

LTKM Berhad (Company No: 442942-H)
Condensed Consolidated Statement of Comprehensive Income
For the financial year ended 31 March 2020

	Note	Individual Quarter 3 months ended		Cumulative Quarter 12 months ended	
		31/3/2020 RM'000	31/3/2019 RM'000	31/3/2020 RM'000	31/3/2019 RM'000
Revenue		36,635	55,978	187,188	196,340
Cost of sales		(38,853)	(38,814)	(152,062)	(153,919)
Gross profit		(2,218)	17,164	35,126	42,421
Other income		441	1,451	2,274	8,546
Administrative expenses		(2,709)	(4,709)	(8,484)	(10,958)
Distribution expenses		(517)	(1,018)	(2,713)	(4,027)
Finance costs		(1,056)	(1,206)	(4,430)	(5,023)
Other expenses		(4,392)	(3,730)	(10,314)	-
(Loss) / profit before tax		(10,451)	7,952	11,459	30,959
Taxation	B5	2,408	(2,464)	(5,974)	(10,003)
(Loss)/profit net of tax attributable to owners of the parent		(8,043)	5,488	5,485	20,956
Other comprehensive income, net of tax :					
Net change on FVOCI reserves :					
- changes in fair value		(7,665)	(3,111)	(8,661)	(2,654)
Total comprehensive income attributable to owners of the parent		(15,708)	2,377	(3,176)	18,302
Basic earnings per share attributable to owners of the parent (sen) :	B11	(6.18)	4.22	4.22	16.11

The condensed consolidated income statement should be read in conjunction with the audited financial statements for the year ended 31 March 2019 and the accompanying explanatory notes attached to the interim financial statements.

LTKM Berhad (Company No: 442942-H)
Condensed Consolidated Statement of Financial Position
As at 31 March 2020

	Note	As at 31 Mar 2020 RM'000	As at 31 Mar 2019 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		83,010	90,750
Right of use asset		2,624	-
Investment properties		104,395	104,395
Land held for development		39,354	39,322
Deferred tax assets		2	-
Investment securities		15,893	24,219
		<u>245,278</u>	<u>258,686</u>
Current assets			
Biological assets		12,810	19,160
Inventories		17,884	16,592
Trade receivables		7,589	14,611
Other receivables		1,916	1,476
Prepayments		1,158	117
Tax recoverables		1,401	157
Cash and bank balances		50,261	37,455
		<u>93,019</u>	<u>89,568</u>
TOTAL ASSETS		<u>338,297</u>	<u>348,254</u>
EQUITY AND LIABILITIES			
Attributable to equity holders of the parent			
Share capital		65,052	65,052
Reserves		175,842	180,969
Total equity		<u>240,894</u>	<u>246,021</u>
Non-current liabilities			
Borrowings	B7	47,324	55,034
Lease liability		1,491	-
Deferred tax liabilities		6,336	9,128
		<u>55,151</u>	<u>64,162</u>
Current liabilities			
Borrowings	B7	27,675	20,842
Lease liability		1,198	-
Trade payables		6,828	7,741
Other payables		5,188	6,652
Dividend payable		650	1,301
Taxation		713	1,535
		<u>42,252</u>	<u>38,071</u>
Total liabilities		97,403	102,233
TOTAL EQUITY AND LIABILITIES		<u>338,297</u>	<u>348,254</u>

The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the year ended 31 March 2019 and the accompanying explanatory notes attached to the interim financial statements.

