

LTKM Berhad (Company No: 442942-H)
Condensed Consolidated Statement of Comprehensive Income
For the quarter ended 30 September 2017

	Note	Individual Quarter		Cumulative Quarter	
		3 months ended		6 months ended	
		30/9/2017	30/9/2016	30/9/2017	30/9/2016
		RM'000	RM'000	RM'000	RM'000
Revenue		44,813	43,769	84,625	86,451
Cost of sales		(38,626)	(34,321)	(75,392)	(67,653)
Gross profit		6,187	9,448	9,233	18,798
Other income		1,513	1,257	2,249	1,896
Administrative expenses		(2,332)	(2,122)	(4,372)	(4,634)
Distribution expenses		(953)	(860)	(1,900)	(1,723)
Finance costs		(1,245)	(881)	(2,574)	(1,456)
Other expenses		(135)	(19)	(302)	(1,214)
Profit before tax		3,035	6,823	2,334	11,667
Taxation	B5	(1,131)	(1,691)	(1,489)	(3,466)
Profit net of tax attributable to owners of the parent		1,904	5,132	845	8,201
Other comprehensive income, net of tax :					
Net change on AFS reserves :					
- (reversal of gain)/gain on fair value changes		(1,745)	685	(752)	(809)
- impairment loss transferred to profit or loss		-	-	68	983
- profit transferred to profit or loss upon disposal		(875)	(167)	(872)	(170)
Total comprehensive (loss)/income attributable to owners of the parent		(716)	5,650	(711)	8,205
Basic earnings per share attributable to owners of the parent (sen) :	B11	1.46	3.94	0.65	6.30

The condensed consolidated income statement should be read in conjunction with the audited financial statements for the year ended 31 March 2017 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 30 September 2017

	Note	As at 30 September 2017	As at 31 Mar 2017
		RM'000	RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		99,637	97,333
Investment properties		103,295	103,295
Land held for development		33,900	33,758
Biological assets		314	325
Deferred tax assets		125	125
Investment securities		32,859	35,704
		<u>270,130</u>	<u>270,540</u>
Current assets			
Biological assets		15,599	14,321
Inventories		13,143	16,325
Trade receivables		11,883	8,813
Other receivables		2,862	5,683
Prepayments		132	293
Tax recoverables		1,212	337
Cash and bank balances		27,708	26,490
		<u>72,539</u>	<u>72,262</u>
TOTAL ASSETS		<u>342,669</u>	<u>342,802</u>
EQUITY AND LIABILITIES			
Attributable to equity holders of the parent			
Share capital		65,052	65,052
Reserves		170,333	172,590
Total equity		<u>235,385</u>	<u>237,642</u>
Non-current liabilities			
Borrowings	B7	62,059	65,161
Deferred tax liabilities		7,169	7,170
		<u>69,228</u>	<u>72,331</u>
Current liabilities			
Trade payables		3,974	5,498
Other payables		7,765	5,955
Dividend payable		1,952	1,952
Borrowings	B7	24,365	19,290
Taxation		-	134
		<u>38,056</u>	<u>32,829</u>
Total liabilities		107,284	105,160
TOTAL EQUITY AND LIABILITIES		<u>342,669</u>	<u>342,802</u>

The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the year ended 31 March 2017 and the accompanying explanatory notes attached to the interim financial statements.

