purposes	**328,717**	273,845	**5,795**	3,611
Utilisation of tax incentives	**(1,504,165)**	(174,850)	**(44)**	-
Deferred tax assets not recognised during the year	**-**	23,103	**-**	686
Underprovision of income tax expense in prior years	**1,949**	19,928	**1,851**	20,164
Overprovision of deferred tax expense in prior years	**(113,600)**	-	**-**	-
Tax expense for the year	**953,435**	672,018	**778,851**	90,834

The effective tax rate of the Group and of the Company in the current year is lower due principally to the availability for utilisation of reinvestment allowance.

Notes to the Financial Statements

31 March 2004

7. EARNINGS PER SHARE

The basic earnings per share is calculated based on the profit attributable to shareholders and the weighted average number of 40,116,002 (2003: 40,113,821) ordinary shares of RM1 each in issue during the year.

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

8. DIVIDENDS

	Group/Company			
	2004		2003	
	RM	*Sen per share*	*RM*	*Sen per share*
Final tax exempt dividend of 2% (2003: 2%) on 40,116,002 in respect of financial year ended 31 March 2003 (2003: 40,099,002 in respect of financial year ended 31 March 2002) ordinary shares declared on 28 August 2003 and paid on 28 October 2003	**802,320**	**2.0**	801,980	2.0
Interim tax exempt dividend of 2% on 40,116,002 ordinary shares in respect of financial year ended 31 March 2004, declared on 10 November 2003 and paid on 9 January 2004	**802,320**	**2.0**	-	-
	1,604,640	**4.0**	801,980	2.0
Underprovision of dividend in respect of financial year ended 31 March 2003	**340**	**-**	-	-
	1,604,980	**4.0**	801,980	2.0

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 March 2004, of 5% gross on 40,116,002 ordinary shares, amounting to a dividend payable of RM1,444,176 (3.6 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 2005.

9. PROPERTY, PLANT AND EQUIPMENT

	Freehold lands 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	2004 RM	Total 2003 RM
Group										
Cost/ Valuation										
At 1 April	15,743,472	582,943	42,850,554	73,334	11,450,978	1,484,884	3,610,494	2,328,284	**78,124,943**	74,563,179
Additions	6,383,303	-	-	-	26,292	20,019	412,337	4,196,607	**11,038,558**	3,873,549
Reclassifications	-	-	3,691,202	-	86,927	-	-	(3,778,129)	-	-
Write-offs	-	-	-	-	-	(7,150)	(347,320)	-	**(354,470)**	(3,013)
Disposals	-	-	-	-	-	(4,400)	(257,369)	-	**(261,769)**	(308,772)
At 31 March	22,126,775	582,943	46,541,756	73,334	11,564,197	1,493,353	3,418,142	2,746,762	**88,547,262**	78,124,943
Accumulated Depreciation										
At 1 April	-	22,886	12,324,693	21,998	5,460,013	722,641	2,353,338	-	**20,905,569**	17,127,933
Charge for the year	-	16,155	2,603,157	7,335	1,040,353	128,363	414,598	-	**4,209,961**	4,066,277
Write-offs	-	-	-	-	-	(4,882)	(260,070)	-	**(264,952)**	-
Disposals	-	-	-	-	-	(3,546)	(257,368)	-	**(260,914)**	(288,641)
At 31 March	-	39,041	14,927,850	29,333	6,500,366	842,576	2,250,498	-	**24,589,664**	20,905,569
Net Book Value										
As at 31 March 2004	**22,126,775**	**543,902**	**31,613,906**	**44,001**	**5,063,831**	**650,777**	**1,167,644**	**2,746,762**	**63,957,598**	-
As at 31 March 2003	15,743,472	560,057	30,525,861	51,336	5,990,965	762,243	1,257,156	2,328,284	-	57,219,374

Notes to the Financial Statements

31 March 2004

9. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

	Renovation *RM*	Furniture, fittings and equipment *RM*	Total 2004 *RM*	Total 2003 *RM*
Company				
Cost				
At 1 April	73,334	24,510	**97,844**	97,844
Additions	-	6,609	**6,609**	-
At 31 March	73,334	31,119	**104,453**	97,844
Accumulated Depreciation				
At 1 April	21,998	7,662	**29,660**	19,878
Charge for the year	7,335	3,162	**10,497**	9,782
At 31 March	29,333	10,824	**40,157**	29,660
Net Book Value				
As at 31 March 2004	**44,001**	**20,295**	**64,296**	-
As at 31 March 2003	51,336	16,848	**-**	68,184

