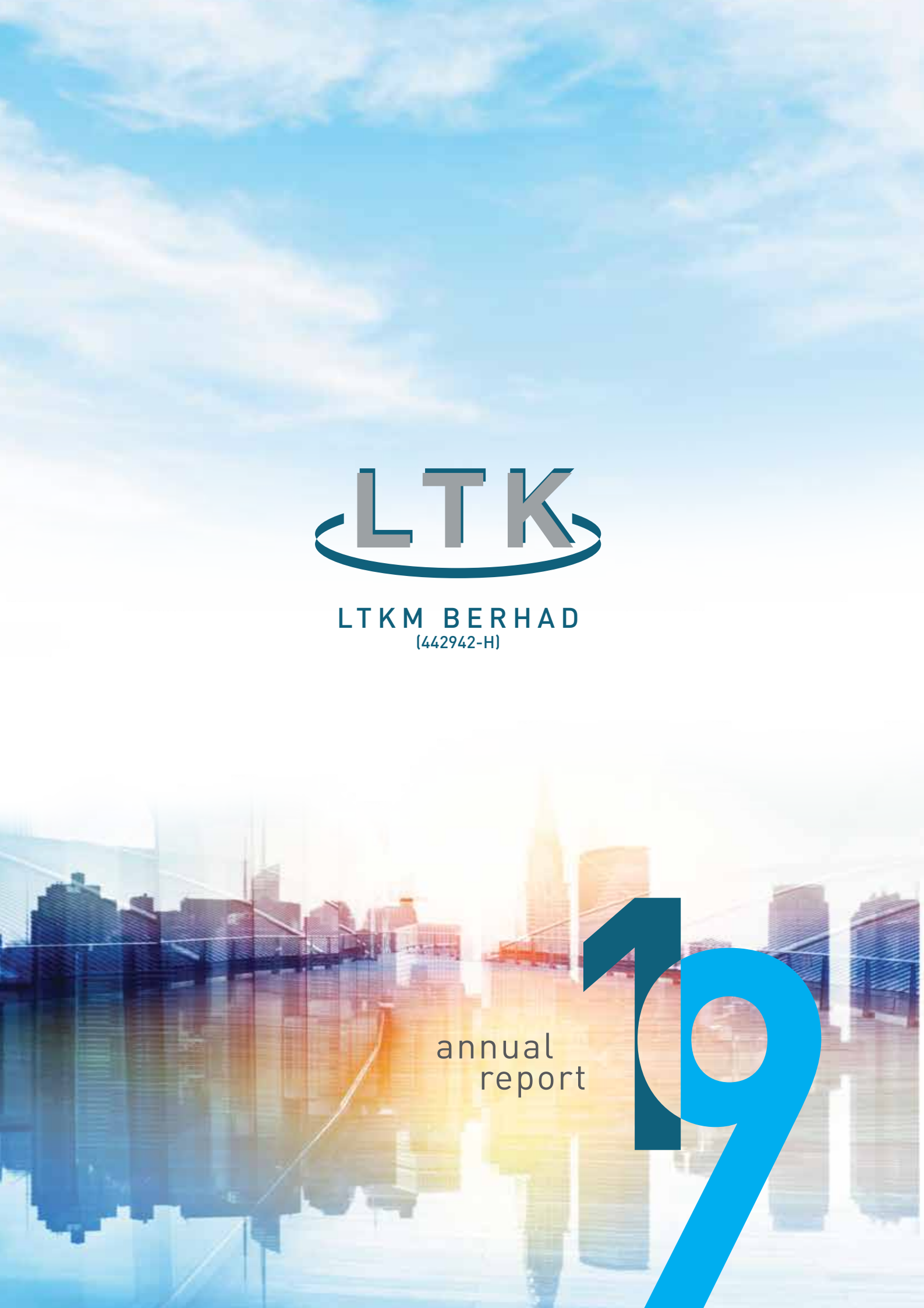

LTKM BERHAD

(442942-H)

annual report 19

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
Caratenoids. No synthetic colouring.

* In comparison to an ordinary egg

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Form of Proxy

Corporate Information

BOARD OF DIRECTORS

Datuk Ir. Kamarudin bin Md Derom
Chairman

Datuk Tan Kok
Managing Director

Tan Chee Huey
Executive Director

Datin Lim Hooi Tin
Non-Independent Non-Executive Director

Ooi Hoy Bee @ Ooi Hooi Bee
Independent Non-Executive Director

Kenny Tan Kah Poh
Independent Non-Executive Director

Goh Kean Hoe
Independent Non-Executive Director

AUDIT COMMITTEE

Goh Kean Hoe *(Chairman)*
Datuk Ir. Kamarudin bin Md Derom
Ooi Hoy Bee @ Ooi Hooi Bee
Kenny Tan Kah Poh

REMUNERATION COMMITTEE

Datuk Tan Kok *(Chairman)*
Datuk Ir. Kamarudin bin Md Derom
Ooi Hoy Bee @ Ooi Hooi Bee
Kenny Tan Kah Poh

NOMINATION COMMITTEE

Datuk Ir. Kamarudin bin Md Derom *(Chairman)*
Ooi Hoy Bee @ Ooi Hooi Bee
Kenny Tan Kah Poh
Goh Kean Hoe

ESOS COMMITTEE

Datuk Tan Kok *(Chairman)*
Loo Leng Fong
Azlinda binti Tammatulmadzi *(Secretary)*

COMPANY SECRETARY

Ng Yim Kong *(LS 0009297)*

REGISTERED OFFICE

Unit 07-02, Level 7, Persoft Tower
6B Persiaran Tropicana
Tropicana Golf & Country Resort
47410 Petaling Jaya
Selangor Darul Ehsan
Tel : 03 – 7804 5929
Fax : 03 – 7805 2559

REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No.8, Jalan Kerinchi
59200 Kuala Lumpur
Tel : 03 – 2783 9299
Fax : 03 – 2783 9222

CORPORATE OFFICE

No. 102, Batu 1 ½, Jalan Meru
41050 Klang
Selangor Darul Ehsan
Tel : 03 – 3342 2830/2831
Fax : 03 – 3341 1967
www.ltkm.com.my

AUDITORS

Messrs. Ernst & Young
Chartered Accountants
Level 23A, Menara Millenium
Jalan Damanlela, Pusat Bandar Damansara
50490 Kuala Lumpur

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Stock Name : LTKM
Stock Code : 7085

Profile of Board of Directors

Datuk Ir. Kamarudin bin Md Derom
Chairman, Independent Non-Executive Director, Chairman of Nomination Committee and Member of Audit Committee and Remuneration Committee

A Malaysian, aged 61, Datuk Ir. Kamarudin 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. He is a professional engineer registered with the Board of Engineers Malaysia.

Datuk Ir. Kamarudin has no family relationship with any director and/or major shareholder of the Company. He does not hold any directorship in other public listed companies.

Datuk Tan Kok
Managing Director, Chairman of Remuneration Committee

A Malaysian, aged 68, Datuk Tan Kok was appointed to the Board on 23 December 1999. He has more than 40 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.

He does not hold any directorship in other public listed companies.

Tan Chee Huey
Executive Director

A Malaysian, aged 39, Ms Tan Chee Huey was appointed to the Board on 24 February 2016. She graduated with a degree in Nutrition and Community Health (Hons.) from University Putra Malaysia. Prior to joining LTKM Berhad, she was a nutritionist in Mead Johnson Nutrition (Malaysia) Sdn Bhd. She joined the Group in 2007 and was later promoted to be the Corporate Affairs Manager of the Company. She is also involved in the management of the poultry operation.

She is the daughter-in-law of Datuk Tan Kok and Datin Lim Hooi Tin. She does not hold any directorship in other public listed companies.

Datin Lim Hooi Tin
Non-Independent Non-Executive Director

A Malaysian, aged 67, Datin Lim was appointed to the Board on 23 December 1999. She has wide experience in the administration and management of layer farm. She also sits on the Board of several private limited companies.

She is the wife of Datuk Tan Kok. She does not hold any directorship in other public listed companies.

Ooi Hoy Bee @ Ooi Hooi Bee
Independent Non-Executive Director, Member of Audit Committee, Remuneration Committee and Nomination Committee

A Malaysian aged 69, Madam Ooi was appointed to the Board on 1 March 2016. She graduated with a Bachelor of Economics from the Australian National University, Australia majoring in Economics and Accountancy. She is a member of the Malaysian Institute of Accountants. She is also a Member of the Institute of Chartered Accountants Australia and New Zealand. She has been in private practice in Malaysia as a Chartered Accountant for over thirty (30) years. Prior to that she worked in Deloitte Haskins & Sells in Sydney, Australia where she last served as a manager. She was joint company secretary of LTKM Berhad from year 2000 up to 24 February 2016.

Madam Ooi has no family relationship with any director and/or major shareholder of the Company. She does not hold any directorship in other public listed companies.

Profile of Board of Directors
cont'd

Kenny Tan Kah Poh
Independent Non-Executive Director, Member of Audit Committee, Remuneration Committee and Nomination Committee

A Malaysian aged 33, Kenny Tan was appointed to the Board on 25 May 2017. He holds a Bachelor of Laws (Honours) from Oxford Brookes University, U.K. and the Certificate of Legal Practice from the Legal Qualifying Board of Malaysia. He was admitted to the High Court of Malaya as an Advocate and Solicitor in 2011. In the same year, he commenced his earlier legal practice in a mid-sized law firm in Kuala Lumpur as a legal associate and was subsequently made a Partner in January 2015. In 2017, he founded Kenny Tan & Co and he is currently the managing partner of the said firm.

Kenny Tan has experience in diverge range of corporate and commercial transactions and his areas of practice include capital markets, mergers and acquisitions, corporate restructuring, listing, venture capital and security dealings. He also regularly advises companies of various industries on matters pertaining to directors' duties, corporate governance, shareholders' dispute, regulatory compliance and general litigation.

Mr Tan has no family relationship with any director and/or major shareholder of the Company. He does not hold any directorship in other public listed companies.

Goh Kean Hoe
Independent Non-Executive Director, Chairmain of Audit Committee and Member of Nomination Committee

Mr Goh Kean Hoe is a Malaysian aged 52 and was appointed to the Board on 13 February 2018. He holds a Bachelor of Accounting from the University of Malaya. He is a member of the Malaysian Institute of Accountants (MIA), Malaysian Institute of Certified Public Accountants (MICPA) and Chartered Tax Institute of Malaysia (CTIM). He is currently a member of the Tax Practice Committee of the MICPA. He has also served as the Honorary Treasurer of Malaysia Economic Association (MEA) and a trustee for its foundation. Mr Goh started his career in the then Arthur Andersen where he last served as an audit manager before moving on to assume the position of financial controller for a Malaysian manufacturing group for two years. He is currently the Managing Partner of KGNP, a Chartered Accountants firm in Malaysia that he founded in 2001.

Mr Goh has no family relationship with any director and/or major shareholder of the Company. He does not hold any directorship in other public listed companies.

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, 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:

a. any conflict of interest with the Company and
b. 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 2019.

Directors	No. of Meetings Attended
Datuk Ir. Kamarudin bin Md Derom	3 / 5
Datuk Tan Kok	5 / 5
Tan Chee Huey	5 / 5
Datin Lim Hooi Tin	5 / 5
Ooi Hoy Bee @ Ooi Hooi Bee	5 / 5
Kenny Tan Kah Poh	4 / 5
Goh Kean Hoe	5 / 5

Profile of Key Senior Management

Kok Chiew Heng
Sales & Marketing Manager, Poultry Divison

Kok Chiew Heng, aged 59, is a pioneer staff of LTK (Melaka) Sdn Bhd ("LM") who joined in 1984 and is currently the Sales & Marketing Manager. He played a key role in establishing the operation's network of loyal customers and efficient distribution system. In his current capacity as Sales & Marketing Manager, he is principally responsible for all aspects of marketing including development of new markets and market survey for both local and overseas.

Loo Eng Seng
Operations & Development Manager, Poultry Division

Loo Eng Seng, aged 58, is the Operations and Development Manager and he joined LM in October 1986. He holds a Diploma in Civil Engineering from the Federal Institute of Technology. He is a qualified quantity surveyor and is currently responsible for various aspects of the farm's operations including workers' management, management of by-products, farm property maintenance and development. His prior experience as a quantity surveyor has benefited the operation with his implementation of effective management and control of overheads and construction costs of its expansion programme.

Dr Mazila bt Mokhtar
Veterinarian, Poultry Division

Dr Mazila bt Mokhtar, aged 49, is the Veterinarian at LM. She holds a Doctorate of Veterinary Medicine and Animal Science from University Putra Malaysia (formerly known as Universiti Pertanian Malaysia). Prior to joining the Group in 1996, she worked for Broiler Farm Sdn Berhad, a company involved in broiler farming, as a Farm Veterinarian for two months and subsequently, as a Research Assistant in Veterinary Pathology and Microbioly, Faculty of Veterinary Medicine and Animal Science, University Putra Malaysia for a tenure of two years. With her experience in this field of poultry farming, she is currently responsible for the research and the management of the flock health and feed formulation programme.

Jancy Oh Suan Tin
Group Accountant

Jancy Oh aged 46, is LTKM's Group Accountant since December 2008. She graduated from the University of Malaya with a Bachelor of Accounting (Honours) in 1997. She is a member of the Malaysian Institute of Accountants and the Chartered Institute of Management Accountants. She started her career in Hong Leong Group and later joined DuPont Malaysia Sdn Bhd, a US multinational company that was based in Shah Alam and KLK Group under Palm Oleo Sdn Bhd before joining LTKM. Her areas of experience include accounting, financial reporting, management, internal audit and controls, taxation and corporate related areas. She is currently in charge of the financial reporting of LTKM Berhad.

Loo Leng Fong
Accounting Manager

Loo Leng Fong aged 47, is LTKM's Accounting Manager since 1998. She graduated from the University of Nebraska-Lincoln, U.S.A. in 1994 with a Bachelor of Science in Business Administration majoring in Finance. After her graduation, she started employment with Amsteel Mills Sdn Bhd before joining LTKM Berhad in 1998. She is in charge of the accounts department taking care of the day-to-day accounting and finance operations.

Letter to Shareholders

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 2019.

The egg industry remained challenging throughout the past financial year of 2019. Initially dampened by the over-supply situation that weighed down heavily on our margins, relief came in the 2nd half as the situation eased and margins improved. Certain producers battled disease outbreak which plummeted their production. At present, our farm is free from infection; and we continue to tighten our bio-security measures and remain vigilant of the livestock's well-being.

We are mindful that long term financial profitability is dependent on doing business sustainably and that good risk and governance structure are essential. This year, in compliance with Bursa's sustainability reporting requirements, together with this Annual Report we have issued our inaugural Sustainability Report. Our aim is to share with our stakeholders the sustainability issues that are material and faced by our operations; and how we set out to manage them in terms of economic, environmental and social aspects. It is our hope that with the Sustainability Report we do not only garner more support and appreciation for the efforts of the industry but also to spur ourselves towards higher sustainability practices.

For financial year 2020, we foresee the challenge faced by the poultry industry continue to be the over-capacity situation which will depress the egg prices. However, prices of commodities in particular corn and soybean are expected to be relatively stable. This will ease our cost pressure. Meanwhile, progress from the property development segment is moving albeit at a slow pace in view of the continuous subdued outlook on the housing industry.

Details of the Group's 2019 financial performance and prospects may be found in the Management Analysis and Discussion in the ensuing pages of this Annual Report.

On behalf of the Board, I would also like to extend our appreciation to all management and staff, valued customers, bankers, suppliers, advisors, regulatory bodies and all shareholders for their ongoing support. The commitment, dedication and loyalty of the employees and management team have made it possible for us to perform under challenging conditions and we recognize and thank them for that.

Thank you for your continuous support for LTKM.

Datuk Ir. Kamarudin bin Md Derom
Chairman

Management Discussion and Analysis

The information in this management discussion and analysis should be read in conjunction with the Company's consolidated financial statements and the notes related thereto.

OVERVIEW

The past financial year recorded a strong set of results with earnings rebound in the second half after a slow start. For FY2019, LTKM recorded a revenue of RM196.34 million which is an improvement of 12% as compared to RM175.03 million in FY2018. Profit before tax ("PBT") increased to RM30.96 million in FY2019 as compared to RM6.16 million in FY2018. Earnings per share ("EPS") was higher at 16.11 sen as compared to 1.84 sen in FY2018.

PERFORMANCE REVIEW

Revenue

	2019 RM'000	2018 RM'000	Change %
Revenue	196,341	175,032	12%
Poultry	193,695	171,613	13%
Sand mining	2,286	3,059	-25%
Investment holdings	360	360	-

Poultry segment remained the main contributor of the Group's revenue at RM193.70 million (FY2018 : RM171.61 million) with the remaining revenue coming from the sale of sand at RM2.29 million (FY2018 : RM3.06 million) and rental from investment properties of RM0.36 million (FY2018 : RM0.36 million). Higher egg prices contributed to the increase in poultry revenue despite a small drop in volume of eggs sold from 570 million pieces in FY2018 to 561 million pieces in FY2019.

Planning for the property development segment is progressing. However, no revenue has been recorded during the financial year as projects have not been launched.

Profit before tax

	2019 RM'000	2018 RM'000	Change %
Profit before tax	30,960	6,163	402%
Poultry	34,038	9,934	243%
Sand mining	7	881	-99%
Investment holdings	(2,148)	(3,519)	39%
Property development	(937)	(1,133)	17%

Poultry segment earnings soared 243% to RM34.04 million as egg prices recovered after long in the low. Earnings improved in tandem as costs of major raw materials remained stable throughout the financial year. Changes in fair value of biological assets resulting in a gain of RM 5.33 million further contributed to the segment earnings.

Investment holding segment recorded lower loss due to lower finance cost and recognition of fair value gain on investment properties of RM1.10 million. As a result, the Group's PBT improved 402% from RM6.16 million in FY2018 to RM30.96 million in FY2019.

Significant movements of items in Consolidated Statement of Financial Position

	2019 RM'000	2018 RM'000	Change RM'000
Investment securities	24,219	27,424	(3,205)
Biological assets	19,160	14,791	4,369
Inventories	16,592	20,016	(3,424)
Trade receivables	14,612	10,558	4,054
Trade & other payables	14,393	11,959	2,434
Borrowings	75,876	91,127	(15,251)

As at 31 March 2019, the Group's investment in securities closed at RM24.22 million as compared with RM27.42 million as at 31 March 2018. The drop was due to RM2.65 million fair value change and net disposal of RM0.36 million during the financial year.

As at 31 March 2019, the Group had biological assets of RM19.16 million as compared with RM14.79 million as at 31 March 2018. The increase was due mainly to higher fair value being taken up at the financial year end.