LTKM Berhad (Company No: 442942-H)
Condensed Consolidated Statement of Cash Flows

	12 months ended	
	31/3/2020	31/3/2019
	RM'000	RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	11,459	30,959
Adjustments for non-cash flow		
Depreciation of property, plant and equipment	7,077	7,759
Impairment loss on property, plant and equipment	3,400	-
Property, plant and equipment written-off	44	81
Gain on disposal of property, plant and equipment	(219)	(112)
Depreciation of right of use assets	1,127	-
Impairment loss on land held for development	930	-
Fair value changes in investment properties	-	(1,100)
Fair value changes in biological assets	5,698	(5,074)
Fair value changes in produce inventories	266	(260)
Allowance for expected credit loss	104	94
Unrealised loss/(gain) on foreign exchange	17	(49)
Dividend income	(675)	(723)
Interest expense	4,430	5,023
Interest income	(1,007)	(500)
Operating profit before working capital changes	32,651	36,098
Working capital changes in:		
Land held for development	-	(4,506)
Property development costs	(962)	(13)
Biological assets	652	705
Inventories	(1,558)	3,684
Receivables	5,420	(1,319)
Payables	(2,377)	2,203
Cash generated from operating activities	33,826	36,852
Net taxes paid	(10,833)	(8,677)
Interest paid	(4,265)	(4,792)
Net cash generated from operating activities	18,728	23,383
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of:		
Property, plant & equipment	(2,785)	(846)
Investment securities	(586)	(1,291)
Proceeds from disposal of:		
Property, plant and equipment	223	112
Investment securities	269	1,841
Interest received	1,007	500
Dividend received	657	723
Net cash (used in)/generated from investing activities	(1,215)	1,039
CASH FLOW FROM FINANCING ACTIVITIES		
Dividends paid	(2,602)	(2,602)
Repayment of term loans	(7,340)	(7,575)
Net drawdown/(repayment) of other bank borrowings	6,463	(7,676)
Payment of lease liability	(1,228)	-
Net cash used in financing activities	(4,707)	(17,853)
Net change in cash and cash equivalents	12,806	6,569
Cash and cash equivalents at 1 April	37,455	30,885
Cash and cash equivalents at end of the year	50,261	37,454
Cash and cash equivalents comprise the following amounts:-		
Deposits with licensed banks	25,346	22,220
Cash on hand and at bank	24,915	15,234
Cash and bank balances	50,261	37,454
	50,261	37,454

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 March 2019 and the accompanying explanatory notes attached to the interim financial statements.

LTKM Berhad (Company No: 442942-H)
Condensed Consolidated Statements of Changes in Equity
For the financial year ended 31 March 2020

<-----Attributable to equity holders of the parent----->
[----(Non- distributable)----] (Distributable)

	Share capital RM'000	Fair Value Through Other Comprehensive Income Reserve RM'000	ESOS reserve RM'000	Retained profits RM'000	Total equity RM'000
12 months ended 31 March 2020					
At 1 April 2019	65,052	(4,430)	399	185,000	246,021
Total comprehensive income	-	(8,661)	-	5,485	(3,176)
Profit net of tax	-	-	-	5,485	5,485
Other comprehensive income, net of tax	-	(8,661)	-	-	(8,661)
Transfer of fair value reserve of equity instruments designated at FVOCI upon disposal	-	(17)	-	17	-
Transactions with owners					
Dividends	-	-	-	(1,951)	(1,951)
At 31 March 2020	65,052	(13,108)	399	188,551	240,894
12 months ended 31 March 2019					
1 April 2018	65,052	(1,417)	399	168,246	232,280
Total comprehensive income	-	(2,654)	-	20,956	18,302
Profit net of tax	-	-	-	20,956	20,956
Other comprehensive income, net of tax	-	(2,654)	-	-	(2,654)
Transfer of fair value reserve of equity instruments designated at FVOCI upon disposal	-	(359)	-	359	-
Deferred tax relating to land	-	-	-	(1,959)	(1,959)
Transactions with owners					
Dividends	-	-	-	(2,602)	(2,602)
At 31 March 2019	65,052	(4,430)	399	185,000	246,021

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 March 2019 and the accompanying explanatory notes attached to the interim financial statements.

PART A – Explanatory Notes Pursuant to FRS 134 – Paragraph 16**A1. Basis of Preparation**

The interim financial statements are unaudited and have been prepared in accordance with the requirements of MFRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 March 2019. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 March 2019.