Analysis of cost and valuation:-

	At Cost *RM*	At June 1999, Valuation *RM*	Total *RM*
Group			
As at 31 March 2004			
Freehold lands	6,383,303	15,743,472	22,126,775
Short leasehold land	582,943	-	582,943
Farm buildings	37,371,469	9,170,287	46,541,756
Renovation	73,334	-	73,334
Plant and machinery	11,564,197	-	11,564,197
Furniture, fittings and equipment	1,493,353	-	1,493,353
Motor vehicles	3,418,142	-	3,418,142
Capital work-in-progress	2,746,762	-	2,746,762
	63,633,503	24,913,759	88,547,262

9. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Analysis of cost and valuation (contd.):-

	At Cost *RM*	At June 1999, Valuation *RM*	Total *RM*
Group			
As at 31 March 2003			
Freehold land	-	15,743,472	15,743,472
Short leasehold land	582,943	-	582,943
Farm buildings	33,680,267	9,170,287	42,850,554
Renovation	73,334	-	73,334
Plant and machinery	11,450,978	-	11,450,978
Furniture, fittings and equipment	1,484,884	-	1,484,884
Motor vehicles	3,610,494	-	3,610,494
Capital work-in-progress	2,328,284	-	2,328,284
	53,211,184	24,913,759	78,124,943

(a) In June 1999, the freehold land and farm buildings of a subsidiary company were revalued by the directors based on an independent valuation carried out on an existing use basis.

Had the freehold land and farm buildings been carried at historical cost (prior to the June 1999 valuation) less depreciation, the carrying amount of the revalued assets that would have been included in the financial statements at the end of the year are as follows:-

	Group	
	2004 *RM*	2003 *RM*
Freehold land	**6,174,199**	6,174,199
Farm buildings	**3,544,393**	3,976,532
	9,718,592	10,150,731

(b) Included in property, plant and equipment of the Group are assets acquired under hire purchase arrangements with net book value amounting to RM1,578,599 (2003: RM441,196).

(c) The freehold lands of the subsidiary companies with a net book value of RM22,126,775 (2003: RM15,743,472) are pledged as security by way of a fixed charge for certain bank borrowings of the subsidiary companies.

Notes to the Financial Statements

31 March 2004

10. INVESTMENTS IN SUBSIDIARIES

	Company	
	2004	2003
	RM	*RM*
Unquoted shares, at cost	**31,003,000**	30,003,002

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

		Equity Interest Held	
		2004	2003
Name of Company	**Principal Activities**	**%**	**%**
LTK (Melaka) Sdn. Bhd.	Production and sale of chicken eggs and chicken	**100**	100
LTK Bio-Fer Sdn. Bhd.	Manufacturing and trading of organic fertilisers	**100**	100
LTK Breeder Farm Sdn. Bhd.	Dormant	**100**	100
LTK Omega Plus Sdn. Bhd.	Dormant	**100**	100

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

During the previous financial year, the Company acquired 100% of the equity interest in LTK Omega Plus Sdn. Bhd. for a cash consideration of RM2. The subsidiary company has not commenced operations during the financial year.

(i) The effect of the acquisition on the financial results of the Group from the date of acquisition to 31 March 2003 is as follows:

	RM
Revenue	-
Administrative and finance expenses	(1,859)
Net loss	(1,859)

(ii) The effect of the acquisition on the financial position of the Group as at 31 March 2003 is as follows:

	RM
Other payables and accruals	(7,926)
Group's share of net liabilities	(7,926)

(iii) The net cash proceeds on acquisition and the fair value of assets acquired are as follows:-

	Group
	RM
Other payables and accruals	(7,926)
Current year loss	1,859
Goodwill on consolidation	6,069
Total purchase consideration	2
Net cash payment on acquisition of subsidiary company	2

11. OTHER INVESTMENT

	Group/Company	
	2004	2003
	RM	*RM*
Quoted unit trust in Malaysia, at cost	**1,000,000**	1,000,000
Market value of quoted unit trust	**1,079,200**	1,143,000

12. INVENTORIES

	Group		Company	
	2004	2003	2004	2003
	RM	*RM*	*RM*	*RM*
At cost:				
Livestocks	**11,809,377**	8,860,512	**-**	-
Consumable goods	**5,112,369**	3,115,832	**-**	-
Produce inventories	**346,004**	441,692	**-**	-
Spare parts	**110,428**	72,602	**-**	-
	17,378,178	12,490,638	**-**	-

13. TRADE RECEIVABLES

Trade receivables	**5,023,868**	4,387,517	**-**	-
Less : Provision for doubtful debts	**(586,734)**	(400,000)	**-**	-
	4,437,134	3,987,517	**-**	-

14. AMOUNT DUE FROM SUBSIDIARIES

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% (2003: 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% (2003: 2%) per annum.