As at 31 March 2019, the Group had inventories of RM16.59 million as compared with RM20.02 million as at 31 March 2018. The decrease was due to lower holding of major raw materials as at the financial year end.

As at 31 March 2019, the Group had trade receivables of RM14.61 million as compared with RM10.56 million as at 31 March 2018. The increase of RM4.05 million reflects the increase in revenue. Collection days remained below 1 month i.e. 24 days (FY2018 25 days).

As at 31 March 2019, bank borrowings reduced to RM75.88 million compared with RM91.13 million on the same date previous year. Out of the RM75.88 million, RM55.03 million (FY2018 : RM62.56 million) was long term borrowings which was mostly for the financing of investment properties. Borrowings decreased due to repayments. Net debt to equity ratio reduced to 16% (FY2018 : 26%).

Management Discussion and Analysis
cont'd

DIVIDENDS

A final dividend of 1 sen per share is proposed for the financial year ended 31 March 2019. A single-tier interim dividend of 1 sen per ordinary share was paid out on 12 April 2019. Together, the dividends will total RM2.60 million for the financial, same as the last financial year. The final dividend is subject to the approval of the shareholders at the 2019 Annual General Meeting.

PROSPECTS

Poultry Operations

The next financial year ahead is expected to be challenging due mainly to the current weak egg prices. Cost of major raw materials particularly corn and soybean are expected to remain stable. Over the years, LTKM has approached expansion of the farm operation in a cautious manner. In FY2019, our daily egg production has achieved an average of 1.53 million eggs per day. This is slightly lower in comparison to 1.57 million eggs in FY2018. However, we will continue to manage our capacity in line with the industry outlook.

Property Development

In the pipeline, LTKM has its residential property projects in the town of Jenjarom, Kuala Langat. Planning is progressing and we are looking at possible launching in year 2020. We believe fairly-priced housing in good location, freehold and landed to still have strong demand.

Net Tangible Assets ("NTA")

The NTA per share of the Company was RM1.89 as compared to RM1.79 at the end of the last financial year.

Financial Highlights

Year ended 31 March		2019 RM000	2018[R] RM000	2017 RM000	2016 RM000	2015 RM000
Revenue		196,341	175,032	168,874	168,994	192,637
Operating profits		35,982	11,630	22,523	17,672	60,280
Finance costs		(5,022)	(5,467)	(3,920)	(790)	(842)
Profit before tax		30,960	6,163	18,603	16,882	59,438
Profit attributable to equity holders		20,956	2,390	12,468	11,645	46,134
Share capital		65,052	65,052	65,052	65,052	43,368
Total equity		246,021	232,280	237,642	222,738	221,379
Net earnings per share - basic	sen	16.11	1.84	9.58	8.95 *	35.46 *
Net dividend per share	sen	2.00 #	2.00	3.00	4.00	17.50
Dividend yield	%	1.69 #	2.00	2.34	2.52	3.06
Net tangible asset	RM per share	1.89	1.79	1.83	1.71 *	1.70 *
Price-earnings ratio **	times	7.33	54.35	13.36	17.76	5.38
Net debt/total equity ***	%	15.62	25.94	24.39	3.00	-
Closing share price *	RM per share	1.18	1.00	1.28	1.59 *	1.91 *

 # include final dividend of 1 sen per ordinary share which is subject to the approval of the shareholders at the forthcoming Annual General Meeting

** adjusted to 130,104,006 number of ordinary share*

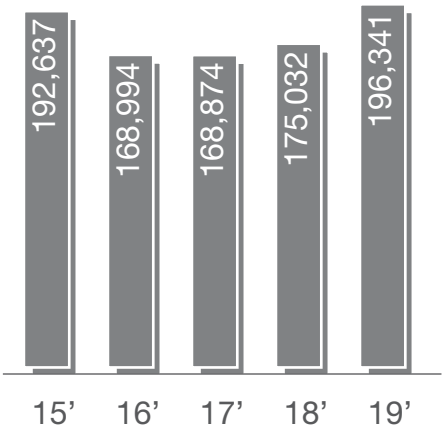
*** represents share price as at 31 March/net earnings per share*

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

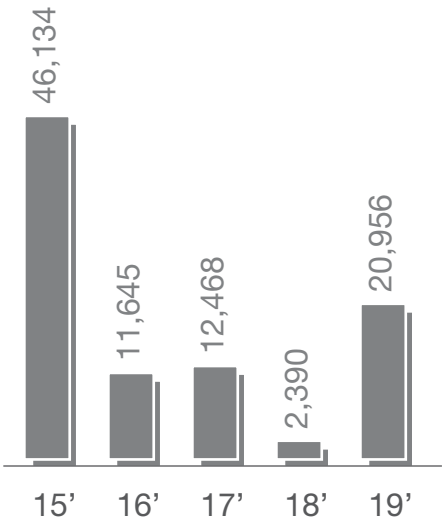
R restated in accordance with the transition into MFRS

Financial Highlights
cont'd

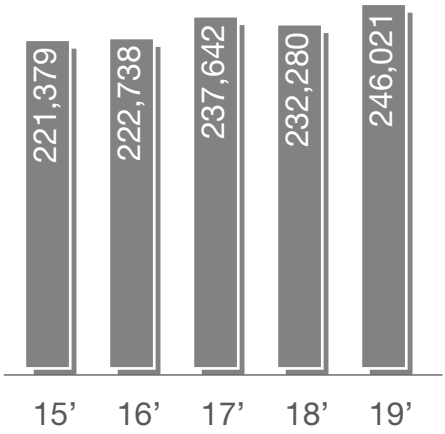
Revenue
RM' 000



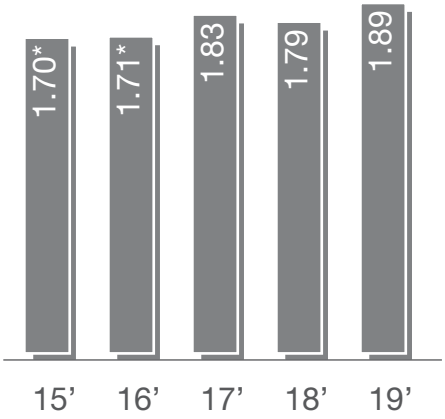
Profit attributable to equity holders
RM' 000



Total Equity
RM' 000



Net Tangible Asset
RM Per Share



Audit Committee Report

COMPOSITION

Members of the Committee	Designation in the Company
Goh Kean Hoe *(Chairman)*	Independent Non-Executive Director
Datuk Ir. Kamarudin bin Md Derom *(Member)*	Chairman/Independent Non-Executive Director
Ooi Hoy Bee @ Ooi Hooi Bee *(Member)*	Independent Non-Executive Director
Kenny Tan Kah Poh *(Member)*	Independent Non-Executive Director

TERMS OF REFERENCE

Objectives

The Audit Committee shall:

a) assist the Board of Directors in fulfilling its fiduciary responsibilities relating to accounting and reporting practices of the Company and the Group;

b) oversee and appraise the quality of the audits conducted both by the Company's internal and external auditors;

c) maintain open lines of communication between the Board of Directors, the internal auditors and the external auditors for the exchange of views and information, as well as to confirm their respective authorities and responsibilities; and

d) determine the adequacy of the Group's administrative, operating and accounting controls.

Members

a) 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, all of whom shall be Non-Executive Directors, with a majority of them being Independent Directors.

b) At least one member of the Audit Committee:

   i) must be a member of the Malaysian Institute of Accountants ("MIA"); or
   ii) 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
   iii) fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad ("BMSB").

c) No Alternate Director shall be appointed as a member of the Audit Committee.

d) The members of the Audit Committee shall elect a Chairman from among their number who shall be an Independent Director. The Chairman of the Audit Committee shall not also be the Chairman of the Board.

e) The Nomination Committee shall review the term of office and performance of the Audit Committee and each of its members annually to determine whether such Audit Committee and members have carried out their duties in accordance with their terms of reference.

f) 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.

Audit Committee Report
cont'd

TERMS OF REFERENCE *cont'd*

Members *cont'd*

g) No former key audit partner shall be appointed as a member of the Audit Committee unless and until he has observed a cooling-off period of at least two years.

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:

a) have authority to investigate any matter within its terms of reference;

b) have resources which are required to perform its duties;

c) have full and unrestricted access to any information pertaining to the Company;

d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity (if any);

e) be able to obtain independent professional advice or other advice; and

f) be able to convene meetings with the external auditors, internal auditors or both, excluding the attendance of Executive Directors and management 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 and the adequacy of their areas of audit emphasis;
      - their evaluation of the system of internal controls;
      - their audit report;
      - the assistance given by the employees of the Group to the external auditors;

   ii) the suitability, objectivity and independence of the external auditors and the competency of their service team;

   iii) 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 effectively and independently;

   iv) 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 auditor;

   v) 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;

Audit Committee Report
cont'd

TERMS OF REFERENCE *cont'd*

Functions *cont'd*

The Committee shall discharge the following functions: *cont'd*

a) review the following and report the same to the Board of Directors of the Company: *cont'd*

   vi) 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;

   vii) any letter of resignation from the external auditors of the Company; and

   viii) 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;

e) meet with external auditors at least twice a year without the presence of the Executive Directors and members of the management; and

f) any other functions as may be agreed to by the Audit Committee and the Board of Directors.

Attendance and Meeting

a) The quorum of the Audit Committee shall be two of whom the majority of member's 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.

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.

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 and internal control 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.

Audit Committee Report
cont'd

TERMS OF REFERENCE *cont'd*

Internal Audit Function *cont'd*

The outsourced internal audit function is carried out by a member of the Association of Chartered Certified Accountants ("ACCA") and a professional member of the Institute of Internal Auditors Malaysia ("IIAM"). The internal auditor is free from any relationship or conflict of interest with the Group which could impair its objectivity and independence. It has unrestricted access to all functions, records, personnel and necessary assistance where audit is performed. The internal auditor carries out her roles based on the audit plan that is reviewed with and approved by the Audit Committee. The audit plan is risk-based and 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 will also carry out investigations and special review upon request by management or the Audit Committee.

During the financial year under review, the internal audit function tested and reviewed the following key processes in the Group:

- Corporate governance practices
- Insurance and assurance risks
- Sand mining operation
- Past years' internal audit follow up in the areas of:
  - Cash management
  - Inventory management
  - Revenue cycle management
  - Information system management
  - Fixed assets management

It was reported that the Group's systems, processes and controls are operating satisfactorily. The internal audit reports are deliberated by the Audit Committee and the follow-up audits provide assurance that recommendations are duly acted upon by the management.

The cost incurred for the internal audit function for the year ended 31 March 2019 was RM33,600.

Summary of Activities

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

- reviewed the annual audited financial statements of the Company/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 Main Market Listing Requirements of Bursa Malaysia Securities Berhad for Board's approval;
- reviewed the related party transactions that had arisen within the Company or Group on quarterly basis;
- reviewed with the internal and external auditors their audit plans prior to their commencement of audit;
- reviewed the 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 2019.

Audit Committee Members	No. of Meetings Attended
Datuk Ir. Kamarudin bin Md Derom	3/5
Ooi Hoy Bee @ Ooi Hooi Bee	5/5
Kenny Tan Kah Poh	4/5
Goh Kean Hoe	5/5

Corporate Governance Overview Statement

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 2017 ("the Code" or "MCCG 2017") aims to set out principles and best practices towards achieving excellent corporate governance framework. This statement sets out the manner in which the Group has applied the three (3) principles prescribed in the MCCG 2017 namely Principle A: Board Leadership and Effectiveness; Principle B: Effective Audit and Risk Management; and Principle C: Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders.

The Corporate Governance Report ("CG Report") sets out in detail the manner in which the Board has applied each practice of the MCCG 2017 during the financial year. It is available in the Company's website at www.ltkm.com.my.

PRINCIPAL A : BOARD LEADERSHIP & EFFECTIVENESS

A. BOARD OF DIRECTORS

(i) Board Composition

The Board consists of Directors from various professional fields and business background with different commercial/industrial knowledge, skills and experiences. The information of all the Directors is set out in the Profile of Directors on pages 3 and 4 of this Annual Report.

The Board currently has seven Directors - a Managing Director, an Executive Director, one Non-Independent Non-Executive Director and four 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 a Non-Executive member of the Board. The Chairman of the Board is Datuk Ir. Kamarudin bin Md Derom who is an Independent Non-Executive Director while Datuk Tan Kok is the Managing Director. 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. The key roles of the Chairman and Managing Director are clearly set out in the Board Charter.

(ii) Board Responsibilities

The Board has established the following clear functions reserved for the Board:

- Reviewing and adopting strategic plans 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.
- Ensuring that the Company adheres to high standards of ethics and corporate behaviour.

(iii) Board Charter

The Board has formalized and adopted a Board Charter which sets out the functions, roles and responsibilities of the Board in accordance with the principles of good corporate governance. The Board Charter is available on the Company's corporate website at www.ltkm.com.my and is periodically reviewed by the Board.

Corporate Governance Overview Statement
cont'd

PRINCIPAL A : BOARD LEADERSHIP & EFFECTIVENESS *cont'd*

A. BOARD OF DIRECTORS *cont'd*

(iv) Code of Conduct

The Board of Directors adheres to the Code of Ethics for Company Directors issued by the Companies Commission of Malaysia and together with Management implements its policies and procedures which includes managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering. The regulatory Code of Ethics provides the ground rules and guidance for proper conduct and ethical behavior for the Directors on principles of sincerity, integrity, responsibility and corporate social responsibility.

Amongst others, the regulatory Code of Ethics provides that in the performance of his/her duties, every Directors should at all times act with utmost good faith towards the company in any transaction and to act honestly and responsibly in the exercise of his/her powers in discharging his/her duties.

In recognizing the importance of ethical conduct by all levels of employees in the business operations of the Group, the Company has also established the Code of Conduct and Ethics applicable to all employees and directors of the Group. The Code of Conduct and Ethics sets out the expected standards of conduct and behavior and employees are required to acknowledge having read and understood the Code of Conduct and Ethics.

(v) Appointments of the Board Members and Re-election

The Board has delegated the responsibility of identifying, reviewing and recommending candidates for Board appointments as well as for re-election as Directors of the Company to the Nomination Committee ("NC").

A Director shall inform the Board's Chairman before he/she accepts any new directorship in other listed companies. The directorship held by any Board member at any one time shall not exceed five (5) listed companies. All the Board members of the Company hold less than 5 directorships in listed companies.

In accordance with the Company's Constitution, 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.

The assessment of the independence of the Independent Directors based on the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR") is carried out before the appointment of an Independent Director. The NC will undertake to carry out annual assessment of its Independent Directors annually and consider whether the Independent Director can continue to bring independent and objective judgment to the Board deliberations.

The Board Charter provides that the tenure of an Independent Director shall not exceed a cumulative term of nine (9) years or more. However, an Independent Director may either retire or continue to serve on the Board subject to the Independent Director's re-designation as a Non-Independent Director. In the event the Board intends to retain the Director as an Independent Director, the Board must justify the decision and seek shareholders' approval at the general meeting.

Corporate Governance Overview Statement
cont'd

PRINCIPAL A : BOARD LEADERSHIP & EFFECTIVENESS *cont'd*

A. BOARD OF DIRECTORS *cont'd*

(v) Appointments of the Board Members and Re-election *cont'd*

By the forthcoming Annual General Meeting of the Company, Datuk Ir. Kamarudin bin Mohd Derom will have served the Board for close to twenty (20) years. However, the Board has via the NC conducted an assessment on the Independent Director and had considered him to have exercised his independency in all Board matters and to have expressed his views and advice to the Board professionally at all times. Hence, NC had recommended that he be retained as Independent Non-Executive Director of the Board based on the following justifications:-

- He continues to be independent of management and free from any business or other relationship which could interfere with the exercise of independent judgement or the ability to act in the best interest of the Company; and continues to meet all of the criteria under the definition of "independent director" as set out in Chapter 1 of the MMLR;
- His experience enables him to provide the Board and AC with a pertinent set of experience, expertise, skills and competence;
- His long tenure in the Company enables him to understand the Company's business operations. Thus, he could contribute actively and effectively during deliberations or discussions at Board and Committee Meetings; and
- He has always exercised due care and diligence during his tenure as Independent Non-Executive Directors of the Company and carried out his duties as Director in the best interest of the Company.
- The Board noted the recommendation on two tier voting but for the time being will seek approval of the shareholders via single tier process for retention of independent directors who have served for a cumulative period of more than twelve (12) years. This is in line with the general rule on voting as provided in the Companies Act 2016 which states that every shareholder has one equal vote for every share he holds and resolutions are to be decided by a simple majority for ordinary resolutions and 75% of votes for special resolutions through a single tier voting process.

(vi) Board Meeting and Supply of Information

The Board held five meetings during the financial year ended 31 March 2019. The details of Directors' attendance are set out as follows:-

Name of Directors	No. of Meetings Attended
Datuk Ir.Kamarudin bin Md Derom	3/5
Datuk Tan Kok	5/5
Tan Chee Huey	5/5
Datin Lim Hooi Tin	5/5
Ooi Hoy Bee @ Ooi Hooi Bee	5/5
Kenny Tan Kah Poh	4/5
Goh Kean Hoe	5/5

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities which is evidenced by the satisfactory attendance record of the Directors at Board Meetings.

The agenda and meeting materials for each Board meeting are 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 and information, where necessary, in order to be briefed properly before the meeting.

Further, all Directors have access to all information within the Company and the advice and services of the Company Secretary. This is augmented by regular informal dialogue between Independent Directors and management on matters pertaining to the state of the Group's 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.

Corporate Governance Overview Statement
cont'd

PRINCIPAL A : BOARD LEADERSHIP & EFFECTIVENESS *cont'd*

A. BOARD OF DIRECTORS *cont'd*

(vii) Qualified and Competent Company Secretary

The Company Secretary has an important role in advising and assisting the Board and its Committees in achieving good corporate governance and ensuring compliance of statutory laws, rules and regulations of the Companies Act 2016, Bursa Securities Main Market Listing Requirements, the Securities Commission guidelines and other relevant legislation and regulatory authorities. In addition, the Company Secretary attends all Board meetings and properly maintain the Company's statutory records, register books and documents besides ensuring proper conduct at the Annual General Meetings, Extraordinary General Meetings, Board and Committees' Meeting and any other meetings and the preparation of minutes thereof.

B. BOARD COMMITTEES

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

(i) Audit Committee ("AC")

The terms of reference of the AC are set out under the Audit Committee Report on page 11 of the Annual Report. The AC meets at least four times a year.

