



LTKM BERHAD (442942-H)



# LTKM BERHAD

annual report 2013

# LTK Omega Plus

Your Health Partner

**5X** Omega-3\*  
& DHA\*

Omega-3 Polyunsaturated Fatty Acids (PUFA), such as DHA are found naturally in some foods. Egg is one of them. Adequate intake of Omega-3 and DHA is vital for the health benefits of our heart, brain and eyes. With MARDI's all natural feed formula to feed our chickens, we at LTK are able to produce even more nutritious eggs with higher content of Omega-3, DHA, Vitamin E and Selenium.



**100% Natural**

Feeds such as Flaxseed,  
Corn & Soybean.

**100% Natural**

Carotenoids. No synthetic  
colouring.

Di bawah Perlesenan  
**MARDITECH**  
Teknologi MARDI



\* In comparison to an ordinary egg



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**“At LTKM, our farm  
management emphasises  
on Safety, Health and  
Environment”**

Over the years, we have emphasised and invested in modernising and promoting bio-security in the farm. We believe operating in a clean, hygienic and safe environment is key to product quality and sustainability.



## BOARD OF DIRECTORS

Ahmad Khairuddin Bin Ilias (*Chairman*)

Datuk Tan Kok (*Managing Director*)

Datin Lim Hooi Tin (*Non-Independent Non-Executive Director*)

Kamarudin Bin Md Derom (*Independent Non-Executive Director*)

Ooi Chee Seng (*Independent Non-Executive Director*)

Tan Soh Yee (*Independent Non-Executive Director*)

## AUDIT COMMITTEE

Ahmad Khairuddin Bin Ilias (*Chairman*)

Kamarudin Bin Md Derom

Ooi Chee Seng

Tan Soh Yee

## REMUNERATION COMMITTEE

Datuk Tan Kok (*Chairman*)

Ooi Chee Seng

Kamarudin Bin Md Derom

## NOMINATION COMMITTEE

Kamarudin Bin Md Derom (*Chairman*)

Ahmad Khairuddin Bin Ilias

Ooi Chee Seng

## EMPLOYEES' SHARE OPTION SCHEME COMMITTEE

Datuk Tan Kok (*Chairman*)

Tan Chee Huey (*Member*)

Jancy Oh Suan Tin (*Member*)

Loo Leng Fong (*Secretary*)

## COMPANY SECRETARIES

Ng Yim Kong

Ooi Hoy Bee @ Ooi Hooi Bee

## REGISTERED OFFICE

Unit 07-02, Level 7, Persoft Tower, 6B Persiaran

Tropicana 47410 Petaling Jaya, Selangor Darul Ehsan

Tel : 03-7804 5929

Fax : 03-7805 2559

## REGISTRAR

Tricor Investor Services Sdn Bhd

Level 17, The Gardens North Tower

Mid Valley City

Lingkaran Syed Putra

59200 Kuala Lumpur

Tel: 03-2264 3883

Fax: 03-2282 1886

## CORPORATE OFFICE & PLACE WHERE REGISTER OF OPTIONS IS KEPT

No. 102, Batu 1 ½, Jalan Meru, 41050 Klang

Selangor Darul Ehsan

Tel: 03-3342 2830/1

Fax: 03-3341 1967

[www.ltkm.com.my](http://www.ltkm.com.my)

## AUDITORS

Ernst & Young

Chartered Accountants

Level 23A, Menara Milenium

Jalan Damanlela, Pusat Bandar Damansara

50490 Kuala Lumpur

## STOCK EXCHANGE LISTING

Main Market

Bursa Malaysia Securities Berhad

# PROFILE OF DIRECTORS

## AHMAD KHAIRUDDIN BIN ILIAS

### **Chairman, Independent Non-Executive Director, Chairman of Audit Committee & Member of Nomination Committee**

A Malaysian, aged 55, 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.

## DATUK TAN KOK

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

A Malaysian, aged 62, he was appointed to the Board on 23 December 1999. He has more than 30 years of experience in the poultry sector, particularly in layer farming. He participated actively in the development of the layer industry and was previously appointed as the Chairman of the Sub-Committee of Layer Division of the Selangor Livestock Farmers' Association. Currently he is a Committee Member of the Selangor Livestock Farmers' Association. He also sits on the Board of several private limited companies.

## DATIN LIM HOOI TIN

### **Non-Independent Non-Executive Director**

A Malaysian, aged 61, she was appointed to the Board on 23 December 1999. She has wide experience in the administration and management of layer farm. She also sits on the Board of several private limited companies.

## KAMARUDIN BIN MD DEROM

### **Independent Non-Executive Director, Chairman of Nomination Committee, Member of Audit Committee & Member of Remuneration Committee**

A Malaysian, aged 55, he was appointed to the Board on 23 December 1999. He graduated with a degree in Civil and Environmental Engineering from University of Wisconsin in Madison, United States of America. Prior to joining the Company, he worked as a civil engineer, sales manager and project manager in several private limited companies. Currently, he is also the Executive Chairman of Haisan Resources Berhad and sits on the Board of several private limited companies.

## OOI CHEE SENG

### **Independent Non-Executive Director, Member of Audit Committee, Member of Remuneration Committee & Member of Nomination Committee**

A Malaysian, aged 67, 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.

## TAN SOH YEE

### **Independent Non-Executive Director & Member of Audit Committee**

A Malaysian, aged 40, she was appointed to the Board on 27 August 2008. She graduated with a degree in Accounting from the University of Canberra, Australia and is a Chartered Accountant with the Malaysian Institute of Accountants and with the Certified Practising Accountants in Australia. She has more than 10 years of experience in accounting and auditing fields. She was attached with Ernst & Young in 1997 and joined LTKM Berhad as an Internal Audit Manager from year 2000 until August 2007.

## GENERAL INFORMATION

Datuk Tan Kok and Datin Lim Hooi Tin, who is the spouse of the former, are also the substantial shareholders of the Company via their shareholding in Ladang Ternakan Kelang Sdn Berhad which is a substantial shareholder of the Company. Other than as disclosed, none of the other Directors have any family relationship with any Director and or substantial shareholders of the Company.

None of the Directors have:

- any conflict of interest with the Company and
- any convictions for offences within the past 10 years other than traffic offences.

Summary of attendance of Board of Directors meetings for the financial year ended 31 March 2013.

Member	No. of meetings attended
Ahmad Khairuddin bin Ilias	4 of 5
Datuk Tan Kok	5 of 5
Datin Lim Hooi Tin	5 of 5
Kamarudin bin Md Derom	4 of 5
Ooi Chee Seng	5 of 5
Tan Soh Yee	5 of 5

**ON BEHALF OF THE BOARD OF DIRECTORS OF LTKM BERHAD, IT IS WITH GREAT PLEASURE THAT I PRESENT TO YOU THE ANNUAL REPORT AND THE AUDITED FINANCIAL STATEMENTS OF THE GROUP AND THE COMPANY FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013 ("THE CURRENT YEAR UNDER REVIEW").**

## OVERVIEW

The current financial year under review ended fairly well considering the global livestock feed crisis that hit the industry during the year. The prices of corn and soybean rallied sharply in July 2012 as severe drought conditions unfolded in the United States. Corn and soybean are the main raw materials for the Group's poultry segment.

## FINANCIAL PERFORMANCE

For the current financial year under review, the Group's continuing operations' revenue retreated marginally by 1.5 % to RM154.83 million as compared to the preceding year. Profit before tax was also lower by 37% at RM12.24 million as compared to RM19.30 million in the preceding year. However, on the overall the net profit of the Group of RM9.58 million is an improvement of over five folds due mainly to the absence of losses from the discontinued operation. In the preceding financial year 2012, the discontinued operation recorded a net loss of RM12.60 million, eroding the Group's net profit to RM1.86 million. As such, earnings per share ("EPS") for the current financial year under review was 22.17 sen versus 4.21 sen as at 31 March 2012.

## REVIEW OF OPERATIONS

For the current financial year under review, revenue for the poultry segment declined by 3.61%, caused mainly by the weak selling prices of eggs due to a surplus in supply. In July 2012, the worst drought in over half a decade hit the U.S. and drove soybean prices to an all-time high. The resultant surge in feed costs coupled with the weak selling prices had exerted downward pressure on the margins for all egg producers; some even trading below costs of production. For the first half of the financial year, the poultry segment profit was weak recording only RM1.47 million. However, eggs prices began to pick up slightly in the third financial quarter when the drought condition in the US waned off, helping margins to pick up. As at the end of the financial year, soybean prices have declined although they have not fully transitioned back to the pre-drought levels. Segment profit for the poultry segment in the second half of the financial year improved to RM6.30 million. As a result, the poultry segment recorded a segmental profit of RM7.77 million for the full year. Although way behind that of RM18.73 million as recorded in the preceding year; the Board attributed the profits to the farm's productivity and product cost management despite the year's difficult business condition.

The extraction and sale of sand segment of the Group remained relatively small, contributing less than 3% of the Group revenue. In spite of this, revenue for this segment increased by 39% due to higher productivity and improved demand from local construction sector, while segmental earnings turned profitable as compared to preceding year. However, the demand for sand and profitability of this segment continue to depend mainly on the momentum of the local construction industry.

Albeit on a small scale, the Group has also recorded revenue and earnings from its maiden residential property development activity. The housing development project named Taman Seri Bunut, Banting; consisted of twenty six terrace houses with a gross development value of RM8.94 million. For the current financial year under review, this project contributed a revenue and segmental profit of RM3.23 million and RM0.56 million, respectively. As at the date of this annual report, the project has been completed and the units of houses have been fully taken up.



## PROSPECTS

The poultry segment remains the Group's core business, generating most of the Group's revenue and profit. Being in the core consumer market, it has the advantage of being recession-proof and therefore assisted to provide a consistent and reliable source of revenue. However, the main challenge for this segment arises from the volatility of the commodity-based price of the major raw materials; particularly corn and soybean. As such the management recognises the importance of cost management and efficient employment of resources to withstand costs pressure as well as good farm practices for sustainable growth and profitability.

## DIVIDENDS

The Board is pleased to recommend a single-tier final dividend of 8% per share for the year ended 31 March 2013. A single-tier interim dividend of 4% per share was paid out on 8 April 2013 for the financial year ended 31 March 2013. Together, the interim and final dividends amount to a payout of 12 sen per share. The recommended single-tier final dividend of 8% per share is subject to the approval of the shareholders at the 2013 Annual General Meeting.

## CORPORATE SOCIAL RESPONSIBILITY

The Group reaffirms its commitment towards sustaining the environment. We continue to maintain the layers and sheds by using clean poultry farming technology and effective and efficient bio-security and waste management system to eliminate environmental footprints in the areas where we operate. We have continued to receive the authority's certification for Good Farm Practices Scheme issued by the Department of Veterinary Services of the Ministry of Agriculture for our commendable farm management efforts. The Group also makes donations mainly to schools and centres for the underprivileged as part of its corporate social responsibility initiatives.

## APPRECIATION

On behalf of the Board, I wish to express my sincere gratitude to the management and all employees for their high level of dedication and commitment which have established the values of the Group today.

The Board would also like to convey its heartfelt appreciation to all valued customers, suppliers, bankers, regulatory authorities both locally and abroad, Ministry of Agriculture, MARDI and Marditech's dedicated staff, and all shareholders for their contribution and continuous support for the Group.

Thank you.

AHMAD KHAIRUDDIN BIN ILIAS  
Chairman

# 5 YEARS FINANCIAL HIGHLIGHTS

Year ended 31 March		2013 RM000	2012 RM000	2011 RM000	2010 RM000	2009 RM000
Revenue		154,831 <sup>^</sup>	157,163 <sup>^</sup>	149,592 <sup>^</sup>	131,429	133,537
Operating profits		13,482 <sup>^</sup>	20,266 <sup>^</sup>	29,128 <sup>^</sup>	21,568	13,096
Finance costs		(1,242) <sup>^</sup>	(969) <sup>^</sup>	(1,180) <sup>^</sup>	(507)	(964)
Profit before tax		12,240 <sup>^</sup>	19,297 <sup>^</sup>	27,948 <sup>^</sup>	21,061	12,132
Profit attributable to equity holders		9,613	1,825	16,012	16,243	8,885
Share capital		43,368	43,368	43,232	42,055	41,115
Total equity		133,326	124,058	127,630	114,970	94,798
Net earnings per share - basic	sen	22.17	4.21	37.53	39.42	21.66
Net dividend per share	sen	12.00 <sup>#</sup>	10.00	13.00	10.00	8.00
Dividend yield	%	6.35 <sup>#</sup>	5.29	6.91	6.13	7.21
Net tangible asset	RM per share	3.07	2.86	2.95	2.73	2.31
Price-earnings ratio *	times	8.53	44.89	5.01	4.13	5.12
Net debt / total equity **	%	2.94	8.34	15.70	8.84	2.53
Closing share price	RM per share	1.89	1.89	1.88	1.63	1.11

<sup>^</sup> represents results from Continuing Operations .

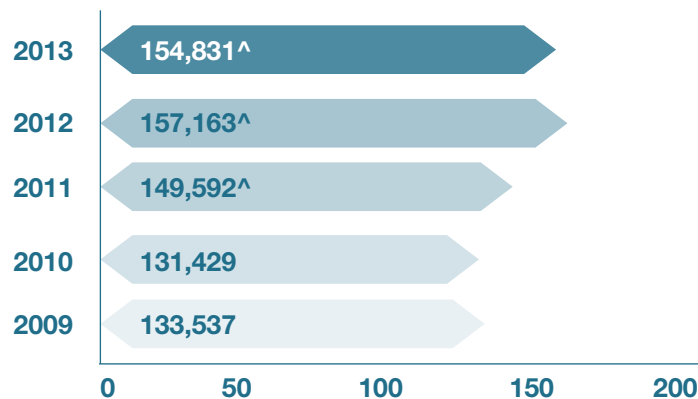
<sup>#</sup> include final dividend which is subject to the approval of shareholders at the forthcoming Annual General Meeting.

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

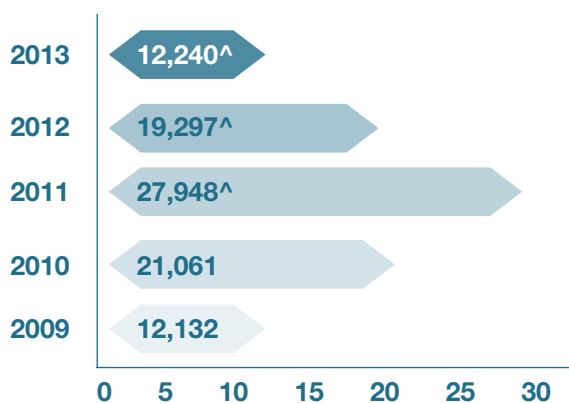
\*\* net debt represents total borrowings (incl. hire purchase payables) from financial institutions - cash and bank balances - long and short term deposits.

# 5 YEARS FINANCIAL HIGHLIGHTS (CONT'D)

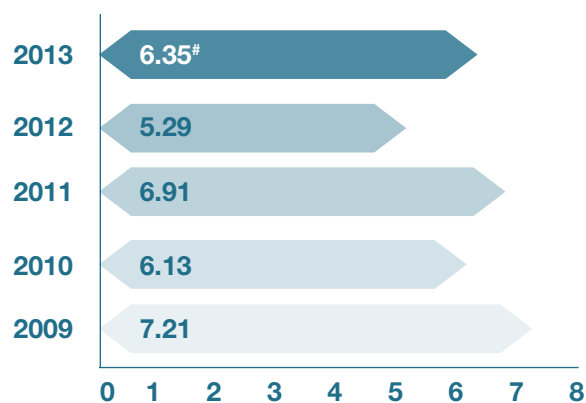
## REVENUE (RM'000)



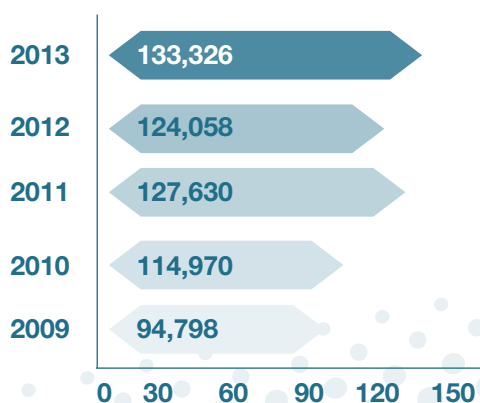
## PROFIT BEFORE TAX (RM'000)



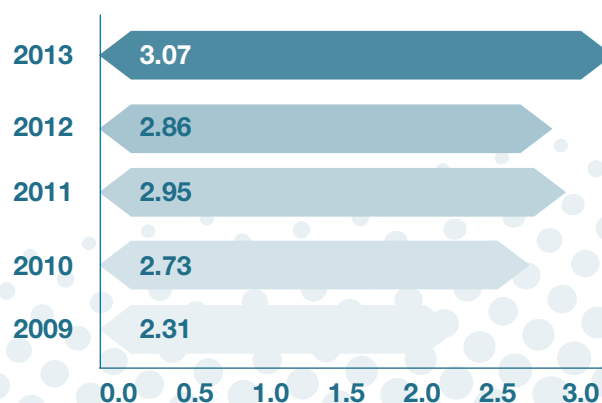
## DIVIDEND YIELD (%)



## TOTAL EQUITY (RM'000)



## NET TANGIBLE ASSETS (RM PER SHARE)



<sup>^</sup> Represent results from continuing operations

<sup>#</sup> Include final dividend which is subject to the approval of shareholders at the forthcoming Annual General Meeting.

# 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)	Senior Independent Non-Executive Director
Tan Soh Yee (Member)	Independent Non-Executive Director

## TERMS OF REFERENCE

### Objectives

The Audit Committee shall:

- assist the Board of Directors in fulfilling its fiduciary responsibilities relating to accounting and reporting practices of the Company and the Group;
- oversee and appraise the quality of the audits conducted both by the Company's internal and external auditors;
- 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; and
- determine the adequacy of the Group's administrative, operating and accounting controls.

### Members

- The Audit 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 all shall be Non-Executive Directors, with a majority of them being Independent Directors.
- At least one member of the Audit Committee:
  - must be a member of the Malaysian Institute of Accountants ("MIA"); or
  - if he is not a member of the MIA, 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
  - fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad ("BMSB").
- No Alternate Director shall be appointed as a member of the Audit Committee.
- The members of the Audit Committee shall elect a Chairman from among their number who shall be an Independent Director.
- The Board of Directors shall review the term of office and performance of the Audit Committee and each of its members at least once every three years to determine whether such Audit Committee and members have carried out their duties in accordance with their terms of reference.
- If a member of the Audit 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 Audit 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:

- 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
- e) be able to obtain independent professional advice or other advice; and
- f) be able to convene meetings with the external auditors, internal auditors or both, excluding the attendance of other Directors and employees of the Company, 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 auditors, the audit plan;
  - ii) with the external auditors, his evaluation of the system of internal controls;
  - iii) with the external auditors, his audit report;
  - iv) the assistance given by the employees of the Group to the external auditors;
  - v) the adequacy of the scope, functions, competency 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, prior to the approval by the Board of Directors, focusing particularly on:
    - changes in or implementation of major accounting policy changes;
    - significant and unusual events; and
    - compliance with accounting standards and other legal requirements;
  - 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 Company; and
  - x) whether there is reason (supported by grounds) to believe that the Group's external auditors are 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 BMSB where the Audit Committee is of the view that a matter reported by it to the Board of Directors of the Company has not been satisfactorily resolved resulting in a breach of the BMSB's Listing Requirements; and
- e) any other functions as may be agreed to by the Audit Committee and the Board of Directors.
- f) meeting with external auditors at least twice a year without the presence of the Executive Directors and members of the management.