The accounting policies and methods of computation adopted in the interim financial statements are consistent with those of the audited financial statements for the year ended 31 March 2019, except for the adoption of the following new and revised Malaysian Financial Reporting Standards (“MFRS”) and Amendments to MFRSs that have become effective for the financial periods beginning 1 April 2019:

MFRS 9: Prepayment Features with Negative Compensation (Amendments to MFRS 9)	1 January 2019
MFRS 16: Leases	1 January 2019
MFRS 128: Long-term Interest in Associates and Joint Ventures (Amendments to MFRS 128)	1 January 2019
Annual Improvements to MFRS Standards 2015-2017 Cycle	1 January 2019
MFRS 119: Plan Amendment, Curtailment or Settlement (Amendments to MFRS 119)	1 January 2019
IC Interpretation 23: Uncertainty over Income Tax Treatments	1 January 2019

The Group has not early adopted the following new and Amendments to MFRSs, which have been issued and will be effective for the financial periods as stated below: -

Description	Effective date for financial periods beginning on or after
MFRS 101: Definition of Material (Amendments MFRS 101)	1 January 2020
MFRS 3: Business Combination (Amendments to MFRS 3)	1 January 2020
MFRS 108: Definition of Material (Amendments to MFRS 108)	1 January 2020
Amendments to 134: Interim Financial Reporting	1 January 2020
Amendments to MFRS 137: Provisions, Contingent Liabilities and Contingent Assets	1 January 2020
Amendments to MFRS 138: Intangible Assets	1 January 2020
Amendments to IC Interpretations 22: Foreign Currency Transactions and Advance Consideration	1 January 2021
MFRS17: Insurance Contracts	
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The new and amendments to MFRSs will be adopted by the Group when they become effective and that the initial applications of these Standards are not expected to have material impact on the financial statements of the Group.

A2. Audit Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the year ended 31 March 2019 was not qualified.

A3. Segmental Information

	3 months ended			12 months ended		
	31-Mar-20 RM'000	31-Mar-19 RM'000	Change %	31-Mar-20 RM'000	31-Mar-19 RM'000	Change %
Segment revenue						
Poultry & related products	35,467	55,202	-36%	183,760	193,695	-5%
Extraction & sale of sand	1,078	686	57%	3,068	2,285	34%
Investment holdings	90	90	0%	360	360	0%
Total	36,635	55,978	-35%	187,188	196,340	-5%
Segment results						
Poultry & related products	(10,011)	8,137	-223%	19,729	34,038	-42%
Extraction & sale of sand	288	(11)	2719%	(3,036)	6	-50706%
Investment holdings	(864)	152	-668%	(3,455)	(2,148)	-61%
Property development	135	(325)	142%	(1,778)	(937)	-90%
(Loss) / profit before tax	(10,451)	7,952	-231%	11,459	30,959	-63%
Less: Tax expense	2,408	(2,464)	198%	(5,974)	(10,003)	40%
(Loss) / profit net of tax	(8,043)	5,488	-247%	5,485	20,956	-74%

A4. Unusual Items due to their Nature, Size or Incidence

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the financial quarter ended 31 March 2020.

A5. Changes in Estimate

There were no changes in the estimates that have had a material effect in the current quarter results.

A6. Comments about Seasonal or Cyclical Factors

The Group's performance is not significantly affected by major festive seasons.

A7. Dividends Paid

There was no dividend paid for the quarter under review.

A8. Carrying Amount of Fixed Assets

During the financial year, the Group's certain assets were impaired in accordance to the Group's accounting policy giving rise to impairment loss of RM3.99 million net of deferred taxation. This was based on results of valuations carried out in August 2019 by professional independent valuers namely Cheston International (KL) Sdn. Bhd. and Henry Butcher (Sel) Sdn. Bhd..

A8. Carrying Amount of Fixed Assets (contd.)

There was no other changes in the valuation of property, plant and equipment brought forward from the previous annual financial statements.

A9. Debt and Equity Securities

There were no issuances, repurchases, and repayments of debt and equity securities during the quarter under review.

A10. Changes in Composition of the Group

There were no changes in the composition of the Group during the quarter under review.