(ii) Nomination Committee ("NC")

The members of the NC are:-

- Datuk Ir. Kamarudin bin Md Derom *(Chairman, Independent Non-Executive Director)*
- Ooi Hoy Bee @ Ooi Hooi Bee (*Independent Non-Executive Director)*
- Tan Kah Poh *(Independent Non-Executive Director)*
- Goh Kean Hoe *(Independent Non-Executive Director)*

Terms of Reference for NC

1. Members

The Committee shall be appointed by the Board of Directors and shall consist of not less than three (3) members, all of whom shall be non-executive directors, a majority of whom shall be independent directors.

A quorum shall consist of at least two (2) members.

2. Chairman

The Chairman of the Committee shall be determined by the Committee members.

3. Secretary

The Secretary of the Committee shall be determined by the Committee members.

4. Meetings

The Meetings shall be held whenever necessary. Such meetings are at the call of the Chairman and shall be held not less than once a year.

Corporate Governance Overview Statement
cont'd

PRINCIPAL A : BOARD LEADERSHIP & EFFECTIVENESS *cont'd*

B. BOARD COMMITTEES *cont'd*

(ii) Nomination Committee ("NC") *cont'd*

Terms of Reference for NC *cont'd*

5. Duties and Responsibilities

The Committee shall:-

i. recommend to the Board the new nominees for all directorships to be filled by the board or the shareholders.

- in identifying candidates for appointment of directors, the Board does not rely solely on recommendations from existing board members, management or major shareholders for director's candidacy. The Board utilises independent sources to identify suitably qualified candidates if necessary

ii. consider, in making its recommendations, candidates for directorships proposed by the Managing Director and within, the bounds of practicability, by any other senior executive or any director or shareholder. In making its recommendation, the Committee shall assess and consider the following attributes or factors:-

a) skills, knowledge, expertise and experience;
b) professionalism;
c) commitment (including time commitment) to effectively discharge his/her role as a Director;
d) contribution and performance;
e) background, character, integrity and competence;
f) in the case of candidates for the position of Independent Non-Executive Directors, the Committee shall also evaluate the candidates' ability to discharge such responsibilities/functions as are expected from Independent Non-Executive Directors; and
g) Boardroom diversity including gender diversity.
h) the Board discloses in its annual report the Company's policies on gender diversity, its targets and measures to meet those targets.

iii. develop, maintain and review the criteria to be used in the recruitment process and annual assessment of Directors. The nomination and the election process should be disclosed in the Annual Report;

iv. recommend to the Board, directors to fill the seats on board committees.

v. annually review the mix of skills, knowledge, experience and other qualities the Board requires for it to function completely and efficiently. This activity shall be disclosed in the Annual Report of the Company.

vi. annually carry out a process for assessing the effectiveness of the Board as a whole, the Committees of the Board and for assessing the contribution of each individual director including his time commitment, character, experience and integrity. All assessments and evaluations carried out by the Committee in the discharge of all its functions shall be properly documented.

vii. consider, in assessing the contribution of individual directors, each director's ability to contribute to the effective decision making of the Board.

viii. assess annually the independence of its independent directors. This activity shall be disclosed in the Annual Report of the Company and in any notice of a general meeting for the appointment and re-appointment of independent directors.

Corporate Governance Overview Statement
cont'd

PRINCIPAL A : BOARD LEADERSHIP & EFFECTIVENESS *cont'd*

B. BOARD COMMITTEES *cont'd*

(ii) Nomination Committee ("NC") *cont'd*

Terms of Reference for NC *cont'd*

5. Duties and Responsibilities *cont'd*

The Committee shall:- *cont'd*

ix. facilitate Board induction programme for newly appointed Directors.

x. assess the training needs of each Director, review the fulfilment of such training, and disclose details in the Annual Report as appropriate.

xi. review the Board's succession plans.

xii. consider the size and balance of the Board with a view to determine the impact of the number upon the Board's effectiveness and recommend it to the Board.

xiii. recommend to Board the Company's gender diversity policies, targets and discuss measures to be taken to meet those targets.

xiv. recommend to Board protocol for accepting new directorships.

(iii) Remuneration Committee ("RC")

The Board has appointed the RC comprising the Managing Director and three Independent Non-Executive Directors. The members of the RC are:-

- Datuk Tan Kok *(Chairman, Managing Director)*
- Datuk Ir. Kamarudin bin Md Derom *(Independent Non-Executive Director)*
- Ooi Hoy Bee @ Ooi Hooi Bee *(Independent Non-Executive Director)*
- Kenny Tan Kah Poh *(Independent Non-Executive Director)*

Terms of Reference for RC

1. Members

RC members shall be appointed by the Board of Directors and shall consist of not less than three members majority of whom shall be non-executive directors.

A quorum shall consist of two members.

2. Chairman

The Chairman of the Committee shall be determined by the Committee members.

3. Secretary

The Secretary of the Committee shall be determined by the Committee members.

Corporate Governance Overview Statement
cont'd

PRINCIPAL A : BOARD LEADERSHIP & EFFECTIVENESS *cont'd*

B. BOARD COMMITTEES *cont'd*

(iii) Remuneration Committee ("RC") *cont'd*

Terms of Reference for RC *cont'd*

4. Meetings

The meetings shall be held whenever necessary; at least once a year.

5. Duties and Responsibilities

i. recommend to the Board the remuneration of all directors and senior management in all its forms, drawing from external advice when it considers necessary.

ii. consider the corporate and individual performance, level of responsibility and experience in determining the remuneration package for each director and senior management and corporate needs in relation to objectives and core business of the Company.

iii. abstain from participating in decisions regarding his/her own remuneration package.

(iv) Remuneration

The details of the remuneration of Directors of the Company in respect of the financial year ended 31 March 2018 are set out as follows:

	Fees	Salary	Bonus	Estimated Monetary Value of Benefits-in-Kind	Defined Contribution Plan & Social Security Costs	Total
	RM	RM	RM	RM	RM	RM
Directors:						
Datuk Tan Kok	30,000	180,000	2,000,000	92,206	274,200	2,576,406
Tan Chee Huey	30,000	62,400	29,260	17,870	18,352	157,882
Datin Lim Hooi Tin	30,000	60,000	53,950	14,947	21,651	180,548
Datuk Ir. Kamarudin bin Md Derom	50,000	-	-	-	-	50,000
Ooi Hoy Bee @ Ooi Hooi Bee	36,000	-	-	-	-	36,000
Tan Kah Poh	36,000	-	-	-	-	36,000
Goh Kean Hoe	36,000	-	-	-	-	36,000
	248,000	302,400	2,083,210	125,023	314,203	3,072,836

Corporate Governance Overview Statement
cont'd

PRINCIPAL A : BOARD LEADERSHIP & EFFECTIVENESS *cont'd*

B. BOARD COMMITTEES *cont'd*

(v) Directors' Training

All Directors have completed the Mandatory Accreditation Programme pursuant to the MMLR as at the date of this Annual Report. 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:-

- Ooi Hoy Bee @ Ooi Hooi Bee
  - National Tax Conference 2018 organised by the Chartered Tax Institute of Malaysia on 16 and 17 July 2018
  - Introduction to Malaysia Business Reporting System ("MBRS") organized by Suruhanjaya Syarikat Malaysia on 25 September 2018
  - Topical Tax Issues Facing SMEs organized by the Chartered Tax Institute of Malaysia on 2 October 2018
  - Understanding Public Rulings 2017 & 2018 – Compliance & Latest Update organized by the Malaysian Institute of Accountants on 25 October 2018
  - 2019 Budget Seminar organized by the Chartered Tax Institute of Malaysia on 7 December 2018
  - No Par Value & Issuance of Shares & Other Securities organized by Suruhanjaya Syarikat Malaysia on 10 December 2018
  - Malaysia Business Reporting System ("MBRS") for Preparers of Financial Statements organized by the Malaysian Institute of Accountants on 17 December 2018
  - Pre & Post Voluntary Disclosure Program – Issues Relating to Tax Audit & Investigation organized by the Malaysian Institute of Accountants on 7 March 2019
- Goh Kean Hoe
  - National Tax Conference 2018 organised by the Chartered Tax Institute of Malaysia on 16 and 17 July 2018
  - Companies Act 2016 – Grey Areas organized by the Malaysian Institute of Accountants on 27 August 2018
  - 2019 Budget/National Tax Seminar organized by the Inland Revenue Board on 13 November 2018
  - MFRS/IFRS Technical Update organized by the Malaysian Institute of Accountants on 10 January 2019
  - Income Tax Special Voluntary Scheme organized by the Malaysian Institute of Accountants on 7 March 2019

PRINCIPAL B : EFFECTIVE AUDIT & RISK MANAGEMENT

(i) Audit Committee ("AC")

The AC assists the Board of Directors in fulfilling its responsibilities relating to effective audit and risk management of the Company and the Group. It oversees and appraises the quality of the audits conducted both by the Company's internal and external auditors. It meets with the internal auditors on a quarterly basis and the external auditors at least twice a year in the absence of the management and Executive Directors.

Suitability and Independence of External Auditors

The Board has via the AC reviewed the annual external audit plan of the external auditors, the competency of the service team and areas of audit emphasis to assess the suitability, objectivity and independence of the external auditors. The AC has found the external auditors to be suitable, objective and independent in discharging their professional duties and recommends that the external auditors be re-appointed at the forthcoming Annual General Meeting.

Corporate Governance Overview Statement
cont'd

PRINCIPAL B : EFFECTIVE AUDIT & RISK MANAGEMENT *cont'd*

(i) Audit Committee ("AC") *cont'd*

Suitability and Independence of External Auditors *cont'd*

The External Auditors have confirmed that they are, and have been, independent in accordance with the By-laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants throughout their audit engagement.

(ii) Financial Reporting

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

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.

(iii) Risk Management and Internal Control

The Board regards risk management and internal control as integral to the overall management process. The Board therefore has an overall responsibility to ensure a system of internal controls, which provides reasonable assurance of effective and efficient operations and compliance with laws and regulations as well as with internal policies and procedures, is in place and practiced in the Group.

The Board recognises that risks cannot be fully eliminated. As such, the systems, processes and procedures being put in place are aimed at minimising and managing them and to provide reasonable assurance against material misstatement or fraud.

The Group's Internal Audit Function has been outsourced to an independent internal audit service provider which reports directly to the AC.

Further information on the Group's risk management and internal control is presented in the Statement on Risk Management and Internal Control in Page 28 of the Annual Report.

(iv) Relationship with the External Auditors

The Company has always maintained a cordial and transparent relationship with the external auditors in seeking their technical and professional advice and opinion and ensuring compliance with the accounting standards in Malaysia.

Corporate Governance Overview Statement
cont'd

PRINCIPAL C : INTEGRITY IN CORPORATE REPORTING & MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

(i) Communication with Stakeholders

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 is annually conducted. 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.

(ii) Conduct of General Meetings

Shareholders are notified of the AGM well in advance with a copy of the Company's Annual Report sent to the shareholders at least 28 days before the meeting. At each AGM, shareholders are given ample time and opportunity to ask for more information, without limiting the type of queries asked. 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 any relevant issues of concern that may be raised by the shareholders.

The Board encourages participation at general meetings and all resolutions set out in the Company's Notice of AGM and/or Notices of Resolutions received, and its related amendments are subject to poll voting. To promote fairness, transparency and in accordance with Bursa Malaysia Securities Berhad's Main Market Listing Requirements, a scrutineer is appointed to observe the poll voting process.

A summary of the key matters discussed at the Company's AGM is posted onto the Company's website after the general meeting.

(iii) Corporate Social Responsibility

The Board is committed in its social obligation towards its stakeholders in particular towards the environment, community and its employees.

Environment

The Group continues its commitment towards sustaining the environment by using clean poultry farming technology and effective and efficient bio-security and waste management system to eliminate environmental footprints in the areas where it operates.

Chicken houses are designed and maintained hygienically to leave minimal impact to surrounding environment. Use of large ventilator system in chicken houses and multiple decker cage systems in well laid out farm ensure clean environment and healthy growth of layers. Stringent flock health policy practiced at the farm has resulted in lower risk of disease outbreak.

Social

The Company creates employment opportunities particularly for the community in its neighbourhood. The layer farm currently employs over 500 workforce ranging from operators to management. The Company values the contribution of its employees and provides opportunities for development and enhancement of employees's skills. In-house training programmes, external training and seminars focusing on skills, knowledge, productivity and job related requirements are provided for employees. LTKM encourages communication and constructive feedback and suggestions across all levels of functionalities and positions. In addition, LTKM also provides housing and medical aids as part of its commitment to the welfare of its employees.

The Group also donates to schools, homes for the underprivileged and charitable organizations on regular basis.

Corporate Governance Overview Statement
cont'd

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) Depository Receipt Programme

During the financial year under review, the Company did not sponsor any Depository Receipt Programme.

(iv) Profit Guarantee

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

(v) Options Or Convertible Securities

Other than the share options issued under the Employees' Share Option Scheme ("ESOS"), there was no other options or convertible securities issued during the financial year under review.

Details of the ESOS share options are disclosed in Directors' Report of the Audited Financial Statements on page 34 of this Annual Report.

(vi) Non-Audit Fees Paid To External Auditors

There was an amount of RM26,000 payable to the external auditors and/or their affiliated companies for their non-audit services 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 29 to the Audited Financial Statements on page 107 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 2019 with the unaudited results previously announced by the Company.

(x) Utilisation of Proceeds Raised from Corporate Proposals

There were no proceeds raised from corporate proposals during the financial year under review.

Sustainability Statement

INTRODUCTION

This Sustainability Statement is prepared in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The Statement sets out the sustainability issues that are material to the operations of the Group and how they are managed in terms of the economic, environmental, social and governance aspects of our operations.

GOVERNANCE

Sustainability management is an essential part of LTKM business practices. In line with good corporate governance, the Board ensures that the practice of sustainability is embedded in our business practices and are executed accountably and responsibly. The Board accepts its responsibility to present a balanced assessment of the LTKM's position with regards to non-financial matters of the Group in addition to the regular financial reporting.

ENGAGEMENT WITH STAKEHOLDERS

LTKM seeks to continuously engage with its key stakeholders to better understand and able to provide appropriate response in achieving the goals of sustainability. Engagement with key stakeholders is performed through a number of formal and informal channels.

The Group is committed to engage with stakeholders regularly to mitigate threats and risks that hinder sustainability, growth or efficient running of our operations. Engagement with stakeholders is also to ensure necessary requirements and expectations are adequately, timely and exceedingly met.

MATERIAL ISSUES

A. ECONOMIC

Bio-security

In our line of industry which deals directly with livestock, disease is a main threat and risk to sustainability. Malaysia has not been spared of disease outbreak previously the worst of which was the Avian Influenza (H5N1) outbreak in 2004. Therefore, LTKM has given this matter its utmost attention and has put in place very stringent bio-security policies to prevent a disease outbreak in our farm.

Product and Consumers

LTKM strives to deliver quality products to our customers and consumers by focusing on quality across all parts of the value chain from feed quality to bird husbandry, processing and the sourcing of high quality raw materials. Sourcing of main feed ingredients are strictly controlled to ensure quality. LTKM only uses 100% natural feeds such as corn, soybean and flaxseed. These feeds are mixed internally at our own feed meal plant to ensure purity and freshness. Omega eggs are produced by adding high quality omega-3 rich ingredients such as fish oil and linseed oil to the diet of the layers under technology licensing with Marditech Corporation Sdn Bhd. Marditech is the commercial arm of the Malaysian Agriculture Research and Development Institute.

Ultimately, LTKM continuously assures customers of high quality and farm fresh eggs at affordable prices.

Labour

LTKM has automated certain processes and tasks to reduce dependency on labour and also to drive efficiency. This step is important to ensure operations are uninterrupted as LTKM has increased its capacity over the years and the government's policy on foreign labour has become increasingly stringent. Without automation, LTKM's operations will be too labour dependent which can be a risk to operational sustainability.

Sustainability Statement
cont'd

MATERIAL ISSUES *cont'd*

B. ENVIRONMENT

For LTKM, environment encompassed not only the impact of the Group's operation to nature but also to the surrounding community. Our aim is to reduce carbon footprints through areas of waste management which also impacts air pollution management; water and energy; and pest control. We also utilize unutilized lands for planting in effort to leave positive environmental impact.

C. SOCIAL AND WORKPLACE

At LTKM we understand that interests and welfare of stakeholders such as employees and community particularly those living around the farm, are important to ensure that the Group's vision and mission of are carried out sustainably. Our social and workplace responsibility encompasses:

i. Occupational Safety and Health
ii. Employee Welfare
iii. Corporate Social Responsibility
iv. Regulations and Compliance

Conclusion

The Group looks forward to further enhance its sustainability practices to deliver higher and sustainable value to our stakeholders in all its business operations. It is our long term commitment in recognizing the importance of having right practices and corporate culture for a sustainable future.

Details of our sustainability effort can be found in LTKM Sustainability Report 2019.

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 Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements, which requires Malaysian public listed companies to make a statement about their state of risk management and 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 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 and effectively.

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:

    - o Review of business risk during operational meetings with the senior management team to identify, assess and manage risk in an efficient and effective manner
    - o Monitor results of key performance indicators
    - o Monitor exposure to credit risk to keep at acceptable level and financial capacity to withstand potential losses
    - o 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 which 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.

Statement On Risk Management And Internal Control
cont'd

KEY INTERNAL CONTROL PROCESSES *cont'd*

- 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.

INTERNAL AUDIT FUNCTION

The Internal Audit functions independently with the principal responsibility to evaluate and improve the adequacy and effectiveness of the risk management, internal 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 performed limited assurance procedures on this Statement on Risk Management and Internal Control pursuant to the scope set out in Recommended Practice Guide ("RPG") 5 (Revised), Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the Annual Report of the Group for the year ended 31 March 2019, and reported to the Board that nothing has come to their attention that causes them to believe the statement intended to be included in the Annual Report is not prepared, in all material respects, in accordance with the disclosures required by paragraph 41 and 42 of the Guidelines, nor is the Statement factually inaccurate.

RPG 5 does not require the External Auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Directors and management thereon. The report from the External Auditors was made solely for and directed solely to the Board of Directors in connection with their compliance with the listing requirements of Bursa Malaysia Securities Berhad and for no other purposes or parties. The External Auditors do not assume responsibility to any person other than the Board of Directors in respect of any aspect of this report.

CONCLUSION

For the financial year under review, the Board is satisfied that the existing levels of systems of risk management and internal control are adequate and 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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Directors' Report

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 March 2019.

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 16 to the financial statements.

