

LTKM Berhad (Company No: 442942-H)
Condensed Consolidated Statement of Comprehensive Income
For the period ended 30 June 2021

| | Note | Individual Quarter | | Cumulative Quarter | |
|--|------|--------------------|----------------|--------------------|----------------|
| | | 3 months ended | | 3 months ended | |
| | | 30/06/2021 | 30/06/2020 | 30/06/2021 | 30/06/2020 |
| | | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | | 44,024 | 27,924 | 44,024 | 27,924 |
| Cost of sales | | (45,036) | (32,176) | (45,036) | (32,176) |
| Gross loss | | (1,012) | (4,252) | (1,012) | (4,252) |
| Other income | | 854 | 491 | 854 | 491 |
| Administrative expenses | | (1,656) | (2,020) | (1,656) | (2,020) |
| Distribution expenses | | (1,009) | (606) | (1,009) | (606) |
| Finance costs | | (891) | (1,047) | (891) | (1,047) |
| Other expenses | | (123) | (621) | (123) | (621) |
| Loss before tax | | (3,837) | (8,055) | (3,837) | (8,055) |
| Taxation | B5 | (372) | (340) | (372) | (340) |
| Loss net of tax attributable to owners of the parent | | (4,209) | (8,395) | (4,209) | (8,395) |
| Other comprehensive (loss)/income, net of tax : | | | | | |
| Net change on FVOCI reserves : | | | | | |
| - changes in fair value | | (662) | 2,579 | (662) | 2,579 |
| Total comprehensive loss attributable to owners of the parent | | (4,871) | (5,816) | (4,871) | (5,816) |
| Basic loss per share attributable to owners of the parent (sen) : | B11 | (3.24) | (6.45) | (3.24) | (6.45) |

The condensed consolidated income statement should be read in conjunction with the audited financial statements for the year ended 31 March 2021 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 June 2021

| | Note | As at 30 June 2021 RM'000 | As at 31 Mar 2021 RM'000 |
|---|------|---------------------------------|--------------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | | 78,188 | 79,338 |
| Investment properties | | 100,865 | 100,865 |
| Land held for development | | 37,588 | 37,582 |
| Right of use asset | | 1,331 | 1,644 |
| Investment securities | | 21,798 | 22,644 |
| Other investments | | 1,012 | 1,012 |
| | | <u>240,782</u> | <u>243,085</u> |
| Current assets | | | |
| Biological assets | | 8,180 | 7,424 |
| Inventories | | 15,664 | 10,432 |
| Tax recoverables | | 5,631 | 5,327 |
| Trade receivables | | 11,378 | 9,544 |
| Other receivables | | 1,108 | 1,031 |
| Prepayments | | 266 | 425 |
| Cash and bank balances | | 46,844 | 40,867 |
| | | <u>89,071</u> | <u>75,050</u> |
| TOTAL ASSETS | | <u>329,853</u> | <u>318,135</u> |
| EQUITY AND LIABILITIES | | | |
| Attributable to equity holders of the parent | | | |
| Share capital | | 65,052 | 65,052 |
| Reserves | | 150,034 | 154,905 |
| Total equity | | <u>215,086</u> | <u>219,957</u> |
| Non-current liabilities | | | |
| Borrowings | B7 | 35,947 | 38,035 |
| Lease liabilities | | 190 | 417 |
| Hire purchase payable | | 44 | 51 |
| Deferred tax liabilities | | 4,249 | 4,139 |
| | | <u>40,430</u> | <u>42,642</u> |
| Current liabilities | | | |
| Borrowings | B7 | 55,969 | 41,433 |
| Trade payables | | 10,186 | 7,194 |
| Other payables | | 6,628 | 5,360 |
| Lease liabilities | | 1,213 | 1,305 |
| Hire purchase payable | | 27 | 27 |
| Taxation | | 314 | 217 |
| | | <u>74,337</u> | <u>55,536</u> |
| Total liabilities | | 114,767 | 98,178 |
| TOTAL EQUITY AND LIABILITIES | | <u>329,853</u> | <u>318,135</u> |

The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the year ended 31 March 2021 and the accompanying explanatory notes attached to the interim financial statements.