## Attendance and Meeting

- a) The quorum of the Audit Committee shall be two of whom the majority of members present shall be Independent Directors.
- b) Apart from the members of the Audit Committee who will be present at the meetings, the Audit Committee may invite any member of the management, employees, other Directors and representatives of the external auditors to be present at meetings of the Audit Committee.



# AUDIT COMMITTEE REPORT (CONT'D)

- c) The Audit 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 Audit Committee if a request is made by any Audit Committee member, the Company's Managing Director, or the internal or external auditors.

## Minutes

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

## Secretary

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

## ESOS

There was no new scheme introduced during the financial year under review after the expiry of the previous scheme on 17 October 2011.

## Internal Audit Function

The internal audit function of the Group is currently outsourced and reports to the Audit Committee. The primary objective of the internal audit function is to undertake independent, regular and systematic reviews of the risk management, internal controls and corporate governance systems in the Group so as to provide reasonable assurance that such systems are adequate and continue to operate satisfactorily and effectively in the Group.

The internal audit function carries out its roles based on the audit plan that is reviewed with and approved by the Audit Committee. The audit plan covers review of adequacy of operational controls, risk management, compliance with established procedures, laws and regulations, quality of assets, computer application system, amongst others. The internal auditor also carries out investigations and special review requested by management or the Audit Committee.

The internal audit reports are deliberated by the Audit Committee and recommendations are duly acted upon by the management.

The cost incurred for the internal audit function for the year ended 31 March 2013 was RM34,049.

## Activities

During the financial year under review, the Audit Committee carried out the following activities:

- reviewed the annual audited financial statements of the Company and the Group and quarterly results of the Group prior to presentation for the Board's approval;
- reviewed the Statement on Risk Management and Internal Control pursuant to Paragraph 15.26(b) of the Listing Requirements for Board's approval;
- reviewed the related party transactions that had arisen within the Company or Group on quarterly basis;
- reviewed with the external auditors their audit plan prior to their commencement of audit;
- reviewed the management letters and audit report of the external auditors; and
- reviewed the internal audit findings on quarterly basis based on the evaluation of the internal control system of the Group and its recommendations on system and control weaknesses noted during the course of audit.

## General Information

Summary of attendance of Audit Committee meetings for the financial year ended 31 March 2013.

Member	No. of meetings attended
Ahmad Khairuddin Bin Ilias	4 of 5
Kamarudin Bin Md Derom	4 of 5
Ooi Chee Seng	5 of 5
Tan Soh Yee	5 of 5

The Directors are accountable to shareholders for the business and affairs of the Company. The Directors support high standard of corporate behaviour and accountability. The Malaysian Code on Corporate Governance 2012 (“the Code”) aims to set out principles and best practices on structures and processes that companies may apply in their operations towards achieving the optimal governance framework. Set out herewith is the manner in which the Board has applied the Principles (“the Principles”) and Best Practices (“the Best Practices”) of the Code.

## A. BOARD OF DIRECTORS

### (i) The Board

The Board consists of persons from various professional fields and businesses with different commercial skills, knowledge and experiences. The information of all the Directors is set out in the Profile of Directors on pages 4 to 5 of this annual report.

The Board has six Directors, four of whom are Independent Non-Executive Directors. The Independent Non-Executive Directors are independent of management, and free from any business which could interfere with their independent judgment and their ability to act in the Group’s best interest. The positions of Chairman and Managing Director are held by two different individuals who are not related to each other. The Code recommends that the Chairman shall be Non-Executive member of the Board. The Chairman of the Board is Encik Ahmad Khairuddin Bin Ilias who is an Independent Non-Executive Director while Datuk Tan Kok is the Managing Director.

The Board has also nominated Mr. Ooi Chee Seng as its 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 roles of the Chairman and Managing Director are distinct and separate; the Chairman being non-executive, is not involved in the management and day-to-day operations of the Company.

### (iii) Appointments of the Board Members and Re-election

The Board has appointed a Nomination Committee (“NC”) comprising three Independent Non-Executive Directors.

The members of the NC are :-

- Kamarudin bin Md Derom (Chairman, Independent Non-Executive Director)
- Ahmad Khairuddin bin Ilias (Independent Non-Executive Director)
- Ooi Chee Seng (Independent Non-Executive Director)

The NC’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.

In accordance with the Company’s Articles of Association, one-third of the Board members is required to retire at every Annual General Meeting (AGM) and be subject to re-election by shareholders. Directors who are appointed in a financial year shall hold office until the 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.

For the year ended 31 March 2013, Ahmad Khairuddin Bin Ilias, Kamarudin Bin Md Derom and Ooi Chee Seng have served on the Board for more than nine (9) years. However, they continue to meet the criteria under the definition of “independent director” as set out in Chapter 1 of the Listing Requirements of Bursa Malaysia Securities Berhad. Thus, the Board had considered them to have exercised their independency in all Board matters and recommend that they should be retained as Independent Non-Executive Directors of the Board.

## (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. The Directors are given sufficient time to enable them to obtain further explanations, where necessary, in order to be briefed properly before the meeting.

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

## (v) Directors’ Training

All Directors have completed the Mandatory Accreditation Programme pursuant to the Listing Requirements of Bursa Malaysia. The Directors are encouraged to attend training programmes and seminars to keep abreast with current issues and new statutory and regulatory requirements.

The training programmes, seminars and briefings attended by the members of the Board during the financial year include the following :

- Training on “Insider Trading” conducted on 22 November 2012 by Strategy Corporate House Sdn Bhd, and attended by :
  - Ahmad Khairuddin Bin Ilias
  - Datuk Tan Kok
  - Kamarudin Bin Md Derom
  - Ooi Chee Seng
  - Datin Lim Hooi Tin
  - Tan Soh Yee
- Seminar on “Preparing Your First MFRS Quarterly Report” conducted on 9th April 2012 by Ernst & Young, and attended by Tan Soh Yee

## B. BOARD COMMITTEES

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

### Board Committees

#### **Audit Committee (“AC”)**

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

#### **Remuneration Committee (“RC”)**

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

#### **Nomination Committee (“NC”)**

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

#### **ESOS Committee (“EC”)**

The EC is responsible for the administration of the Company’s ESOS in accordance with its approved By-Laws. The EC comprises the Managing Director and three 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 members of the RC are :-

- Datuk Tan Kok (Chairman, Managing Director)
- Ooi Chee Seng (Independent Non-Executive Director)
- Kamarudin bin Md Derom (Independent Non-Executive Director)

The RC reviews and recommends to the Board the remuneration of the 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 details of the remuneration of Directors for the financial year ended 31 March 2013 are disclosed in Note 7 of the Financial Statements.

## D. ACCOUNTABILITY AND AUDIT

### (i) Financial Reporting

Directors' Responsibility Statement in respect of Audited Financial Statements pursuant to Paragraph 15.26 (a) of the Listing Requirements

The Board of Directors is responsible for preparing the 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.

### (ii) Risk Management and Internal Control

The information on the Group's risk management and internal control is presented in the Statement on Risk Management and Internal Control in the Annual Report.

### (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. During the meeting, the Board is prepared to provide responses to queries and to receive feedback from the shareholders. The external auditors are also present to provide their professional and independent clarification on issues of concern raised by the shareholders, if any.

In addition, the Group maintains a website at <http://www.ltkm.com.my> which shareholders or other stakeholders can access for information. All information released to Bursa Malaysia Securities Berhad is posted on the website. Alternatively, the Group's latest announcements can be obtained via the Bursa Malaysia website maintained at <http://www.bursamalaysia.com>.

## F. OTHER INFORMATION

### (i) Material Contracts

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.

### (ii) Sanctions And/Or Penalties

There were no sanctions and/or penalties imposed on the Group, Directors or management by the relevant regulatory bodies.

### (iii) American Depositary Receipt ("ADR") Or Global Depositary Receipt ("GDR") Programme

During the financial year under review, the Company did not sponsor any ADR or GDR programme.

### (iv) Profit Guarantee

There was no profit guarantee given by the Company during the financial year under review.

### (v) Options Or Convertible Securities

No options or convertible securities were issued during the financial year under review.

### (vi) Non-Audit Fees Paid To External Auditors

There were no non-audit fees paid or payable to the external auditors and/or their affiliated companies during the financial year under review.

### (vii) Recurrent Related Party Transactions

The details of the transactions with related parties undertaken by the Group during the financial year under review are disclosed in Note 28 to the Financial Statements on page 85 of this Annual Report.

### (viii) Share Buy-Back

There was no share buy-back carried out by the Company during the financial year under review.

### (ix) Variation Of Results

There was no material variance between the results for the financial year ended 31 March 2013 with the unaudited results previously announced by the Company.



# STATEMENT ON **RISK MANAGEMENT AND INTERNAL CONTROL**

## **INTRODUCTION**

This Statement on Risk Management and Internal Control is made in accordance with the “Statement on Risk Management and Internal Control: Guidelines for Directors of Public Listed Issuers” issued by the Institute of Internal Auditors – Malaysia and pursuant to paragraph 15.26(b) of the Listing Requirements of Bursa Malaysia, which requires Malaysian public listed companies to make a statement about their state of internal control, as a Group, in their annual report.

## **BOARD RESPONSIBILITY**

The Board recognizes the importance of sound risk management and internal control practices to safeguard shareholders’ investment and the Group’s assets and acknowledges its responsibilities for establishing such systems. The Board further affirms its responsibility to embed risk management in all aspects of the Group’s activities and for reviewing the adequacy and integrity of these systems in mitigating risks within the Group’s acceptable risk appetite. Nonetheless, the Board recognizes that the systems of risk management and internal control are designed to manage rather than to eliminate risks of failure to achieve its business objectives. Therefore these systems of risk management and internal control in the Group are can only provide reasonable but not absolute assurance against misstatements, frauds or other consequences.

The Board had received assurance from the Managing Director and the Group Accountant that, to the best of their knowledge and in all material aspects, the Group’s risk management and internal control systems are operating adequately.

## **RISK MANAGEMENT**

The Group’s Risk Management function sets out its underlying approach in managing risks while pursuing its business objectives. Risk management is firmly embedded in the Group’s management system through its business units and departmental functions. There is an ongoing process to identify, analyse, evaluate, prioritise and mitigate risks, and has the following attributes :

- Day-to-day risk management residing with respective business units and departments
- Risk management function is headed by the Managing Director with respective head of business units and departments entrusted to drive the procedures.
- The risk management function includes :
  - Review of business risk during operational meetings with the the senior management team to identify, assess and manage risks in an efficient and effective manner
  - Monitor results of key performance indicators
  - Monitor exposure to credit risk to keep at acceptable level and financial capacity to withstand potential losses.
  - Monitor market movements against the risk of high costs or loss arising from adverse movements such as prices of commodities, investments and foreign currency exchange rates

## **KEY INTERNAL CONTROL PROCESSES**

Internal controls are embedded in the Group’s operations as follows:-

- Clear organisation structure with clear line of responsibility aligned to business and operations requirements.
- Regular management meetings to assess the Group’s performance and controls.
- Internal control requirements are embedded in computerised accounting system.
- Policies and procedures for all key processes are clearly documented and are reviewed at regular intervals.
- Consolidated monthly management accounts allow the management to focus on areas of concern.
- Monthly financial and operational reports from the major operating units are presented to the management. The management team communicates regularly to monitor performance.
- Quarterly reports are released after being reviewed by the Audit Committee and approved by the Board.
- Internal audit findings are communicated to the management and Audit Committee with recommendations for improvements and regular follow ups are performed to confirm all agreed recommendations are implemented.
- Review of major proposals for material contracts and investment opportunities by the management team and approval of the same by the Board prior to expenditure being committed.

# STATEMENT ON **RISK MANAGEMENT AND INTERNAL CONTROL**

## **INTERNAL AUDIT FUNCTION**

The Internal Audit functions independently with the principal responsibility to evaluate and improve the effectiveness of the risk management, control and governance processes. This is accomplished through regular review of the risk management and internal control processes implemented by the management and reports to the Audit Committee periodically. Internal audit adopts a risk-based methodology in planning and conducting audits by focusing on key risk areas and is independent of the activities it audits. The Audit Committee holds regular meetings to deliberate on the Internal Audit findings and its recommendations, and reports back to the Board.

## **REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS**

The external auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the annual report of the Group for the year ended 31 March 2013 and reported to the Board that nothing has come to their attention that causes them to believe that the Statement is inconsistent with their understanding of the process the Board has adopted in the review of the adequacy and integrity of internal controls within the Group.

## **WEAKNESSES IN INTERNAL CONTROL THAT RESULT IN MATERIAL LOSS**

For the financial year under review, the Board is satisfied that the existing levels of systems of risk management and internal control are effective to enable the Group to achieve its business objectives and there were no material losses arising from weaknesses in the risk management and internal control practices identified during the financial year that would require mention in the Annual Report.

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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 2013.

## PRINCIPAL ACTIVITIES

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

The principal activities of the subsidiaries are described in Note 15 to the financial statements.

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

Results	Group RM	Company RM
Profit from continuing operations, net of tax	9,561,665	1,868,565
Profit from discontinued operation, net of tax	13,632	-
Profit, net of tax	9,575,297	1,868,565
Profit/(loss) net of tax attributable to:		
Owners of the parent	9,613,353	1,868,565
Non-controlling interests	(38,056)	-
	9,575,297	1,868,565

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

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

## DIVIDENDS

The dividends paid by the Company since 31 March 2012 were as follows:

	RM
In respect of the financial year ended 31 March 2012 as reported in the directors' report of that year:	
Interim dividend of 5%, single tier, on 43,368,002 ordinary shares, declared on 22 February 2012 and paid on 3 April 2012	2,168,400
Final dividend of 5%, single tier, on 43,368,002 ordinary shares, declared on 18 September 2012 and paid on 4 October 2012	2,168,400
	4,336,800
In respect of the financial year ended 31 March 2013:	
Interim dividend of 4%, single-tier, on 43,368,002 ordinary shares, declared on 18 March 2013 and paid on 8 April 2013	1,734,720
	6,071,520

At the forthcoming Annual General Meeting, a single-tier final dividend of 8% (8.00 sen per ordinary share) in respect of the financial year ended 31 March 2013, on 43,368,002 ordinary shares, amounting to a dividend payable of RM3,469,440 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 2014.

## 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  
 Datuk Tan Kok  
 Datin Lim Hooi Tin  
 Kamarudin bin Md Derom  
 Ooi Chee Seng  
 Tan Soh Yee

## DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

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 7 to the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest, except as disclosed in Note 28 to the financial statements.

## DIRECTORS' INTERESTS

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

	Number of ordinary shares of RM1 each			
	1.4.2012	Acquired	Sold	31.3.2013
<b>The Company</b>				
Direct interest:				
Datuk Tan Kok	146,000	907,400	-	1,053,400
Datin Lim Hooi Tin	200,000	-	-	200,000
Tan Soh Yee	35,000	-	-	35,000
Indirect interest:				
Datuk Tan Kok <sup>(1)</sup>	25,921,402	2,461,600	(426,000)	27,957,002
Datin Lim Hooi Tin <sup>(2)</sup>	25,921,402	2,461,600	(426,000)	27,957,002
<b>Holding company - Ladang Ternakan Kelang Sdn. Berhad</b>				
Direct interest:				
Datuk Tan Kok	14,773,440	-	-	14,773,440
Datin Lim Hooi Tin	1,383,360	-	-	1,383,360

<sup>(1)</sup> Deemed interest by virtue of his substantial shareholdings in Ladang Ternakan Kelang Sdn. Berhad pursuant to Section 6A(4) of the Companies Act, 1965 and pursuant to Section 134(12)(c) of the Companies (Amendment) Act, 2007.

<sup>(2)</sup> Deemed interest by virtue of being the spouse of Datuk Tan Kok, a substantial shareholder of Ladang Ternakan Kelang Sdn. Berhad., which is a substantial shareholder of LTKM Berhad and pursuant to Section 134(12)(c) of the Companies (Amendment) Act, 2007.

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.



## OTHER STATUTORY INFORMATION

- (a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
  - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
- (i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and
  - (ii) the values attributed to current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the directors:
- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
  - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

## 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 dated 17 July 2013.

**Datuk Tan Kok**

**Tan Soh Yee**

# STATEMENT BY DIRECTORS

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

We, Datuk Tan Kok and Tan Soh Yee, 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 95 are drawn up in accordance with applicable Financial Reporting 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 2013 and of the results and the cash flows of the Group and of the Company for the year then ended.

Further to the Statement by directors pursuant to Section 169(15) of the Companies Act, 1965, the information set out in Note 36 on page 95 to the financial statements have been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the directors dated 17 July 2013.

**Datuk Tan Kok**

**Tan Soh Yee**

# STATUTORY DECLARATION

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

I, Jancy Oh Suan Tin, being the officer 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 95 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 Jancy Oh Suan Tin  
at Klang in the State of Selangor Darul Ehsan  
on 17 July 2013

**Jancy Oh Suan Tin**

Before me,

Goh Cheng Teak  
No. B204  
Commissioner for Oaths  
Klang, Selangor Darul Ehsan

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF LTKM BERHAD (INCORPORATED IN MALAYSIA)

## REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of LTKM Berhad, which comprise the statements of financial position as at 31 March 2013 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 26 to 95.