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

	6 months ended 30 September	
	2017	2016
	RM'000	RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	2,334	11,667
Adjustment for non-cash flow		
Depreciation of property, plant & equipment	3,564	3,277
Amortisation of biological assets	10	9
Gain on disposal of property, plant and equipment	-	(91)
Share option granted under ESOS	406	-
Gain on disposal of investment securities	(30)	(47)
Net fair value gain on AFS investment securities transferred from equity upon disposal	(872)	(170)
Impairment loss on AFS investment securities	68	983
Net fair value (gain)/loss on FVTPL investment securities	(370)	50
Unrealised gain on foreign exchange	124	23
Dividend income from investment securities	(429)	(391)
Interest expense	2,575	575
Interest income	(153)	(141)
Operating profit before working capital changes	7,227	15,744
Working capital changes in:		
Land held for development	-	(6,040)
Property development costs	(142)	-
Biological assets	(1,277)	436
Inventories	3,182	9,004
Receivables	(116)	850
Payables	286	771
Cash generated from operating activities	9,160	20,765
Net taxes paid	(2,499)	(3,387)
Interest paid	(2,575)	(575)
Net cash generated from operating activities	4,086	16,803
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of:		
Property, plant & equipment	(5,868)	(4,795)
Investment securities	(476)	(651)
Investment property	-	(39,792)
Proceeds from disposal of:		
Property, plant and equipment	-	95
Investment securities	2,873	725
Investment property	-	23,400
Interest received	153	141
Dividend received from investment securities	429	391
Net cash used in investing activities	(2,889)	(20,486)
CASH FLOW FROM FINANCING ACTIVITIES		
Dividends paid	(1,952)	(5,204)
Net (repayment)/drawdown of term loans	(3,210)	38,498
Net drawdown/(repayment) of other bank borrowings	5,183	(11,234)
Net cash (used in)/generated from financing activities	21	22,060
Net change in cash and cash equivalents	1,218	18,377
Cash and cash equivalents at 1 April	26,490	42,885
Cash and cash equivalents at end of the period	27,708	61,262
Cash and cash equivalents comprise the following amounts:-		
Deposits with licensed banks	9,857	40,960
Cash on hand and at bank	17,851	20,302
Cash and bank balances	27,708	61,262

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 March 2017 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 quarter ended 30 September 2017

	←-----Attributable to equity holders of the parent----->						
	[------(Non- distributable)-----]				(Distributable)		
	Share capital RM'000	Share premium RM'000	Asset revaluation reserve RM'000	Available -for-sale reserve RM'000	Other reserve RM'000	Retained profits RM'000	Total equity RM'000
6 months ended 30 September 2017							
At 1 April 2017	65,052	-	37,310	7,416	-	127,864	237,642
Total comprehensive income	-	-	-	(1,556)	406	845	(305)
Transactions with owners							
Dividends	-	-	-	-		(1,952)	(1,952)
At 30 September 2017	65,052	-	37,310	5,860	406	126,757	235,385
6 months ended 30 September 2016							
At 1 April 2016	65,052	-	35,925	2,462		119,299	222,738
Total comprehensive income	-	-	-	4		8,201	8,205
Transactions with owners							
Dividends	-	-	-	-		(1,952)	(1,952)
At 30 September 2016	65,052	-	35,925	2,466		125,548	228,991

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 March 2017 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 FRS 134: Interim Financial Reporting and Amendments to FRS 134: Interim Financial Reporting (Improvements to FRSs (2012)) 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 2017. 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 2017.

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 2017, except for the adoption of the following new and revised Financial Reporting Standards (“FRS”) and Amendments to FRSs that have become effective for the financial periods beginning 1 April 2017: -

Description	Effective date for financial periods beginning on or after
FRS 107: Disclosures Initiatives (Amendments to MFRS 107)	1 January 2017
FRS 112: Recognition of Deferred Tax for Unrealised Losses (Amendments to MFRS 112)	1 January 2017
Amendment to FRS 12: Disclosure of Interest in Other Entities (Annual Improvements to FRS Standards 2014-2016 Cycle)	1 January 2017

The adoption of the above FRSs and Amendments to FRSs did not have any significant effects on the interim financial statements.

The Group has not early adopted the following Amendments to FRSs, 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
Amendments to FRS 10 and FRS 128: Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture	Deferred

The Amendments to FRSs will be adopted by the Group when they become effective and that the initial applications of these Standards will have no material impact on the financial statements of the Group, except as disclosed below:

Amendments to FRS 10 and FRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify that:

- Gains and losses resulting from transactions involving assets that do not constitute a business, between investor and its associate or joint venture are recognized in the entity’s financial statements only to the extent of unrelated investors’ interest in the associate or joint venture; and

- Gains and losses resulting from transactions involving the sale or contribution of assets to an associate of a joint venture that constitute a business is recognized in full.

The amendments are to be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined by Malaysian Accounting Standards Board. Earlier application is permitted. These amendments are not expected to have any impact on the Group.

Malaysian Financial Reporting Standards

The Group falls within the Transitioning Entities of the Malaysian Accounting Standards Board (MASB)'s new approved accounting framework, the Malaysian Financial Reporting Standards ("MFRS"); and accordingly, will only be issuing its first MFRS compliant financial statements for the period beginning 1 April 2018.

A2. Audit Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the year ended 31 March 2017 was not qualified.