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

| | 3 months ended | |
|--|----------------|----------------|
| | 30/06/2021 | 30/06/2020 |
| | RM'000 | RM'000 |
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Loss before tax | (3,837) | (8,055) |
| Adjustments for non-cash flow: | | |
| Depreciation of property, plant and equipment | 1,177 | 1,256 |
| Gain on disposal of property, plant and equipment | (63) | (25) |
| Depreciation of right of use assets | 313 | 313 |
| Fair value changes in biological assets | (547) | 621 |
| Fair value changes in produce inventories | 111 | - |
| Unrealised gain on foreign exchange | (1) | - |
| Dividend income | (79) | (199) |
| Interest expense | 891 | 1,047 |
| Interest income | (140) | (203) |
| Operating loss before working capital changes | <u>(2,175)</u> | <u>(5,245)</u> |
| Working capital changes in: | | |
| Property development costs | (6) | (19) |
| Biological assets | (209) | (518) |
| Inventories | (5,343) | 1,894 |
| Receivables | (1,752) | 1,610 |
| Payables | 4,259 | (754) |
| Cash used in operating activities | <u>(5,226)</u> | <u>(3,032)</u> |
| Net taxes paid | (469) | (2,573) |
| Interest paid | (869) | (1,009) |
| Net cash used in operating activities | <u>(6,564)</u> | <u>(6,614)</u> |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of: | | |
| Property, plant & equipment | (26) | (423) |
| Investment securities | (116) | (82) |
| Proceeds from disposal of: | | |
| Property, plant and equipment | 63 | 25 |
| Investment securities | 301 | 130 |
| Interest received | 140 | 203 |
| Dividend received | 79 | 199 |
| Net cash generated from investing activities | <u>441</u> | <u>52</u> |
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Dividends paid | - | (650) |
| Repayment of term loans | (1,971) | (1,760) |
| Net drawdown of other bank borrowings | 14,419 | 5,429 |
| Repayment of hire purchase | (7) | - |
| Payment of lease liabilities | (341) | (303) |
| Net cash generated from financing activities | <u>12,100</u> | <u>2,716</u> |
| Net change in cash and cash equivalents | 5,977 | (3,846) |
| Cash and cash equivalents at 1 April | 40,867 | 50,261 |
| Cash and cash equivalents at end of the year | <u>46,844</u> | <u>46,415</u> |
| Cash and cash equivalents comprise the following amounts:- | | |
| Deposits with licensed banks | 25,104 | 29,620 |
| Cash on hand and at bank | 21,740 | 16,795 |
| Cash and bank balances | 46,844 | 46,415 |
| | <u>46,844</u> | <u>46,415</u> |

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 March 2021 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 period ended 30 June 2021

<-----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 |
|--|----------------------------|--|---------------------------|-------------------------------|---------------------------|
| 3 months ended 30 June 2021 | | | | | |
| At 1 April 2021 | 65,052 | (6,203) | - | 161,108 | 219,957 |
| Total comprehensive loss | - | (662) | - | (4,209) | (4,871) |
| Loss net of tax | - | - | - | (4,209) | (4,209) |
| Other comprehensive loss, net of tax | - | (662) | - | - | (662) |
| At 30 June 2021 | 65,052 | (6,865) | - | 156,899 | 215,086 |
| 3 months ended 30 June 2020 | | | | | |
| 1 April 2020 | 65,052 | (13,109) | 385 | 188,564 | 240,892 |
| Total comprehensive loss | - | 2,579 | - | (8,395) | (5,816) |
| Loss net of tax | - | - | - | (8,395) | (8,395) |
| Other comprehensive income, net of tax | - | 2,579 | - | - | 2,579 |
| At 30 June 2020 | 65,052 | (10,530) | 385 | 180,169 | 235,076 |

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 March 2021 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 2021. 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 2021.

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 2021, 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 2021:

| | |
|--|----------------|
| Amendments to MFRS 16: Covid-19-Related Rent Concessions | 1 June 2020 |
| MFRS 17: Insurance Contracts | 1 January 2021 |
| Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform - Phase 2 | 1 January 2021 |
| Amendment to MFRS 16: Covid-19-Related Rent Concessions beyond 30 June 2021 | 1 April 2021 |

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 |
|---|--|
| Annual Improvements to MFRS Standards 2018-2020 | |
| • Amendments to MFRS 1: First time Adoption of Malaysian Financial Reporting Standards | 1 January 2022 |
| • Amendments to MFRS 9: Financial Instruments | 1 January 2022 |
| • Amendments to MFRS 141: Agriculture | 1 January 2022 |
| Amendments to MFRS 3: Reference to the Conceptual Framework | 1 January 2022 |
| Amendments to MFRS 101: Property, Plant and Equipment – Proceeds before Intended Use | 1 January 2022 |
| Amendments to MFRS 161: Property, Plant and Equipment – Proceeds before Intended Use | 1 January 2022 |
| Amendments to MFRS 137: Onerous Contract – Cost of Fulfilling a Contract | 1 January 2022 |
| Amendments to MFRS 101: Disclosure of Accounting Policies | 1 January 2023 |
| Amendments to MFRS 108: Definition of Accounting Estimates | 1 January 2023 |
| Amendments to MFRS 17: Insurance Contract | 1 January 2023 |
| 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 2021 was not qualified.