### *Directors' responsibility for the financial statements*

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

### *Opinion*

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2013 and of their financial performance and cash flows of the Group and of the Company for the year then ended.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.
- (b) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the 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.
- (c) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

## OTHER MATTERS

The supplementary information set out in Note 36 on page 95 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young  
AF: 0039  
Chartered Accountants

Loke Siew Heng  
No. 2871/07/13(J)  
Chartered Accountant

Kuala Lumpur, Malaysia  
17 July 2013

# STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013

		Group		Company	
	Note	2013 RM	2012 RM	2013 RM	2012 RM
<b>Continuing operations</b>					
Revenue	3(a)	154,830,563	157,162,620	2,384,000	12,516,000
Cost of sales	3(b)	(137,329,372)	(130,434,848)	-	-
<b>Gross profit</b>		17,501,191	26,727,772	2,384,000	12,516,000
<b>Other items of income</b>					
Interest income	4	236,176	110,212	742,982	543,967
Dividend income	4	245,427	99,136	-	8,591
Other income	4	5,141,325	3,391,771	11,964	20,611
<b>Other items of expense</b>					
Distribution expenses		(3,311,402)	(3,213,070)	-	-
Administrative expenses		(6,274,482)	(6,150,894)	(1,072,755)	(1,271,085)
Finance costs	5	(1,241,970)	(969,246)	-	-
Other expenses	6	(56,316)	(698,925)	(1,600)	(19,042,415)
<b>Profit/(loss) before tax</b>	7	12,239,949	19,296,756	2,064,591	(7,224,331)
Income tax (expense)/ credit	8	(2,678,284)	(4,829,864)	(196,026)	196,719
<b>Profit/(loss) net of tax</b>		9,561,665	14,466,892	1,868,565	(7,027,612)
<b>Discontinued operation</b>					
Profit/(loss) net of tax	9	13,632	(12,603,990)	-	-
<b>Profit/(loss) net of tax</b>		9,575,297	1,862,902	1,868,565	(7,027,612)
<b>Other comprehensive income:</b>					
Revaluation of land	12	3,596,000	-	-	-
<b>Total comprehensive income, net of tax</b>		13,171,297	1,862,902	1,868,565	(7,027,612)
<b>Profit/(loss) net of tax, attributable to:</b>					
Owners of the parent		9,613,353	1,824,846	1,868,565	(7,027,612)
Non-controlling interests		(38,056)	38,056	-	-
		9,575,297	1,862,902	1,868,565	(7,027,612)



# STATEMENTS OF COMPREHENSIVE INCOME (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013

		Group		Company	
	Note	2013 RM	2012 RM	2013 RM	2012 RM
<b>Total comprehensive income attributable to:</b>					
Owners of the parent		13,209,353	1,824,846	1,868,565	29,555,944
Non-controlling interests		(38,056)	38,056	-	-
		13,171,297	1,862,902	1,868,565	(7,027,612)
<b>Earnings per share attributable to owners of the parent (sen per share):</b>					
Basic	10	22.17	4.21		
Diluted	10	22.17	4.21		
<b>Continuing operations</b>					
Basic	10	22.14	33.29		
Diluted	10	22.14	33.25		
<b>Discontinued operation</b>					
Basic	10	0.03	(29.08)		
Diluted	10	0.03	(29.05)		

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

# STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2013

		Group		Company	
	Note	2013 RM	2012 RM	2013 RM	2012 RM
<b>Assets</b>					
<b>Non-current assets</b>					
Property, plant and equipment	12	75,044,998	97,243,295	1,829,763	2,029,456
Investment properties	13	36,127,950	12,317,950	-	-
Land held for property development	14(a)	-	-	-	-
Biological assets	17	276,196	263,074	-	-
Investments in subsidiaries	15	-	-	47,727,442	47,729,042
Other receivables	19	-	-	26,242,613	25,542,313
Investment securities	16	6,167,602	3,288,054	-	46,170
		117,616,746	113,112,373	75,799,818	75,346,981
<b>Current assets</b>					
Biological assets	17	12,118,441	12,804,424	-	-
Inventories	18	12,753,072	11,603,549	-	-
Property development cost	14(b)	3,444,467	2,764,147	-	-
Tax recoverable		109,387	69,941	30,614	69,941
Trade and other receivables	19	12,002,645	10,947,818	570,876	524,316
Prepayments		277,076	325,856	-	-
Cash and bank balances	20	18,383,964	13,495,048	4,597,067	6,820,836
		59,089,052	52,010,783	5,198,557	7,415,093
<b>Total assets</b>		176,705,798	165,123,156	80,998,375	82,762,074
<b>Equity and liabilities</b>					
<b>Current liabilities</b>					
Loans and borrowings	22	10,229,717	9,772,702	-	-
Trade and other payables	21	11,533,427	7,742,829	1,168,294	463,758
Tax payable		1,140,247	88,415	-	-
Dividend payable	11	1,734,720	2,168,400	1,734,720	2,168,400
		24,638,111	19,772,346	2,903,014	2,632,158
<b>Net current assets</b>		34,450,941	32,238,437	2,295,543	4,782,935

# STATEMENTS OF FINANCIAL POSITION (CONT'D)

AS AT 31 MARCH 2013

		Group		Company	
	Note	2013 RM	2012 RM	2013 RM	2012 RM
<b>Non-current liabilities</b>					
Loans and borrowings	22	12,072,519	14,066,707	-	-
Deferred taxation	24	6,668,904	7,226,016	-	-
		18,741,423	21,292,723	-	-
<b>Total liabilities</b>		43,379,534	41,065,069	2,903,014	2,632,158
<b>Net assets</b>		133,326,264	124,058,087	78,095,361	80,129,916
<b>Equity attributable to owners of the parent</b>					
Share capital	25	43,368,002	43,368,002	43,368,002	43,368,002
Share premium		2,467,103	2,467,103	2,467,103	2,467,103
Asset revaluation reserve	26(a)	12,696,569	9,100,569	-	-
ESOS reserve	26(b)	-	-	-	-
Retained profits	27	74,794,590	69,084,357	32,260,256	34,294,811
		133,326,264	124,020,031	78,095,361	80,129,916
Non-controlling interests		-	38,056	-	-
<b>Total equity</b>		133,326,264	124,058,087	78,095,361	80,129,916
<b>Total equity and liabilities</b>		176,705,798	165,123,156	80,998,375	82,762,074

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

# STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013

	Note	Attributable to owners of the parent						Non-controlling interests	Total
		Share capital	Share premium	Asset revaluation reserve	ESOS reserve	Distributable retained profits	Total		
Group		RM	RM	RM	RM	RM	RM	RM	RM
2013									
At 1 April 2012		43,368,002	2,467,103	9,100,569	-	69,084,357	124,020,031	38,056	124,058,087
Total comprehensive income		-	-	3,596,000	-	9,613,353	13,209,353	(38,056)	13,171,297
Transaction with owners									
Dividends, representing total transaction with owners	11	-	-	-	-	(3,903,120)	(3,903,120)	-	(3,903,120)
At 31 March 2013		43,368,002	2,467,103	12,696,569	-	74,794,590	133,326,264	-	133,326,264

# STATEMENTS OF CHANGES IN EQUITY (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013

	Attributable to owners of the parent						
	(Non-distributable)			Distributable		Non-controlling interests	
Note	Share capital RM	Share premium RM	Asset revaluation reserve RM	ESOS reserve RM	retained profits RM	Total RM	Total RM
<b>Group 2012</b>							
<b>At 1 April 2011</b>	43,232,002	2,364,654	9,129,706	203,818	72,699,666	127,629,846	- 127,629,846
<b>Total comprehensive income</b>	-	-	(29,137)	-	1,853,983	1,824,846	38,056 1,862,902
<b>Transactions with owners</b>							
Expiry of ESOS	26	-	-	(167,268)	167,268	-	-
Issue of ordinary shares pursuant to ESOS	26	136,000	102,449	(36,550)	-	201,899	201,899
Dividends	11	-	-	-	(5,636,560)	(5,636,560)	(5,636,560)
<b>Total transactions with owners</b>		136,000	102,449	(203,818)	(5,469,292)	(5,434,661)	- (5,434,661)
<b>At 31 March 2012</b>	43,368,002	2,467,103	9,100,569	-	69,084,357	124,020,031	38,056 124,058,087

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

# STATEMENTS OF CHANGES IN EQUITY (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013

Company	Note	I-- (Non-distributable) --I Distributable				
		Share capital RM	Share premium RM	ESOS reserve RM	retained profits RM	Total RM
2013						
At 1 April 2012		43,368,002	2,467,103	-	34,294,811	80,129,916
Total comprehensive income		-	-	-	1,868,565	1,868,565
Transaction with owners						
Dividends, representing total transaction with owners	11	-	-	-	(3,903,120)	(3,903,120)
At 31 March 2013		43,368,002	2,467,103	-	32,260,256	78,095,361
2012						
At 1 April 2011		43,232,002	2,364,654	203,818	46,791,715	92,592,189
Total comprehensive income		-	-	-	(7,027,612)	(7,027,612)
Transactions with owners						
Issue of ordinary shares pursuant to ESOS	25	136,000	102,449	(36,550)	-	201,899
Expiry of ESOS	25	-	-	(167,268)	167,268	-
Dividends	11	-	-	-	(5,636,560)	(5,636,560)
Total transactions with owners		136,000	102,449	(203,818)	(5,469,292)	(5,434,661)
At 31 March 2012		43,368,002	2,467,103	-	34,294,811	80,129,916

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



# STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013

		Group		Company	
	Note	2013 RM	2012 RM	2013 RM	2012 RM
<b>Cash flows from operating activities</b>					
Profit/(loss) before tax from continuing operations		12,239,949	19,296,756	2,064,591	(7,224,331)
Profit/(loss) before tax from discontinued operation	9	13,632	(12,606,700)	-	-
Profit/(loss) before tax, total		12,253,581	6,690,056	2,064,591	(7,224,331)
Adjustments for:					
Depreciation of property, plant and equipment	7, 9	8,765,732	10,363,363	221,633	214,336
Amortisation of biological asset	7	7,901	9,396	-	-
Write off of :					
Investment in subsidiaries	6	-	-	1,600	-
Property, plant and equipment	6, 9	12,759	707,670	-	2,456
(Gain)/loss on disposal of:					
Property, plant and equipment	4, 9	(87,903)	(370,878)	-	-
Investment securities	4, 6	(19,745)	26,643	(96)	39,959
Impairment loss on:					
Investment in subsidiaries	6	-	-	-	19,000,000
Inventories	9	-	168,759	-	-
Trade and other receivables	7, 9	475,583	855,905	-	-
Property, plant and equipment	9	109,059	6,707,942	-	-
Reversal of impairment loss on trade and other receivables	7, 9	(409,821)	(59,742)	-	-
Provision for unutilised annual leave	7, 9	49,813	41,153	1,448	(2,329)
Net fair value gains on:					
Investment securities	4	(654,415)	(399,270)	(468)	(211)
Investment properties	4	(2,821,505)	(958,956)	-	-
Unrealised loss on foreign exchange	6, 9	43,840	10,166	-	-
Dividend income from:					
Investment securities	4	(245,427)	(99,136)	-	(8,591)
A subsidiary company	3	-	-	(2,000,000)	(12,000,000)
Interest expense	5	1,241,970	1,907,785	-	-
Interest income	4, 9	(236,176)	(136,831)	(742,982)	(543,967)
Operating profit/(loss) before working capital changes		18,485,246	25,464,025	(454,274)	(522,678)
Decrease/(increase) in biological assets		664,960	(38,205)	-	-
Increase in inventories		(1,149,523)	(957,230)	-	-
Increase in property development costs		(680,320)	(1,536,505)	-	-
(Increase)/decrease in receivables		(1,071,809)	(1,249,822)	1,600	(2,000)
Increase in payables		3,737,845	1,048,201	38,075	10,767
Changes in intercompany indebtedness		-	-	(83,447)	5,344,839
Cash generated from/(used in) operations		19,986,399	22,730,464	(498,046)	4,830,928
Taxes paid		(2,223,010)	(8,221,740)	(156,699)	(15,481)
Interest paid		(1,241,970)	(1,907,785)	-	-
Net cash generated from/(used in) operating activities		16,521,419	12,600,939	(654,745)	4,815,447

# STATEMENTS OF CASH FLOWS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013

		Group		Company	
	Note	2013 RM	2012 RM	2013 RM	2012 RM
<b>Cash flows from investing activities</b>					
Purchase of:					
Property, plant and equipment		(4,247,274)	(4,979,204)	(21,940)	(44,857)
Investment securities		(2,950,362)	(1,165,287)	-	-
Additional investment in long-term fixed deposits		(29,653)	(46,385)	(27,565)	(24,572)
Proceeds from disposal of:					
Property, plant and equipment		253,429	7,302,755	-	-
Investment securities		704,074	1,133,764	46,734	1,033,820
Interest received		236,176	136,831	742,982	543,967
Dividend received from:					
A subsidiary		-	-	2,000,000	-
Investment securities		245,427	90,762	-	-
Net cash (used in)/generated from investing activities		(5,788,183)	2,473,236	2,740,211	1,508,358
<b>Cash flows from financing activities</b>					
Dividends paid		(4,336,800)	(5,629,760)	(4,336,800)	(5,629,760)
Proceeds from issue of shares		-	201,899	-	201,900
Net repayment of other term loans		(686,530)	(2,622,792)	-	-
Net repayment of other bank borrowings		(113,000)	(2,228,980)	-	-
Repayment of hire purchase		(615,908)	(7,689,664)	-	-
Net cash used in financing activities		(5,752,238)	(17,969,297)	(4,336,800)	(5,427,860)
<b>Net increase/(decrease) in cash and cash equivalents</b>		4,980,998	(2,895,122)	(2,251,334)	895,945
<b>Cash and cash equivalents at beginning of year</b>		12,384,530	15,279,652	5,934,063	5,038,118
<b>Cash and cash equivalents at end of year (Note 20)</b>		17,365,528	12,384,530	3,682,729	5,934,063

## 1. CORPORATE INFORMATION

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

The immediate and ultimate holding company of the Company is Ladang Ternakan Kelang Sdn. Berhad, a company incorporated in Malaysia. Related companies refer to companies within the Ladang Ternakan Kelang Sdn. Berhad group.

The principal activities of the Company are investment holding and provision of management services. The principal activities of the subsidiaries are described in Note 15 to the financial statements. There have been no significant changes in the nature of the principal activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 17 July 2013.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards ("FRSs") and the Companies Act, 1965 in Malaysia. At the beginning of the current financial year, the Group and the Company adopted new and revised FRS which are mandatory for financial periods beginning on or after 1 April 2012 as described fully in Note 2.3.

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Ringgit Malaysia ("RM") except when otherwise indicated.

### 2.2 Summary of significant accounting policies

#### (a) Subsidiaries

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

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

#### (b) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Acquisitions of subsidiaries are accounted for by applying the purchase method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in other comprehensive income. The cost of a business combination is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the business combination.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.2 Summary of significant accounting policies (cont'd)

#### (b) Basis of consolidation (cont'd)

Any excess of the cost of business combination over the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the statement of financial position. Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in profit or loss on the date of acquisition. When the Group acquires a business, embedded derivatives separated from the host contract by the acquiree are reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Acquisitions of subsidiaries are accounted for by applying the purchase method except for certain subsidiary companies, as disclosed in Note 15, which were consolidated prior to 1 January 2002 using the merger method of accounting in accordance with Malaysian Accounting Standard No. 2, Accounting for Acquisitions and Mergers, the generally accepted accounting principles prevailing at that time. These subsidiary companies continue to be consolidated using the merger method of accounting.

Under the merger method of accounting, the results of the subsidiary companies are presented as if the companies had been combined throughout the current and previous financial years. The difference between the cost of acquisition over the nominal value of the share capital of the subsidiary companies is written off against reserves.

#### (c) Transactions with non-controlling interests

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in profit or loss of the Group and within equity in the consolidated statements of financial position, separately from parent shareholders' equity. Transactions with non-controlling interests are accounted for using the entity concept method, whereby, transactions with noncontrolling interests are accounted for as transactions with owners. On acquisition of non-controlling interests, the difference between the consideration and book value of the share of the net assets acquired is recognised directly in equity. Gain or loss on disposal to non-controlling interests is recognised directly in equity.

#### (d) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

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

Revenue from sales of produce inventories, livestock, organic fertilizers, and consumable goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

##### (ii) Sales of sand

Revenue from sales of sand is recognised when sand is collected based on the invoiced value of sand sold.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.2 Summary of significant accounting policies (cont'd)

#### (d) Revenue recognition (cont'd)

##### (iii) Interest income

Interest income on short term deposits is recognised using the effective interest method.

##### (iv) Dividend income

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

##### (v) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

##### (vi) Management fee income

Management fee income from subsidiaries is recognised when services are rendered.

##### (vii) Sale of properties

Revenue from sale of properties is accounted for by the stage of completion method as described in Note 2.2(i)(ii).

#### (e) Income tax

##### (i) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

##### (ii) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.2 Summary of significant accounting policies (cont'd)

#### (e) Income tax (cont'd)

##### (ii) Deferred tax (cont'd)

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition, if any.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

##### (iii) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.



## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.2 Summary of significant accounting policies (cont'd)

#### (f) Government grants

Government grants shall be recognised in profit or loss on a systematic basis over the periods in which the entity recognise as expenses the related costs for which the grants are intended to compensate. Grants related to income may be presented as a credit in profit or loss, either separately or under a general heading such as "Other income". Alternatively, they are deducted in reporting the related expenses

#### (g) Property, plant and equipment, and depreciation

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. Freehold land, leasehold land and buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognised after the date of the revaluation. Valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value of the freehold land and buildings at the reporting date.

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset carried in the asset revaluation reserve.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The revaluation surplus included in the asset revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset.

Freehold land has an unlimited useful life and therefore is not depreciated. Capital work-in-progress are not depreciated as these assets are not yet available for use. Leasehold lands are depreciated over their lease terms. Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Buildings	2% - 33.33%
Renovation	10%
Plant and machinery	10% - 20%
Furniture, fittings and equipment	10% - 20%
Motor vehicles	20%
Ponds	20%-50%

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.2 Summary of significant accounting policies (cont'd)

#### (g) Property, plant and equipment, and depreciation (cont'd)

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

#### (h) Investment properties

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value which reflects market conditions at the reporting date. Fair value is arrived at by reference to market evidence of transaction prices for similar properties and is performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Group holds it to earn rentals or for capital appreciation or both. Any such property interest under an operating lease classified as an investment property is carried at fair value.

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

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 2.2(g) up to the date of change in use.

#### (i) Land held for property development and property development costs

##### (i) Land held for property development

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

Land held for property development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

##### (ii) Property development costs

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.2 Summary of significant accounting policies (cont'd)

#### (i) Land held for property development and property development costs (cont'd)

##### (ii) Property development costs (cont'd)

Where the financial outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable, and property development costs on properties sold are recognised as an expense in the period in which they are incurred.

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately.

Property development costs not recognised as an expense are recognised as an asset, which is measured at the lower of cost and net realisable value.

The excess of revenue recognised in the profit or loss over billings to purchasers is classified as accrued billings within trade receivables and the excess of billings to purchasers over revenue recognised in profit or loss is classified as progress billings within trade payables.

#### (i) Leases

##### (i) As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

##### (ii) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.2(d)(v).

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.2 Summary of significant accounting policies (cont'd)

#### (k) Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

#### (i) Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that is held primarily for trading purposes are presented as current whereas financial assets that is not held primarily for trading purposes are presented as current or non-current based on the settlement date.

#### (ii) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

#### (iii) Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold the investment to maturity.

The Group and the Company have not designated any financial assets as held-to-maturity investments.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.2 Summary of significant accounting policies (cont'd)

#### (k) Financial assets (cont'd)

##### (iii) Held-to-maturity investments (cont'd)

Held-to-maturity investments are classified as non-current assets, except for those having maturity within 12 months after the reporting date which are classified as current.

##### (iv) Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are designated as available for sale or are not classified in any of the three preceding categories.

The Group and the Company have not designated any financial assets as available-for-sale financial assets.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group and the Company's right to receive payment is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

#### (l) Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.



## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.2 Summary of significant accounting policies (cont'd)

#### (I) Impairment of financial assets (cont'd)

##### (i) Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

##### (ii) Unquoted equity securities carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

##### (iii) Available-for-sale financial assets

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income. For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.



## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.2 Summary of significant accounting policies (cont'd)

#### (m) Biological assets

##### (i) Pre-cropping expenditure - oil palm (non-current)

Pre-cropping expenditure comprises expenses incurred from land clearing to the point of maturity. Such expenditure is capitalised and is amortised at maturity of crop at a rate of 5% per annum, which is deemed as the useful economic life of the crop.

##### (ii) Livestock (current)

Livestock cost includes the original cost of bringing the inventories to its present location and condition.

#### (n) Inventories

Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

##### (i) Consumable goods - livestock feed, fuel and other raw materials

Consumable goods are stated at purchase costs on the weighted average basis.

##### (ii) Produce inventories - eggs and organic fertilisers

Produce inventories are stated at the lower of cost and net realisable value on the weighted average basis. The cost of eggs and organic fertilisers comprise costs of direct materials and labour, and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on the weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

#### (o) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdraft that form an integral part of the Group's cash management.

#### (p) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.2 Summary of significant accounting policies (cont'd)

#### (q) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of FRS 139, are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

#### (i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities held for trading include derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

The Group and the Company have not designated any financial liabilities as at fair value through profit or loss.

#### (ii) Other financial liabilities

The Group's and the Company's other financial liabilities include trade payables, other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.2 Summary of significant accounting policies (cont'd)

#### (r) Redeemable non-cumulative convertible preference shares ("RNCCPS")

RNCCPS s are classified as equity instruments because:

- The registered holders of the RNCCPS have the option at any time after the date of issuance to convert all or any of the RNCCPS held into new ordinary shares in the share capital of the issuer at the conversion price as stipulated below.
- The conversion price is one ordinary share of RM1.00 each for every hundred RNCCPS. Such new ordinary shares shall, upon allotment and issue, rank pari passu in all respects with existing ordinary shares at the date of conversion allotment and issue of the new ordinary shares.
- The issuer shall have the right, at any time, to elect to redeem the whole or part of the RNCCPS, by giving seven (7) days notice in writing of its intention, and fixing the time and place for the redemption and surrender of the RNCCPS to be redeemed.
- Each RNCCPS shall confer on the holder thereof, the rights to receive a noncumulative dividend, to the extent that there are sufficient net profit after tax, retained profits and distributable reserves as at the date of declaration, at a rate to be determined and declared by the issuer.

#### (s) Employee benefits

##### (i) Defined contribution plans

The Group participates in the national pension scheme as defined by the laws of the country in which it operates. The Group makes contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to the defined contribution pension scheme are recognised as an expense in the period in which the related service is performed.

##### (ii) Employee share option plans

The LTKM Berhad Employees Share Options Scheme ("ESOS"), an equitysettled, share-based compensation plan, allows the Group's employees to acquire ordinary shares of the Company. The total fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in the share option reserve within equity over the vesting period and taking into account the probability that the options will vest. The fair value of share options is measured at grant date, taking into account, if any, the market vesting conditions upon which the options were granted but excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable on vesting date.

The proceeds received net of any directly attributable transaction costs are credited to equity when the options are exercised.

Prior to 1 April 2006, no compensation expense was recognised in income statement for share options granted. The Group and the Company recognised an increase in share capital and share premium when the options were exercised. Upon the adoption of FRS 2, the total fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in the share option reserve within equity over the vesting period.

The Group has applied FRS 2 in accordance with its transitional provisions which allow this change in accounting policy to be applied to share options that were granted after 31 December 2004 but had not yet vested on 1 January 2006.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.2 Summary of significant accounting policies (cont'd)

#### (t) Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

#### (u) Foreign currencies

##### (i) Functional and presentation currency

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

##### (ii) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.2 Summary of significant accounting policies (cont'd)

#### (u) Foreign currencies (cont'd)

##### (ii) Foreign currency transactions (cont'd)

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

#### (v) Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

#### (w) Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 34, including the factors used to identify the reportable segments and the measurement basis of segment information.

#### (x) Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

#### (y) Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.2 Summary of significant accounting policies (cont'd)

#### (z) Financial guarantees

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

#### (aa) Discontinued operation

A component of the Group is classified as a "discontinued operation" when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations or is part of a single coordinated major line of business or geographical area of operations. A component is deemed to be held for sale if its carrying amounts will be recovered principally through a sale transaction rather than through continuing use.

### 2.3 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 April 2012, the Group and the Company adopted the following new and amended FRS and IC Interpretations mandatory for annual financial periods beginning on or after 1 April 2012.

Description	Effective for annual periods beginning on or after
IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
Amendments to IC Interpretation 14 Prepayments of a Minimum Funding Requirement	1 July 2011
Amendments to FRS 1 Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	1 January 2012
Amendments to FRS 7 Disclosures - Transfers of Financial Assets	1 January 2012
Amendments to FRS 112 Deferred tax - Recovery of Underlying Assets	1 January 2012
FRS 124 Related Party Disclosures	1 January 2012

Adoption of the above standards and interpretations did not have any significant effect on the financial performance and position of the Group and the Company except for those discussed below:

#### FRS 124 : Related Party Disclosures

The MASB issued an amendment to FRS 124 that clarifies the definitions of a related party. The new definitions emphasise a symmetrical view of related party relationships and clarifies the circumstances in which persons and key management personnel affect related party relationships of an entity. In addition, the amendment introduces an exemption from the general related party disclosure requirements for transactions with government and entities that are controlled, jointly controlled or significantly influenced by the same government as the reporting entity. The adoption of the amendment did not have any impact on the financial position or performance of the Group.



## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.3 Changes in accounting policies (cont'd)

#### Amendments to FRS 112: Deferred Tax: Recovery of Underlying Assets

The amendments clarified the determination of deferred tax on investment property measured at fair value. The amendment introduces a rebuttable presumption that deferred tax on investment property measured using the fair value model in FRS 140 should be determined on the basis that its carrying amount will be recovered through sale. Furthermore, it introduces the requirement that deferred tax on non-depreciable assets that are measured using the revaluation model in FRS 116 to be always measured on a sale basis of that asset.

The above amendments to FRS 112 did not have any significant effect on the financial position and performance of the Group and of the Company.

### 2.4 Standards issued but not yet effective

The Group has not adopted the following standards and interpretations that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Amendments to FRS 101: Presentation of Items of Other Comprehensive Income	1 July 2012
Amendments to FRS 101: Presentation of Financial Statements (Improvements to FRSs (2012))	1 January 2013
FRS 10 Consolidated Financial Statements	1 January 2013
FRS 11 Joint Arrangements	1 January 2013
FRS 12 Disclosure of interests in Other Entities	1 January 2013
FRS 13 Fair Value Measurement	1 January 2013
FRS 119 Employee Benefits	1 January 2013
FRS 127 Separate Financial Statements	1 January 2013
FRS 128 Investment in Associate and Joint Ventures	1 January 2013
Amendment to IC Interpretation 2 Members' Shares in Co-operative Entities and Similar Instruments (Improvements to FRSs (2012))	1 January 2013
IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Amendments to FRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to FRS 1: First-time Adoption of Malaysian Financial Reporting Standards - Government Loans	1 January 2013
Amendments to FRS 1: First-time Adoption of Malaysian Financial Reporting Standards (Improvements to FRSs (2012))	1 January 2013
Amendments to FRS 116: Property, Plant and Equipment (Improvements to FRSs (2012))	1 January 2013
Amendments to FRS 132: Financial Instruments: Presentation (Improvements to FRSs (2012))	1 January 2013
Amendments to FRS134: Interim Financial Reporting (Improvements to FRSs (2012))	1 January 2013
Amendments to FRS 10: Consolidated Financial Statements: Transition Guidance	1 January 2013
Amendments to FRS 11: Joint Arrangements: Transition Guidance	1 January 2013
Amendments to FRS 12: Disclosure of Interests in Other Entities: Transition Guidance	1 January 2013
Amendments to FRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to FRS 10, FRS 12 and FRS 127: Investment Entities	1 January 2014
FRS 9 Financial Instruments	1 January 2015

The directors expect that the adoption of the standards and interpretations above will have no material impact on the financial statements in the period of initial application, except as disclosed below. The Group is currently assessing the impact of the adoption of these standards.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.4 Standards issued but not yet effective (cont'd)

#### Amendments to FRS 101: Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)

The amendments to FRS 101 change the grouping of items presented in other comprehensive income. Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, exchange differences on translation of foreign operations and net loss or gain on available-for-sale financial assets) would be presented separately from items which will never be reclassified (for example, actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendment affects presentation only and has no impact on the Company's financial position and performance.

#### FRS 10 Consolidated financial statements

FRS 10 replaces part of FRS 127 Consolidated and Separate Financial Statements that deals with consolidated financial statements and IC Interpretation 112 Consolidation – Special Purpose Entities.

Under FRS 10, an investor controls an investee when (a) the investor has power over an investee, (b) the investor has exposure, or rights, to variable returns from its involvement with the investee, and (c) the investor has ability to use its power over the investee to affect the amount of the investor's returns. Under FRS 127 Consolidated and Separate Financial Statements, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

FRS 10 includes detailed guidance to explain when an investor has control over the investee. FRS 10 requires the investor to take into account all relevant facts and circumstances.

#### FRS 12 Disclosure of Interests in Other Entities

FRS 12 includes all disclosure requirements for interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are required. This standard affects disclosures only and has no impact on the Group's financial position or performance.

#### FRS 13 Fair Value Measurement

FRS 13 establishes a single source of guidance under FRS for all fair value measurements. FRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under FRS when fair value is required or permitted.

#### FRS 127 Separate Financial Statements

As a consequence of the new FRS 10 and FRS 12, FRS 127 is limited to accounting for subsidiaries, jointly controlled entities and associates in separate financial statements.

#### FRS 9: Financial Instruments - Classification and Measurement

FRS 9 reflects the first phase of the work on the replacement of FRS 139 Financial Instruments: Recognition and Measurement and applies to classification and measurement of financial assets and financial liabilities as defined in FRS 139 Financial Instruments: Recognition and Measurement. The adoption of the first phase of FRS 9 will have an effect on the classification and measurement of the Group's financial assets. The Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.4 Standards issued but not yet effective (cont'd)

#### Malaysian Financial Reporting Standards

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRS Framework).

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venturer (herein called 'Transitioning Entities').

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework for an additional two years. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2014.

The Group falls within the scope definition of Transitioning Entities and accordingly, will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 March 2015. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

The Group has commenced transitioning its accounting policies and financial reporting from the current Financial Reporting Standards to the MFRS Framework by establishing a project team to plan and manage the adoption of the MFRS Framework.

At the date of these financial statements, the Group has not completed its quantification of the financial effects of the differences between Financial Reporting Standards and accounting standards under the MFRS Framework due to the ongoing assessment by the project team. Accordingly, the consolidated financial performance and financial position as disclosed in these financial statements for the year ended 31 March 2013 could be different if prepared under the MFRS Framework.

The Group considers that it is achieving its scheduled milestones and expects to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 March 2014.

### 2.5 Significant accounting judgements and estimates

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

#### (a) Judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

##### (i) Classification of financial assets

The Group classified its investment in investment securities as fair value through profit and loss. The investment securities were classified as non-current assets as the management is of the opinion that such investments are held not primarily for trading in the short term.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.5 Significant accounting judgements and estimates (cont'd)

#### (a) Judgements made in applying accounting policies (cont'd)

##### (ii) Operating lease commitments - as lessee

A subsidiary of the Group has entered into a property lease for its poultry farm. The Group evaluated based on terms and conditions of the arrangement, whether the land was clearly an operating lease or a finance lease. The assessment resulted in the Group classifying the lease as an operating lease, as the land title did not pass to the Group and the rental paid to the landlord for the property is determined by the landlord.

##### (iii) Classification of investment properties

The Group has developed certain criteria based on FRS 140 in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

#### (b) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

##### (i) Valuation of livestock

The Group applies base-value method in estimating the value of livestock, which includes in its value, the purchase costs of starters and average consumption of feed and other consumables (based on a feed and consumables consumption standard most applicable to the Group's breed of livestock) at each stage of growth for a period of 65 weeks as the starters mature to layers, taking into consideration the health conditions of the livestock population.

##### (ii) Useful lives of plant and equipment

The cost of plant and machinery is depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these plant and machinery to be 5-10 years. These are common life expectancies applied in the industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

##### (iii) Impairment of loans and receivables

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.5 Significant accounting judgements and estimates (cont'd)

#### (b) Key sources of estimation uncertainty (cont'd)

##### (iii) Impairment of loans and receivables (cont'd)

The carrying amount of the Group's loans and receivables at the reporting date is disclosed in Note 19. If there is objective evidence of impairment, it is the management's policy to impair the debt up to the credit term granted to the specific debtor.

##### (iv) Property development

The Group recognises property development revenue and expenses in the statement of comprehensive income by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Significant judgement is required in determining the stage of completion, the extent of the property development costs incurred, the estimated total property development revenue and costs, as well as the recoverability of the property development costs. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

The carrying amounts of assets and liabilities of the Group arising from property development activities are disclosed in Note 14.

##### (v) Impairment of development costs and property, plant and equipment

The Group assesses whether there are any indicators of impairment for all nonfinancial assets at each reporting date. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

During the current financial year, the Group has recognised impairment losses in respect of a subsidiary's property, plant and equipment. The Group carried out the impairment test based on a variety of estimation including the value in use of the cash-generating units ("CGU") to which the property, plant and equipment are allocated.

Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amounts of property, plant and equipment of the Group as at 31 March 2013 were RM75,044,998 (2012: RM97,243,295) respectively. Further details of the impairment losses recognised for property, plant and equipment are disclosed in Note 12.

### 3. REVENUE AND COST OF SALES

#### (a) Revenue

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Sales of produce inventories, livestock and consumable goods, less returns and discounts allowed	147,712,100	153,308,985	-	-
Dividend income from a subsidiary company	-	-	2,000,000	12,000,000
Sales of:				
Sand	3,884,713	2,745,760	-	-
Properties	3,233,750	1,107,875	-	-
Management fee from subsidiaries	-	-	384,000	516,000
	154,830,563	157,162,620	2,384,000	12,516,000

#### (b) Cost of sales

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Produce inventories and livestock	132,596,870	127,130,947	-	-
Sand	2,335,040	2,591,482	-	-
Development costs (Note 14(b))	2,397,462	712,419	-	-
	137,329,372	130,434,848	-	-

### 4. OTHER INCOME

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Included in other income are:				
Interest income on:				
Fixed deposit	236,176	110,212	110,779	97,217
Intercompany loans	-	-	632,203	446,750
Dividend income from investment securities	245,427	99,136	-	8,591
Gain on disposal of:				
Investment securities	19,745	-	96	-
Property, plant and equipment	42,373	954,504	-	-
Bad debts recovered	2,900	-	-	-
Rental income	715,320	21,200	11,400	20,400
Realised gain on foreign exchange	545,830	519,478	-	-
Net fair value gains on:				
Investment securities (Note 16)	654,415	399,270	468	211
Investment properties (Note 13)	2,821,505	958,956	-	-



## 5. FINANCE COSTS

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Interest expense on:				
Bank overdrafts	646	4,487	-	-
Bankers' acceptances	113,046	137,109	-	-
Revolving credits	17,998	51,680	-	-
Bank term loans	1,034,703	663,377	-	-
Obligation under finance leases	75,577	112,593	-	-
	1,241,970	969,246	-	-

## 6. OTHER EXPENSES

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Impairment loss on investment in subsidiaries (Note 15)	-	-	-	19,000,000
Write off of:				
Investment in subsidiaries (Note 15)	-	-	1,600	-
Property, plant and equipment (Note 12)	12,759	663,298	-	2,456
Unrealised loss on foreign exchange	43,557	8,984	-	-
Net loss on disposal of investment securities	-	26,643	-	39,959
	56,316	698,925	1,600	19,042,415

## 7. PROFIT/(LOSS) BEFORE TAX

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Profit/(loss) before tax is stated after charging/(crediting):				
Staff costs (excluding directors) (Note a)	9,505,339	7,857,853	384,445	509,963
Directors' remuneration (Note b)	1,655,537	1,796,026	87,000	87,000
Auditors' remuneration:				
Current year	129,500	86,500	45,000	26,000
Underprovision for prior year	-	23,500	-	8,000
Depreciation of property, plant and equipment (Note 12)	8,765,732	8,624,589	221,633	214,336
Impairment loss on trade receivables (Note 19(a))	475,583	623,999	-	-
Amortisation of biological assets (Note 17)	7,901	9,396	-	-
Rental of:				
Farm, paid to a related company	600,000	420,000	-	-
Office	43,200	43,200	43,200	43,200
Reversal of impairment loss on trade receivables (Note 19(a))	(409,821)	(59,742)	-	-

## 7. PROFIT/(LOSS) BEFORE TAX (CONT'D)

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
<b>(a) Staff costs</b>				
Wages and salaries	8,502,658	6,907,784	335,082	450,983
Social security costs	69,264	58,555	1,941	3,961
Defined contribution plans	643,414	508,417	45,280	56,654
Short term accumulating compensated absences	49,813	34,441	1,448	(2,329)
Other staff related expenses	240,190	348,656	694	694
	9,505,339	7,857,853	384,445	509,963

### (b) Directors' remuneration

Executive directors' remuneration:				
Fees	100,000	100,000	-	-
Salaries and other emoluments	1,302,452	1,448,702	-	-
Defined contribution plans	162,986	157,225	-	-
Social security costs	3,099	3,099	-	-
Total executive directors' remuneration	1,568,537	1,709,026	-	-
Non-executive directors' remuneration:				
Fees	87,000	87,000	87,000	87,000
Total of directors' remuneration (Note 29(b))	1,655,537	1,796,026	87,000	87,000
Benefits-in-kind	86,903	80,070	-	-
Total directors' remuneration including benefits-in-kind	1,742,440	1,876,096	87,000	87,000

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

	Group		Company	
	Number of directors 2013	2012	Number of directors 2013	2012
Executive directors:				
Below RM50,000	-	-	1	1
RM50,001 - RM100,000	1	-	-	-
RM100,001 - RM150,000	2	2	-	-
RM150,001 - RM200,000	-	1	-	-
RM200,001 - RM250,000	1	1	-	-
RM300,001 - RM350,000	2	-	-	-
RM350,001 - RM400,000	1	2	-	-
RM400,001 - RM450,000	-	1	-	-
Non-executive directors:				
Below RM50,000	4	4	5	5

## 8. INCOME TAX

### Major components of income tax expense/(credit)

The major components of income tax expense/(credit) for the years ended 31 March 2013 and 2012 are:

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Malaysian income tax:				
Tax expense for the year	3,315,223	5,351,388	211,414	199
Overprovision in prior years	(79,827)	(147,287)	(15,388)	(196,918)
	3,235,396	5,204,101	196,026	(196,719)
Deferred tax (Note 24):				
Relating to origination and reversal of temporary differences	(445,353)	(396,857)	-	-
(Over)/underprovision in prior years	(111,759)	22,620	-	-
	(557,112)	(374,237)	-	-
Income tax attributable to:				
Continuing operations	2,678,284	4,829,864	196,026	(196,719)
Discontinued operation (Note 9)	-	(2,710)	-	-
Income tax expense/(credit) recognised statements of comprehensive income	2,678,284	4,827,154	196,026	(196,719)

## 8. INCOME TAX (CONTD.)

### Reconciliation between tax expense/(credit) and accounting profit/(loss)

A reconciliation of income tax expense/(credit) applicable to accounting profit/(loss) before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Profit/(loss) before tax from:				
Continuing operations	12,239,949	19,296,756	2,064,591	(7,224,331)
Discontinued operation	13,632	(12,606,700)	-	-
Accounting profit/(loss) before tax	12,253,581	6,690,056	2,064,591	(7,224,331)
Taxation at Malaysian statutory tax rate of 25% (2012: 25%)	3,063,395	1,672,514	516,148	(1,806,083)
Income not subject to tax	(639,566)	(628,728)	(500,000)	(3,001,986)
Expenses not deductible for tax purposes	723,014	3,833,287	195,266	4,808,268
Utilisation of tax incentives	(92,383)	(132,612)	-	-
Real property gain tax arising from fair value adjustment of investment property	47,948	47,948	-	-
Deferred tax assets not recognised on unutilised business losses and unutilised capital allowance	-	217,431	-	-
Deferred tax assets recognised on:				
Unabsorbed capital allowance unutilised business losses	(171,161)	(55,309)	-	-
Unutilised reinvestment allowance	(61,377)	-	-	-
(Over)/underprovision of:				
Income tax expense in prior years	(79,827)	(149,997)	(15,388)	(196,918)
Deferred tax in prior years	(111,759)	22,620	-	-
Income tax expense/(credit)	2,678,284	4,827,154	196,026	(196,719)

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2012: 25%) of the estimated assessable profit for the year.