Notes to the Financial Statements

31 March 2004

15. CASH AND CASH EQUIVALENTS

	Group		Company	
	2004	2003	2004	2003
	RM	*RM*	*RM*	*RM*
Cash on hand and at banks	**1,294,355**	720,482	**317,731**	79,803
Fixed deposits with:				
Licensed bank	**1,108,963**	1,075,072	**1,043,875**	1,012,485
Licensed finance companies	**2,843,811**	2,759,059	**2,843,811**	2,759,059
	3,952,774	3,834,131	**3,887,686**	3,771,544
Cash and bank balances	**5,247,129**	4,554,613	**4,205,417**	3,851,347
Bank overdrafts (Note 18)	**(88,542)**	(1,672,011)	**-**	-
Cash and cash equivalents	**5,158,587**	2,882,602	**4,205,417**	3,851,347
Less: Fixed deposits pledged with licensed bank	**(65,088)**	(62,587)	**-**	-
	5,093,499	2,820,015	**4,205,417**	3,851,347

16. OTHER PAYABLES

Other payables	**61,661**	35,087	**13,850**	6,132
Accruals	**595,339**	610,655	**93,127**	71,084
	657,000	645,742	**106,977**	77,216

17. HIRE PURCHASE PAYABLES

Minimum hire purchase payments:				
- not later than one year	**607,020**	184,584	**-**	-
- later than one year and not later than five years	**1,086,290**	-	**-**	-
	1,693,310	184,584	**-**	-
Hire purchase interest allocated to future periods	**(154,637)**	(20,748)	**-**	-
	1,538,673	163,836	**-**	-
Analysed as:				
Due within 12 months	**551,588**	163,836	**-**	-
Due after 12 months	**987,085**	-	**-**	-
	1,538,673	163,836	**-**	-

18. BORROWINGS

	Group		Company	
	2004	2003	2004	2003
	RM	*RM*	*RM*	*RM*
Short Term Borrowings				
Secured:				
Bank overdraft	**-**	1,425,363	**-**	-
Revolving credit	**2,000,000**	3,000,000	**-**	-
Bank term loans	**1,863,612**	1,598,631	**-**	-
	3,863,612	6,023,994	**-**	-
Unsecured:				
Bank overdraft	**88,542**	246,648	**-**	-
Bankers' acceptance	**6,405,000**	5,035,000	**-**	-
	6,493,542	5,281,648	**-**	-
	10,357,154	11,305,642	**-**	-
Long Term Borrowings				
Secured:				
Bank term loans	**5,159,103**	2,299,185	**-**	-
Total Borrowings				
Bank overdraft	**88,542**	1,672,011	**-**	-
Revolving credit	**2,000,000**	3,000,000	**-**	-
Bank term loans	**7,022,715**	3,897,816	**-**	-
Bankers' acceptance	**6,405,000**	5,035,000	**-**	-
	15,516,257	13,604,827	**-**	-

The bank borrowings are secured by:

(a) charges over the freehold lands of the subsidiary companies;

(b) charge over the plant and machinery of a subsidiary company; and

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

The bank overdraft bears interest at a margin ranging from 1.50% to 1.90% (2003: 1.00% to 1.75%) per annum above the bank's prevailing base lending rate.

The revolving credit bears interest at a margin of 1.00% to 1.50% (2003: 1.00% to 1.50%) per annum above the bank's cost of funds.

Notes to the Financial Statements

31 March 2004

18. BORROWINGS (Cont'd)

The bankers' acceptance bears interest at a rate ranging from 2.60% to 3.25% (2003: 2.60% to 3.15%) per annum.

The term loans as at 31 March 2004 are made up of:

(i) a term loan balance of RM23,938 (2003: RM365,238) which bears interest at a rate of 1.5% per annum above the bank's prevailing base lending rate (2003: 4.0%) and is repayable by way of monthly instalments of RM29,162 over 78 months which commenced in November 1997.