A3. Segmental Information

| | 3 months ended | | |
|----------------------------|-----------------------|------------------|---------------|
| | 30-Jun-21 | 30-Jun-20 | Change |
| | RM'000 | RM'000 | % |
| Segment revenue | | | |
| Poultry & related products | 42,440 | 27,520 | 54% |
| Extraction & sale of sand | 1,494 | 314 | 376% |
| Investment holdings | 90 | 90 | 0% |
| Total | <u>44,024</u> | <u>27,924</u> | <u>58%</u> |
| Segment results | | | |
| Poultry & related products | (3,591) | (7,109) | 49% |
| Extraction & sale of sand | 331 | (204) | 262% |
| Investment holdings | (495) | (620) | 20% |
| Property development | (81) | (122) | 34% |
| Loss before tax | <u>(3,837)</u> | <u>(8,055)</u> | <u>52%</u> |
| Less: Taxation | (372) | (340) | -9% |
| Loss net of tax | <u>(4,209)</u> | <u>(8,395)</u> | <u>50%</u> |

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 June 2021.

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

There were no 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 2021.

A12. Subsequent Events

LTK (Melaka) Sdn Bhd (“LTK Melaka”), a wholly-owned subsidiary of the Company, which is located at Batu 11 1/2 , Durian Tunggal, 76100 Melaka, Malaysia, had on 23 July 2021 received a notice from the Ministry of Health Malaysia to temporarily suspend its operations from 24 July 2021 until 6 August 2021 for the disinfection of the premises after positive cases were found at the farm to curb the spread of Covid-19 and to safeguard the health, well-being and safety of all the Company’s employees and the local community.

The temporary suspension of operations has resulted in delay of deliveries to customers and possible loss of revenue of approximately RM7.00 million which will be reflected in the next reporting quarter. LTK Melaka has resumed operations on 6 August 2021 after all the necessary disinfection, screening and quarantine procedures were carried out and complied with.

Other than disclosed above, there were no other 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. Loss for the Period

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

| | Current Quarter | |
|--|------------------------|------------------|
| | 3 months ended | |
| | 30-Jun-21 | 30-Jun-20 |
| | (RM'000) | (RM'000) |
| Interest income | 140 | 203 |
| Other income including investment income | 277 | 288 |
| Interest expense | (891) | (1,047) |
| Depreciation & amortisation | (1,490) | (1,569) |
| Fair value changes on biological assets | 436 | (621) |
| Provision for and write off of receivables | - | - |
| Provision for and write off of inventories | - | - |
| Gain on disposal of : | | |
| Quoted shares | - | - |
| Unquoted investments | - | - |
| Properties | - | - |
| Impairment of assets | - | - |
| Foreign exchange (loss)/gain:- | | |
| Realised gain | (6) | - |
| Unrealised gain/(loss) | 1 | - |
| 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 % |
|----------------------------|---------------------------------------|--|---------------------|
| Segment revenue | | | |
| Poultry & related products | 42,440 | 27,520 | 54% |
| Extraction & sale of sand | 1,494 | 314 | 376% |
| Investment holdings | 90 | 90 | 0% |
| Total | 44,024 | 27,924 | 58% |
| Segment result | | | |
| Poultry & related products | (3,591) | (7,109) | 49% |
| Extraction & sale of sand | 331 | (204) | 262% |
| Investment holdings | (495) | (620) | 20% |
| Property development | (81) | (122) | 34% |
| Loss before tax | (3,837) | (8,055) | 52% |
| Less: Taxation | (372) | (340) | -9% |
| Loss net of tax | (4,209) | (8,395) | 50% |

The Group registered a revenue of RM44.02 million and a loss net of tax of RM4.21 million for the current quarter as compared to a revenue of RM27.92 million and a loss net of tax of RM8.40 million in the same quarter of previous year. Revenue for the Group increased by 58% due to higher sales volume of eggs. However, the Group recorded a loss net of tax of RM4.21 million due to higher cost of raw materials particularly corn and soybean as compared to the same quarter of previous year.

There are no other material earnings contribution from the other segments.