Pursuant to Schedule 7A, Paragraph 8(d) of the Income Tax Act 1967, a company in the business of rearing chicken and ducks qualifies to claim Reinvestment Allowance ("RA") if the company has undertaken a qualifying project in transforming the business of rearing chicken and ducks from an opened house to a closed house system as verified for tax incentive by the Minister of Agriculture from YA 2003 onwards. Following the revision of Schedule 7A, Paragraph 8(d) of the Income Tax Act 196 in the 2009 Budget, a company in the business of rearing chicken and ducks also qualifies to claim RA if the company reinvests in the closed house system for expanding its existing business, and the reinvestment must be carried out up to YA2010 only. After YA2010, this tax incentive ceases.

A subsidiary of the Group, LTK (Melaka) Sdn. Bhd. ("LTK(M)") is claiming the above tax incentive. Based on a letter from the Ministry of Agriculture dated 30 July 2008, LTK(M) qualifies for the RA and tax savings arising from such claims amounted to RM92,000 (2012: RM133,000) for the financial year under review (being principal repayments made during the year under finance lease arrangements for qualifying projects undertaken in YA2010).

## 9. DISCONTINUED OPERATION

On 22 November 2011, the Company announced the decision of its Board of Directors to cease the operations of its wholly-owned subsidiary, Lumiglass Sdn. Bhd. ("LGSB"), which was previously reported in the manufacturing and sale of processed glass segment.

### Statement of comprehensive income disclosures

The results of LGSB for the years ended 31 March 2013 and 31 March 2012 are as follows:

	2013 RM	2012 RM
Revenue	-	2,220,100
Cost of sales	-	(5,108,497)
Gross loss	-	(2,888,397)
Other income	184,918	95,909
Distribution expenses	-	(512,779)
Administrative expenses	(7,600)	(857,011)
Finance expenses	-	(938,539)
Other expenses	(163,686)	(7,505,883)
Profit/(loss) before tax	13,632	(12,606,700)
Taxation (Note 8):		
Tax benefit for the year	-	2,710
Profit/(loss) from discontinued operation, net of tax	13,632	(12,603,990)

## 9. DISCONTINUED OPERATION (CONT'D)

Included in profit/(loss) before tax of the discontinued operation are:

	2013 RM	2012 RM
(Gain)/loss on disposal of property, plant and equipment	(45,530)	583,626
Realised loss on foreign exchange	54,344	-
Impairment loss on:		
Property, plant and equipment (Note 12)	109,059	6,707,942
Trade receivables (Note 19(a))	-	138,513
Other receivables (Note 19(b))	-	93,393
Reversal of impairment loss on trade receivables (Note 19(a))	(139,180)	-
Write off of:		
Inventories	-	168,759
Property, plant and equipment	-	44,372
Unrealised loss on foreign exchange	283	1,182
Staff costs:		
Wages and salaries	-	1,018,277
Social security costs	-	12,064
Defined contribution plans	-	127,749
Short term accumulating compensated absences	-	6,712
Other staff related expenses	-	244,412
Auditors' remuneration:		
Current year	2,000	6,000
Underprovision in prior year	-	3,000
Depreciation of property, plant and equipment (Note 12)	-	1,738,774
Interest expense on:		
Bank overdraft	-	3,057
Term loans	-	519,592
Obligation under finance leases	-	415,890
Interest income on fixed deposit	-	(26,619)

The cash flows attributable to the discontinued operation are as follows:

	2013 RM	2012 RM
Operating	131,788	(3,342,243)
Investing	-	4,901,746
Financing	-	(2,287,098)
Net cash inflows/(outflows)	131,788	(727,595)



## 10. EARNINGS PER SHARE

### (a) Basic earnings per share

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

	Group	
	2013 RM	2012 RM
Profit net of tax attributable to owners of the parent	9,613,353	1,824,846
Add back: (Profit)/loss from discontinued operation net of tax, attributable to owners of the parent	(13,632)	12,603,990
Profit net of tax from continuing operations attributable to owners of the parent	9,599,721	14,428,836
Weighted average number of ordinary shares in issue	43,368,002	43,339,895
Earnings per share (sen):		
Basic	22.17	4.21
Basic from continuing operations	22.14	33.29
Basic from discontinued operation	0.03	(29.08)

### (b) Diluted earnings per share

For the purpose of calculating diluted earnings per share, the total comprehensive income attributed to ordinary equity holders of the Company and the weighted average number of ordinary shares in issue during the financial year have been adjusted for the dilutive effects of all potential ordinary shares that may arise from exercise of LTKM Berhad's ESOS.

	Group	
	2013 RM	2012 RM
Profit net of tax attributable to owners of the parent	9,613,353	1,824,846
Add back: (Loss)/profit from discontinued operation, net of tax, attributable to owners of the parent	(13,632)	12,603,990
Profit net of tax from continuing operations attributable to owners of the parent	9,599,721	14,428,836
Weighted average number of ordinary shares in issue	43,368,002	43,339,895
Effects of dilution from ESOS	-	53,052
Adjusted weighted average number of ordinary shares in issue and issuable	43,368,002	43,392,947
Earnings per share (sen):		
Diluted	22.17	4.21
Diluted from continuing operations	22.14	33.25
Diluted from discontinued operation	0.03	(29.05)

## 11. DIVIDENDS

	Dividends in respect of financial year			Dividends recognised in financial year	
	2013 RM	2012 RM	2011 RM	2013 RM	2012 RM
<b>Recognised during the year</b>					
Interim dividend of 5%, single-tier, on 43,232,002 ordinary shares, declared on 2 March 2011 and paid on 14 April 2011	-	-	2,161,600	-	-
Final dividend of 8%, single-tier, on 43,352,002 ordinary shares, declared on 25 August 2011 and paid on 6 October 2011	-	-	3,468,160	-	3,468,160
Interim dividend of 5%, single-tier, on 43,368,002 ordinary shares, declared on 22 February 2012 and paid on 3 April 2012	-	2,168,400	-	-	2,168,400
Final dividend of 5%, single-tier, on 43,368,002 ordinary shares, declared on 18 September 2012 and paid on 4 October 2012	-	2,168,400	-	2,168,400	-
Interim dividend of 4%, single-tier, on 43,368,002 ordinary shares, declared on 18 March 2013 and paid on 8 April 2013 <sup>(1)</sup>	1,734,720	-	-	1,734,720	-
	1,734,720	4,336,800	5,629,760	3,903,120	5,636,560

At the forthcoming Annual General Meeting, a single-tier final dividend of 8% in respect of the financial year ended 31 March 2013, on 43,368,002 ordinary shares, amounting to a dividend payable of RM3,469,440 (8.00 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 2014.

<sup>(1)</sup> This represents dividend payable as at 31 March 2013, as presented in the statements of financial position.

# STATEMENTS OF CHANGES IN EQUITY (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013

## 12. PROPERTY, PLANT AND EQUIPMENT

Group	Note	Leasehold land RM	Freehold land RM	Buildings RM	Renovation RM	Plant and machinery RM	Furniture, fittings and equipment RM	Motor vehicles RM	Ponds RM	Capital work-in-progress RM	Total RM
<b>At 31 March 2013</b>											
<b>Cost or valuation</b>											
<b>At 1 April 2012</b>											
At cost		-	9,622,496	17,259,026	659,859	30,341,861	8,943,510	5,852,844	958,532	761,006	74,399,134
At valuation		1,190,420	26,890,000	37,217,559	-	-	-	-	-	-	65,297,979
		1,190,420	36,512,496	54,476,585	659,859	30,341,861	8,943,510	5,852,844	958,532	761,006	139,697,113
Additions		-	-	-	-	116,479	55,238	303,982	-	3,771,575	4,247,274
Reclassifications		-	-	408,544	-	333,956	-	-	-	(742,500)	-
Transfer to investment properties (Note e)	13	-	(9,622,496)	(9,315,991)	-	-	(2,669,138)	-	-	-	(21,607,625)
Revaluation (Note a)		-	3,596,000	-	-	-	-	-	-	-	3,596,000
Write off		-	-	-	-	-	(20,631)	-	-	-	(20,631)
Disposals		-	-	(110,000)	-	-	(11,895)	(240,288)	-	-	(362,183)
		1,190,420	30,486,000	45,459,138	659,859	30,792,296	6,297,084	5,916,538	958,532	3,790,081	125,549,948
<b>At 31 March 2013</b>											
<b>Representing:</b>											
At cost		-	-	8,241,579	659,859	30,792,296	6,297,084	5,916,538	958,532	3,790,081	56,655,969
At valuation		1,190,420	30,486,000	37,217,559	-	-	-	-	-	-	68,893,979
		1,190,420	30,486,000	45,459,138	659,859	30,792,296	6,297,084	5,916,538	958,532	3,790,081	125,549,948
<b>At 31 March 2013</b>											

# STATEMENTS OF CHANGES IN EQUITY (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013

## 12. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group (cont'd)	Note	Leasehold land RM	Freehold land RM	Buildings RM	Renovation RM	Plant and machinery RM	Furniture, fittings and equipment RM	Motor vehicles RM	Ponds RM	Capital work-in-progress RM	Total RM
<b>At 31 March 2013 (cont'd)</b>											
<b>Accumulated depreciation and impairment loss:</b>											
At 1 April 2012		193,980	-	13,415,057	197,922	20,836,990	3,079,806	3,821,101	908,962	-	42,453,818
Depreciation charge for the year	7	22,144	-	5,547,484	65,986	1,993,554	430,160	681,673	24,731	-	8,765,732
Transfer to investment properties (Note e)	13	-	-	(320,055)	-	-	(299,075)	-	-	-	(619,130)
Write off		-	-	-	-	-	(7,872)	-	-	-	(7,872)
Impairment loss (Note f)	9	-	-	-	-	-	109,059	-	-	-	109,059
Disposals		-	-	(10,533)	-	-	(1,654)	(184,470)	-	-	(196,657)
At 31 March 2013		216,124	-	18,631,953	263,908	22,830,544	3,310,424	4,318,304	933,693	-	50,504,950
<b>Net carrying amount</b>											
At cost		-	-	1,481,787	395,951	7,961,752	2,986,660	1,598,234	24,839	3,790,081	18,239,304
At valuation		974,296	30,486,000	25,345,398	-	-	-	-	-	-	56,805,694
At 31 March 2013		974,296	30,486,000	26,827,185	395,951	7,961,752	2,986,660	1,598,234	24,839	3,790,081	75,044,998

# STATEMENTS OF CHANGES IN EQUITY (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013

## 12. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group	Note	Leasehold land RM	Freehold land RM	Buildings RM	Renovation RM	Plant and machinery RM	Furniture, fittings and equipment RM	Motor vehicles RM	Ponds RM	Capital work-in-progress RM	Total RM
<b>At 31 March 2012</b>											
<b>Cost or valuation</b>											
<b>At 1 April 2011</b>											
At cost		-	9,622,496	14,586,299	659,859	41,442,006	11,150,747	5,624,863	958,532	1,353,290	85,398,092
At valuation		1,758,420	26,890,000	37,217,559	-	-	-	-	-	-	65,865,979
		1,758,420	36,512,496	51,803,858	659,859	41,442,006	11,150,747	5,624,863	958,532	1,353,290	151,264,071
Additions		-	-	26,637	-	159,052	565,330	1,432,692	-	2,795,493	4,979,204
Reclassifications		-	-	2,646,090	-	228,171	13,012	25,906	-	(2,913,179)	-
Transfer to biological assets 17		-	-	-	-	-	-	-	-	(128,924)	(128,924)
Write off		-	-	-	-	-	(76,311)	(816,661)	-	(13,605)	(906,577)
Disposals		(568,000)	-	-	-	(11,487,368)	(2,709,268)	(413,956)	-	(332,069)	(15,510,661)
		1,190,420	36,512,496	54,476,585	659,859	30,341,861	8,943,510	5,852,844	958,532	761,006	139,697,113
<b>At 31 March 2012</b>											
<b>Representing:</b>											
At cost		-	9,622,496	17,259,026	659,859	30,341,861	8,943,510	5,852,844	958,532	761,006	74,399,134
At valuation		1,190,420	26,890,000	37,217,559	-	-	-	-	-	-	65,297,979
		1,190,420	36,512,496	54,476,585	659,859	30,341,861	8,943,510	5,852,844	958,532	761,006	139,697,113
<b>At 31 March 2012</b>											

# STATEMENTS OF CHANGES IN EQUITY (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013

## 12. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group (cont'd)	Note	Leasehold land RM	Freehold land RM	Buildings RM	Renovation RM	Plant and machinery RM	Furniture, fittings and equipment RM	Motor vehicles RM	Ponds RM	Capital work-in- progress RM	Total RM
<b>At 31 March 2012 (cont'd)</b>											
<b>Accumulated depreciation and impairment loss:</b>											
At 1 April 2011		277,340	-	7,642,772	131,936	19,086,620	2,473,802	3,718,872	828,862	-	34,160,204
Depreciation charge for the year	7, 9	33,707	-	5,772,285	65,986	2,784,995	983,303	642,987	80,100	-	10,363,363
Write off		-	-	-	-	-	(41,925)	(156,982)	-	-	(198,907)
Impairment loss (Note f)	9	-	-	-	-	5,196,370	1,261,572	-	-	250,000	6,707,942
Disposals		(117,067)	-	-	-	(6,230,995)	(1,596,946)	(383,776)	-	(250,000)	(8,578,784)
At 31 March 2012		193,980	-	13,415,057	197,922	20,836,990	3,079,806	3,821,101	908,962	-	42,453,818
<b>Net carrying amount</b>											
At cost		-	9,622,496	15,716,130	461,937	9,504,871	5,863,704	2,031,743	49,570	761,006	44,011,457
At valuation		996,440	26,890,000	25,345,398	-	-	-	-	-	-	53,231,838
At 31 March 2012		996,440	36,512,496	41,061,528	461,937	9,504,871	5,863,704	2,031,743	49,570	761,006	97,243,295



## 12. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Building RM	Renovation RM	Furniture, fittings and equipment RM	Total RM
<b>Company</b>				
<b>At 31 March 2013</b>				
<b>Cost</b>				
At 1 April 2012	746,088	659,859	1,364,568	2,770,515
Additions	-	-	21,940	21,940
At 31 March 2013	746,088	659,859	1,386,508	2,792,455
<b>Accumulated depreciation</b>				
At 1 April 2012	74,619	197,922	468,518	741,059
Charge for the year (Note 7)	14,922	65,986	140,725	221,633
At 31 March 2013	89,541	263,908	609,243	962,692
<b>Net carrying amount</b>	656,547	395,951	777,265	1,829,763
<b>At 31 March 2012</b>				
<b>Cost</b>				
At 1 April 2011	746,088	659,859	1,322,949	2,728,896
Additions	-	-	44,857	44,857
Disposal	-	-	(3,238)	(3,238)
At 31 March 2012	746,088	659,859	1,364,568	2,770,515
<b>Accumulated depreciation</b>				
At 1 April 2011	59,697	131,936	335,872	527,505
Charge for the year (Note 7)	14,922	65,986	133,428	214,336
Disposal	-	-	(782)	(782)
At 31 March 2012	74,619	197,922	468,518	741,059
<b>Net carrying amount</b>	671,469	461,937	896,050	2,029,456

## 12. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

- (a) Revaluation of a parcel of freehold land in a subsidiary company, LTK Omega Plus Sdn. Bhd. was performed on 22 March 2013, while other parcels of freehold land and buildings were revalued on 4 January 2010 by Lee Thiam Sing, a registered valuer with Colliers Jordan Lee & Jaafar (M'cca) Sdn Bhd, an independent professional valuer. Fair value was determined by reference to open market values on existing use basis.

The current year revaluation resulted in the recognition of other comprehensive income amounting to RM3,596,000 as disclosed in the statements of comprehensive income.

Had the revalued property, plant and equipment been carried at historical cost less accumulated depreciation and impairment losses, the net book value of each class of property, plant and equipment that would have been included in the financial statements of the Group as at 31 March 2013 would be as follows:

	Group	
	2013 RM	2012 RM
Leasehold land	950,442	972,043
Freehold land	15,312,990	15,312,990
Buildings	12,216,597	15,300,563
	<u>28,480,029</u>	<u>31,585,596</u>

- (b) Leasehold land was revalued on 4 January 2010 by Lee Thiam Sing, a registered valuer with Colliers Jordan Lee & Jaafar (M'cca) Sdn Bhd, an independent professional valuer. Fair value is determined using the Cost and Comparison Method of valuation.

The disposal of a leasehold land in the previous financial year resulted in the reversal of asset revaluation reserve to retained profits amounting to RM29,137.

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

	Group	
	2013 RM	2012 RM
Plant and machinery	2,000,952	2,334,048

- (d) The net book values of property, plant and equipment pledged for borrowings (Note 22(c)(i) and (ii)) are as follows:

	Group	
	2013 RM	2012 RM
Freehold land	29,986,000	36,012,496
Buildings	2,194,441	13,964,402
	<u>32,180,441</u>	<u>49,976,898</u>

## 12. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

- (e) On 1 April 2012, a parcel of freehold land, a building and its fixtures ("the Transferred Property") with total net carrying amount of RM20,988,495 were transferred to investment Properties (Note 13) following a change of use of the Transferred Property.
- (f) The impairment losses recognised of RM109,059 (2012: RM6,707,942) relates to plant and equipment of Lumiglass Sdn. Bhd. ("LSB"), a wholly owned subsidiary which had ceased operations. Management was of the opinion that the impairment losses were reasonable to write down the net carrying amount to reflect the recoverable amount.