RESULTS

	Group RM	Company RM
Profit net of tax, attributable to owners of the parent	20,956,468	5,574,195

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 amounts of dividends paid by the Company since 31 March 2018 were as follows:

	RM
In respect of the financial year ended 31 March 2018:	
Interim dividend of 1.0 sen, single-tier, on 130,104,006 ordinary shares, declared on 13 February 2018 and paid on 6 April 2018	1,301,040
Final dividend of 1.0 sen, single-tier, on 130,104,006 ordinary shares, declared on 26 July 2018 and paid on 5 October 2018	1,301,040
In respect of the financial year ended 31 March 2019:	
Interim dividend of 1.0 sen, single-tier, on 130,104,006 ordinary shares, declared on 26 February 2019 and paid on 12 April 2019	1,301,040
	3,903,120

At the forthcoming Annual General Meeting, a single-tier final dividend of 1.0 sen per ordinary share in respect of the financial year ended 31 March 2019, on 130,104,006 ordinary shares, amounting to a dividend payable of RM1,301,040 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 earnings in the financial year ending 31 March 2020.

Directors' Report
cont'd

DIRECTORS

The names of the Directors of the Company in office since the beginning of the financial year to the date of this report are:

Datuk Ir. Kamarudin bin Md Derom
Datuk Tan Kok
Tan Chee Huey
Datin Lim Hooi Tin
Ooi Hoy Bee @ Ooi Hooi Bee
Tan Kah Poh
Goh Kean Hoe

The names of Directors of the subsidiaries of the Company since the beginning of the financial year to the date of this report, not including those Directors listed above are:

Kok Chiew Heng
Loo Eng Seng
Loh Wei Ling
Tan Yee Boon
Tan Yee Hou
Lee Chee Gaip *(resigned on 30 April 2019)*

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that financial 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, other than those arising from share options granted to Directors under the Employees' Share Option Scheme ("ESOS").

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 9(b) 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 29 to the financial statements.

During the current financial year, the total amount of indemnity coverage and insurance premium paid for Directors and officers of the Company are RM10,000,000 and RM13,500 respectively.

Directors' Report
cont'd

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 issued			
	1.4.2018	Bought	Sold	31.3.2019
The Company				
Direct interests:				
Datuk Tan Kok	3,458,116	-	-	3,458,116
Datin Lim Hooi Tin	600,000	-	-	600,000
Tan Chee Huey	312,000	-	-	312,000
Ooi Hoy Bee @ Ooi Hooi Bee	150,000	-	-	150,000
Indirect interests:				
Datuk Tan Kok [(1)]	84,313,906	91,000	-	84,404,906
Datin Lim Hooi Tin [(2)]	84,313,906	91,000	-	84,404,906
Tan Chee Huey [(3)]	4,036,900	91,000	-	4,127,900

	Number of ordinary shares issued		
	1.4.2018	Transferred	31.3.2019
Holding company - Ladang Ternakan Kelang Sdn. Bhd.			
Direct interests:			
Datuk Tan Kok	14,773,440	(2,655,840)	12,117,600
Datin Lim Hooi Tin	1,383,360	2,655,840	4,039,200

(1) Deemed interest by virtue of his shareholdings in Ladang Ternakan Kelang Sdn. Bhd. pursuant to Section 8(4) and Section 59(11)(c) of the Companies Act 2016.

(2) Deemed interest by virtue of being the spouse of Datuk Tan Kok, a shareholder of Ladang Ternakan Kelang Sdn. Bhd., which is a substantial shareholder of LTKM Berhad and pursuant to Section 59(11)(c) of the Companies Act 2016.

(3) Deemed interest pursuant to Section 8(4) and Section 59(11)(c) of the Companies Act 2016.

Datuk Tan Kok and Datin Lim Hooi Tin, by virtue of their interests in shares in Ladang Ternakan Kelang Sdn. Bhd., are also deemed interested in shares of all the subsidiaries of the Company to the extent the Company has an interest.

	Number of options over ordinary shares pursuant to ESOS			
	As at 1.4.2018	Granted	Exercised	As at 31.3.2019
Direct interests:				
Datuk Tan Kok	60,000	-	-	60,000
Datin Lim Hooi Tin	60,000	-	-	60,000
Datuk Ir. Kamarudin bin Md Derom	40,000	-	-	40,000
Tan Chee Huey	40,000	-	-	40,000
Ooi Hoy Bee @ Ooi Hooi Bee	40,000	-	-	40,000

Other than as disclosed above, 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.

Directors' Report
cont'd

EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

At an Extraordinary General Meeting held on 12 June 2015, the Company's shareholders approved an Employees' Share Option Scheme ("ESOS") of up to 10% of the issued and paid up ordinary share capital of the Company (excluding treasury shares, if any) at any point in time during the existence of the ESOS.

The details of the ESOS are disclosed in Note 26 to the financial statements.

The Company has granted 1,160,000 share options under the ESOS scheme, where 20,000 share options has lapsed in prior year. These options can be exercised within three (3) years from 25 September 2017 and expire on 20 October 2020.

Details of all the options to subscribe for ordinary shares of the Company pursuant to the ESOS as at 31 March 2019 are as follows:

Expiry date	Exercise price (RM)	Number of options
20 October 2020	1.40	1,140,000

Details of options granted to Directors are disclosed in the section on Directors' interests in this report.

HOLDING COMPANY

The immediate and ultimate holding company is Ladang Ternakan Kelang Sdn. Bhd., which is incorporated in Malaysia.

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 there were no known bad debts and that adequate provision had been made for doubtful debts; and

(ii) to ensure that any current assets which were unlikely to realise their values 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) it necessary to write off any bad debts or the amount of the provision for doubtful debts 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.

Directors' Report
cont'd

OTHER STATUTORY INFORMATION *cont'd*

(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.

Auditors' remuneration is disclosed in Note 8 to the financial statements.

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement against claims by third parties arising from the audit. No payment has been made to indemnify Ernst & Young during or since the financial year.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 3 July 2019.

Datuk Tan Kok **Tan Chee Huey**

Statement by Directors

Pursuant to Section 251(2) of the Companies Act 2016

We, Datuk Tan Kok and Tan Chee Huey 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 41 to 119 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 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 2019 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 3 July 2019.

Datuk Tan Kok **Tan Chee Huey**

Statutory Declaration

Pursuant to Section 251(1)(b) of the Companies Act 2016

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 41 to 119 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 3 July 2019.

Jancy Oh Suan Tin

Before me,

Yip Ban Leng
B435
Commissioner for Oaths
Klang, Selangor Darul Ehsan

Independent Auditors' Report

To the members of LTKM Berhad
(Incorporated in Malaysia)

REPORT ON THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of LTKM Berhad, which comprise the statements of financial position as at 31 March 2019 of the Group and of the Company, and 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 notes to the financial statements, including a summary of significant accounting policies, and other explanatory information, as set out on pages 41 to 119.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 March 2019 and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis of opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence and other ethical responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. We have determined that there are no key audit matters to communicate in our report on the financial statements of the Company. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditors' responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

(a) Valuation of livestock

We draw your attention to Note 2.2, Note 2.14, Note 3(b)(i) and Note 18 to the financial statements.

At 31 March 2019, the fair value of the Group's biological assets was approximately RM19.16 million, of which RM14.17 million were chickens at egg laying stage. In deriving at the fair value of these layers, the Group uses the income approach. This method involves the projection of a series of cashflow to be generated by the layers.

Significant judgement and estimates were used in determining the fair value of these layers, in particular, the estimated selling price of the eggs, the cost of feeds for the remaining life of the layers and the residual value of the layers upon maturity age.

Due to the significant judgement and estimates involved in deriving at the fair value of these layers, we consider this to be an area of our audit focus.

Independent Auditors' Report

To the members of LTKM Berhad
(Incorporated in Malaysia)
cont'd

REPORT ON THE FINANCIAL STATEMENTS *cont'd*

Key audit matters *cont'd*

(a) Valuation of livestock cont'd

Our audit procedures included:

(i) we obtained an understanding of the methodology adopted by management in estimating the fair value of the layers;

(ii) we evaluated on the estimated selling prices of the eggs against historical prices;

(iii) we assessed the expected feed cost for the remaining life of the layers;

(iv) we agreed the residual price of the layers upon maturity against the current market price; and

(v) we evaluated the disclosure in Note 18 to the financial statements.

(b) Valuation of investment properties

We draw your attention to Note 2.9, Note 3(b)(ii), Note 14 and Note 34 to the financial statements.

At 31 March 2019, the carrying amount of investment properties of the Group was approximately RM104.30m. The Group adopts fair value model for its investment properties. In the current financial year, the Group engaged firms of independent valuers to assess the fair value for investment properties held at the reporting date.

When estimating the fair value of a property, the objective is to estimate the price that would be received from the sale of the property in an orderly transaction between market participants at the reporting date under current market conditions which are highly judgemental. Accordingly, we consider this to be an area of audit focus. Our audit procedures focused on the evaluation performed by independent valuers with regards to the fair value of investment properties.

Our audit procedures include amongst others:

(i) we considered the competence, capabilities and objectivity of the independent valuers engaged by management;

(ii) we obtained an understanding of the methodology adopted by the independent valuers and management in estimating the fair value of the properties;

(iii) as part of our evaluation of the fair values of properties, we had discussions with the independent valuers and management to obtain an understanding of the property related data used as input to the valuation model; and

(iv) we evaluated the disclosures in the Note 14 and Note 34 to the financial statements.

Information other than the financial statements and auditors' report thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon, which we obtained prior to the date of this auditors' report, and the annual report, which is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Independent Auditors' Report

To the members of LTKM Berhad
(Incorporated in Malaysia)
cont'd

REPORT ON THE FINANCIAL STATEMENTS *cont'd*

Information other than the financial statements and auditors' report thereon *cont'd*

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Directors of the Company and take appropriate action.

Responsibilities of the directors for the financial statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's and of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

Independent Auditors' Report

To the members of LTKM Berhad
(Incorporated in Malaysia)
cont'd

REPORT ON THE FINANCIAL STATEMENTS *cont'd*

Auditors' responsibilities for the audit of the financial statements *cont'd*

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also (cont'd.):

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER MATTERS

As stated in Note 2.1 to the financial statements, the Group and the Company adopted Malaysian Financial Reporting Standards and International Financial Reporting Standards on 1 April 2018 with a transition date of 1 April 2017. These standards were applied retrospectively by directors to the comparative information in the financial statements, including the statements of financial position of the Group and of the Company as at 31 March 2018 and 1 April 2017, the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year ended 31 March 2018 and related disclosures. We were not engaged to report on the restated comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the year ended 31 March 2019, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 April 2018 do not contain misstatements that materially affect the financial position as at 31 March 2019 and the financial performance and cash flows for the year then ended.

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 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

Ng Kim Ling
No. 03236/04/2020 J
Chartered Accountant

Kuala Lumpur, Malaysia
3 July 2019

Statements of Comprehensive Income

For the financial year ended 31 March 2019

	Note	Group		Company	
		2019	2018	2019	2018
		RM	RM	RM	RM
Revenue	4(a)	196,340,566	175,032,240	4,986,000	3,516,000
Cost of sales	4(b)	(153,919,179)	(151,974,975)	-	-
Gross profit		42,421,387	23,057,265	4,986,000	3,516,000
Other income	5	8,546,064	1,688,187	2,540,148	2,249,367
Other items of expense					
Distribution expenses		(4,027,148)	(3,885,423)	-	-
Administrative expenses		(10,958,149)	(8,528,150)	(1,328,377)	(1,359,699)
Other expenses	6	(291)	(701,741)	-	-
Finance costs	7	(5,022,219)	(5,467,084)	-	-
Profit before tax	8	30,959,644	6,163,054	6,197,771	4,405,668
Income tax expense	10	(10,003,176)	(3,773,150)	(623,576)	(532,555)
Profit net of tax		20,956,468	2,389,904	5,574,195	3,873,113
Other comprehensive income					
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:					
Net change in fair value through other comprehensive income ("FVOCI") reserves:					
- Changes in fair value		(2,654,333)	(5,948,822)	-	-
Other comprehensive loss for the year, net of tax		(2,654,333)	(5,948,822)	-	-
Total comprehensive income/(loss) for the year		18,302,135	(3,558,918)	5,574,195	3,873,113
Profit net of tax, attributable to:					
Owners of the parent		20,956,468	2,389,904	5,574,195	3,873,113
Total comprehensive income/(loss) attributable to:					
Owners of the parent		18,302,135	(3,558,918)	5,574,195	3,873,113
Earnings per share attributable to owners of the parent (sen per share):					
Basic/diluted	11	16.11	1.84		

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

Statements of Financial Position

As at 31 March 2019

	Note	Group 2019 RM	2018 RM	1.4.2017 RM
Assets				
Non-current assets				
Property, plant and equipment	13	90,749,563	97,743,804	97,606,701
Investment properties	14	104,395,000	103,295,000	103,295,000
Land held for property development	15	39,322,155	34,802,874	33,757,544
Deferred tax assets	25	-	-	124,776
Investment securities	17	24,218,888	27,423,700	35,704,650
		258,685,606	263,265,378	270,488,671
Current assets				
Biological assets	18	19,159,862	14,790,979	15,647,222
Inventories	19	16,591,694	20,015,509	16,431,500
Tax recoverable		157,436	331,694	337,498
Trade and other receivables	20	16,087,680	14,698,323	14,495,880
Prepayments	21	116,671	231,752	293,041
Cash and bank balances	22	37,454,774	30,884,734	26,489,676
		89,568,117	80,952,991	73,694,817
Total assets		348,253,723	344,218,369	344,183,488
Equity and liabilities				
Current liabilities				
Loans and borrowings	24	20,842,607	28,563,452	19,290,234
Trade and other payables	23	14,392,964	11,958,620	11,452,761
Dividend payable		1,301,040	1,301,040	1,951,560
Tax payable		1,534,841	459,786	134,123
		38,071,452	42,282,898	32,828,678
Net current assets		51,496,665	38,670,093	40,866,139
Non-current liabilities				
Loans and borrowings	24	55,033,552	62,563,210	65,160,780
Deferred tax liabilities	25	9,127,549	7,092,622	7,501,873
		64,161,101	69,655,832	72,662,653
Total liabilities		102,232,553	111,938,730	105,491,331
Net assets		246,021,170	232,279,639	238,692,157
Equity attributable to owners of the parent				
Share capital	26	65,052,003	65,052,003	65,052,003
Fair value through other comprehensive income reserve	27(a)	(4,430,642)	(1,417,122)	4,597,466
ESOS reserve	27(b)	399,000	399,000	-
Retained earnings		185,000,809	168,245,758	169,042,688
Total equity		246,021,170	232,279,639	238,692,157
Total equity and liabilities		348,253,723	344,218,369	344,183,488

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

Statements of Financial Position

As at 31 March 2019
cont'd

		Company		
		2019	2018	1.4.2017
	Note	RM	RM	RM
Assets				
Non-current assets				
Property, plant and equipment	13	988,843	1,098,189	1,225,011
Investment in subsidiaries	16	47,656,440	47,656,440	47,827,440
Other receivables	20	42,619,049	40,109,566	30,000,000
		91,264,332	88,864,195	79,052,451
Current assets				
Trade and other receivables	20	327,529	368,357	11,982,750
Cash and bank balances	22	10,145,829	9,378,843	7,272,877
		10,473,358	9,747,200	19,255,627
Total assets		101,737,690	98,611,395	98,308,078
Equity and liabilities				
Current liabilities				
Trade and other payables	23	198,734	174,716	263,575
Tax payable		203,248	65,409	4,876
Dividend payable		1,301,040	1,301,040	1,951,560
		1,703,022	1,541,165	2,220,011
Net current assets		8,770,336	8,206,035	17,035,616
Non-current liability				
Deferred tax liability	25	33,090	40,767	78,117
Total liabilities		1,736,112	1,581,932	2,298,128
Net assets		100,001,578	97,029,463	96,009,950
Equity attributable to owners of the Company				
Share capital	26	65,052,003	65,052,003	65,052,003
ESOS reserve	27(b)	399,000	399,000	-
Retained earnings	28	34,550,575	31,578,460	30,957,947
Total equity		100,001,578	97,029,463	96,009,950
Total equity and liabilities		101,737,690	98,611,395	98,308,078

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

Statements of Changes in Equity

For the financial year ended 31 March 2019

		Attributable to owners of the parent						
		(Non-distributable)						
	Note	Share capital RM	Asset revaluation reserve RM	Available-for-sale reserve RM	Fair value through other comprehensive income reserve RM	ESOS reserve RM	Distributable retained earnings RM	Total equity RM
Group								
2019								
At 1 April 2018 as reported under FRS		65,052,003	37,295,117	1,080,452	-	399,000	127,805,500	231,632,072
Effect of adoption of MFRS	2.2	-	(37,295,117)	(1,080,452)	(1,417,122)	-	40,440,258	647,567
At 1 April 2018 as reported under MFRS		65,052,003	-	-	(1,417,122)	399,000	168,245,758	232,279,639
Total comprehensive income		-	-	-	(2,654,333)	-	20,956,468	18,302,135
Profit net of tax		-	-	-	-	-	20,956,468	20,956,468
Other comprehensive income, net of tax		-	-	-	(2,654,333)	-	-	(2,654,333)
Transfer of fair value reserve of equity instruments designated at FVOCI upon disposal	17	-	-	-	(359,187)	-	359,187	-
Deferred tax relating to land	25	-	-	-	-	-	(1,958,524)	(1,958,524)
Transaction with owners:								
Dividends on ordinary shares	12	-	-	-	-	-	(2,602,080)	(2,602,080)
At 31 March 2019		65,052,003	-	-	(4,430,642)	399,000	185,000,809	246,021,170
2018								
At 1 April 2017 as reported under FRS		65,052,003	37,309,899	7,416,226	-	-	127,863,755	237,641,883
Effect of adoption of MFRS	2.2	-	(37,309,899)	(7,416,226)	4,597,466	-	41,178,933	1,050,274
At 1 April 2017 as reported under MFRS		65,052,003	-	-	4,597,466	-	169,042,688	238,692,157
Total comprehensive income		-	-	-	(5,948,822)	-	2,389,904	(3,558,918)
Profit net of tax		-	-	-	-	-	2,389,904	2,389,904
Other comprehensive income, net of tax		-	-	-	(5,948,822)	-	-	(5,948,822)
Transfer of fair value reserve of equity instruments designated at FVOCI upon disposal	17	-	-	-	(65,766)	-	65,766	-
Transaction with owners:								
Dividends on ordinary shares	12	-	-	-	-	-	(3,252,600)	(3,252,600)
Share options granted under ESOS		-	-	-	-	399,000	-	399,000
At 31 March 2018		65,052,003	-	-	(1,417,122)	399,000	168,245,758	232,279,639