(ii) a term loan balance of RM634,827 (2003: RM1,060,646) which bears interest at a rate of 1.5% (2003: 1.5%) per annum above the bank's prevailing base lending rate and is repayable by way of monthly instalments of RM40,840 over 60 months which commenced in September 2000.

(iii) an Islamic term loan balance of RM1,098,989 (2003: RM1,575,149) which bears interest at a rate of 8.25% and 8.5% (2003: 7.0% and 8.25%) per annum. Term loan repayment commenced in November 2001 and is repayable by way of monthly instalments of RM11,667 over 12 months, RM49,061 over 12 months, RM49,242 over 29 months and a final instalment of RM18,720.

(iv) a term loan balance of RM578,179 (2003: RM896,783) which bears interest at a rate of 5.0% (2003: 5.0%) per annum and is repayable by way of monthly instalments of RM29,971 over 36 months which commenced in December 2002.

(v) a term loan balance of RM4,686,782 (2003: RMNil) bears interest at a rate of Nil% per annum above the bank's prevailing base lending rate for the first two years until July 2005, and subsequently at a rate of 1% per annum above the bank's prevailing base lending rate. Term loan repayment commenced in August 2003 and is repayable by way of monthly instalments of RM65,708 over 24 months and RM 67,595 over 72 months.

19. SHARE CAPITAL

	Number of ordinary shares of RM 1 Each		Amount	
	2004	**2003**	**2004**	**2003**
	RM	***RM***	***RM***	***RM***
Authorised:				
At 1 April and 31 March	**50,000,000**	50,000,000	**50,000,000**	50,000,000
Issued and fully paid:				
At 1 April	**40,116,002**	40,099,002	**40,116,002**	40,099,002
Share options exercised	**-**	17,000	**-**	17,000
At 31 March	**40,116,002**	40,116,002	**40,116,002**	40,116,002

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

At an Extraordinary General Meeting held on 25 September 2001, the shareholders of the Company approved the implementation by the Company of an ESOS which will offer eligible employees (including executive directors) of the Group options to subscribe for new ordinary shares of RM1 each in the Company.

Information with respect to the number of share options granted and exercised under the ESOS is as follows:-

19. SHARE CAPITAL (Cont'd)

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

	No of options over ordinary shares of RM 1 Each	
	2004	2003
	RM	*RM*
At 1 April	**3,484,000**	3,501,000
Exercised	**-**	(17,000)
At 31 March	**3,484,000**	3,484,000

Details of share options exercised during the financial year and the fair value, at exercise date, of shares issued are as follows:

Exercise Date	Exercise Price per ordinary share *RM*	Consideration Received *RM*	No. of options over ordinary shares of RM1 each 2004	2003	Fair Value of shares issued *RM*
02.05.2002	1.05	15,750	-	15,000	1.27
05.09.2002	1.05	2,100	-	2,000	1.00
		17,850	-	17,000	

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

Exercise Period	Exercise Price per ordinary share *RM*	No. of outstanding options over over ordinary shares of RM1 2004	2003
26.11.2001 - 17.10.2006	1.05	**3,484,000**	3,484,000

The salient features of the ESOS are as follows:-

(i) The scheme is in force for a period of 5 years and expires on 17 October 2006

(ii) 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.

(iii) 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.

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

(v) 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.

(vi) 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.

(vii) 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.

(viii) 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.

Notes to the Financial Statements

31 March 2004

20. RETAINED PROFITS

Based on estimated tax credits available, the Company may distribute its retained earnings as dividend payments up to a maximum of RM1.659 million (2003: RM1.530 million) without incurring additional tax liability.

In addition, the Group has an estimated tax exempt account balance of RM13.7million (2003 : RM14.4 million) available for distribution as tax exempt dividends subject to agreement of the Inland Revenue Board.