In the previous financial year, LSB entered into an option with a certain third party, allowing the said third party exclusive rights to acquire its land and building, subject to certain terms and conditions. The option has an exercise period of 2 years from the date of the tenancy agreement between the subsidiary and the third party. As at the date of this report, the option has a remaining exercise period of approximately 6 months. The said third party has neither exercised the option, nor expressed its intentions to exercise the option.

## 13. INVESTMENT PROPERTIES

	Group	
	2013 RM	2012 RM
At 1 April	12,317,950	1,447,950
Reclassification from land held for property development (Note 14(a))	-	9,911,044
Transfer from property, plant and equipment (Note 12(e))	20,988,495	-
Net gains from fair value adjustment recognised in profit or loss (Note 4)	2,821,505	958,956
At 31 March	36,127,950	12,317,950

Investment properties comprise parcels of freehold land, a building and its fixtures.

### Transfer from property, plant and equipment

During the year, the Group transferred a parcel of freehold land, a building and its fixtures ("the Said Properties") from property, plant and equipment following a change of use of the Said Properties. The transfer, made at fair value, resulted in the recognition of a fair value gain of RM11,505 at the date of the transfer, based on a valuation carried out on 20 December 2011 by Lim Chang Mee, an independent valuer with Jordan Lee & Jaafar (S) Sdn. Bhd. Fair value was determined by reference to open market values on existing use basis.

Following the transfer, the Said Properties were further revalued, resulting in a fair value gain of RM2,300,000 based on a valuation carried out on 5 April 2013 by Lim Chang Mee, an independent valuer with Jordan Lee & Jaafar (S) Sdn. Bhd. Fair value was determined by reference to open market values on existing use basis.

### Reclassification from land held for property development

In the previous financial year, a reclassification from land held for property development to investment property was made following a subsidiary's Directors' assessment of the classification. The Directors of the subsidiary believe that the land would be more appropriately classified as investment property ("the Said Land"), as the land is held for investment purposes in accordance with the principal activity of the subsidiary.

The Said Land was revalued on 27 March 2013 by Lim Chang Mee, a registered valuer with Jordan Lee & Jaafar (S) Sdn. Bhd., an independent professional valuer and resulted in a fair value gain of RM510,000. Fair value was determined by reference to open market values on existing use basis.

The above valuations resulted in an aggregate fair value gain of RM2,821,505 as disclosed in Note 4.

#### 14. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS

##### (a) Land held for property development - freehold land

	Group	
	2013 RM	2012 RM
<b>Cost</b>		
At 1 April	-	9,911,044
Additions	-	-
Reclassification to investment properties (Note 13)	-	(9,911,044)
At 31 March	-	-

##### (b) Property development costs

	Group	
	2013 RM	2012 RM
<b>Cumulative property development costs</b>		
At 1 April		
Freehold land	990,479	990,479
Development costs	2,486,087	237,163
	3,476,566	1,227,642
Costs incurred during the year		
Development costs	3,077,782	2,248,924
At 31 March	6,554,348	3,476,566
<b>Cumulative costs recognised in profit or loss</b>		
At 1 April	(712,419)	-
Recognised during the year (Note 3(b)):		
Freehold land	(343,912)	(104,379)
Development costs	(2,053,550)	(608,040)
	(2,397,462)	(712,419)
At 31 March	(3,109,881)	(712,419)
<b>Property development costs at 31 March</b>	3,444,467	2,764,147

## 15. INVESTMENTS IN SUBSIDIARIES

	Group	
	2013 RM	2012 RM
Unquoted shares, at cost	36,547,200	36,548,800
ESOS granted to employees of subsidiaries	180,242	180,242
Investment in redeemable non-cumulative convertible preference shares ("RNCCPS") of subsidiaries	30,000,000	30,000,000
	66,727,442	66,729,042
Less: Impairment losses (Note 6)	(19,000,000)	(19,000,000)
	47,727,442	47,729,042

Details of the subsidiaries, all of which are incorporated and domiciled in Malaysia, and audited by Ernst & Young, Malaysia, are as follow:

Name of subsidiary	Equity interest held		Principal activities
	2013 %	2012 %	
+LTK (Melaka) Sdn. Bhd.	100	100	Production and sale of chicken eggs and chickens
+LTK Bio-Fer Sdn. Bhd.	100	100	Manufacturing and sale of organic fertilizers
LTK Omega Plus Sdn. Bhd.	100	100	Extraction and sale of sand
LTK Development Sdn. Bhd.	100	100	Property development
Lumiglass Sdn. Bhd. ("LGSB") <sup>(1)</sup>	100	100	Manufacturing and sale of processed glass (discontinued)
LTK Properties Sdn. Bhd.	100	100	Dormant
LTK Jaya Sdn. Bhd. ("LTKJ") <sup>(2)</sup>	-	100	Dormant
Lumiglass Marketing Sdn. Bhd. ("LMSB") <sup>(2)</sup>	-	60	Dormant

+ Consolidated using merger accounting (Note 2.2(b))

<sup>(1)</sup> In the previous financial year, the Company announced the decision of its Board of Directors to cease the operations of its wholly-owned subsidiary, LGSB. Accordingly, the Company recognised a total of RM19,000,000 impairment losses on its investment in LGSB, representing total cost of investments less projected future cash flow of LGSB. Further details of the discontinued operation is found in Note 9.

<sup>(2)</sup> During the year, the Company had submitted LTKJ and LMSB to the Registrar of Companies for striking-off. The striking-off of these subsidiaries resulted in the write off of costs of investments totalling RM1,600 (Note 6). As these subsidiaries are dormant, the striking-off did not materially affect the Group's financial position, financial performance and cash flow.

The terms of the subscribed RNCCPS are disclosed in Note 2.2(r).

## 16. INVESTMENT SECURITIES

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
<b>Non-current equity instruments - Fair value through profit and loss</b>				
Quoted shares:				
In Malaysia	5,115,979	2,430,486	-	-
Outside of Malaysia	1,051,623	811,398	-	-
Quoted unit trusts, in Malaysia	-	46,170	-	46,170
	6,167,602	3,288,054	-	46,170

These investments are designated as financial assets at fair value through profit or loss, resulting in the Group recognising a net fair value gain of RM654,415 (2012: RM399,270) in the statements of comprehensive income. Similarly, the Company recognised a net fair value gain of RM211 in the previous financial year.

The fair value of the above investment securities were determined using Level 1 fair value hierarchy, which is based on quoted prices (unadjusted) in active markets for identical assets, and are measured at Level 1 fair value hierarchy as at the reporting date.

No transfers between any levels of fair value hierarchy took place during the current financial year. There were also no changes in the purpose of any financial asset that subsequently resulted in a different classification of that asset.

## 17. BIOLOGICAL ASSETS

	Group	
	2013 RM	2012 RM
<b>Current</b>		
Livestock, at cost	12,118,441	12,804,424
<b>Non-current</b>		
Pre-cropping expenditure - oil palm:		
<b>Cost</b>		
At 1 April	286,951	202,090
Addition during the year	21,023	-
	307,974	202,090
Transfer from capital work-in-progress (Note 12)	-	128,924
Write off	-	(44,063)
	307,974	286,951
<b>Accumulated amortisation</b>		
At 1 April	23,877	20,403
Amortisation for the year (Note 7)	7,901	9,396
Write off	-	(5,922)
	31,778	23,877
<b>Net carrying amount</b>	276,196	263,074



## 18. INVENTORIES

	Group	
	2013 RM	2012 RM
<b>Cost</b>		
Consumable goods	11,246,232	10,582,118
Produce inventories	1,506,840	1,021,431
	<u>12,753,072</u>	<u>11,603,549</u>

During the year, the amount of consumable goods and produce inventories recognised as an expense in cost of sales of the Group was RM100,925,252 (2012: RM97,001,366).

## 19. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
<b>Current</b>				
<b>Trade receivables</b>				
Third parties	12,362,009	11,560,407	-	-
Less: Allowance for impairment	(1,563,252)	(1,570,952)	-	-
	<u>10,798,757</u>	<u>9,989,455</u>	<u>-</u>	<u>-</u>
Accrued billing	838,523	169,422	-	-
	<u>11,637,280</u>	<u>10,158,877</u>	<u>-</u>	<u>-</u>
<b>Other receivables</b>				
Amount due from subsidiaries	-	-	562,676	514,516
Deposits	310,249	91,213	8,200	9,800
Sundry receivables	55,116	791,121	-	-
Less: Allowance for impairment	-	(93,393)	-	-
	<u>365,365</u>	<u>788,941</u>	<u>570,876</u>	<u>524,316</u>
Other receivables, net	<u>12,002,645</u>	<u>10,947,818</u>	<u>570,876</u>	<u>524,316</u>
<b>Non-current</b>				
<b>Other receivables</b>				
Group Company				
Amount due from subsidiaries	-	-	26,242,613	25,542,313
	<u>12,002,645</u>	<u>10,947,818</u>	<u>26,813,489</u>	<u>26,066,629</u>
Total trade and other receivables (current and non-current)	<u>18,383,964</u>	<u>13,495,048</u>	<u>4,597,067</u>	<u>6,820,836</u>
Add: Cash and bank balances (Note 20)	(838,523)	(169,422)	-	-
Less: Accrued billing				
	<u>29,548,086</u>	<u>24,273,444</u>	<u>31,410,556</u>	<u>32,887,465</u>

## 19. TRADE AND OTHER RECEIVABLES (CONT'D)

### (a) Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 90 day (2012: 30 to 90 day) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

#### Ageing analysis of trade receivables

The aging analysis of the Group's trade receivables is as follows:

	Group	
	2013 RM	2012 RM
Neither past due nor impaired	9,216,854	8,264,263
1 to 30 days past due	1,504,438	1,030,956
31 to 60 days past due	76,992	590,747
61 to 90 days past due	473	61,799
More than 120 days past due	-	41,690
	1,581,903	1,725,192
Impaired	1,563,252	1,570,952
	12,362,009	11,560,407

#### Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. More than 85% (2012: 85%) of the Group's trade receivables arise from customers with more than three years of experience with the Group and losses have occurred infrequently.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

#### Receivables that are past due but not impaired

The Group has trade receivables amounting to RM1,581,903 (2012: RM1,725,192) that are past due at the reporting date but not impaired.

#### Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	Group Individually impaired	
	2013 RM	2012 RM
Nominal amounts	1,563,252	1,570,952
Less: Allowance for impairment	(1,563,252)	(1,570,952)
	-	-

## 19. TRADE AND OTHER RECEIVABLES (CONT'D)

### (a) Trade receivables (cont'd)

#### Receivables that are impaired (cont'd)

Movement in allowance account:

	Group	
	2013 RM	2012 RM
At 1 April	1,570,952	896,648
Charge for the year (Note 7 and 9)	475,583	762,512
Written off against trade receivable balances	(73,462)	(28,466)
Reversal for impairment loss (Note 7 and 9)	(409,821)	(59,742)
At 31 March	1,563,252	1,570,952

### (b) Other receivables

#### Amount due from subsidiaries

The amount due from subsidiaries is unsecured, repayable on demand and bears interest rate ranging between 5.10% and 6.60% (2012: 4.97% to 6.30%) per annum.

All inter-company loans granted during the current and prior years were made at prevailing market rates.

#### Sundry receivables

Included in sundry receivables in the previous financial year were sales proceeds receivable from a third party, arising from the disposal of certain plant and machineries of the discontinued operation, amounting to RM370,000. The outstanding sales proceeds have been fully received in the current financial year.

#### Other receivables that are impaired

Movement in allowance account:

	Group	
	2013 RM	2012 RM
At 1 April	93,393	796,722
Charge for the year (Note 9)	-	93,393
Written off against other receivable balances	(93,393)	(796,722)
At 31 March	-	93,393

## 20. CASH AND CASH EQUIVALENTS

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Cash on hand and at bank	7,263,478	8,981,472	119,090	2,409,270
Deposits with licensed banks:				
Long-term fixed deposits	1,018,436	988,783	914,338	886,773
Short-term fixed deposits	10,102,050	3,524,793	3,563,639	3,524,793
Cash and bank balances	18,383,964	13,495,048	4,597,067	6,820,836

Long-term fixed deposits represent deposits with licensed banks with a maturity of more than 90 days.

The deposits with a licensed bank of a subsidiary amounting to RM104,098 (2012: RM102,010) are pledged as security for bank facilities granted to the subsidiary.

Included in cash at bank of the Group is an amount of RM592,477 (2012: RM555,611) held pursuant to Section 7A of the Housing Development (Housing Development Account) Regulations, 1991 and therefore are restricted from use in other operations.

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

	Group		Company	
	2013 %	2012 %	2013 %	2012 %
Licensed banks	3.13	3.03	3.10	3.04

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

	Group		Company	
	2013 Days	2012 Days	2013 Days	2012 Days
Licensed banks	30-365	30-365	30-365	30-365

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following at the reporting date:

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Cash and bank balances	18,383,964	13,495,048	4,597,067	6,820,836
Less:				
Bank overdraft (Note 22)	-	(121,735)	-	-
Long-term fixed deposits	(1,018,436)	(988,783)	(914,338)	(886,773)
	17,365,528	12,384,530	3,682,729	5,934,063

## 21. TRADE AND OTHER PAYABLES

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
<b>Current</b>				
<b>Trade payables</b>				
Third parties	6,912,366	3,326,502	-	-
<b>Other payables</b>				
Amount due to a subsidiary	-	-	959,730	294,717
Accruals	2,196,149	2,024,101	204,064	164,541
Other payables	2,424,912	2,392,226	4,500	4,500
	4,621,061	4,416,327	1,168,294	463,758
Total trade and other payables	11,533,427	7,742,829	1,168,294	463,758
Add: Loans and borrowings (Note 22)	22,302,236	23,839,409	-	-
Total financial liabilities carried at amortised cost	33,835,663	31,582,238	1,168,294	463,758

### (a) Trade payables

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 to 60 (2012: 30 to 60) days.

### (b) Other payables

These amounts are non-interest bearing. Other payables are normally settled on an average term of 60 (2012: 60) days.

### (c) Amount due to a subsidiary

The amount is unsecured and is repayable on demand. The entire amount is short term in nature and does not attract interest.

## 22. LOANS AND BORROWINGS

		Group	
	Maturity	2013 RM	2012 RM
<b>Current</b>			
Secured:			
Overdraft	On demand	-	1 21,735
Revolving credits	On demand	1,500,000	2,000,000
Bank term loans	2014	6,206,813	5,552,080
Obligation under finance leases (Note 23)	2014	652,904	615,887
		8,359,717	8,289,702
Unsecured:			
Bankers' acceptances	On demand	1,870,000	1,483,000
		10,229,717	9,772,702
<b>Non-current</b>			
Secured:			
Bank term loans	2015 - 2017	11,732,239	13,073,502
Obligation under finance leases (Note 23)	2015	340,280	993,205
		12,072,519	14,066,707
<b>Total borrowings</b>			
Overdraft		-	121,735
Revolving credits		1,500,000	2,000,000
Bank term loans		17,939,052	18,625,582
Bankers' acceptances		1,870,000	1,483,000
Obligation under finance leases (Note 23)		993,184	1,609,092
Loans and borrowings		22,302,236	23,839,409

The remaining maturities of the loans and borrowings as at 31 March 2013 are as follows:

(a) Maturity periods (excluding hire purchase)

	Group	
	2013 RM	2012 RM
Within 1 year	9,576,813	9,156,815
More than 1 year and less than 2 years	6,070,862	5,352,850
More than 2 years and less than 5 years	5,523,596	7,174,981
More than 5 years	137,781	545,671
	21,309,052	22,230,317



## 22. LOANS AND BORROWINGS (CONT'D)

(b) Interest rates

	Group	
	2013 %	2012 %
Bank overdraft	7.60	7.60
Revolving credits	4.34	4.33
Bankers' acceptances	4.26	4.00
Bank term loans	5.54	5.65
Obligation under finance leases	3.15	3.15

(c) The secured bank overdrafts, revolving credits, term loans and hire purchase payables of the Group are secured by the following:

- (i) charges over the freehold land of the subsidiary company as disclosed in Note 12(d);
- (ii) charges over buildings and plant and machinery of a subsidiary company as disclosed in Note 12(d); and
- (iii) corporate guarantees of a subsidiary company and of the Company.

## 23. OBLIGATION UNDER FINANCE LEASES

	Group	
	2013 RM	2012 RM
<b>Minimum lease payments</b>		
Not later than 1 year	691,464	691,464
Later than 1 year and not later than 2 years	345,678	691,484
Later than 2 years and not later than 5 years	-	345,679
	1,037,142	1,728,627
Less: Future finance charges	(43,958)	(119,535)
Present value of hire purchase payables (Note 22)	993,184	1,609,092
<b>Present value of payments:</b>		
Not later than 1 year	652,904	615,887
Later than 1 year and not later than 2 years	340,280	652,904
Later than 2 years and not later than 5 years	-	340,301
	993,184	1,609,092
Less: Amount due within 12 months (Note 22)	(652,904)	(615,887)
Amount due after 12 months (Note 22)	340,280	993,205

## 24. DEFERRED TAXATION

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
At 1 April	7,226,016	7,600,253	-	-
Recognised in statements of comprehensive income (Note 8)	(557,112)	(374,237)	-	-
At 31 March	6,668,904	7,226,016	-	-
Presented after appropriate offsetting as follows:				
Deferred tax assets	(1,534,664)	(1,526,567)	(59,449)	(59,449)
Deferred tax liabilities	8,203,568	8,752,583	59,449	59,449
	6,668,904	7,226,016	-	-

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

### Deferred tax liabilities of the Group:

	Revaluation surplus RM	Property, plant and equipment RM	Total RM
At 1 April 2012	2,439,371	6,313,212	8,752,583
Recognised in statements of comprehensive income	-	(549,015)	(549,015)
At 31 March 2013	2,439,371	5,764,197	8,203,568
At 1 April 2011	2,439,371	6,698,084	9,137,455
Recognised in statements of comprehensive income	-	(384,872)	(384,872)
At 31 March 2012	2,439,371	6,313,212	8,752,583

### Deferred tax assets of the Group:

	Provision for unutilised annual leave RM	Provision for doubtful debts RM	Others RM	Total RM
At 1 April 2012	(57,631)	(245,120)	(1,223,816)	(1,526,567)
Recognised in statements of comprehensive income	-	-	(8,097)	(8,097)
At 31 March 2013	(57,631)	(245,120)	(1,231,913)	(1,534,664)
At 1 April 2011	(57,631)	(245,120)	(1,234,451)	(1,537,202)
Recognised in statements of comprehensive income	-	-	10,635	10,635
At 31 March 2012	(57,631)	(245,120)	(1,223,816)	(1,526,567)

## 24. DEFERRED TAXATION (CONT'D)

### Deferred tax liabilities of the Company:

	Property, plant and equipment RM
At 1 April 2011/2012 and 31 March 2012/2013	59,449

### Deferred tax asset of the Company:

	Unabsorbed capital allowance RM
At 1 April 2011/2012 and 31 March 2012/2013	(59,449)

Deferred tax assets not recognised in respect of the following items:

	Group	
	2013 RM	2012 RM
Unabsorbed capital allowances	2,060,952	2,745,597
Unutilised business losses	1,227,526	1,227,526
Others	204,376	449,884

### Unabsorbed capital allowances and unutilised business losses

The above unabsorbed capital allowances and unutilised business losses are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The availability of unused tax losses for offsetting against future taxable profits of the respective subsidiaries in Malaysia are subject to no substantial changes in shareholdings of those subsidiaries under the Income Tax Act, 1967 and guidelines issued by the tax authority.