A11. Changes in Contingent Liabilities and Contingent Assets

There were no changes in other contingent liabilities or contingent assets since the last annual balance sheet as at 31 March 2019.

A12. Subsequent Events

There were no material events subsequent to the end of the interim period that have not been reflected in the financial statements or to be disclosed as at the date of this report.

A13. Profit for the Period

Profit for the period is arrived at after crediting/ (charging): -

	Current Quarter		Cumulative Quarter	
	3 months ended		12 months ended	
	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Interest income	277	172	1,007	500
Other income including investment income	145	1,209	1,171	2,269
Interest expense	(1,056)	(1,206)	(4,430)	(5,023)
Depreciation & amortisation	(1,919)	(1,396)	(8,204)	(7,759)
Fair value changes on biological assets	(4,611)	(3,976)	(5,698)	5,074
Provision for and write off of receivables	(104)	(94)	(104)	(94)
Provision for and write off of inventories	-	-	-	-
Gain on disposal of :				
Quoted shares	-	-	-	-
Unquoted investments	-	-	-	-
Properties	-	-	-	-
Impairment of assets	-	-	(4,330)	-
Foreign exchange (loss)/gain:-				
Realised (loss)/gain	(44)	70	96	654
Unrealised (loss)/gain	19	(39)	(17)	49
Gain/(loss) on derivatives	-	-	-	-
Exceptional items	-	-	-	-

B. BMSB Listing Requirements (Part A of Appendix 9B)**B1. Review of Performance**

	Current Quarter RM'000	Preceding Year Corresponding Quarter RM'000	Change %	Current Year To date RM'000	Preceding year corresponding period RM'000	Change %
Segment revenue						
Poultry & related products	35,467	55,202	-36%	183,760	193,695	-5%
Extraction & sale of sand	1,078	686	57%	3,068	2,285	34%
Investment holdings	90	90	0%	360	360	0%
Total	36,635	55,978	-35%	187,188	196,340	-5%
Segment result						
Poultry & related products	(10,011)	8,137	-223%	19,729	34,038	-42%
Extraction & sale of sand	288	(11)	2719%	(3,036)	6	-50706%
Investment holdings	(864)	152	-668%	(3,455)	(2,148)	-61%
Property development	135	(325)	142%	(1,778)	(937)	-90%
(Loss)/ profit before tax	(10,451)	7,952	-231%	11,459	30,959	-63%
Less: Tax expense	2,408	(2,464)	198%	(5,974)	(10,003)	40%
(Loss)/ profit net of tax	(8,043)	5,488	-247%	5,485	20,956	-74%

The Group registered a revenue of RM36.64 million and a loss net of tax of RM8.04 million for the current quarter as compared to a revenue of RM55.98 million and a profit net of tax of RM5.49 million in the same quarter of previous year. Revenue for the Group dropped by 35% due to lower average egg prices and sales volume. The Group recorded a loss net of tax of RM8.04 million in tandem with drop in revenue.

For the full financial year, the Group recorded a total revenue of RM187.19 million and a net profit of RM5.49 million as compared to revenue of RM196.34 million and net profit of RM20.96 million in the previous year. Drop in revenue was due mainly to lower average egg prices and sales volume in the current quarter. The Group's profit dropped in tandem with the lower revenue, compounded by the changes in fair value of biological assets as compared to previous year.

There are no earnings contribution from other segments.

B2. Variation of result Against Preceding Quarter

	Current Quarter	Immediate Preceding Quarter	Change
	RM'000	RM'000	%
Segment revenue			
Poultry & related products	35,467	48,597	-27%
Extraction & sale of sand	1,078	771	40%
Investment holdings	90	90	0%
Total	36,635	49,458	-26%
Segment result			
Poultry & related products	(10,011)	9,557	-205%
Extraction & sale of sand	288	21	1272%
Investment holdings	(864)	(648)	-33%
Property development	135	(212)	164%
(Loss) / profit before tax	(10,451)	8,717	-220%

The Group posted a loss before tax of RM10.45 million for the current quarter versus profit before tax of RM8.72 million in the preceding quarter. Revenue from poultry segment dropped by 27% due to lower volume of egg sold and lower average egg prices. The Group's earnings decreased by 220% in tandem with lower revenue, compounded by changes in fair value of biological assets in the current quarter.