A3. Segmental Information

	3 months ended		Increase/ (decrease) %	6 months ended		Increase/ (decrease) %
	30-Sep-17 RM'000	30-Sep-16 RM'000		30-Sep-17 RM'000	30-Sep-16 RM'000	
Segment revenue						
Poultry & related products	43,920	43,281	1%	82,941	85,230	-2.69%
Extraction & sale of sand	803	488	65%	1,504	1,221	23%
Investment holdings	90	-	0%	180	-	0%
Total	44,813	43,769	2%	84,625	86,451	98%
Segment results						
Segment profit :						
Poultry & related products	2,910	6,464	-55%	2,775	12,734	-78%
Investment holdings	(4)	590	-101%	(565)	(940)	40%
Extraction & sale of sand	328	19	1624%	535	399	34%
Property development	(199)	(250)	21%	(411)	(526)	22%
Profit before tax	3,035	6,823	-56%	2,334	11,667	20%
Less: Tax expense	(1,131)	(1,691)	-33%	(1,489)	(3,466)	-57%
Profit net of tax	1,904	5,132	-63%	845	8,201	-90%

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 30 September 2017.

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 were no dividends paid during the quarter under review.

A8. Carrying Amount of Revalued Assets

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 2017.

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		6 months ended	
	30-Sep-17	30-Sep-16	30-Sep-17	30-Sep-16
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Interest income	69	394	153	535
Other income including investment income	390	504	983	783
Interest expense	(1,245)	(881)	(2,574)	(1,456)
Depreciation & amortisation	(1,826)	(1,658)	(3,574)	(3,286)
Provision for and write off of receivables	-	-	-	-
Provision for and write off of inventories	-	-	-	-
Gain on disposal of :				
Quoted shares	888	199	902	217
Unquoted investments	-	-	-	-
Properties	-	-	-	-
Impairment of assets	-	-	(68)	(983)
Foreign exchange gain:-				
Realised gain	166	160	211	361
Unrealised loss	(25)	(19)	(124)	(23)
Gain/(loss) on derivatives	-	-	-	-
Exceptional items	-	-	-	-

A14. Realised and Unrealised Profits Disclosure

	Group		Company	
	As at	As at	As at	As at
	30.9.2017	31.3.2017	30.9.2017	31.3.2017
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Total retained profits of the Group and the Company :-				
Realised profits	128,965	130,686	29,218	30,724
Unrealised (loss)/profits	(4,387)	(5,020)	0.21	0.21
	124,578	125,666	29,218	30,724
Add : Consolidation adjustments	2,179	2,197	-	-
Retained profits as per consolidated accounts	126,757	127,863	29,218	30,724

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	43,920	43,281	1%	82,941	85,230	-3%
Extraction & sale of sand	803	488	65%	1,504	1,221	23%
Investment holdings	90	-	0%	180	-	0%
Total	44,813	43,769	2%	84,625	86,451	-2%
Segment result						
Poultry & related products	2,910	6,464	-55%	2,775	12,734	-78%
Investment holdings	(4)	590	-101%	(565)	(940)	-40%
Extraction & sale of sand	328	19	1624%	535	399	34%
Property development	(199)	(250)	21%	(411)	(526)	22%
Profit before tax	3,035	6,823	-56%	2,334	11,667	-80%
Less: Tax expense	(1,131)	(1,691)	-33%	(1,489)	(3,466)	-57%
Profit net of tax	1,904	5,132	-63%	845	8,201	-90%

The Group registered a revenue of RM44.81 million and a profit net of tax of RM1.90 million for the current quarter as compared to a revenue of RM43.77 million and a profit net of tax of RM5.13 million in the same quarter of previous year. Poultry segment recorded lower margin due to low egg prices despite increase in the volume of eggs sold, resulting in decrease of profit net of tax for the Group as compared to the same quarter of the previous year.

For the financial year-to-date, the Group recorded a revenue of RM84.63 million and a net profit of RM0.85 million as compared to a revenue of RM86.45 million and net profit of RM8.20 million in the corresponding period of the previous year. Poultry segment recorded lower margin due to low egg prices despite increase in the volume of eggs sold, resulting in decrease of profit net of tax for the Group as compared to the same period of the previous year.

Revenue and contribution from other segments did not significantly affect the performance of the Group for the current quarter under review.