## 25. SHARE CAPITAL

	Number of ordinary shares of RM1 each		Amount	
	2013	2012	2013 RM	2012 RM
<b>Authorised:</b>				
At 1 April/31 March	100,000,000	100,000,000	100,000,000	100,000,000
<b>Issued and fully paid:</b>				
At 1 April	43,368,002	43,232,002	43,368,002	43,232,002
Issued during the year pursuant to ESOS	-	136,000	-	136,000
At 1 April	43,368,002	43,368,002	43,368,002	43,368,002

## 25. SHARE CAPITAL (CONT'D)

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

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

At an Extraordinary General Meeting held on 23 February 2006, the shareholders have approved to extend the duration of the said ESOS for an additional 5 years from 17 October 2006 to 17 October 2011, subject to the existing salient features.

The salient features of the ESOS are as follows:

- (i) The total number of shares to be offered shall not exceed ten percent (10%) of the issued and paid-up share capital of the Company at any point of time during the existence of the ESOS.
- (ii) Eligible persons who are confirmed employees (including executive directors) of the Group who have been employed for periods as prescribed by the By-Laws before the date of offer. The eligibility for participation in the ESOS shall be at the discretion of the ESOS committee appointed by the Board of Directors.
- (iii) No option shall be granted for less than 1,000 shares nor more than 400,000 shares to any eligible employee.
- (iv) The option price for each share shall be at the weighted average market price of the shares for the 5 market days preceding the offer date less a discount of not more than 10%. The price so determined shall not be less than the par value of the shares.
- (v) An option granted under the ESOS shall be capable of being accepted by the grantee by notice in writing to the Company before the expiry of 30 days period from the date of offer.
- (vi) No more than 50% of the shares to be offered are allotted to eligible employees who are Executive Directors and members of the Senior Management of the LTKM Berhad Group of companies.
- (vii) No more than 10% of the shares to be offered are allotted to eligible employees who, either singly or collectively through his associates, holds 20% or more of the issued and paid-up share capital of the Company.

The following table illustrates the number and weighted average exercise prices ("WAEP") of, and movements in, share options during the year:

	Number of share options		WAEP	
	2013	2012	2013 RM	2012 RM
Outstanding at 1 April	-	718,000	-	1.51
Exercised during the year	-	(136,000)	-	1.48
Expired during the year	-	(582,000)	-	1.52
Outstanding at 31 March	-	-	-	-

The options exercised in the previous financial year resulted in the issuance of 136,000 ordinary shares at an average price of RM1.48 each.

The expiry of unexercised options in the previous financial year resulted in the reversal of the ESOS reserve of RM167,268 to opening retained profits of that year.

There were no additional share option grants during the current and previous financial years.

## 26. OTHER RESERVES

### (a) Asset revaluation reserve

The asset revaluation reserve represents increases in the fair value of leasehold land, freehold land and buildings, net of tax, and decreases to the extent that such decreases relate to an increase on the same asset previously recognised in other comprehensive income.

### (b) ESOS reserve

Employee share option reserve represents the equity-settled share options granted to employees of the Group. The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share options, and is reduced by the expiry or exercise of the share options.

## 27. RETAINED PROFITS

The Company may distribute dividends out of its entire retained earnings as at 31 March 2013 under the single-tier system.

## 28. RELATED PARTY DISCLOSURES

- (a) In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Rental of farm paid to a related company	600,000	420,000	-	-
Rental of office paid to a director, Datin Lim Hooi Tin <sup>(1)</sup>	43,200	43,200	43,200	43,200
Gross dividend income received from a subsidiary company, LTK (Melaka) Sdn. Bhd.	-	-	(2,000,000)	(12,000,000)
Management fee received from subsidiary companies:				
LTK (Melaka) Sdn. Bhd.	-	-	(360,000)	(456,000)
LTK Omega Plus Sdn. Bhd.	-	-	(24,000)	(60,000)
Office rental income received from a firm connected to director <sup>(2)</sup>	(3,000)	(12,000)	(3,000)	(12,000)
Office rental income received from holding company <sup>(2)</sup>	(8,400)	(8,400)	(8,400)	(8,400)
Fees payable to director and/or firm connected to director <sup>(3)</sup>	34,049	14,465	34,049	-
Proceeds from disposal of property, plant and equipment to a firm connected to a director <sup>(4)</sup>	-	(34,750)	-	-
Interest income receivable from related companies	-	-	(632,203)	(446,750)

<sup>(1)</sup> The rental of office paid to Datin Lim Hooi Tin is made according to the market price and conditions offered to an unrelated party.

<sup>(2)</sup> The rentals charged are made according to the market price and conditions offered to an unrelated party.

<sup>(3)</sup> This was in respect of fees for professional services payable to director and/or firm connected to director and were made according to the market price and conditions offered to an unrelated party.

<sup>(4)</sup> This was in respect of disposal of office equipments to a firm connected to a director and was made according to the market price and conditions offered to an unrelated party.

## 28. RELATED PARTY DISCLOSURES (CONT'D)

### (b) Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Short-term employee benefits	1,655,537	1,796,026	87,000	87,000
Included in the total key management personnel: Directors' remuneration (Note 7(b))	1,655,537	1,796,026	87,000	87,000

Executive directors of the Group and of the Company and other members of key management have been granted the following number of options under the ESOS:

	Group/Company	
	2013 RM	2012 RM
At 1 April	-	100,000
Expired	-	(100,000)
At 31 March	-	-

The share options were granted on the same terms and conditions as those offered to other employees of the Group as disclosed in Note 25.

## 29. OPERATING LEASE ARRANGEMENTS

The Group has entered into a non-cancellable operating lease on its farm and certain properties. These leases have remaining non-cancellable lease term of 3 years. The future minimum lease payments and receivable under non-cancellable operating lease contracted for as at the balance sheet date but not recognised as liability and asset are as follows:

	Group	
	2013 RM	2012 RM
Future minimum rental payments:		
Not later than 1 year	600,000	600,000
Later than 1 year and not later than 3 years	600,000	1,200,000
	1,200,000	1,800,000
Future minimum rental receivable:		
Not later than 1 year	900,000	702,000
Later than 1 year and not later than 3 years	750,000	1,650,000
	1,650,000	2,352,000



### 30. CAPITAL COMMITMENTS

	<b>Group</b>	
	<b>2013</b>	<b>2012</b>
	<b>RM</b>	<b>RM</b>
Property, plant and equipment:		
Approved and contracted for	300,145	736,424
Approved but not contracted for	-	4,471,953
	<b>300,145</b>	<b>5,208,377</b>

### 31. FINANCIAL GUARANTEES

	<b>Company</b>	
	<b>2013</b>	<b>2012</b>
	<b>RM</b>	<b>RM</b>
Guarantees to licensed financial institutions in respect of credit facilities granted to subsidiaries:		
LTK (Melaka) Sdn. Bhd.	12,776,819	10,429,646
LTK Omega Plus Sdn. Bhd.	3,136,505	3,687,539
Lumiglass Sdn Bhd	6,388,912	9,722,224
	<b>22,302,236</b>	<b>23,839,409</b>

No value has been placed on the corporate guarantees provided by the Company as the directors regard the value of the credit enhancement provided by the said corporate guarantees as minimal. This is because the credit facilities granted under the guarantees are collateralised by fixed and floating charges over certain properties, plant and equipment and other assets of the Group.

### 32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk, foreign currency risk and market price risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Group Accountant. The audit committee provides independent oversight to the effectiveness of the risk management process.

It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group and the Company do not apply hedge accounting.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

#### (a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including investment securities and cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

## 32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

### (a) Credit risk (cont'd)

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. For transactions that do not occur in the country of the relevant operating unit, the Group does not offer credit terms without the approval of the Operations Managers of the respective operating units.

#### Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by:

- The carrying amount of each class of financial assets recognised in the statements of financial position, including derivatives with positive fair values
- A nominal amount of RM22,302,000 (2012: RM23,839,000) relating to corporate guarantees provided by the Company to licensed financial institutions on certain subsidiaries' bank loans and credit facilities (Note 31).

Information regarding credit enhancements for trade and other receivables is disclosed in Note 19(a).

#### Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the industry sector profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the reporting date are as follows:

	2013 RM	2012 % of total	Group 2013 RM	2012 % of total
<b>By industry sectors:</b>				
Poultry and related products	11,329,861	92%	9,983,356	86%
Sand extraction and sale	995,799	8%	764,558	7%
Manufacture and sale of glass (discontinued)	-	0%	428,893	4%
Others	36,349	0%	383,600	3%
	12,362,009	100%	11,560,407	100%

There was no significant concentration of credit risk except for subsidiaries under the poultry and related products sector which have significant concentration of credit risk in the form of outstanding debts due from 6 (2012: 6) customers representing approximately 46% (2012: 52%) of the subsidiaries' trade receivables.

#### Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 19. Deposits with banks and other financial institutions and investment securities that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

#### Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 19.

## 32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

### (b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group's liquidity risk management policy is to maintain sufficient liquid financial assets and stand-by credit facilities with different banks. At the reporting date, approximately 46% (2012: 41%) of the Group's loans and borrowings (Note 22) will mature in less than one year based on the carrying amount reflected in the financial statements.

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

Group	2013			
	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
Financial liabilities:				
Trade and other payables	11,533,427	-	-	11,533,427
Loans and borrowings	10,229,717	11,934,738	137,781	22,302,236
Total undiscounted financial liabilities	21,763,144	11,934,738	137,781	33,835,663
Group	2012			
	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
Financial liabilities:				
Trade and other payables	7,742,829	-	-	7,742,829
Loans and borrowings	9,772,702	13,521,036	545,671	23,839,409
Total undiscounted financial liabilities	17,515,531	13,521,036	545,671	31,582,238
Company	On demand or within one year		2013 RM	2012 RM
	2013 RM	2012 RM		
Financial liabilities:				
Trade and other payables, representing total undiscounted financial liabilities			1,168,294	463,758

## 32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

### (c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group is exposed to interest rate risk arising from bank borrowings and credit facilities. The Group does not use derivative financial instruments to hedge its exposure to interest rate fluctuations. However, it is the Group's policy to obtain the most favourable interest rates available whenever the Group obtains additional financing through bank borrowings. The Group has bank and fixed deposits balances which generate interest income for the Group.

The Company monitors interest rates closely to ensure that interest rates are maintained at favourable rates.

The information on maturity dates and effective interest rates of financial assets are disclosed in their respective notes.

#### Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 25 basis points lower/higher, with all other variables held constant, the Group's profit net of tax would have been RM45,287 (2012: RM79,566) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

### (d) Foreign currency risk

The Group has transactional currency exposures arising from sales or purchases that are denominated in currencies other than the functional currency of the Group, Malaysian Ringgit ("RM"). The foreign currency in which these transactions are denominated is mainly European Euro ("EUR") and Singapore Dollar ("SGD"). However, this type of exposure is minimal since substantially all of the Group's sales and costs are denominated in the functional currency of the Group.

The Group is also exposed to currency translation risk arising from its investments in foreign investment securities denominated in Hong Kong Dollar ("HKD").

The net unhedged financial assets and financial liabilities of the Group as at 31 March that are not denominated in their functional currencies are as follows:

	EUR RM	SGD RM	HKD RM	Total RM
Functional currency in Ringgit Malaysia				
<b>At 31 March 2013</b>				
Trade and other receivables	-	2,600,948	21,198	2,622,146
Investment securities	-	-	1,051,623	1,051,623
<b>At 31 March 2012</b>				
Trade and other receivables	570,150	2,249,930	-	2,820,080
Investment securities	-	-	811,398	811,398
Cash and bank balances	1,468,221	-	-	1,468,221

## 32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

### (d) Foreign currency risk (cont'd)

#### Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the EUR, SGD and HKD exchange rates against the Group's functional currency, with all other variables held constant.

		2013 Group Profit net of tax RM	2012 Group Profit net of tax RM
EUR/RM	- strengthened 3%	-	61,151
	- weakened 3%	-	(61,151)
SGD/RM	- strengthened 3%	1,087,748	1,198,829
	- weakened 3%	(1,087,748)	(1,198,829)
HKD/RM	- strengthened 3%	32,185	24,342
	- weakened 3%	(32,185)	(24,342)

### (e) Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates).

The Group is exposed to equity price risk arising from its investment in quoted investment securities. These instruments are classified as financial assets held at fair value through profit and loss. The Group is also exposed to commodity price risk.

The Group's objective is to manage investment returns and equity price risk using a mix of investment grade shares with steady dividend yield. Any deviation from this policy is required to be approved by the Managing Director and audit committee.

#### Sensitivity analysis for equity price risk

At the reporting date, if the FTSE Bursa Malaysia KLCI had been 5% higher/lower, with all other variables held constant, the Group's profit net of tax would have been RM255,799 (2012: RM162,094) higher/lower, arising as a result of higher/lower fair value gains on held for trading investments in equity instruments.

### (f) Commodity price risk

The price of agricultural commodities are subject to wide fluctuations due to unpredictable factors such as weather, government policies, changes in global demand resulting from population growth and changes in standards of living, and global production of similar and competitive crops. During its ordinary course of business, the value of the Group's open sales and purchases commitments and inventory of raw material changes continuously in line with movements in the prices of the underlying commodities. To the extent that its open sales and purchases commitments do not match at the end of each business day, the Group is subject to price fluctuations in the commodities market.

While the Group is exposed to fluctuations in agricultural commodities prices, its policy is to minimise their risks arising from such fluctuations either through purchase of the commodity in advance or through increases in sales price, where appropriate.

## 32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

### (f) Commodity price risk (cont'd)

#### Sensitivity analysis for commodity price risk

At the reporting date, if the commodity price had been 5% higher/lower, with all other variables held constant, the Group's profit net of tax would have been RM2,335,756 (2012: RM2,653,497) lower/higher.

### (g) Fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

<u>Current</u>	<u>Note</u>
Trade and other receivables	19
Amount due from subsidiaries	19
Loans and borrowings	22
Obligation under finance leases	23
Trade and other payables	21
Amount due to a subsidiary	21

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The carrying amounts of the current portion of loans and borrowings are reasonable approximations of fair values due to the insignificant impact of discounting.

## 33. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 March 2013 and 31 March 2012.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, loans and borrowings, trade and other payables, less cash and bank balances. Capital includes equity attributable to the owners of the parent less the asset revaluation and ESOS reserve.



### 33. CAPITAL MANAGEMENT

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Loans and borrowings	22,302,236	23,839,409	-	-
Trade and other payables	11,533,427	7,742,829	1,168,294	463,758
Less: Cash and bank balances	(18,383,964)	(13,495,048)	(4,597,067)	(6,820,836)
Net debt/(cash)	15,451,699	18,087,190	(3,428,773)	(6,357,078)
Equity attributable to the owners of the parent	133,326,264	124,020,031	78,095,361	80,129,916
Less:				
Asset revaluation reserve	(12,696,569)	(9,100,569)	-	-
Total capital	120,629,695	114,919,462	78,095,361	80,129,916
Capital and net debt	136,081,394	133,006,652	74,666,588	73,772,838
Gearing ratio	11%	14%	-5%	-9%

### 34. SEGMENT INFORMATION

The Group is organised into four major business segments:

- (i) Production and sale of poultry and related products - the production and sales of chicken eggs, chickens and organic fertilisers.
- (ii) Extraction and sale of sand - the mining and sale of sand.
- (iii) Investment holding - investment activities in quoted and unquoted securities as well as investment properties held by the Group on a long term basis.
- (iv) Manufacture and sale of processed glass (discontinued).

Other business segment refers to the property development segment, inactive companies and companies in its pre-operating phase.

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.

## 34. SEGMENT INFORMATION (CONT'D)

	Production and Sale of Poultry and Related Products			Extraction and Sale of Sand			Investment Holding			Others			Elimination			Total from continuing operations			Manufacturing and sale of processed glass (Discontinued)			Group		
	2013 RM	2012 RM	2013 RM	2013 RM	2012 RM	2013 RM	2013 RM	2012 RM	2013 RM	2013 RM	2012 RM	2013 RM	2013 RM	2012 RM	2013 RM	2013 RM	2012 RM	2013 RM	2013 RM	2012 RM	2013 RM	2012 RM	2013 RM	2012 RM
<b>Revenue</b>																								
External sales	147,712,100	153,308,985	3,884,713	2,745,760	-	-	-	3,233,750	1,107,875	-	-	154,830,563	157,162,620	-	2,220,100	154,830,563	159,382,720							
Inter-segment sales	371,810	328,700	25,318	60,593	2,384,000	12,516,000	-	-	-	-	(2,781,128)	(12,905,293)	-	-	-	-	-							
<b>Total revenue</b>	<b>148,083,910</b>	<b>153,637,685</b>	<b>3,910,031</b>	<b>2,806,353</b>	<b>2,384,000</b>	<b>12,516,000</b>	<b>3,233,750</b>	<b>1,107,875</b>	<b>1,107,875</b>	<b>1,107,875</b>	<b>(2,781,128)</b>	<b>(12,905,293)</b>	<b>154,830,563</b>	<b>157,162,620</b>	<b>-</b>	<b>2,220,100</b>	<b>154,830,563</b>	<b>159,382,720</b>						
<b>Result</b>																								
Segment results	7,773,533	18,730,439	719,162	(260,326)	5,713,185	(4,892,578)	561,973	136,294	(1,285,934)	6,552,173	13,481,919	20,266,002	13,632	(11,668,161)	13,495,551	8,597,841								
Finance costs											(1,241,970)	(969,246)	-	(938,539)	(1,241,970)	(1,907,785)								
Profit before tax													12,239,949	19,296,756	12,253,581	6,690,056								
Income tax expense													(2,678,284)	(4,829,864)	-	(2,678,284)	(4,827,154)							
<b>Profit for the year</b>	<b>9,561,665</b>	<b>14,466,892</b>	<b>13,632</b>	<b>(12,603,990)</b>	<b>9,575,297</b>	<b>1,862,902</b>																		
<b>Assets</b>																								
Segment assets	107,070,292	98,637,510	15,820,970	15,831,483	120,128,021	85,093,693	6,581,585	4,040,288	(72,895,070)	(64,660,959)	176,705,798	138,942,015	-	26,181,141	176,705,798	165,123,156								
<b>Liabilities</b>																								
Segment liabilities	10,294,342	6,275,407	2,349,580	2,833,574	2,909,753	2,648,008	5,654,956	4,621,121	(7,940,484)	(7,020,087)	13,268,147	9,358,023	-	553,206	13,268,147	9,911,229								
Unallocated corporate liabilities																30,111,387	31,153,840							
<b>Consolidated total liabilities</b>	<b>43,379,534</b>	<b>41,065,069</b>																						
<b>Other Information</b>																								
Capital expenditure	4,222,914	3,479,336	2,420	98,405	21,940	44,857	-	4,027	-	(373,771)	4,247,274	3,252,854	-	1,726,350	4,247,274	4,979,204								
Depreciation and amortisation	7,920,807	7,744,092	470,597	661,591	760,021	214,336	1,075	13,966	(378,867)	-	8,773,633	8,633,985	-	1,738,774	8,773,633	10,372,759								
Impairment losses	170,887	524,283	304,696	99,716	1,600	19,000,000	-	-	(1,600)	(19,000,000)	475,583	623,999	109,059	6,939,848	584,642	7,563,847								
Non-cash expenses other than depreciation, amortisation and impairment loss	48,817	33,956	-	485	44,884	-	-	-	-	-	93,701	34,441	-	6,712	93,701	41,153								

The above eliminations were made for intercompany transactions.