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

Statements of Changes in Equity

For the financial year ended 31 March 2019
cont'd

	Note	Share capital RM	(Non-distributable) Asset revaluation reserve RM	ESOS reserve RM	Distributable retained earnings RM	Total equity RM
Company						
2019						
At 1 April 2018 as reported under FRS		65,052,003	233,531	399,000	31,344,929	97,029,463
Effect of adoption of MFRS	2.2	-	(233,531)	-	233,531	-
At 1 April 2018 as reported under MFRS		65,052,003	-	399,000	31,578,460	97,029,463
Profit net of tax, representing total comprehensive income		-	-	-	5,574,195	5,574,195
Dividends on ordinary shares	12	-	-	-	(2,602,080)	(2,602,080)
At 31 March 2019		65,052,003	-	399,000	34,550,575	100,001,578
2018						
At 1 April 2017 as reported under FRS		65,052,003	233,531	-	30,724,416	96,009,950
Effect of adoption of MFRS	2.2	-	(233,531)	-	233,531	-
At 1 April 2017 as reported under MFRS		65,052,003	-	-	30,957,947	96,009,950
Profit net of tax, representing total comprehensive income		-	-	-	3,873,113	3,873,113
Transaction with owners:						
Share options granted under ESOS:						
Recognised in profit or loss		-	-	70,000	-	70,000
Capitalised in investment in subsidiaries		-	-	329,000	-	329,000
Dividends on ordinary shares	12	-	-	-	(3,252,600)	(3,252,600)
At 31 March 2018		65,052,003	-	399,000	31,578,460	97,029,463

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

Statements of Cash Flows

For the financial year ended 31 March 2019

	Note	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Cash flows from operating activities					
Profit before tax		30,959,644	6,163,054	6,197,771	4,405,668
Adjustments for:					
Depreciation of property plant and equipment	8	7,759,335	7,492,429	111,646	130,584
Property, plant and equipment written off	8	81,324	83	-	35
Gain on disposal of property, plant and equipment	5	(112,170)	(54,717)	-	-
Changes in fair value of:					
Investment properties	5	(1,100,000)	-	-	-
Livestock	5/6	(5,074,064)	408,066	-	-
Produce inventories	5/6	(259,801)	15,803	-	-
Share options granted under ESOS	9(a)	-	399,000	-	70,000
Allowance/(reversal of allowance) for expected credit losses	8	94,006	(45,982)	-	-
Short term accumulating compensated absences	9(a)	5,354	22,553	881	1,593
Unrealised (gain)/loss on foreign exchange	5/6	(48,896)	277,774	-	-
Dividend income from:					
Investment securities	5	(722,567)	(853,775)	-	-
A subsidiary company	4(a)	-	-	(4,500,000)	(3,000,000)
Interest expense	7	5,022,219	5,467,084	-	-
Interest income	5	(499,724)	(440,066)	(2,528,148)	(2,237,284)
Operating profit/(loss) before working capital changes		36,104,660	18,851,306	(717,850)	(629,404)
Working capital changes in:					
Land held for development		(4,506,095)	-	-	-
Property development costs		(13,186)	(1,045,330)	-	-
Biological assets		705,181	448,177	-	-
Inventories		3,683,616	(3,599,812)	-	-
Receivables		(1,319,386)	(122,991)	170	7,443
Payables		2,198,389	320,687	23,137	(90,452)
Cash generated from/(used in) operations		36,853,179	14,852,037	(694,543)	(712,413)
Net taxes paid		(8,677,460)	(3,962,136)	(493,414)	(509,372)
Interest paid		(4,791,618)	(5,220,487)	-	-
Net cash generated from/(used in) operating activities		23,384,101	5,669,414	(1,187,957)	(1,221,785)

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

Statements of Cash Flows

For the financial year ended 31 March 2019
cont'd

	Note	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Cash flows from investing activities					
Purchase of:					
Property, plant and equipment	13	(846,418)	(7,629,615)	(2,300)	(3,797)
Investment securities		(1,290,893)	(837,216)	-	-
Proceeds from disposal of:					
Property, plant and equipment		112,170	54,717	-	-
Investment securities		1,841,372	3,071,389	-	-
Net change in investment in subsidiaries		-	-	-	500,000
Interest received	5	499,724	440,066	2,528,148	2,237,284
Dividend received from:					
A subsidiary		-	-	4,500,000	3,000,000
Investment securities	5	722,567	853,775	-	-
Withdrawal of long term deposit		20,391	-	-	-
Net cash generated from/(used in) investing activities		1,058,913	(4,046,884)	7,025,848	5,733,487
Cash flows from financing activities					
Net repayments from subsidiaries		-	-	(2,468,825)	1,497,384
Dividends paid		(2,602,080)	(3,903,120)	(2,602,080)	(3,903,120)
Repayment of term loans		(7,574,829)	(1,745,586)	-	-
(Repayment)/drawdown of other bank borrowings		(7,675,674)	8,421,234	-	-
Net cash (used in)/generated from financing activities		(17,852,583)	2,772,528	(5,070,905)	(2,405,736)
Net increase in cash and cash equivalents		6,590,431	4,395,058	766,986	2,105,966
Cash and cash equivalents at beginning of year		30,864,343	26,469,285	9,378,843	7,272,877
Cash and cash equivalents at end of year (Note 22)		37,454,774	30,864,343	10,145,829	9,378,843

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

Notes to the Financial Statements

For the financial year ended 31 March 2019

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, Tropicana Golf & Country Resort, 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 holding and ultimate holding company of the Company is Ladang Ternakan Kelang Sdn. Bhd., a company incorporated in Malaysia. Related companies refer to companies within the Ladang Ternakan Kelang Sdn. Bhd. 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 16.

There have been no significant changes in the nature of these 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 3 July 2019.

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 Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act 2016 ("the Act") in Malaysia.

For all periods up to and including the year ended 31 March 2018, the Group and the Company prepared their financial statements in accordance with Financial Reporting Standards ("FRS"). These financial statements for the year ended 31 March 2019 are the first set of financial statements of the Group and the Company have prepared in accordance with MFRS, including MFRS 1 - First-time Adoption of Malaysian Financial Reporting Standards, MFRS 9 Financial Instruments, MFRS 15 Revenue from Contracts with Customers and MFRS 141 - Agriculture. Information on the Group's and the Company's adoption of MFRS and the impact of transition to MFRS are disclosed in Note 2.2.

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

The financial statements are presented in Ringgit Malaysia ("RM").

2.2 First-time adoption of Malaysian Financial Reporting Standards

The Group and the Company have prepared financial statements that comply with MFRS applicable as at 31 March 2019, together with the comparative period data for the year ended 31 March 2018, as described in the summary of significant accounting policies. In preparing the financial statements, the Group's and the Company's opening statements of financial position was prepared as at 1 April 2017, the Group's and the Company's date of transition to MFRS.

As provided in MFRS 1, first-time adopter of MFRS Framework can elect optional exemptions from full retrospective application of MFRS. The Group has elected not to apply MFRS 3 Business Combinations and MFRS 10 Consolidated Financial Statements retrospectively, that is not to restate any of its business combinations that occurred before the date of transition to MFRS.

Notes to the Financial Statements

For the financial year ended 31 March 2019
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.2 First-time adoption of Malaysian Financial Reporting Standards *cont'd*

The following note explains the principal adjustments made by the Group and the Company in restating their FRS financial statements, including the statements of financial positions as at 1 April 2017 and the financial statements for the year ended 31 March 2018.

		Group		
Statement of financial position:		**As reported under FRS** RM	**Adjustment** RM	**As reported under MFRS** RM
1 April 2017	Note 2.2			
Assets				
Inventories	(a)	16,325,416	106,084	16,431,500
Biological assets	(a)	14,645,574	1,001,648	15,647,222
Property, plant and equipment	(b)	97,332,613	274,088	97,606,701
Liabilities				
Deferred tax liability		7,170,327	331,546	7,501,873
Equity				
Revaluation reserves	(b)	37,309,899	(37,309,899)	-
AFS reserves	(c)	7,416,226	(7,416,226)	-
FVOCI reserves	(c)	-	4,597,466	4,597,466
Retained earnings	(a),(b),(c)	127,863,755	41,178,933	169,042,688
31 March 2018	Note 2.2			
Assets				
Inventories	(a)	19,925,228	90,281	20,015,509
Biological assets	(a)	14,176,443	614,536	14,790,979
Property, plant and equipment	(b)	97,596,679	147,125	97,743,804
Liabilities				
Deferred tax liability		6,888,246	204,376	7,092,622
Equity				
Revaluation reserves	(b)	37,295,117	(37,295,117)	-
AFS reserves	(c)	1,080,452	(1,080,452)	-
FVOCI reserves	(c)	-	(1,417,122)	(1,417,122)
Retained earnings	(a),(b),(c)	127,805,500	40,440,258	168,245,758

Notes to the Financial Statements

For the financial year ended 31 March 2019
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.2 First-time adoption of Malaysian Financial Reporting Standards *cont'd*

		Financial year ended 31 March 2018 Increase/ (decrease) RM
	Note 2.2	
Effects of adoption of MFRS on profit net of tax, arising from:		
Biological assets	(a)	(423,869)
Deferred tax benefit	(a)	101,729
Investment securities	(c)	(386,952)
Property, plant and equipment	(b)	(106,009)
Deferred tax benefit	(b)	10,660
		(804,441)

		Group		
Statement of comprehensive income:		**As reported under FRS RM**	**Adjustment RM**	**As reported under MFRS RM**
	Note 2.2			
Cost of goods sold	(b)	151,868,966	106,009	151,974,975
Other income	(a),(c)	2,871,075	(1,182,888)	1,688,187
Other expense	(a),(c)	1,073,808	(372,067)	701,741
Profit before tax		7,079,884	(916,830)	6,163,054
Income tax expense	(a),(b)	3,885,539	(112,389)	3,773,150
Profit net of tax		3,194,345	(804,441)	2,389,904
Other comprehensive income				
Net change on revaluation reserves	(b)	14,782	(14,782)	-
Net change on retained earnings		-	65,766	65,766
Net change on AFS reserves	(c)	6,335,774	(6,335,774)	-
Net change on FVOCI reserves	(c)	-	(5,948,822)	(5,948,822)

		Company		
Statement of financial position:		**As reported under FRS RM**	**Adjustment RM**	**As reported under MFRS RM**
	Note 2.2			
1 April 2017				
Equity				
Revaluation reserves	(b)	233,531	(233,531)	-
Retained earnings	(b)	30,724,416	233,531	30,957,947
31 March 2018				
Equity				
Revaluation reserves	(b)	233,531	(233,531)	-
Retained earnings	(b)	31,344,929	233,531	31,578,460

Notes to the Financial Statements

For the financial year ended 31 March 2019
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.2 First-time adoption of Malaysian Financial Reporting Standards *cont'd*

(a) Biological assets

Prior to the adoption of MFRS 141: Agriculture, the Group's biological assets comprising of livestock and agricultural produce were measured at lower of cost and net realisable value. The cost of livestock was derived from the cost of bringing the livestock to its present location and condition. The cost of agricultural produce comprised cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating activity. Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the costs necessary to make the sale.

Upon the adoption of MFRS 141, livestock and agricultural produce are measured at fair value less costs to sell with fair value changes recognised in profit or loss. Due to an absence of an active market for laying hens in Malaysia to determine fair value of the livestock, the Group uses the income approach model. The Group has restated its biological asset value at 1 April 2017 and 31 March 2018 based on the fair value model.

(b) Property, plant and equipments

(i) Lands and buildings

Prior to transition to MFRS, the Group's and the Company's freehold land, leasehold land and buildings under property, plant and equipments were measured at valuation less accumulated depreciation for buildings and less impairment losses after the date of valuation. Upon transition to MFRS, the Group and the Company have elected to measure all items of property, plant and equipments at cost less accumulated depreciation and accumulated impairment losses, if any.

The Group has elected for optional exemptions from full restrospective and uses the previous revaluation of the freehold and leasehold land and buildings classified under property, plant and equipment as deemed cost at the date of transition. Accordingly, there was no difference in the restated carrying amounts of these property, plant and equipment as at the date of transition. The revaluation reserve as at the date of transition was transferred to retained earnings.

(ii) Bearer plant

Prior to the adoption of MFRS, all new replanting and pre-cropping expenditure incurred from land clearing to the point of maturity were capitalised as biological assets and amortised at the useful economic lives of the crops.

Upon the adoption of MFRS, the Group are required to account bearer plants under MFRS 16: Property, plant and equipment. This resulted in a reclassification of bearer plant from biological assets to property, plant and equipment.

(c) Investment securities

Prior to transition to MFRS, the Group classified investment in equities as either fair value through profit or loss ("FVTPL") if they were held for trading or available-for-sale ("AFS") if they were neither held for trading nor held to maturity. For those classified as FVTPL instruments, any gains or losses arising from changes in fair value are recognised in profit or loss. For those classified as AFS instruments, any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income and accumulated in the AFS reserve in equity, except for impairment losses which are recognised in profit or loss. Upon derecognition of the AFS instruments, the cumulative gain or loss previously recognised in AFS reserve, is recycled to profit or loss.

Notes to the Financial Statements

For the financial year ended 31 March 2019
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.2 First-time adoption of Malaysian Financial Reporting Standards *cont'd*

(c) Investment securities *cont'd*

Upon transition to MFRS, under MFRS 9: Financial Instruments, the Group has elected to classify irrevocably its equity instruments under fair value through other comprehensive income ("FVOCI") at the date of initial application as it intends to hold these investments for the foreseeable future.

As a result of the changes in classification of the Group's equity instruments, the fair value reserve for the AFS instruments of the Group that were previously presented under AFS reserve were reclassified to FVOCI reserve as at 1 April 2017 and any impairments previously recognised on the AFS is reversed from retained earnings to FVOCI reserve. While for those instruments which were classified as FVTPL, the fair value changes are reversed from the retained earnings to FVOCI reserve upon transition.

The significant accounting policies adopted in preparing the financial statement are consistent with those of the audited financial statement for the year ended 31 March 2018, except as discussed below:

MFRS 9: Financial Instruments

MFRS 9 *Financial Instruments* replaces MFRS 139 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

MFRS 9 contains a new classification and measurement approach for financial assets that reflects the cash flow characteristics and business model in which the financial assets are managed. The new standard contains three classifications for financial assets measured at amortised cost, FVTPL and FVOCI and eliminates the existing MFRS 139 categories of loan and receivables, held-to-maturity and available-for-sale.

Based on the analysis of the Group's and of the Company's financial assets and liabilities as at 1 April 2017 on the basis of facts and circumstances that exist at that date, the Directors of the Company have assessed the impact of MFRS 9 to the Group's and the Company's financial statements as follows:

(i) Classification and measurement

Under MFRS 9, debt instruments are subsequently measured at FVTPL, amortised cost, or FVOCI. The classification is based on two criterias: the Group's and the Company's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of the Group's and of the Company's business model was made as of the date of initial application, 1 April 2017, and then applied retrospectively to those financial assets that were not derecognised before 1 April 2017. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The classification and measurement requirements of MFRS 9 did not have a significant impact to the Group and to the Company. Trade and other receivables classified as loans and receivables as at 31 March 2018 are classified and measured as debt instruments at amortised cost beginning 1 April 2018 as they are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest.

Notes to the Financial Statements

For the financial year ended 31 March 2019
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.2 First-time adoption of Malaysian Financial Reporting Standards *cont'd*

MFRS 9: Financial Instruments *cont'd*

(i) Classification and measurement cont'd

Equity investments in listed companies which have been classified as available for sale financial assets or at fair value through profit and loss as at 31 March 2018 are classified and measured as equity instruments designated at fair value through other comprehensive income beginning 1 April 2017. The Group and the Company elected to classify irrevocably its equity instruments under this category at the date of initial application as it intends to hold these investments for the foreseeable future. The impact of the reclassification is discussed in Note 2.2(c).

The Group and the Company have not designated any financial liabilities as FVTPL or FVOCI. There are no changes in classification and measurement for the Group's and the Company's financial liabilities.

(ii) Impairment

The adoption of MFRS 9 has fundamentally changed the Group's and the Company's accounting for impairment losses for financial assets by replacing MFRS 139's incurred loss approach with a forward-looking expected credit loss ("ECL") approach. MFRS 9 requires the Group and the Company to recognise an allowance for ECLs for all debt instruments not held at FVTPL and contract assets.

The Group and the Company applied the simplified approach and record lifetime expected losses on all trade receivables.

The accounting policies that relate to the recognition, classification, measurement and derecognition of financial instruments and impairment of financial assets are amended to comply with the provisions of MFRS 9, while the hedging accounting requirements under this standard are not relevant to the Group and the Company.

MFRS 15: Revenue from Contracts with Customers

MFRS 15 supersedes MFRS 118: *Revenue*, MFRS 111: *Construction Contracts* and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with its customers. MFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The core principle of MFRS 15 is that an entity should recognise revenue which depicts the transfer of promised goods or services to the customer at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

For performance obligations where any one of the above conditions is not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

When the entity satisfies a performance obligation by delivering the promised goods or services, it creates a contract based asset on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised, this gives rise to a contract liability. Revenue is measured at the fair value of consideration received or receivable.

The adoption of the above standards and interpretation did not have any significant effect on the financial statements of the Group and the Company.

Notes to the Financial Statements

For the financial year ended 31 March 2019
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.2 First-time adoption of Malaysian Financial Reporting Standards *cont'd*

MFRS 140: Transfers of Investment Property (Amendments to MFRS 140)

The amendments clarify that when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of change in use.

The application of these amendments has had no impact on the Group and on the Company as the Group's and the Company's practice were in line with the clarifications issued.

Annual Improvements to MFRS Standards 2014–2016 Cycle

The Annual Improvements to MFRS Standards 2014-2016 Cycle include a number of amendments to various MFRSs, which are summarised below:

i. MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards – Deletion of short-term exemptions for first-time adopters

Short-term exemptions in paragraphs E3–E7 of MFRS 1 were deleted because they have now served their intended purpose. The application of these amendments do not have any impact on the Group's and on the Company's financial statements.

ii. MFRS 128: Investments in Associates and Joint Ventures – Clarification that measuring investees at FVTPL is an investment-by-investment choice

This amendments clarify that:

- an entity that is a venture capital organisation, or other qualifying entity, may elect, at initial recognition, on an investment-by-investment basis, to measure its investments in associates and joint ventures at FVTPL.

- if an entity, that is not itself an investment entity, has an interest in associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at a later date on which:

  (a) the investment entity associate or joint venture is initially recognised;
  (b) the associate or joint venture becomes an investment entity; and
  (c) the investment entity associate or joint venture first becomes a parent.

The application of these amendments do not have any impact on the Group's and on the Company's financial statements.