B2. Variation of result Against Preceding Quarter

	Current Quarter	Immediate Preceding Quarter	Change
	RM'000	RM'000	%
Segment revenue			
Poultry & related products	43,920	39,023	13%
Extraction & sale of sand	803	699	15%
Investment holdings	90	90	0%
Total	<u>44,812</u>	<u>39,812</u>	<u>13%</u>
Segment result			
Poultry & related products	2,910	(135)	2255%
Investment holdings	(4)	(561)	99%
Extraction & sale of sand	328	208	57%
Property development	(199)	(213)	7%
(Loss)/profit before tax	<u>3,035</u>	<u>(701)</u>	<u>533%</u>

The Group posted a profit before tax of RM3.04 million for the current quarter versus loss before tax of RM0.7 million in the preceding quarter. Poultry segment recorded an increase in revenue contributed by higher egg prices as compared to the immediate preceding quarter. Profit before tax for the current quarter improved in tandem with higher revenue.

B3. Commentary on Prospects

The Board views the next period to continue to be challenging due to low egg prices whilst costs of major raw materials may continue to be volatile due to the US dollar exchange rate.

No material contributions are expected from the other segments.

B4. Profit Forecast or Profit Guarantee

This is not applicable.

B5. Tax Expenses

	6 months ended	6 months ended
	30.9.17	30.9.16
	RM'000	RM'000
Income tax expense	1,287	3,469
Real property gain tax	203	-
Deferred tax expense	(1)	(3)
Total	<u>1,489</u>	<u>3,466</u>

The effective tax rate for the current period is higher than the statutory rate of 24% due to certain unallowable expenses.

B6. Corporate Proposals

(a) Status of Corporate Proposals

There were no corporate proposals announced but not completed as at 8 November 2017.

(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 30.09.2017	As at 30.09.2016
	RM'000	RM'000
Short term		
<i>Secured:-</i>		
Term loans	5,268	3,742
Banker acceptance	862	1,839
Revolving credit	10,000	-
	<u>16,130</u>	<u>5,581</u>
<i>Unsecured:-</i>		
Term loans	1,473	1,717
Banker acceptance	1,762	1,786
Revolving credit	5,000	10,000
	<u>8,235</u>	<u>13,503</u>
	<u>24,365</u>	<u>19,084</u>
Long term		
<i>Secured:-</i>		
Term loans	61,489	41,740
<i>Unsecured:-</i>		
Term loans	570	2,043
	<u>62,059</u>	<u>43,783</u>
	<u>86,424</u>	<u>62,867</u>
Total borrowings	<u>86,424</u>	<u>62,867</u>

- b) There were no borrowings in foreign currency as at 30 September 2017.
- c) Drawdown of the term loans were utilized for the acquisitions of lands.
- d) Effective average cost of borrowings based on exposure as at 30 September 2017 was 6.00% (2016: 6.20%).

B8. Off Balance Sheet Financial Instrument

There were no off balance sheet financial instruments as at 30 September 2017.

B9. Changes in Material Litigations

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

B10. Dividend Payable

No dividend has been declared in the financial period ended 30 September 2017 (30 September 2016: Nil).

B11. Earnings per share (“EPS”)

	3 months ended		6 months ended	
	30-Sep-17 RM'000	30-Sep-16 RM'000	30-Sep-17 RM'000	30-Sep-16 RM'000
Profit attributable to ordinary shareholders of the parent	1,904	5,132	845	8,201
Number of shares in issue ('000)	130,104	130,104	130,104	130,104
Basic EPS (sen per share)	1.46	3.94	0.65	6.30

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 15 November 2017.

B13. Dividends Paid / Declared

Dividend paid / declared since the financial year 2015 up to the date of this report.

Dividend No.	Financial Year	Type	No. of shares (000)	Rate	RM ('000)	Payment Date
26	2015	Interim dividend	43,468	10% per RM1.00 share, single tier	4,337	8.4.2015
27	2015	Final dividend	130,104	5% per RM0.50 share, single tier	3,253	6.10.2015
28	2016	Interim dividend	130,104	5% per RM0.50 share, single tier	3,253	8.4.2016
29	2016	Final dividend	130,104	3% per RM0.50 share, single tier	1,952	6.10.2016
30	2017	Interim dividend	130,104	1.5 sen per share, single tier	1,952	7.4.2017
31	2017	Final dividend	130,104	1.5 sen per share, single tier	1,952	6.10.2017