### 35. SIGNIFICANT EVENTS

In the prior year, on 22 November 2011, the Company announced the decision of its Board of Directors to cease the operations of its wholly-owned subsidiary, Lumiglass Sdn. Bhd. ("LGSB"), which was previously reported in the manufacturing and sale of processed glass segment. Further information of the discontinued operation are found in Note 9.

In the current year, the subsidiary has remained inactive and its only activity is the rental of factory building to a third party.

### 36. SUPPLEMENTARY INFORMATION - BREAKDOWN OF RETAINED PROFITS INTO REALISED AND UNREALISED

The breakdown of the retained profits of the Group and of the Company as at 31 March 2013 into realised and unrealised profits/(losses) is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Listing Requirements of Bursa Malaysia Securities Berhad, as issued by the Malaysian Institute of Accountants.

	Group RM	Company RM
Total retained profits of the Group and the Company		
- Realised profits	72,562,173	32,260,045
- Unrealised (losses)/gain	(2,170,110)	211
	70,392,063	32,260,256
Less: Consolidation adjustments	4,402,527	-
Retained profits as per financial statements	74,794,590	32,260,256

# LIST OF PROPERTIES

AS AT 31 MARCH 2013

Location	Existing use & description	Approximate Area	Tenure	Remaining Lease Period (Expiry Date)	Age of buildings	Net Book Value As At 31.3.13 (RM'000)	Date of Revaluation / Acquisition
Lot Nos. 372, 1378 (new lot No. 3268) and 3266, Mukim of Durian Tunggal, District of Alor Gajah, Melaka	Poultry Farm	266.8 acres	Freehold	-	Approx 25 years	44,853*	January 2010 (Revaluation)
Lot Nos 105, 106, 233, 758, 150, 1333, Mukim of Bukit Senggeh, District of Jasin, Melaka	Sand mining	199.8 acres	Freehold	-	-	11,986	March 2013 (Revaluation)
Lot Nos. 270, 271 and 272, Mukim Jus, District of Jasin, Melaka	Vacant land	32.3 acres	Leasehold	44 years (21.03.2057)	-	974	January 2010 (Revaluation)
Lot No. 165, Mukim Jus, District of Jasin, Melaka	Vacant land	8.51 acres	Freehold	-	-	500	January 2010 (Revaluation)
Lot No. 1729, Mukim of Kapar, Klang, Selangor	Vacant land	1.76 acres	Freehold	-	-	1,448	December 2006 (Acquisition)
No. 100, Batu 1 ½, Jalan Meru 41050 Klang, Selangor	3 storey shop house for own use	1,430 sq. ft	Freehold	-	32 years	657	May 2007 (Acquisition)
HS(M) 18423-18448, Mukim Tanjung Dua Belas, Daerah Kuala Langat, Selangor	Property development	0.8123 hectare	Freehold	-	-	990	June 2008 (Acquisition)
Lot 5998, Mukim Kapar, Daerah Klang, Selangor	Land with factory building	2.3330 hectare	Freehold	-	Approx 3 years	23,300*	March 2013 (Revaluation)
Lot 421,422,435,436; Mukim Tanjung Dua Belas, Daerah Kuala Langat	Vacant agricultural land	8.5237 hectare	Freehold	-	-	11,380	March 2013 (Revaluation)

\* Net book value of both land and building.

# ANALYSIS OF SHAREHOLDINGS

AS AT 28 JUNE 2013

CLASS OF SHARES	:	ORDINARY SHARES OF RM1.00 EACH
NUMBER OF HOLDERS	:	1,477
VOTING RIGHTS	:	ONE VOTE PER ORDINARY SHARE

## ANALYSIS BY SIZE OF SHAREHOLDINGS AS AT 28 JUNE 2013

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
Less than 100	37	2.51	984	-
100 to 1,000	645	43.67	614,852	1.42
1,001 to 10,000	605	40.96	2,727,700	6.29
10,001 to 100,000	156	10.56	4,659,264	10.74
100,001 to 2,168,399 *	31	2.10	9,583,202	22.10
2,168,400 and above **	3	0.20	25,782,000	59.45
<b>Total</b>	<b>1,477</b>	<b>100.00</b>	<b>43,368,002</b>	<b>100.00</b>

\* Less than 5% of issued and paid-up share capital.

\*\* 5% and above of issued and paid-up share capital.

## SUBSTANTIAL SHAREHOLDERS AS AT 28 JUNE 2013

Name	Direct	Shareholdings %	Indirect	%
Ladang Ternakan Kelang Sdn. Berhad	26,532,002	61.18	-	-
Datuk Tan Kok	1,152,700	2.66	*27,999,602	64.56
Datin Lim Hooi Tin	200,000	0.46	**27,999,602	64.56

\* Deemed interest by virtue of his substantial shareholdings in Ladang Ternakan Kelang Sdn. Berhad pursuant to Section 6A(4) of the Companies Act, 1965 and pursuant to Section 134(12)(c) of the Companies (Amendment) Act, 2007.

\*\* Deemed interest by virtue of being the spouse of Datuk Tan Kok, a substantial shareholder of Ladang Ternakan Kelang Sdn. Berhad, which is a substantial shareholder of LTKM Berhad and pursuant to Section 134(12)(c) of the Companies (Amendment) Act, 2007.

# ANALYSIS OF SHAREHOLDINGS (CONT'D)

AS AT 28 JUNE 2013

## DIRECTORS' SHAREHOLDINGS AS AT 28 JUNE 2013

Name	Direct	Shareholdings		%
		%	Indirect	
Ahmad Khairuddin Bin Ilias	-	-	-	-
Datuk Tan Kok	1,152,700	2.66	* 27,999,602	64.56
Datin Lim Hooi Tin	200,000	0.46	**27,999,602	64.56
Kamarudin bin Md Derom	-	-	-	-
Ooi Chee Seng	-	-	-	-
Tan Soh Yee	35,000	0.08	-	-

\* Deemed interest by virtue of his substantial shareholdings in Ladang Ternakan Kelang Sdn. Berhad pursuant to Section 6A(4) of the Companies Act, 1965 and pursuant to Section 134(12)(c) of the Companies (Amendment) Act, 2007.

\*\* Deemed interest by virtue of being the spouse of Datuk Tan Kok, a substantial shareholder of Ladang Ternakan Kelang Sdn. Berhad, which is a substantial shareholder of LTKM Berhad and pursuant to Section 134(12)(c) of the Companies (Amendment) Act, 2007.

## DIRECTORS' SHAREHOLDINGS IN RELATED CORPORATION AS AT 28 JUNE 2013

Name	Direct	Shareholdings		%
		%	Indirect	
LADANG TERNAKAN KELANG SDN. BERHAD				
Datuk Tan Kok	14,773,440	91.44	-	-
Datin Lim Hooi Tin	1,383,360	8.56	-	-



## THIRTY (30) LARGEST SHAREHOLDERS AS PER THE RECORD OF DEPOSITORS AS AT 28 JUNE 2013

Name	No. of Shares	%
1. Ladang Ternakan Kelang Sdn. Berhad	12,014,300	27.70
2. Ladang Ternakan Kelang Sdn. Berhad	7,181,000	16.56
3. Ladang Ternakan Kelang Sdn. Berhad	6,586,700	15.19
4. Tan Kok	1,152,700	2.66
5. Phuah Chai Tin	1,094,600	2.52
6. YBJ Capital Sdn. Bhd.	850,100	1.96
7. Ladang Ternakan Kelang Sdn. Berhad	750,002	1.73
8. Tiew Lee Lee	427,400	0.99
9. TA Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Chia Seong Pow	412,800	0.95
10. Kok Chiew Heng	400,000	0.92
11. Chia Song Swa	355,000	0.82
12. Phuah Siew Wah	343,000	0.80
13. Chia Song Kang	303,600	0.70
14. CIMSEC Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Lee Chee Gaip	270,000	0.62
15. Yong Nget Min	261,800	0.60
16. Lee Tong Choo	254,300	0.59
17. Chia Seong Pow	213,500	0.49
18. Lim Keng Huat @ Lim Kian Hua	202,000	0.47
19. Tan Soon Hui	201,800	0.47
20. Lim Hooi Tin	200,000	0.46
21. Hong Weng Hwa	156,500	0.36
22. Farsathy Holdings Sdn. Bhd.	156,000	0.36
23. Tan Yee Boon	155,800	0.36
24. Public Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Tan Soon Hui	155,700	0.36
25. Tan Chong @ Tan Chin Lok	153,000	0.35
26. Ho Yin Fong	148,000	0.34
27. Tan Yee Boon	147,000	0.34
28. Tan Yee Boon	140,700	0.32
29. Attractive Features Sdn. Bhd.	130,000	0.30
30. Hup Hong Lee Trading Sdn Bhd	115,000	0.26
<b>Total</b>	<b>34,932,302</b>	<b>80.55</b>

# NOTICE OF SIXTEENTH ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Sixteenth Annual General Meeting of the Company will be held at Premiere Hotel, Bandar Bukit Tinggi 1/KS6, Jalan Langat, 41200 Klang, Selangor Darul Ehsan on Thursday, 29 August 2013 at 10.00 a.m. for the purpose of transacting the following business:

## AGENDA

### ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 March 2013 together with the Directors' and Auditors' Reports thereon.
2. To approve a single-tier Final Dividend of 8% for the financial year ended 31 March 2013. **Resolution 1**
3. To approve the payment of Directors' fees for the financial year ended 31 March 2013. **Resolution 2**
4. To re-elect the following Directors who are retiring in accordance with Article 83 of the Company's Articles of Association:
  - a) Datuk Tan Kok **Resolution 3**
  - b) Encik Kamarudin Bin Md Derom **Resolution 4**
5. To re-appoint Messrs. Ernst & Young as Auditors, and to authorise the Board of Directors to fix their remuneration. **Resolution 5**

### SPECIAL BUSINESS

To consider and, if thought fit, to pass with or without modifications, the following Resolutions:

6. **Ordinary Resolution**
  - **Authority For Directors To Allot And Issue Shares** **Resolution 6**

"**THAT** pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby authorised to issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed 10% of the issued and paid-up share capital of the Company for the time being, subject always to the approvals of the relevant regulatory authorities."
7. **Ordinary Resolution**
  - **Retention of Independent Non-Executive Director, Encik Ahmad Khairuddin Bin Illias** **Resolution 7**

"**THAT** authority be and is hereby given to Encik Ahmad Khairuddin Bin Illias who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company in accordance with the Malaysian Code on Corporate Governance 2012."
8. **Ordinary Resolution**
  - **Retention of Independent Non-Executive Director, Encik Kamarudin Bin Md Derom** **Resolution 8**

"**THAT** authority be and is hereby given to Encik Kamarudin Bin Md Derom who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company in accordance with the Malaysian Code on Corporate Governance 2012."

# NOTICE OF SIXTEENTH ANNUAL GENERAL MEETING (CONT'D)

## 9. Ordinary Resolution

- **Retention of Independent Non-Executive Director, Mr. Ooi Chee Seng**

**Resolution 9**

“**THAT** authority be and is hereby given to Mr. Ooi Chee Seng who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company in accordance with the Malaysian Code on Corporate Governance 2012.”

## ANY OTHER BUSINESS

10. To transact any other business of the Company of 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 single-tier Final Dividend of 8% in respect of the financial year ended 31 March 2013, if approved by the members, will be payable on 4 October 2013 to Depositors registered in the Record of Depositors at the close of business on 17 September 2013.

A Depositor shall qualify for entitlement only in respect of:

- Shares transferred to the Depositor's Securities Account before 4.00 p.m. on 17 September 2013 in respect of ordinary transfers; and
- Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order Of The Board

**LTKM BERHAD**

.....  
**NG YIM KONG**

**OOI HOY BEE @ OOI HOOI BEE**

Company Secretaries

Selangor Darul Ehsan

Date: 7 August 2013

### Notes:

- A member of a Company entitled to attend and vote at a meeting of a Company, or at a meeting of any class of members of the Company, shall be entitled to appoint any person as his proxy to attend and vote instead of the member at the meeting. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.
- A member holding one thousand (1,000) ordinary shares or less may appoint only one (1) proxy to attend and vote at a general meeting who shall represent all the shares held by such member. A member holding more than one thousand (1,000) ordinary shares may appoint up to ten (10) proxies to vote at the same meeting and each proxy appointed shall represent a minimum of one thousand (1,000) ordinary shares.
- 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.
- A Form of Proxy shall be signed by the appointor or his/her attorney duly authorised in writing or, if the member is a corporation, must be executed under its common seal or by its duly authorised attorney or officer.
- Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- The instrument appointing a Proxy must be deposited at the Registered Office of the Company at Unit 07-02, Level 7, Persoft Tower, 6B Persiaran Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof at which the person named in the instrument proposes to vote, and in default the instrument of Proxy shall not be treated as valid.

# NOTICE OF SIXTEENTH ANNUAL GENERAL MEETING (CONT'D)

## **Explanatory Notes on Special Business**

### **(a) Authority For Directors To Allot And Issue Shares**

*The proposed Resolution 6 under item 6 of the Agenda, if passed, will empower the Directors of the Company, from the date of the above Annual General Meeting, with the authority to allot and issue shares in the Company up to an amount not exceeding in total 10% of the issued and paid-up capital of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting.*

*The general mandate sought to grant authority to Directors to allot and issue shares is a renewal of the mandate that was approved by the shareholders at the Fifteenth Annual General Meeting held on 29 August 2012. The renewal of the general mandate is to provide flexibility to the Company to issue new shares without the need to convene a separate general meeting to obtain shareholders' approval so as to avoid incurring additional cost and time. The purpose of this general mandate is for possible fund raising exercises including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital and/or acquisitions.*

*Up to the date of this Notice, the Company has not issued any shares pursuant to the mandate granted to the Directors at the Fifteenth Annual General Meeting because there was no need for any fund raising activity for the purpose of investment, acquisition or working capital.*

### **(b) Retention as an Independent Non-Executive Director of the Company pursuant to the Malaysian Code on Corporate Governance 2012**

*Encik Ahmad Khairuddin Bin Illias has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years and has met the definition of "independent director" as set out in Chapter 1 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements. The Board has recommended that he should be retained as an Independent Non-Executive Director of the Company.*

### **(c) Retention as an Independent Non-Executive Director of the Company pursuant to the Malaysian Code on Corporate Governance 2012**

*Encik Kamarudin Bin Md Derom has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years and has met the definition of "independent director" as set out in Chapter 1 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements. The Board has recommended that he should be retained as an Independent Non-Executive Director of the Company.*

### **(d) Retention as an Independent Non-Executive Director of the Company pursuant to the Malaysian Code on Corporate Governance 2012**

*Mr. Ooi Chee Seng has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years and has met the definition of "independent director" as set out in Chapter 1 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements. The Board has recommended that he should be retained as an Independent Non-Executive Director of the Company.*

## **GENERAL MEETING RECORD OF DEPOSITORS**

For the purpose of determining a member who shall be entitled to attend this meeting, the Company will request Bursa Malaysia Depository Sdn Bhd in accordance with Article 33 of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors as at 22 August 2013. Only a depositor whose name appears on the Record of Depositors as at 22 August 2013 shall be entitled to attend this meeting or appoint proxy/proxies to attend and/or vote in his stead.

## **STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING**

Details of Directors who are standing for re-election in Agenda 4 (a) (Datuk Tan Kok) and Agenda 4 (b) (Encik Kamarudin Bin Md Derom) of the Notice of the Sixteenth Annual General Meeting are laid out in page 4 of this Annual Report.

# FORM OF PROXY



I/We \_\_\_\_\_ (NRIC No./Passport No./Company No.) \_\_\_\_\_  
(Full Name in Capital Letters)

of \_\_\_\_\_  
(Full Address)

being a Member of LTKM BERHAD hereby appoint \_\_\_\_\_

\_\_\_\_\_ (NRIC No./Passport No.) \_\_\_\_\_  
(Full Name in Capital Letters)

of \_\_\_\_\_  
(Full Address)

or failing him/(her) \_\_\_\_\_ (NRIC No./Passport 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 Sixteenth Annual General Meeting to be held at Premiere Hotel, Bandar Bukit Tinggi 1/KS6, Jalan Langat, 41200 Klang, Selangor Darul Ehsan on Thursday, 29 August 2013 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.	Resolution 1		
2.	Resolution 2		
3.	Resolution 3		
4.	Resolution 4		
5.	Resolution 5		
6.	Resolution 6		
7.	Resolution 7		
8.	Resolution 8		
9.	Resolution 9		

\*Strike out whichever is not applicable.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2013

\_\_\_\_\_  
Signature of Member/Common Seal

Number of shares held

## Notes:

- A member of a Company entitled to attend and vote at a meeting of a Company, or at a meeting of any class of members of the Company, shall be entitled to appoint any person as his proxy to attend and vote instead of the member at the meeting. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.
- A member holding one thousand (1,000) ordinary shares or less may appoint only one (1) proxy to attend and vote at a general meeting who shall represent all the shares held by such member. A member holding more than one thousand (1,000) ordinary shares may appoint up to ten (10) proxies to vote at the same meeting and each proxy appointed shall represent a minimum of one thousand (1,000) ordinary shares.
- 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.
- A Form of Proxy shall be signed by the appointor or his/her attorney duly authorised in writing or, if the member is a corporation, must be executed under its common seal or by its duly authorised attorney or officer.
- Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- The instrument appointing a Proxy must be deposited at the Registered Office of the Company at Unit 07-02, Level 7, Persoft Tower, 6B Persiaran Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof at which the person named in the instrument proposes to vote, and in default the instrument of Proxy shall not be treated as valid.

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The Company Secretary  
**LTKM BERHAD**  
(Company No. 442942-H)  
Unit 07-02, Level 7, Persoft Tower  
6B Persiaran Tropicana  
47410 Petaling Jaya  
Selangor Darul Ehsan

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**LTKM BERHAD (442942-H)**

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