21. DEFERRED TAXATION

	Group		Company	
	2004	**2003**	**2004**	**2003**
	RM	***RM***	***RM***	***RM***
At 1 April	**5,352,116**	3,994,396	**-**	-
Prior year adjustment (Note 23)	**-**	798,720	**-**	-
Recognised in income statement (Note 6)	**419,751**	559,000	**-**	-
At 31 March	**5,771,867**	5,352,116	**-**	-
Presented after appropriate offsetting as follows:				
Deferred tax assets	**(317,389)**	(329,841)	**-**	-
Deferred tax liabilities	**6,089,256**	5,681,957	**-**	-
	5,771,867	5,352,116	**-**	-

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	**Property, Plant and Equipment**	**Total**
	RM	***RM***	***RM***
At 1 April 2003	1,210,940	4,471,017	5,681,957
Recognised in income statement	(59,445)	466,744	407,299
At 31 March 2004	**1,151,495**	**4,937,761**	**6,089,256**

21. DEFERRED TAXATION (Cont'd)

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 2003	(217,841)	(112,000)	-	(329,841)
Recognised in income statement	197,843	-	(185,391)	12,452
At 31 March 2004	**(19,998)**	**(112,000)**	**(185,391)**	**(317,389)**

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

	Group		Company	
	2004 *RM*	**2003** *RM*	**2004** *RM*	**2003** *RM*
Unutilised reinvestment allowance	**4,094,454**	8,135,963	**-**	-

22. SIGNIFICANT RELATED PARTY TRANSACTIONS

Rental of farm paid to holding company	**262,080**	240,240	**-**	-
Rental of office paid to a director, Lim Hooi Tin	**19,200**	19,200	**19,200**	19,200
Dividend income received from a subsidiary company, LTK (Melaka) Sdn. Bhd.	**-**	-	**(3,400,000)**	(1,000,000)
Management fee received from a subsidiary company, LTK (Melaka) Sdn. Bhd.	**-**	-	**(360,000)**	(270,000)
Interest income from subsidiary companies				
- LTK (Melaka) Sdn. Bhd.	**-**	-	**(127,220)**	(167,000)
- LTK Breeder Farm Sdn. Bhd.	**-**	-	**(11,742)**	(4,811)
Office rental income received from holding company	**(8,400)**	(8,400)	**(8,400)**	(8,400)

The above transactions have been entered into in the normal course of business based on negotiated and mutually agreed terms.

Notes to the Financial Statements

31 March 2004

23. PRIOR YEAR ADJUSTMENT

The prior year adjustment relates to tax applicable on the surplus arising from revaluation of farm buildings in 1999 pursuant to the adoption of MASB 25 - Income Taxes.

The effect of the prior year adjustment is as follows:

	Group	
	2004	**2003**
	RM	***RM***
Effect on retained profits:		
At 1 April, as previously stated	**17,630,540**	17,211,310
Effect of adopting MASB 25	**(798,720)**	(789,720)
At 1 April, as restated	**16,831,820**	16,412,590

Comparative amount as at 31 March 2003 has been restated as follows:

	Previously stated	**Adjustment**	**Restated**
	RM	***RM***	***RM***
Group			
Deferred taxation	4,553,396	798,720	5,352,116

24. CAPITAL COMMITMENTS

	Group		Company	
	2004	**2003**	**2004**	**2003**
	RM	***RM***	***RM***	***RM***
Authorised but not contracted for	**8,000,000**	12,000,000	**-**	-

25. CONTINGENT LIABILITIES - UNSECURED

Guarantees to licensed financial institutions in respect of credit facilities granted to subsidiary companies				
- LTK (Melaka) Sdn. Bhd.	**-**	-	**11,789,969**	12,843,297
- LTK Bio-Fer Sdn. Bhd.	**-**	-	**578,179**	925,366
- LTK Omega Plus Sdn. Bhd.	**-**	-	**4,686,782**	-

26. FINANCIAL INSTRUMENTS

The Group's exposure to financial risks arising in the normal course of business are as set out below. The Group is not engaged in speculative transactions.

(i) 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.

(ii) 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 or concentration of credit risk that may arise from exposures to a single debtor.

(iii) Currency Risk

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

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

(iv) Liquidity Risk

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

(v) Fair Value

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

Notes to the Financial Statements

31 March 2004

27. COMPARATIVE FIGURES

The presentation and classification of items in the current year financial statements have been consistent with the previous financial year except for certain comparative amounts which have been adjusted by the Group and the Company arising from the adoption of MASB 25 - Income Taxes as disclosed in Note 2(a) and Note 23, and as shown below:

	Previously stated *RM*	Adjustment *RM*	Restated *RM*
Group			
Cost of sales	51,723,691	175,629	51,899,320
Administrative expenses	3,299,657	(174,819)	3,124,838
Distribution costs	1,248,265	(810)	1,247,455

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 (Cont'd)