2.3 Standards issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of the Group's and of the Company's financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

Notes to the Financial Statements

For the financial year ended 31 March 2019
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.3 Standards issued but not yet effective *cont'd*

Descriptions	Effective for annual periods beginning on or after
MFRS 9: *Prepayment Features with Negative Compensation (Amendments to MFRS 9)*	1 January 2019
MFRS 16: *Leases*	1 January 2019
MFRS 128: *Long-term Interests 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
MFRS 101: *Definition of Material (Amendments to MFRS 101)*	1 January 2020
MFRS 3: *Business Combinations (Amendments to MFRS 3)*	1 January 2020
MFRS 108: *Definition of Material (Amendments to MFRS 108)*	1 January 2020
Amendments to MFRS 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 Interpretation 22: *Foreign Currency Transactions and Advance Consideration*	1 January 2020
MFRS 17: *Insurance Contracts*	1 January 2021
Amendments to MFRS 10 and MFRS 128: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Deferred

The Directors expect that the adoption of the above standards will have no material impact on the financial statements in the period of initial application except as discussed below:

MFRS 16: Leases

MFRS 16 was issued in January 2016 and it replaces MFRS 117: *Leases*, IC Interpretation 4: *Determining whether an Arrangement contains a Lease*, IC Interpretation 115: *Operating Lease - Incentives* and IC Interpretation 127: *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 117. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Notes to the Financial Statements

For the financial year ended 31 March 2019
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.3 Standards issued but not yet effective *cont'd*

MFRS 16: Leases *cont'd*

Lessor accounting under MFRS 16 is substantially unchanged from today's accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases.

MFRS 16, which is effective for annual periods beginning on or after 1 January 2019, requires lessees and lessors to make more extensive disclosures than under MFRS 117.

Transition to MFRS 16

The Group and the Company plan to adopt MFRS 16 retrospectively to each prior reporting period presented. The Group and the Company will elect to apply the standard to contracts that were previously identified as leases applying MFRS 117 and IFRIC 4. The Group and the Company will therefore not apply the standard to contracts that were not previously identified as containing a lease applying MFRS 117 and IFRIC 4: *Determining whether an arrangement contains a lease*.

The Group and the Company will elect to use the exemptions applicable to the standard on lease contracts for which the lease terms ends within 12 months as of the date of initial application, and lease contracts for which the underlying asset is of low value. The Group have leases of certain office equipment (i.e., printing and photocopying machines) that are considered of low value.

The adoption of MFRS 16 is not expected to have significant effects on the financial statements of the Company. For Group, the preliminary impact arising from the adoption of MFRS 16 is expected to be, as follows:

Impact on equity (increase/(decrease)) as at 31 March 2019:

	RM
Assets	
Property, plant and equipment (right-of-use assets)	1,450,701
Liabilities	
Lease liabilities	1,492,534
Deferred tax liabilities	(10,040)
Equity	
Retained earnings	(31,793)

Impact on the statement of profit or loss (increase/(decrease)) for the year ended 31 March 2019:

	RM
Cost of sales	(42,650)
Other expenses	-
Finance costs	84,483
Taxation	(10,040)
Profit for the year, attributable to equity holders of the Company	(31,793)

Due to the adoption of MFRS 16, the Group's operating profit will improve, while its interest expense will increase. This is due to the change in the accounting for expenses of leases that were classified as operating leases under MFRS 117.

Notes to the Financial Statements

For the financial year ended 31 March 2019
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.3 Standards issued but not yet effective *cont'd*

Annual Improvements 2015-2017 Cycle (issued in December 2017)

These improvements include:

- MFRS 3: *Business Combinations*

  The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation.

  An entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2019, with early application permitted. These amendments are currently not applicable to the Group and to the Company but may apply on future business combinations of the Group and of the Company.

- MFRS 11: *Joint Arrangements*

  A party that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in MFRS 3. The amendments clarify that the previously held interests in that joint operation are not remeasured.

  An entity applies those amendments to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after 1 January 2019, with early application permitted. These amendments are currently not applicable to the Group and to the Company.

- MFRS 112: *Income Taxes*

  The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

  An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019, with early application is permitted. When an entity first applies those amendments, it applies them to the income tax consequences of dividends recognised on or after the beginning of the earliest comparative period. Since the Group's and the Company's current practice is in line with these amendments, the Group and the Company do not expect any effect on the Group's and on the Company's financial statements.

- MFRS 123: *Borrowing Costs*

  The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

  An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after 1 April 2019, with early application permitted. These amendments are currently not applicable to the Group and to the Company but may apply to future transactions.

Notes to the Financial Statements

For the financial year ended 31 March 2019
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.4 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 for like transactions and events in similar circumstances.

The Company controls an investee if and only if the Company has all the following:

(i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);

(ii) Exposure, or rights, to variable returns from its investment with the investee; and

(iii) The ability to use its power over the investee to affect its returns.

When the Company has less than a majority of the voting rights of an investee, the Company considers the following in assessing whether or not the Company's voting rights in an investee are sufficient to give it power over the investee:

(i) The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

(ii) Potential voting rights held by the Company, other vote holders or other parties;

(iii) Rights arising from other contractual arrangements; and

(iv) Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full. Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The resulting difference is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interest, is recognised in profit or loss. The subsidiary's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss or where applicable, transferred directly to retained earnings. The fair value of any investment retained in the former subsidiary at the date control is lost is regarded as the cost on initial recognition of the investment.

Notes to the Financial Statements

For the financial year ended 31 March 2019
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.4 Basis of consolidation *cont'd*

Business combinations

Acquisitions of subsidiaries are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction costs incurred are expensed and included in administrative expenses.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with MFRS 9 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of MFRS 9, it is measured in accordance with the appropriate MFRS.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

2.5 Investment in subsidiaries

In the Company's separate financial statements, investment in subsidiaries are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

2.6 Revenue recognition

(a) Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods, net of indirect taxes.

The Group recognises revenue from contracts with customers for the sale of goods based on the five-step model as set out below:

(i) Identify contract with a customer

A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria that must be met.

(ii) Identify performance obligations in the contract

A performance obligation is a promise in a contract with a customer to transfer a good to the customer.

Notes to the Financial Statements

For the financial year ended 31 March 2019
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.6 Revenue recognition *cont'd*

(a) Revenue from contracts with customers *cont'd*

(iii) Determine the transaction price

The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods to a customer, excluding amounts collected on behalf of third parties.

In determining the transaction price, the Group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer.

(iv) Allocate the transaction price to the performance obligation(s) in the contract

For a contract that has more than one performance obligation, the Group allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

(v) Determine the timing of revenue recognition

The Group satisfies a performance obligation and recognise revenue over time if the Group's performance:

(i) Do not create an asset with an alternative use to the Group and have an enforceable right to payment for performance obligation completed to-date; or

(ii) Create or enhance an asset that the customer controls as the asset is created or enhanced; or

(iii) Provide benefits that the customer simultaneously receives and consumes as the Group perform.

For performance obligations where any one of the above conditions are met, revenue is recognised at the point in time at which the performance obligation is satisfied.

For performance obligations that are satisfied over time, the Group determined that the input method is the best method in measuring progress of the services because there is direct relationship between the Group's effort and the transfer of service to the customer.

The following describes the performance obligation in contracts with customers:

(i) Revenue from sales of produce inventories and livestock

Revenue is recognised at the point in time when the control of produce inventories and livestock are transferred 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) Revenue from sales of sand

Revenue is recognised at the point in time when the control of sand is transferred 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.

Notes to the Financial Statements

For the financial year ended 31 March 2019
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.6 Revenue recognition *cont'd*

(b) Other revenue

(i) Dividend income

Dividend income is recognised at point of time when the Group's and the Company's right to receive payment is established which is the date that the dividend is declared.

(ii) Interest income

Interest income is recognised on the accrual basis, using the effective interest method, unless recoverability is in doubt, in which case, it is recognised on receipt basis.

(iii) Management fee income

Management service fees are recognised at point of time as at when services are rendered.

(iv) Rental income

Rental income from investment properties is recognised 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. The income recognition is not within the scope of MFRS 15.

2.7 Income taxes

(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 at 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 taxable 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.

Notes to the Financial Statements

For the financial year ended 31 March 2019
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.7 Income taxes *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) Malaysian Goods and Service Tax ("GST")

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

- where the GST incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the GST 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 GST included.

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

Effective from 1 June 2018, the rate was reduced from 6.00% to 0% and GST was subsequently abolished and replaced by Sales and Service Tax on 1 September 2018.

Notes to the Financial Statements

For the financial year ended 31 March 2019
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.8 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 Company and the cost of the item can be measured reliably.

Subsequent to recognition, property, 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 and the Company recognise 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 is measured at cost less any accumulated impairment losses.

Freehold land has an unlimited useful life and therefore is not depreciated. Leasehold land are depreciated over the period of their respective lease term. 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%
Plant and machinery	10% - 20%
Furniture, fittings and equipment	10% - 20%
Motor vehicles	20%
Ponds	20% - 50%

Capital-in-progress included in property, plant and equipment are not depreciated as these assets are not yet available for use.

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.

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.

Bearer plants comprise pre-cropping expenditure incurred from land clearing to the point of maturity. Such expenditure is capitalised and is amortised at maturity of the crop at the following rates which are deemed as the useful economic lives of the crop:

Pre-croping expenditure - oil palm	over 20 years or 5%

2.9 Investment properties

Investment properties are properties which are owned or held to earn rental income or capital appreciation or for both; but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. These include freehold land and leasehold land which in substance is a finance lease held for a currently undetermined future use.

Notes to the Financial Statements

For the financial year ended 31 March 2019
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.9 Investment properties *cont'd*

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 2.8 up to the date of change in use.

2.10 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 lower of cost and net realisable value.

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) Completed inventory property and inventory property under development

Property acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as inventory property and is measured at the lower of cost and net realisable value ("NRV"). NRV is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Principally, this is property that the Group develops and intends to sell before, or on completion of, development.

Cost incurred in bringing each property to its present location and condition includes:

- Freehold and leasehold rights for land
- Amounts paid to contractors for development
- Borrowing costs, planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, development overheads and other related costs

Notes to the Financial Statements

For the financial year ended 31 March 2019
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.10 Land held for property development and property development costs *cont'd*

(ii) Completed inventory property and inventory property under development *cont'd*

NRV is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date, less estimated costs of completion and the estimated costs necessary to make the sale.

When an inventory property is sold, the carrying amount of the property is recognised as an expense in the period in which the related revenue is recognised. The carrying amount of inventory property recognised in profit or loss is determined with reference to the directly attributable costs incurred on the property sold and an allocation of any other related costs based on the relative size of the property sold.

2.11 Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset (or assets), even if that right is not explicitly specified in an arrangement.

(i) As lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group or to the Company is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between 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 recognised in finance costs in statements of comprehensive income.

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

An operating lease is a lease other than a finance lease. Operating lease payments are recognised as an operating expense in the statement of comprehensive income on a straight-line basis over the lease term.

(ii) As lessor

Leases in which the Group and the Company do not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Notes to the Financial Statements

For the financial year ended 31 March 2019
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.12 Financial assets

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income ("FVOCI"), and fair value through profit or loss ("FVTPL").

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the Group and the Company initially measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or FVOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's and the Company's business model for managing financial assets refers to how they manages their financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group and the Company commit to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments);
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at FVOCI with no recycling of cummulative gains and lossess upon derecognition (equity instruments); and
- Financial assets at FVTPL.

The Group and the Company have no financial assets carried at FVOCI for debt instruments or financial assets carried at FVTPL.

Financial assets at amortised cost (debt instruments)

The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows;

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding;

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's and the Company's financial assets at amortised cost include trade and other receivables and cash and bank balances.

Notes to the Financial Statements

For the financial year ended 31 March 2019
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.12 Financial assets *cont'd*

Financial assets designated at FVOCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably their equity investments as equity instruments designated at FVOCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity instruments designated at FVOCI are not subject to impairment assessment.

The Group elected to classify irrevocably their equity investments under this category.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the asset have expired; or

- The Group and the Company have transferred their rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

When the Group and the Company have transferred their rights to receive cash flows from an asset or have entered into a pass-through arrangement, they evaluate if, and to what extent, they have retained the risks and rewards of ownership. When they have neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

Impairment of financial assets

The Group and the Company recognise an allowance for ECLs for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

Notes to the Financial Statements

For the financial year ended 31 March 2019
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.12 Financial assets *cont'd*

Impairment of financial assets *cont'd*

For trade receivables and contract assets, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group and the Company have established a provision matrix for trade receivables that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group and the Company consider a financial asset in default when internal or external information indicates that the Group and the Company are unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group and the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.13 Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's and the Company's financial liabilities include trade and other payables, amounts due to related parties and loans and borrowings.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Trade and other payables, amounts due to related parties

These are subsequently measured at amortised cost using the EIR method.

Loan and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. 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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Notes to the Financial Statements

For the financial year ended 31 March 2019
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.13 Financial liabilities *cont'd*

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.14 Biological assets

Livestock

The Group's livestock consists of chickens reared for laying eggs at each stage of growth from starter, grower, layer to old hens. Livestock is measured at fair value less estimated cost to sell with change in fair value less costs to sell recognised in profit or loss for the period in which it arises. The fair value is determined by using the income approach on the expected number of eggs produced by each batch, estimated selling price of eggs, estimated cost of feeds, residual value of old hens and other related costs, taking into account the time value of money over the life of the layers.

2.15 Inventories

The Group's inventories consist of consumable goods and produce inventories.

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

Consumable goods are stated at the lower of costs and net realisable value. The cost of consumable goods are costs incurred in bringing the consumable goods to their present location and condition stated 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.

(ii) Produce inventories

(a) Eggs

Eggs are agricultural produce and are stated at the lower of costs and net realisable value. The cost of eggs are initially recognised as inventory at its fair value less costs to sell.

(b) Organic fertilisers

Organic fertilisers are stated at the lower of costs and net realisable value. The cost of 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 first-in-first-out 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.

2.16 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and at banks and short term deposits with a maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's and of the Company's cash management, if any.

Notes to the Financial Statements

For the financial year ended 31 March 2019
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.17 Provisions

Provisions are recognised when the Group and the Company have 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. When the Group and the Company expect some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statements of comprehensive income net of any reimbursement.

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.

2.18 Employee benefits

(i) Short-term benefits

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

(ii) Defined contribution plans

The Group and the Company participate in the national pension scheme as defined by the laws of the country in which they operates. The Group and the Company make contributions to the Employees 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.

(iii) Employees' Share Option Scheme (ESOS)

Executives of the Group and of the Company receive remuneration in the form of share options as consideration for services rendered. The cost of these equity-settled transactions with executives is measured by reference to the fair value of the options at the date on which the options are granted. This cost is recognised in profit or loss.

The share option reserve is transferred to retained earnings upon expiry of the share options. When the options are exercised, the share option reserve is transferred to share capital if new shares are issued.

2.19 Impairment of non-financial assets

The Group and the Company assess 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 and the Company make 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")).

Notes to the Financial Statements

For the financial year ended 31 March 2019
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.19 Impairment of non-financial assets *cont'd*

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.

2.20 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. 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.

2.21 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.

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.

Notes to the Financial Statements

For the financial year ended 31 March 2019
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.22 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 and of the Company.

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

2.23 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of 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.

2.24 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 36, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.25 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 and the Company, as the issuers, are 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.

2.26 Current versus non-current classification

The Group and the Company present assets and liabilities in statement of financial position based on current/non-current classification. An asset is current when it is:

(i) Expected to be realised or intended to be sold or consumed in normal operating cycle;

(ii) Held primarily for the purpose of trading;

(iii) Expected to be realised within twelve months after the reporting period; or

(iv) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

Notes to the Financial Statements

For the financial year ended 31 March 2019
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.26 Current versus non-current classification *cont'd*

A liability is current when:

(i) It is expected to be settled in normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is due to be settled within twelve months after the reporting period; or

(iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group and the Company classify all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities respectively.

2.27 Fair value measurement

The Group and the Company measure financial instruments, such as, investment securities, and non-financial assets, such as, investment properties, at fair value at each reporting date. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 34.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

(i) In the principal market for the asset or liability; or

(ii) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group and the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group and the Company use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

(i) Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

(ii) Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement if directly or indirectly observable.

(iii) Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Notes to the Financial Statements

For the financial year ended 31 March 2019
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.27 Fair value measurement *cont'd*

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group and the Company determine whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group management determines the policies and procedures for both recurring fair value measurement, such as investment properties and investment securities.

External valuers are involved for valuation of significant assets, such as properties and significant liabilities, such as contingent consideration. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group management decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The management, in conjunction with the Group's external valuers, also compares each of the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's and of the Company'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 and the Company'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 other comprehensive income. The investment securities were classified as non-current assets as the management is of the opinion that such investments are not primarily held for trading in the short term.

(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.

Notes to the Financial Statements

For the financial year ended 31 March 2019
cont'd

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *cont'd*

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

(i) Biological assets

The fair value of biological assets is determined using the income approach model which considers the expected quantity and price of the eggs to be produced over the life of the layers, taking into account the layers' mortality rate.

In measuring the fair value of biological assets, management estimates and judgements are required which include the estimated selling price of the eggs, estimated feed costs over the remaining life of the layers, as well as residual value of layers upon maturity age. Changes to any of these assumptions would affect the fair value of the biological assets.

The fair value of biological assets as at 31 March 2019 is RM19,159,862 (2018: RM14,790,979).

(ii) Fair value of investment properties

The Group carries its investment properties at fair value, with changes in fair value being recognised in profit or loss. The Group engaged independent valuation specialists to assess fair value at each reporting date. Fair value is determined based on comparison method. Comparison method makes reference to market-based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of the property. The key assumptions used to determine the fair value of these assets and sensitivity analyses are provided in Notes 14 and 34.

4. REVENUE AND COST OF SALES

(a) Revenue

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Revenue from contracts with customers (Note (i))	195,980,566	174,672,240	-	-
Dividend income from a subsidiary	-	-	4,500,000	3,000,000
Rental income from investment properties	360,000	360,000	-	-
Management fee from subsidiaries	-	-	486,000	516,000
	196,340,566	175,032,240	4,986,000	3,516,000

Notes to the Financial Statements

For the financial year ended 31 March 2019
cont'd

4. REVENUE AND COST OF SALES *cont'd*

(a) Revenue *cont'd*

(i) Revenue from contracts with customers

Disaggregated revenue information

Set out below is the disaggregation of the Group's revenue from contracts with customers:

	Group	
	2019	2018
	RM	RM
Revenue from:		
- Sales of produce inventories and livestock, less return and discounts allowed	193,694,749	171,613,336
- Sales of sand	2,285,817	3,058,904
Total revenue from contracts with customers	195,980,566	174,672,240

Timing of revenue recognition

	Group	
	2019	2018
	RM	RM
At a point in time, representing total revenue from contracts with customers	195,980,566	174,672,240

Information on the Group's identification of performance obligations, determination of the timing of revenue recognition and measurement are disclosed in Note 2.2.

Contract balances, comprising trade receivables are disclosed in Note 20.