B2. Variation of result Against Preceding Quarter

| | Current Quarter RM'000 | Immediate Preceding Quarter RM'000 | Change % |
|----------------------------|-----------------------------------|---|---------------------|
| Segment revenue | | | |
| Poultry & related products | 42,440 | 37,058 | 15% |
| Extraction & sale of sand | 1,494 | 1,780 | -16% |
| Investment holdings | 90 | 90 | 0% |
| Total | 44,024 | 38,928 | 13% |
| Segment result | | | |
| Poultry & related products | (3,591) | (5,271) | 32% |
| Extraction & sale of sand | 331 | 346 | -4% |
| Investment holdings | (495) | (4,059) | 88% |
| Property development | (81) | (5,377) | 98% |
| Loss before tax | (3,837) | (14,361) | 73% |

B2. Variation of result Against Preceding Quarter (cont'd.)

The Group posted loss before tax of RM3.84 million for the current quarter as compared to RM14.36 million in the preceding quarter. Revenue increased by 13% arising from increase in sales volume and average selling prices of eggs as compared to preceding quarter. The Group recorded lower loss before tax as compared to the previous quarter due mainly to impairment of investment properties and land held for development; and fair value loss recognised on biological assets in the previous quarter.

B3. Commentary on Prospects

The Board foresees the next period to continue to be challenging due to high commodity prices particularly corn and soybean which are the poultry segment's main raw materials. The business activities were also affected by the impact of the spread of COVID-19.

Nonetheless management shall continue to focus on cost management, health and safety measures at the farm to minimise any volatilities and disruption to the business operations.

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

| | 3 months ended 30.6.21 RM'000 | 3 months ended 30.6.20 RM'000 |
|--------------------|-------------------------------------|-------------------------------------|
| Income tax expense | 267 | 523 |
| Deferred tax | 105 | (183) |
| Total | 372 | 340 |

The effective tax rate is lower 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**

On 21 June 2021, the Company announced that it proposed to undertake private placement of up to 10% of the existing total number of issued shares in LTKM to independent third party investor(s) to be identified at a later date ("**Proposed Private Placement**").

The Proposed Private Placement was duly completed on 30 July 2021 upon the subscription and listing of the 13,010,000 Placement Shares at RM0.895 on the Main Market of Bursa Malaysia Securities Berhad. The gross proceeds raised from the Private Placement Exercise was RM11,643,950.

(b) Status of Utilisation of Proceeds

The utilization of the Proposed Private Placement as at 12 August 2021 is as set out below:-

| Purpose | Proposed Utilisation | Actual Utilisation | Intended Timeframe for Utilisation | Deviation | |
|---|----------------------|--------------------|------------------------------------|-----------|-----|
| | RM'000 | RM'000 | | RM'000 | % |
| (i) Working Capital | 11,294 | 1,139 | By 30 September 2021 | - | - |
| (ii) Estimated expenses for the Proposals | 350 | 352 | Immediate | (2) | -1% |

B7. Borrowings

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

| | As at 30.6.2021 RM'000 | As at 30.6.2020 RM'000 |
|-------------------------|---------------------------|---------------------------|
| Short term | | |
| <i>Secured:-</i> | | |
| Revolving credit | 20,500 | 12,500 |
| Banker acceptance | 4,085 | 3,131 |
| Bank term loans | 8,900 | 7,875 |
| | 33,485 | 7,875 |
| <i>Unsecured:-</i> | | |
| Revolving credit | 11,000 | 6,000 |
| Banker acceptance | 11,483 | 3,448 |
| | 22,483 | 9,448 |
| | 55,969 | 17,323 |
| Long term | | |
| <i>Secured:-</i> | | |
| Bank term loans | 35,947 | 45,532 |
| | 91,916 | 62,855 |
| Total borrowings | 91,916 | 62,855 |

- b) There were no borrowings in foreign currency as at 30 June 2021.
- c) Effective average cost of borrowings based on exposure as at 30 June 2021 was 4.03% (30 June 2020: 4.78%).

B8. Off Balance Sheet Financial Instrument

There were no off-balance sheet financial instruments as at 30 June 2021.

B9. Changes in Material Litigations

There were no changes in 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 June 2021.

B11. Earnings per share (“EPS”)

| | 3 months ended | |
|---|-----------------------|------------------|
| | 30-Jun-21 | 30-Jun-20 |
| | RM'000 | RM'000 |
| Loss attributable to ordinary shareholders of the parent | (4,209) | (8,395) |
| Number of shares in issue ('000) | 130,104 | 130,104 |
| Basic EPS (sen per share) | (3.24) | (6.45) |

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 19 August 2021.

B13. Dividends Paid / Declared

Dividend paid / declared since the financial year 2020 up to the date of this report.

| Dividend No. | Financial Year | Type | No. of shares (000) | Rate | RM ('000) | Payment Date |
|--------------|----------------|------------------|---------------------|--------------------------------|-----------|--------------|
| 36 | 2020 | Interim dividend | 130,104 | 0.5 sen per share, single tier | 650 | 3.4.2020 |