	Production and Sale of Poultry and Related Products		Investment Holding		Other		Elimination		Total	
	2004 RM	2003 RM	2004 RM	2003 RM	2004 RM	2003 RM	2004 RM	2003 RM	2004 RM	2003 RM
Revenue										
External sales	**71,152,557**	58,544,679	-	-	-	-	-	-	**71,152,557**	58,544,679
Inter-segment sales	-	-	**3,760,000**	1,270,000	-	-	**(3,760,000)**	(1,270,000)	-	-
Total revenue	**71,152,557**	58,544,679	**3,760,000**	1,270,000	-	-	**(3,760,000)**	(1,270,000)	**71,152,557**	58,544,679
Result										
Segmental result	**8,996,621**	2,591,376	**3,655,023**	1,237,662	**53,425**	(13,772)	**(3,538,962)**	(1,177,880)	**9,166,107**	2,637,386
Profit from operations									**9,166,107**	2,637,386
Finance cost, net									**(964,032)**	(744,158)
Taxation									**(953,435)**	(672,018)
Net profit									**7,248,640**	1,221,210
Assets										
Segment assets	**80,072,626**	74,713,132	**45,094,389**	43,804,670	**7,107,270**	560,057	**(39,823,636)**	(38,883,839)	**92,450,649**	80,194,020
Unallocated corporate assets									**359,814**	1,005,761
Consolidated total assets									**92,810,463**	81,199,781
Liabilities										
Segment liabilities	**12,473,280**	11,333,670	**106,977**	77,216	**1,624,012**	592,580	**(8,820,636)**	(8,880,837)	**5,383,633**	3,122,629
Unallocated corporate liabilities									**22,826,797**	19,120,779
Consolidated total liabilities									**28,210,430**	22,243,408
Other Information										
Capital expenditure	**4,612,831**	3,873,549	**6,609**	-	**6,419,118**	-			**11,038,558**	3,873,549
Depreciation	**4,183,309**	4,040,340	**10,497**	9,782	**16,155**	16,155			**4,209,961**	4,066,277
Non-cash expenses other then depreciation and impairment losses	**264,519**	3,013	-	-	-	-			**264,519**	3,013

List of Properties

As at 31 March 2004

Location	Existing use & description	Approximate Area (Acres)	Tenure	Remaining Lease Period (Expiry Date)	Age of buildings	Net Book Value As At 31.3.04 (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	Freehold	-	Less than 15 years	44,692 *	June 1999 (Revaluation)
Lot Nos.863 and 864, Mukim of Ayer Pa'abas, District of Alor Gajah, Melaka	Vacant	24	Leasehold	33 years (29.11.2037)	38 years	544	November 2001 (Acquisition)
Lot Nos 105, 106, 233, 758, 150, 1333, Mukim of Bukit Senggeh, District of Jasin, Melaka	Vacant	200	Freehold	-	-	6,419	May 2003 (Acquisition)

* Net book value of both land and farm buildings

Analysis of Shareholdings

As at 22 June 2004

CLASS OF SHARES : ORDINARY SHARES OF RM1.00 EACH
NUMBER OF HOLDERS : 2,476
VOTING RIGHTS : ONE VOTE PER ORDINARY SHARE

ANALYSIS BY SIZE OF SHAREHOLDINGS AS AT 22 JUNE 2004

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
Less than 100	1	0.04	50	0.00
100 to 1,000	1,329	53.67	1,326,450	3.31
1,001 to 10,000	968	39.10	4,049,336	10.09
10,001 to 100,000	147	5.94	3,815,764	9.51
100,001 to 2,005,799(*)	27	1.09	9,463,602	23.59
2,005,800 and above (**)	4	0.16	21,460,800	53.50
Total	**2,476**	**100.00**	**40,116,002**	**100.00**

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

Analysis of Shareholdings

22 June 2004

SUBSTANTIAL SHAREHOLDERS AS AT 22 JUNE 2004

Name	Shareholdings Direct	%	Indirect	%
Ladang Ternakan Kelang Sdn. Berhad	22,788,502	56.81	-	-
Tan Kok	-	-	*22,788,502	56.81
Lim Hooi Tin	-	-	**22,788,502	56.81
Tan Wah	-	-	*22,788,502	56.81
Tam Kim Hock	65,000	0.16	*22,788,502	56.81