(b) Cost of sales

	Group	
	2019	2018
	RM	RM
Produce inventories and livestock	152,029,695	150,329,340
Sand	1,889,484	1,645,635
	153,919,179	151,974,975

Notes to the Financial Statements

For the financial year ended 31 March 2019
cont'd

5. OTHER INCOME

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Interest income on:				
- Fixed deposits	499,724	440,066	213,665	134,515
- Subsidiary loans	-	-	2,314,483	2,102,769
Dividend income from investment securities	722,567	853,775	-	-
Gain on disposal of property plant and equipment	112,170	54,717	-	-
Rental income from premises	48,000	78,000	12,000	12,000
Gain on foreign exchange				
- Realised	654,050	224,167	-	-
- Unrealised	48,896	-	-	-
Changes in fair value of:				
- Investment properties (Note 14)	1,100,000	-	-	-
- Livestock (Note 18)	5,074,064	-	-	-
- Produce inventories	259,801	-	-	-
Miscellaneous	26,792	37,462	-	83
	8,546,064	1,688,187	2,540,148	2,249,367

6. OTHER EXPENSES

	Group	
	2019	2018
	RM	RM
Changes in fair value of:		
- Produce inventories	-	15,803
- Livestock (Note 18)	-	408,066
Unrealised loss on foreign exchange	-	277,774
Miscellaneous	291	98
	291	701,741

Notes to the Financial Statements

For the financial year ended 31 March 2019
cont'd

7. FINANCE COSTS

	Group	
	2019	2018
	RM	RM
Interest expense on:		
- Bank overdrafts	-	7
- Bankers' acceptances	238,526	238,085
- Revolving credits	576,896	752,850
- Term loans	4,206,797	4,476,142
Total finance cost	5,022,219	5,467,084

8. PROFIT BEFORE TAX

Profit before tax is stated after charging/(crediting):

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Staff costs (excluding directors) (Note 9(a))	17,836,881	17,996,129	469,212	505,274
Directors' remuneration (Note 9(b))	4,913,853	2,472,104	298,012	318,433
Auditors' remuneration				
- statutory	190,000	184,500	65,000	62,000
- others	26,000	20,000	20,000	14,000
Depreciation of property, plant and equipment (Note 13)	7,759,335	7,492,429	111,646	130,584
Property, plant and equipment written off	81,324	83	-	35
Allowance/(reversal of allowance) for expected credit losses (Note 20(a))	94,006	(45,982)	-	-
Rental of:				
- Farm	768,000	690,000	-	-
- Office	43,200	43,200	43,200	43,200
Direct expenses arising from investment properties that:				
- Generate rental income	99,765	92,923	-	-
- Do not generate rental income	77,215	71,166	-	-

Notes to the Financial Statements

For the financial year ended 31 March 2019
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9. EMPLOYEE BENEFIT EXPENSE AND DIRECTORS' REMUNERATION

		Group		Company	
		2019	2018	2019	2018
		RM	RM	RM	RM
(a)	Staff costs				
	Wages and salaries	16,342,495	16,092,141	378,830	363,038
	Defined contribution plans	1,071,142	1,061,159	72,001	68,915
	Social security costs	123,129	106,767	1,657	1,657
	Short term accumulating compensated absences	5,354	22,553	881	1,593
	Share option granted under ESOS	-	399,000	-	70,000
	Employee insurance scheme	10,973	-	189	-
	Other staff related expenses	283,788	314,509	15,654	71
		17,836,881	17,996,129	469,212	505,274
(b)	Directors' remuneration				
	Executive directors' remuneration:				
	- Fees	60,000	60,000	30,000	30,000
	- Other emoluments	2,564,212	355,133	110,012	119,933
	Non-executive directors' remuneration:				
	- Fees	188,000	170,500	158,000	140,500
	- Other emoluments	135,601	184,601	-	28,000
	Other directors of the Group				
	- Fees	90,000	90,000	-	-
	- Other emoluments	1,876,040	1,611,870	-	-
	Total directors' remuneration	4,913,853	2,472,104	298,012	318,433
	Estimated money value of benefits-in-kind	223,090	171,805	17,870	17,870
	Total directors' remuneration including benefits-in-kind	5,136,943	2,643,909	315,882	336,303

Notes to the Financial Statements

For the financial year ended 31 March 2019
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9. EMPLOYEE BENEFIT EXPENSE AND DIRECTORS' REMUNERATION *cont'd*

(b) Directors' remuneration *cont'd*

The details of remuneration receivable by directors of the Group and Company during the financial year are as follows:

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Executive directors of the Company				
- Fees	60,000	60,000	30,000	30,000
- Salaries and other emoluments	2,271,660	268,300	91,660	88,300
- Defined contribution plans	291,628	50,980	17,428	16,780
- Social security costs	829	829	829	829
- Employee insurance scheme	95	24	95	24
- Share option granted under ESOS	-	35,000	-	14,000
- Benefits-in-kind	110,076	91,458	17,870	17,870
	2,734,288	506,591	157,882	167,803
Non-executive directors of the Company				
- Fees	188,000	170,500	158,000	140,500
- Salaries and other emoluments	113,950	113,950	-	-
- Defined contribution plans	21,651	21,651	-	-
- Share option granted under ESOS	-	49,000	-	28,000
- Benefits-in-kind	14,947	7,747	-	-
	338,548	362,848	158,000	168,500
Other directors of the Group				
- Fees	90,000	90,000	-	-
- Salaries and other emoluments	1,620,351	1,282,473	-	-
- Defined contribution plans	250,193	234,133	-	-
- Social security costs	4,934	4,145	-	-
- Employee insurance scheme	562	119	-	-
- Share option granted under ESOS	-	91,000	-	-
- Benefits-in-kind	98,067	72,600	-	-
	2,064,107	1,774,470	-	-
Total	5,136,943	2,643,909	315,882	336,303

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For the financial year ended 31 March 2019
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9. EMPLOYEE BENEFIT EXPENSE AND DIRECTORS' REMUNERATION *cont'd*

(b) Directors' remuneration *cont'd*

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

	Company	
	Number of directors	
	2019	2018
Executive directors:		
RM150,001 - RM200,000	1	1
RM300,001 - RM350,000	-	1
RM2,550,000 - RM2,600,000	1	-
Non-executive directors:		
Below RM50,000	3	4
RM50,000 - RM100,000	1	1
RM150,001 - RM200,000	1	1

10. INCOME TAX EXPENSE

Major components of income tax expense

The major components of income tax expense for the financial years ended 31 March 2019 and 31 March 2018 are:

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Current income tax:				
Malaysian income tax	8,885,917	3,984,061	622,479	542,555
(Over)/under provision in prior years	(94,922)	21,740	8,774	27,350
Real property gains tax:				
Malaysia real property gains tax	1,135,778	-	-	-
Under provision in prior years prior years	-	51,824	-	-
	9,926,773	4,057,625	631,253	569,905
Deferred tax (Note 25):				
Relating to origination and reversal of temporary differences	(61,654)	(251,354)	(7,677)	(22,405)
Under/(over) provision in prior years	138,057	(33,121)	-	(14,945)
	76,403	(284,475)	(7,677)	(37,350)
	10,003,176	3,773,150	623,576	532,555

Notes to the Financial Statements

For the financial year ended 31 March 2019
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10. INCOME TAX EXPENSE *cont'd*

Reconciliation between tax expense and accounting profit

A reconciliation of income tax expense applicable to accounting profit 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	
	2019 RM	2018 RM	2019 RM	2018 RM
Profit before tax:	30,959,644	6,163,054	6,197,771	4,405,668
Taxation at Malaysian statutory tax rate of 24% (2018: 24%)	7,430,315	1,479,133	1,487,465	1,057,360
Income not subject to tax	(182,081)	(713,246)	(1,080,000)	(720,000)
Expenses not deductible for tax purposes	2,126,264	2,984,800	207,337	182,790
Effect of reduction in tax rate on incremental chargeable income	-	(18,097)	-	-
Effect of increase in real property gain tax rate	30,498	-	-	-
Real property gains tax paid	1,135,778	-	-	-
Effect of deemed disposal of investment property	(580,733)	-	-	-
Deferred tax assets not recognised on unutilised capital allowance	-	116	-	-
Under/(over) provision of:				
- Income tax expense in prior years	(94,922)	21,741	8,774	27,350
- Real property gain tax	-	51,824	-	-
- Deferred tax in prior years	138,057	(33,121)	-	(14,945)
Income tax expense	10,003,176	3,773,150	623,576	532,555

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2018: 24%) of the estimated assessable profit for the financial year.

11. EARNINGS PER SHARE

Basic and diluted

Basic earnings per share is calculated by dividing profit for the financial year, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2019 RM	2018 RM
Profit attributable to owners of the parent	20,956,468	2,389,904
Weighted average number of ordinary shares in issue (units)	130,104,006	130,104,006
Basic and diluted earnings per share (sen per share)	16.11	1.84

1,140,000 (2018: 1,140,000) share options granted to employees under ESOS have not been included in the calculation of diluted earnings per share because they are anti-dilutive.

Notes to the Financial Statements

For the financial year ended 31 March 2019
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12. DIVIDENDS

	Dividends in respect of financial year			Dividends recognised in financial year	
	2019	2018	2017	2019	2018
	RM	RM	RM	RM	RM
Recognised during the financial year					
Interim dividend of 1.5 sen, single-tier, on 130,104,006 ordinary shares, declared on 16 February 2017 and paid on 7 April 2017	-	-	1,951,560	-	-
Final dividend of 1.5 sen, single-tier, on 130,104,006 ordinary shares, declared on 14 August 2017 and paid on 6 October 2017	-	-	1,951,560	-	1,951,560
Interim dividend of 1.0 sen, single-tier, on 130,104,006 ordinary shares, declared on 13 February 2018 and paid on 6 April 2018	-	1,301,040	-	-	1,301,040
Final dividend of 1 sen, single-tier, on 130,104,006 ordinary shares, declared on 26 July 2018 and paid on 5 October 2018	-	1,301,040	-	1,301,040	-
Interim dividend of 1.5 sen, single-tier, on 130,104,006 ordinary shares, declared on 26 February 2019 and paid on 12 April 2019	1,301,040	-	-	1,301,040	-
	1,301,040	2,602,080	3,903,120	2,602,080	3,252,600

At the forthcoming Annual General Meeting, a single-tier final dividend of 1.0 sen in respect of the financial year ended 31 March 2019, on 130,104,006 ordinary shares, amounting to a dividend payable of RM1,301,040 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 earnings in the financial year ending 31 March 2020.

13. PROPERTY PLANT AND EQUIPMENT

	Note	Leasehold land	Freehold land	Buildings	Plant and machinery	Furniture, fittings and equipment	Motor vehicles	Ponds	Capital work-in-progress	Bearer plant	Total
		RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Group											
At 31 March 2019											
At cost											
At 1 April 2018 as reported under FRS		2,260,000	54,000,000	31,100,846	57,137,585	6,969,934	9,286,967	958,532	183,914	419,068	162,316,846
Effect of adoption of MFRS	2.2	-	-	170,437	-	-	-	-	-	-	170,437
At 1 April 2018 as reported under MFRS		2,260,000	54,000,000	31,271,283	57,137,585	6,969,934	9,286,967	958,532	183,914	419,068	162,487,283
Additions		-	-	98,202	298,429	177,981	27,600	-	244,206	-	846,418
Written off		-	-	-	-	-	(325,298)	-	-	-	(325,298)
Disposals		-	-	-	(303,730)	-	(254,680)	-	-	-	(558,410)
At 31 March 2019		2,260,000	54,000,000	31,369,485	57,132,284	7,147,915	8,734,589	958,532	428,120	419,068	162,449,993

13. PROPERTY PLANT AND EQUIPMENT *cont'd*

	Note	Leasehold land	Freehold land	Buildings	Plant and machinery	Furniture, fittings and equipment	Motor vehicles	Ponds	Capital work-in-progress	Bearer plant	Total
		RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Group *cont'd*											
At 31 March 2019 *cont'd*											
Accumulated depreciation and impairment losses:											
At 1 April 2018 as reported under FRS		165,846	-	10,464,722	41,240,400	4,542,414	6,929,186	958,531	-	115,519	64,416,618
Effect of adoption of MFRS	2.2	-	-	326,861	-	-	-	-	-	-	326,861
At 1 April 2018 as reported under MFRS		165,846	-	10,791,583	41,240,400	4,542,414	6,929,186	958,531	-	115,519	64,743,479
Depreciation charge for the financial year	8	53,788	-	3,838,548	2,665,349	284,976	895,720	-	-	20,954	7,759,335
Written off		-	-	-	-	-	(243,974)	-	-	-	(243,974)
Disposals		-	-	-	(303,730)	-	(254,680)	-	-	-	(558,410)
At 31 March 2019		219,634	-	14,630,131	43,602,019	4,827,390	7,326,252	958,531	-	136,473	71,700,430
Analysed as:											
Accumulated depreciation		219,634	-	14,561,330	43,326,289	4,387,186	7,326,252	954,506	-	136,473	70,911,670
Accumulated impairment losses		-	-	68,801	275,730	440,204	-	4,025	-	-	788,760
		219,634	-	14,630,131	43,602,019	4,827,390	7,326,252	958,531	-	136,473	71,700,430
Net carrying amount											
At 31 March 2019		2,040,366	54,000,000	16,739,354	13,530,265	2,320,525	1,408,337	1	428,120	282,595	90,749,563

13. PROPERTY PLANT AND EQUIPMENT *cont'd*

	Note	Leasehold land	Freehold land	Buildings	Plant and machinery	Furniture, fittings and equipment	Motor vehicles	Ponds	Capital work-in-progress	Bearer plant	Total
		RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Group *cont'd*											
At 31 March 2018											
At cost											
At 1 April 2017 as reported under FRS		2,260,000	54,000,000	23,775,548	50,638,683	6,213,499	8,915,864	958,532	7,729,539	-	154,491,665
Effect of adoption of MFRS	2.2	-	-	170,437	-	-	-	-	-	419,068	589,505
At 1 April 2017 as reported under MFRS		2,260,000	54,000,000	23,945,985	50,638,683	6,213,499	8,915,864	958,532	7,729,539	419,068	155,081,170
Additions		-	-	-	440,772	761,189	589,851	-	5,837,803	-	7,629,615
Reclassifications		-	-	7,325,298	6,058,130	-	-	-	(13,383,428)	-	-
Written off		-	-	-	-	(4,754)	(5,642)	-	-	-	(10,396)
Disposals		-	-	-	-	-	(213,106)	-	-	-	(213,106)
At 31 March 2018		2,260,000	54,000,000	31,271,283	57,137,585	6,969,934	9,286,967	958,532	183,914	419,068	162,487,283

13. PROPERTY PLANT AND EQUIPMENT *cont'd*

	Note	Leasehold land	Freehold land	Buildings	Plant and machinery	Furniture, fittings and equipment	Motor vehicles	Ponds	Capital work-in-progress	Bearer plant	Total
		RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Group *cont'd*											
At 31 March 2018 *cont'd*											
Accumulated depreciation and impairment losses:											
At 1 April 2017 as reported under FRS		112,058	-	6,918,437	38,619,716	4,264,739	6,285,571	958,531	-	-	57,159,052
Effect of adoption of MFRS	2.2	-	-	220,852	-	-	-	-	-	94,565	315,417
At 1 April 2017 as reported under MFRS		112,058	-	7,139,289	38,619,716	4,264,739	6,285,571	958,531	-	94,565	57,474,469
Depreciation charge for the financial year	8	53,788	-	3,652,294	2,620,684	282,347	862,362	-	-	20,954	7,492,429
Written off		-	-	-	-	(4,672)	(5,641)	-	-	-	(10,313)
Disposals		-	-	-	-	-	(213,106)	-	-	-	(213,106)
At 31 March 2018		165,846	-	10,791,583	41,240,400	4,542,414	6,929,186	958,531	-	115,519	64,743,479
Analysed as:											
Accumulated depreciation		165,846	-	10,722,782	40,964,670	4,102,210	6,929,186	954,506	-	115,519	63,954,719
Accumulated impairment losses		-	-	68,801	275,730	440,204	-	4,025	-	-	788,760
		165,846	-	10,791,583	41,240,400	4,542,414	6,929,186	958,531	-	115,519	64,743,479
Net carrying amount											
At 31 March 2018		2,094,154	54,000,000	20,479,700	15,897,185	2,427,520	2,357,781	1	183,914	303,549	97,743,804

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13. PROPERTY PLANT AND EQUIPMENT *cont'd*

	Building	Furniture, fittings and equipment	Total
	RM	RM	RM
Company			
At 31 March 2019			
At cost			
At 1 April 2018	1,202,252	1,411,451	2,613,703
Additions	-	2,300	2,300
At 31 March 2019	1,202,252	1,413,751	2,616,003
Accumulated depreciation and impairment losses			
At 1 April 2018	187,992	1,327,522	1,515,514
Depreciation charge for the financial year (Note 8)	60,537	51,109	111,646
At 31 March 2019	248,529	1,378,631	1,627,160
Analysed as:			
Accumulated depreciation	248,529	1,088,642	1,337,171
Accumulated impairment losses	-	289,989	289,989
	248,529	1,378,631	1,627,160
Net carrying amount			
At 31 March 2019	953,723	35,120	988,843

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13. PROPERTY PLANT AND EQUIPMENT *cont'd*

	Building	Furniture, fittings and equipment	Total
	RM	RM	RM
Company *cont'd*			
At 31 March 2018			
At cost			
At 1 April 2017	1,202,252	1,412,068	2,614,320
Additions	-	3,797	3,797
Written off	-	(4,414)	(4,414)
At 31 March 2018	1,202,252	1,411,451	2,613,703
Accumulated depreciation and impairment losses			
At 1 April 2017	127,456	1,261,853	1,389,309
Depreciation charge for the financial year (Note 8)	60,536	70,048	130,584
Written off	-	(4,379)	(4,379)
At 31 March 2018	187,992	1,327,522	1,515,514
Analysed as:			
Accumulated depreciation	187,992	1,037,533	1,225,525
Accumulated impairment losses	-	289,989	289,989
	187,992	1,327,522	1,515,514
Net carrying amount			
At 31 March 2019	1,014,260	83,929	1,098,189

The net book values of property, plant and equipment pledged for borrowings (Note 24(c)(i), (ii) and Note 24(d)(ii)) are as follows:

	Group	
	2019	2018
	RM	RM
Freehold land	36,600,000	36,600,000
Buildings	2,328,218	2,764,927
	38,928,218	39,364,927

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14. INVESTMENT PROPERTIES

	Group	
	2019	2018
	RM	RM
At 1 April	103,295,000	103,295,000
Net gains from fair value adjustment recognised in profit or loss (Note 5)	1,100,000	-
At 31 March	104,395,000	103,295,000

Investment properties consist of the following:

	Group	
	2019	2018
	RM	RM
Freehold land	43,200,000	42,100,000
Leasehold land	61,195,000	61,195,000
	104,395,000	103,295,000

The fair values of the investment properties are based on valuation carried out by independent valuers, Laurelcap Sdn. Bhd. and Rahim & Co. International Sdn. Bhd respectively. Fair values are determined primarily based on the comparison method.