B3. Commentary on Prospects

The Board views the next financial year to continue to be challenging due to over-supply in the market, egg price volatility and impact of COVID-19 pandemic on businesses.

No material contributions are expected from the other segments in the next period.

B4. Profit Forecast or Profit Guarantee

This is not applicable.

B5. Tax Expenses

	12 months ended 31.3.20 RM'000	12 months ended 31.3.19 RM'000
Income tax expense	8,766.	8,791
Real property gain tax	2	1,136
Deferred tax	(2,794)	76
Total	5,974	10,003

The effective tax rate is higher than the statutory rate of 24% due mainly to the effects of disallowed losses in respective periods.

B6. Corporate Proposals

- (a) Status of Corporate Proposals

There were no corporate proposals announced but not completed as at 14 March 2020.

- (b) Status of Utilisation of Proceeds

Not applicable as there was no corporate proposal to raise funds.

B7. Borrowings

- a) The analysis of Group borrowings classified under short term and long-term categories are as follows:

	As at 31.3.2020	As at 31.3.2019
	RM'000	RM'000
Short term		
<i>Secured:-</i>		
Term loans	8,024	7,435
Banker acceptance	1,151	671
Revolving credit	12,500	9,500
	<u>21,675</u>	<u>17,606</u>
<i>Unsecured:-</i>		
Term loans	-	220
Banker acceptance	-	3,016
Revolving credit	6,000	-
	<u>6,000</u>	<u>3,236</u>
	<u>27,675</u>	<u>20,842</u>
Long term		
<i>Secured:-</i>		
Term loans	47,324	55,034
	<u>47,324</u>	<u>55,034</u>
Total borrowings	<u>74,999</u>	<u>75,876</u>

- b) There were no borrowings in foreign currency as at 31 March 2020.
- c) Effective average cost of borrowings based on exposure as at 31 March 2020 was 5.46% (2019: 6.06%).

B8. Off Balance Sheet Financial Instrument

There were no off balance sheet financial instruments as at 31 March 2020.

B9. Changes in Material Litigations

There were no changes in material litigations involving the Group for the current quarter under review.

B10. Dividend Payable

On 25 February 2020, the Board of Directors has declared an interim dividend of 0.5 sen per ordinary share in respect of the financial year 31 March 2020, which amounted to RM0.65 million and was paid on 3 April 2020.

B11. Earnings per share (“EPS”)

	3 months ended		12 months ended	
	31-Mar-20 RM'000	31-Mar-19 RM'000 Restated	31-Mar-20 RM'000	31-Mar-19 RM'000 Restated
Profit attributable to ordinary shareholders of the parent	(8,043)	5,488	5,485	20,956
Number of shares in issue ('000)	130,104	130,104	130,104	130,104
Basic EPS (sen per share)	(6.18)	4.22	4.22	16.11

Diluted earnings per share are not applicable for the respective periods as there is no dilution effect on the number of shares.

B12. Authorisation for Issue

The interim financial statements were authorized for issue by the Board of Directors in accordance with resolution of the directors on 21 May 2020.

B13. Dividends Paid / Declared

Dividend paid / declared since the financial year 2018 up to the date of this report.

Dividend No.	Financial Year	Type	No. of shares (000)	Rate	RM ('000)	Payment Date
32	2018	Interim dividend	130,104	1 sen per share, single tier	1,301	6.4.2018
33	2018	Final dividend	130,104	1 sen per share, single tier	1,301	5.10.2018
34	2019	Interim dividend	130,104	1 sen per share, single tier	1,301	12.4.2019
35	2019	Final dividend	130,104	1 sen per share, single tier	1,301	25.10.2019
36	2020	Interim dividend	130,104	0.5 sen per share, single tier	651	3 .4.2020