* 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 22 JUNE 2004

Name	Shareholdings Direct	%	Indirect	%
Ahmad Khairuddin bin Ilias	# 801,000	2.00	-	-
Tan Kok	-	-	* 22,788,502	56.81
Tan Kark Bin	450,000	1.12	-	-
Tan Kim Hock	65,000	0.16	* 22,788,502	56.81
Tan Wah	-	-	* 22,788,502	56.81
Lim Hooi Tin	-	-	** 22,788,502	56.81
Kamarudin bin Md Derom	-	-	-	-
Ooi Chee Seng	-	-	-	-

* 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

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

Analysis of Shareholdings

22 June 2004

DIRECTORS' SHAREHOLDINGS IN RELATED CORPORATION AS AT 22 JUNE 2004

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 22-Jun-2004	Balance as at 22-Jun-2004	Percentage
Tan Kok	400,000	-	400,000	1.00
Tan Kark Bin	180,000	-	180,000	0.45
Tan Kim Hock	200,000	-	200,000	0.50
Tan Wah	200,000	-	200,000	0.50
Lim Hooi Tin	200,000	-	200,000	0.50

THIRTY (30) LARGEST SHAREHOLDERS AS PER THE RECORD OF DEPOSITORS AS AT 22 JUNE 2004

NAME	NO. OF SHARES	PERCENTAGE (%)
1. Ladang Ternakan Kelang Sdn Berhad	7,081,000	17.65
2. Ladang Ternakan Kelang Sdn Berhad	6,000,000	14.96
3. Ladang Ternakan Kelang Sdn Berhad	6,000,000	14.96
4. Ladang Ternakan Kelang Sdn Berhad	2,379,800	5.93
5. Lembaga Tabung Angkatan Tentera	1,480,000	3.69
6. OSK Nominees (Tempatan) Sdn Berhad *-OSK Capital Sdn Bhd For Ahmad Khairuddin bin Ilias*	801,000	2.00
7. Malaysia Nominees (Tempatan) Sendirian Berhad *-Malaysian Trustees Berhad For Alliance Vision Fund*	797,000	1.99
8. Ladang Ternakan Kelang Sdn Berhad	750,002	1.87
9. Mayban Securities Nominees (Tempatan) Sdn Bhd *-Pledged Securities Account For Ladang Ternakan Kelang Sdn Bhd*	586,700	1.46
10. Fawziah Bt Hussein Sazally	570,000	1.42
11. Phuah Chai Tin	491,000	1.22
12. Tan Kark Bin	450,000	1.12
13. Kok Chiew Heng	350,000	0.87
14. Koperasi Polis Diraja Malaysia Berhad	319,000	0.80
15. Chop Cheong Bee Sdn Bhd	300,000	0.75
16. Malacca Equity Nominees (Tempatan) Sdn Bhd *-Pledged Securities Account For Loo Eng Seng*	297,000	0.74
17. Lee Chee Gaip	230,000	0.57
18. Lee Chee Gaip	220,000	0.55
19. Ang Tin Foo	198,000	0.49
20. Tan Ah Moi	176,000	0.44
21. Siew Gaik Hong	170,000	0.42
22. Wong Hok Yim	167,000	0.42
23. Teh Teaw Kee	162,400	0.40
24. Lim Sze Ying	141,000	0.35
25. Calibre Portfolio Sdn Bhd	130,000	0.32
26. Ho Long Miau	125,000	0.31
27. Ng Hooi Kim @ Ooi Hooi Kim	124,000	0.31
28. Tan Yee Boon	110,500	0.28
29. Ng Chu Peng	110,000	0.27
30. Ker Kain Cheng	107,000	0.27
TOTAL	**30,823,402**	**76.84**

This page has been left intentionally blank.

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 Name)

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 Seventh Annual General Meeting to be held at Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Monday, 16 August 2004 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.	Resolutions	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 _____ 2004

Number of shares held

_____
Signature of Member/Common Seal

Notes :

1. *A member of the Company entitled to attend and vote at the Meeting is entitled to appoint a Proxy to attend and vote on his (her) behalf. Where a member appoints two (2) or more Proxies to attend at the same meeting the appointment shall be invalid unless he (she) specifies the proportions 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 provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply.*
3. *The Proxy Form shall be signed by the appointor or his (her) attorney duly authorized in writing or, if the member is a corporation, must be executed under its common seal or by its duly authorized attorney or officers.*
4. *The instrument appointing a Proxy must be deposited at the Registered Office of the Company at Level 17, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, 50490 Kuala Lumpur not less than 48 hours before the time appointed for holding the meeting or 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)

Level 17, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur

please fold along this line (2)