Information on fair value measurement and hierarchy disclosures for investment properties are disclosed in Note 34.

All of the above investment properties are pledged for borrowings (Note 24(c)(iii) and Note 24(d)(iii)).

Description of valuation techniques used and key inputs to valuation on investment properties categorised within Level 3:

Valuation technique	Significant unobservable inputs	Range
At 31 March 2019		
Market comparable approach	Difference in location, time factor, size and shape, land usage, tenure, zoning and main road frontage	-20% to 15%
At 31 March 2018		
Market comparable approach	Difference in location, time factor, size, land usage, zoning and main road frontage	-20% to 15%

Comparison method

Under the comparison method, a property's fair value is estimated based on comparable transactions. This approach is based upon the principle of substitution under which a potential buyer will not pay more for the property than it will cost to buy a comparable substitute property. In theory, the best comparable sale would be an exact duplicate of the subject property and would indicate, by the known selling price of the duplicate, the price for which the subject property could be sold.

All investment properties are valued using the comparison method.

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15. LAND HELD FOR PROPERTY DEVELOPMENT

	Freehold land	Development cost	Total
	RM	RM	RM
Group			
At 31 March 2019			
Cost			
At 1 April 2018	33,634,170	1,168,704	34,802,874
Additions	13,186	4,506,095	4,519,281
At 31 March 2019	33,647,356	5,674,799	39,322,155
At 31 March 2018			
Cost			
At 1 April 2017	33,634,170	123,374	33,757,544
Additions	-	1,045,330	1,045,330
At 31 March 2018	33,634,170	1,168,704	34,802,874

A freehold land held for development with a carrying value of RM6,708,326 (2018: RM6,784,035) has been pledged as security for a bank loan (Note 24(c)(iv)).

16. INVESTMENT IN SUBSIDIARIES

	Company	
	2019	2018
	RM	RM
Unquoted shares, at cost	39,147,198	36,647,198
Addition during the year	-	2,500,000
	39,147,198	39,147,198
ESOS granted to employees of subsidiaries	509,242	180,242
Addition during the year	-	329,000
	509,242	509,242
Investment in redeemable non-cumulative convertible preference shares ("RNCCPS") of subsidiaries	27,000,000	30,000,000
Redemption of RNCCPS of a subsidiary	-	(3,000,000)
	27,000,000	27,000,000
	66,656,440	66,656,440
Less: Impairment losses	(19,000,000)	(19,000,000)
	47,656,440	47,656,440

Notes to the Financial Statements

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16. INVESTMENT IN SUBSIDIARIES *cont'd*

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

Name of subsidiary	Equity interest held 2019 %	Equity interest held 2018 %	Principal activities
(a) Subsidiaries of LTKM Berhad			
LTK (Melaka) Sdn. Bhd.	100	100	Production and sale of chicken eggs and chickens
LTK Omega Plus Sdn. Bhd.	100	100	Extraction and sale of sand
LTK Development Sdn. Bhd.	100	100	Property development
LTK Properties Sdn. Bhd.	100	100	Investment property holding
Lumi Jaya Sdn. Bhd.	100	100	Property development
(b) Subsidiary of LTK Melaka Sdn. Bhd.			
LTK Bio-Fer Sdn. Bhd.	100	100	Manufacturing and sale of organic fertilisers
(c) Subsidiaries of LTK Development Sdn. Bhd.			
Jarom Firstville Sdn. Bhd.	100	100	Property development
Firstville Development	100	100	Property development

17. INVESTMENT SECURITIES

	Group 2019 RM	Group 2018 RM
Non-current equity instruments		
Available-for-sale		
At 1 April		
Quoted shares:		
- In Malaysia	-	23,375,435
- Outside of Malaysia	-	225,281
	-	23,600,716
Effect of adoption of MFRS		
Quoted shares:		
- In Malaysia	-	(23,375,435)
- Outside of Malaysia	-	(225,281)
At 31 March	-	-

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17. INVESTMENT SECURITIES *cont'd*

	Group	
	2019	2018
	RM	RM
Non-current equity instruments *cont'd*		
Fair value through profit and loss		
At 1 April		
Quoted shares:		
- In Malaysia	-	3,562,555
- Outside of Malaysia	-	260,429
	-	3,822,984
Effect of adoption of MFRS		
Quoted shares:		
- In Malaysia	-	(3,562,555)
- Outside of Malaysia	-	(260,429)
At 31 March	-	-
Fair value through other comprehensive income		
Quoted shares:		
- In Malaysia	23,704,590	26,937,990
- Outside of Malaysia	514,298	485,710
Total investment securities	24,218,888	27,423,700

During the current financial year, investment securities previously carried as available-for-sale and fair value through profit and loss were reclassified to fair value through other comprehensive income. There were also no other changes in the purpose of any financial asset that subsequently resulted in a different classification of that asset.

The Group recognised a fair value loss of RM2,654,333 (2018: RM5,948,822) on certain quoted investments designated as fair value through other comprehensive income due to change in market value as compared to the carrying value as at year end.

During the current financial year, the Group disposed of investment securities with a fair value gain of RM359,187 (2018: RM65,766) which was transferred to retained earnings.

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.

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18. BIOLOGICAL ASSETS

Breakdown of biological assets comprising chickens at each stage are as follows:

	Group	
	2019	2018
	RM	RM
Starters	566,934	171,170
Growers	4,422,056	1,563,884
Layers and old hens	14,170,872	13,055,925
Total	19,159,862	14,790,979

Movement of biological assets can be analysed as follows:

	Group	
	2019	2018
	RM	RM
At 1 April	14,790,979	15,647,222
Increase due to purchases	4,354,510	4,322,205
Decrease due to net used in production/sales	(5,059,691)	(4,770,382)
Change in fair value	5,074,064	(408,066)
At 31 March	19,159,862	14,790,979

The Group has classified its biological assets measured at fair value within Level 3 of the fair value hierarchy. Below is the description of valuation techniques used and key inputs to valuation on investment properties categorised within Level 3:

Valuation technique	Significant unobservable inputs		Inter-relationships between significant unobservable inputs and fair value measurements
At 31 March 2019			
Income approach	(i)	The estimated selling prices of the eggs are based on management's estimates by reference to past selling price.	The fair value is sensitive to estimated selling prices where an increase in price results in a higher fair value.
	(ii)	Management's estimates of feed costs expected to incur throughout the laying period.	The fair value is sensitive to cost of feeds where an increase in price results in a lower fair value.
At 31 March 2018			
Income approach	(i)	The estimated selling prices of the eggs are based on management's estimates by reference to past selling price.	The fair value is sensitive to estimated selling prices where an increase in price results in a higher fair value.
	(ii)	Management's estimates of feed costs expected to incur throughout the laying period.	The fair value is sensitive to cost of feeds where an increase in price resultsin a lower fair value.

Notes to the Financial Statements

For the financial year ended 31 March 2019
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18. BIOLOGICAL ASSETS *cont'd*

Income approach

Under the income approach, a biological asset's fair value is estimated based on the expected quantity and price of the eggs to be produced and sold over the life of the layers, taking into account cost of feeds, layers' mortality rate and time value of money over the life period.

The Group is exposed to ordinary chicken egg price risk arising from its manufacturing and sale of chicken eggs. As ordinary chicken eggs are generic products that consumers do not diffentiate by producers, the Group is susceptible to the fluctuation of the product price as a result of supply in the market. The market supply is influenced by the production of all chicken egg producers in Malaysia. The Group is also exposed to the fluctuation in the price of commodities, such as corn and soybean which make up bulk of its cost of feeds.

Sensitivity analysis for chicken egg price

At the reporting date, if the chicken egg price had been estimated to be 5% higher/lower for the purpose of computation of estimated fair valuation of livestock and had been 5% higher/lower for the purpose of determining the fair value less cost of sales of the produce inventories, with all other variables held constant, the Group's net profit would have been RM3,293,882 (2018: RM2,540,357) higher/lower, arising as a result of higher/lower fair value of the livestock and produce inventories.

Sensitivity analysis for commodity price

At the reporting date, if the commodity price had been 5% higher/lower, with all other variables held constant, the Group's net profit would have been RM1,437,477 (2018: RM1,118,347) lower/higher, as a result of lower/higher fair value of the livestock.

19. INVENTORIES

	Group	
	2019	2018
	RM	RM
At cost		
Produce inventories	1,551,675	810,242
Consumable goods	15,040,019	19,205,267
	16,591,694	20,015,509

During the financial year, the amount of consumable goods and produce inventories recognised as an expense in cost of sales of the Group was RM110,910,932 (2018: RM110,525,533).

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20. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Current				
Trade receivables				
Third parties	14,842,840	10,695,518	-	-
Less: Allowance for expected credit losses	(231,238)	(137,232)	-	-
Trade receivables, net	14,611,602	10,558,286	-	-
Other receivables				
Amounts due from subsidiaries	-	-	319,329	359,987
Deposits	183,267	264,814	8,200	8,200
Sundry receivables	1,292,811	3,875,223	-	170
Other receivables, net	1,476,078	4,140,037	327,529	368,357
	16,087,680	14,698,323	327,529	368,357
Non-current				
Other receivables				
Amounts due from subsidiaries	-	-	42,619,049	40,109,566
Total trade and other receivables (current and non-current)	16,087,680	14,698,323	42,946,578	40,477,923
Add: Cash and bank balances (Note 22)	37,454,774	30,884,734	10,145,829	9,378,843
Total financial assets at amortised cost	53,542,454	45,583,057	53,092,407	49,856,766

Notes to the Financial Statements

For the financial year ended 31 March 2019
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20. TRADE AND OTHER RECEIVABLES *cont'd*

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 90 day (2018: 30 to 90 day) terms. They are recognised at their original invoiced amounts which represent their fair values on initial recognition.

Ageing analysis of trade receivables

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

	Group	
	2019	2018
	RM	RM
Neither past due nor impaired	13,145,242	8,662,489
1 to 30 days past due but not impaired	1,016,645	1,229,776
31 to 60 days past due but not impaired	326,885	419,186
61 to 90 days past due but not impaired	108,915	140,481
91 to 120 days past due but not impaired	-	92,543
More than 120 days past due but not impaired	13,915	13,811
	1,466,360	1,895,797
Impaired	231,238	137,232
	14,842,840	10,695,518

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.

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

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For the financial year ended 31 March 2019
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20. TRADE AND OTHER RECEIVABLES *cont'd*

(a) Trade receivables *cont'd*

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM1,466,360 (2018: RM1,895,797) that are past due at the reporting date but not impaired. These are mainly debtors who are still in active trade with the Group but with slower repayment records.

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	
	2019	2018
	RM	RM
Nominal amounts	231,238	137,232
Less: Allowance for expected credit losses	(231,238)	(137,232)
	-	-

Movement in allowance account:

	Group	
	2019	2018
	RM	RM
At 1 April	137,232	930,810
Written off	-	(747,596)
Allowance/(reversal of allowance) for expected credit losses (Note 8)	94,006	(45,982)
At 31 March	231,238	137,232

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

(b) Other receivables

Non current amounts due from subsidiaries

These are unsecured, repayable upon demand and bear prevailing market interest rates ranging between 5.22% and 6.97% (2018: 5.22% to 6.97%) per annum.

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For the financial year ended 31 March 2019
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21. PREPAYMENTS

	Group	
	2019	2018
	RM	RM
Prepaid expenses	116,671	231,752

22. CASH AND BANK BALANCES

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Cash on hand and at bank	15,234,577	18,843,230	1,863,880	3,233,850
Deposits with licensed banks:				
- Long-term fixed deposits	-	20,391	-	-
- Short-term fixed deposits	22,220,197	12,021,113	8,281,949	6,144,993
Cash and bank balances	37,454,774	30,884,734	10,145,829	9,378,843

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 nil (2018: RM20,391) are pledged as security for bank facilities granted to a subsidiary. The fixed deposits pledged are restricted in usage and do not form part of cash and cash equivalents.

The weighted average effective interest rates of deposits with licensed banks as at the reporting date were as follows:

	Group		Company	
	2019	2018	2019	2018
	%	%	%	%
Deposits with licensed banks	3.50	3.45	3.48	3.45

The range of maturities of deposits with licensed banks at the reporting date were as follows:

	Group		Company	
	2019	2018	2019	2018
	Days	Days	Days	Days
Deposits with licensed banks	15-25	19-200	1 - 22	20 - 30

Notes to the Financial Statements

For the financial year ended 31 March 2019
cont'd

22. CASH AND BANK BALANCES *cont'd*

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

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Cash and bank balances	37,454,774	30,884,734	10,145,829	9,378,843
Less:				
- Long-term and/or pledged fixed deposits	-	(20,391)	-	-
	37,454,774	30,864,343	10,145,829	9,378,843

23. TRADE AND OTHER PAYABLES

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Current				
Trade payables				
Third parties	7,740,913	7,754,755	-	-
Other payables				
Accruals	4,620,455	2,356,496	121,505	168,946
Other payables	2,031,596	1,847,369	77,229	5,770
	6,652,051	4,203,865	198,734	174,716
Total trade and other payables	14,392,964	11,958,620	198,734	174,716
Add: Loans and borrowings (Note 24)	75,876,159	91,126,662	-	-
Total financial liabilities carried at amortised cost	90,269,123	103,085,282	198,734	174,716

(a) Trade payables

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 to 60 (2018: 30 to 60) days.

(b) Other payables

These amounts are non-interest bearing. Other payables are normally settled on an average term of 60 (2018: 60) days.

Notes to the Financial Statements

For the financial year ended 31 March 2019
cont'd

24. LOANS AND BORROWINGS

	Group	
	2019	2018
	RM	RM
Current		
Secured:		
Revolving credits	9,500,000	10,000,000
Bankers' acceptances	671,250	867,557
Bank term loans	7,435,273	6,755,192
	17,606,523	17,622,749
Unsecured:		
Revolving credits	-	5,000,000
Bankers' acceptances	3,015,875	4,995,242
Bank term loans	220,209	945,461
	3,236,084	10,940,703
	20,842,607	28,563,452
Non-current		
Secured:		
Bank term loans	55,033,552	62,343,001
Unsecured:		
Bank term loans	-	220,209
	55,033,552	62,563,210
Total borrowings		
Revolving credits	9,500,000	15,000,000
Bankers' acceptances	3,687,125	5,862,799
Bank term loans	62,689,034	70,263,863
Loans and borrowings	75,876,159	91,126,662

The remaining maturities of the loans and borrowings as at 31 March 2019 are as follows:

(a) Maturity periods

	Group	
	2019	2018
	RM	RM
Within 1 year	20,842,607	28,563,452
More than 1 year and less than 2 years	7,682,970	7,201,088
More than 2 years and less than 5 years	26,238,317	24,839,447
More than 5 years	21,112,265	30,522,675
	75,876,159	91,126,662

Notes to the Financial Statements

For the financial year ended 31 March 2019
cont'd

24. LOANS AND BORROWINGS *cont'd*

(b) The range of interest rates per annum at the reporting date for the loans and borrowings were as follows:

	Group	
	2019	2018
	%	%
Revolving credits	5.57	4.97 - 5.47
Bankers' acceptances	4.26 - 4.34	3.96 - 4.57
Bank term loans	5.00 - 7.60	4.86 - 8.00

(c) The secured term loans of the Group are secured by the following:

(i) charges over the freehold land of a subsidiary as disclosed in Note 13;

(ii) charges over buildings of a subsidiary as disclosed in Note 13; and

(iii) charges over investment properties as disclosed in Note 14; and

(iv) charges over land held for development as disclosed in Note 15.

(d) The secured bankers' acceptances and revolving credits of the Group are secured by the following:

(i) corporate guarantee by LTKM Berhad;

(ii) charges over the freehold land of a subsidiary as disclosed in Note 13; and

(iii) charges over investment properties as disclosed in Note 14.

The unsecured term loans, bankers' acceptances and revolving credits are backed by corporate guarantees of the Company.

25. DEFERRED TAXATION

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
At 1 April as reported under FRS	6,888,246	7,045,551	40,767	78,117
Effects of adoption of MFRS	204,376	331,546	-	-
At 1 April as reported under MFRS	7,092,622	7,377,097	40,767	78,117
Recognised in profit or loss (Note 11)	76,403	(284,475)	(7,677)	(37,350)
Recognised in retained earnings	1,958,524	-	-	-
At 31 March	9,127,549	7,092,622	33,090	40,767

Notes to the Financial Statements

For the financial year ended 31 March 2019
cont'd

25. DEFERRED TAXATION *cont'd*

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

Deferred tax liabilities of the Group:

	Revaluation surplus	Property, plant and equipment	Investment properties	Biological assets	Total
	RM	RM	RM	RM	RM
At 1 April 2018 as reported under FRS	4,556,283	2,525,507	93,784	-	7,175,574
Effects of adoption of MFRS	-	(37,632)	-	242,008	204,376
At 1 April 2018 as reported under MFRS	4,556,283	2,487,875	93,784	242,008	7,379,950
Recognised in profit or loss	(75,336)	(557,020)	(550,235)	1,280,132	97,541
Recognised in retained earning	1,958,524	-	-	-	1,958,524
At 31 March 2019	6,439,471	1,930,855	(456,451)	1,522,140	9,436,015
At 1 April 2017 as reported under FRS	4,618,834	2,689,670	87,179	-	7,395,683
Effects of adoption of MFRS	-	(12,190)	-	343,736	331,546
At 1 April 2017 as reported under MFRS	4,618,834	2,677,480	87,179	343,736	7,727,229
Recognised in profit or loss	(62,551)	(189,605)	6,605	(101,728)	(347,279)
At 31 March 2018	4,556,283	2,487,875	93,784	242,008	7,379,950

Deferred tax assets of the Group:

	Provision for unutilised annual leave	Allowance for expected credit losses	Others	Total
	RM	RM	RM	RM
At 1 April 2018	(108,239)	(32,936)	(146,153)	(287,328)
Recognised in profit or loss	(1,285)	(7,015)	(12,838)	(21,138)
At 31 March 2019	(109,524)	(39,951)	(158,991)	(308,466)
At 1 April 2017	(87,414)	(80,289)	(182,429)	(350,132)
Recognised in profit or loss	(20,825)	47,353	36,276	62,804
At 31 March 2018	(108,239)	(32,936)	(146,153)	(287,328)

Notes to the Financial Statements

For the financial year ended 31 March 2019
cont'd

25. DEFERRED TAXATION *cont'd*

Deferred tax liability of the Company:

	Revaluation surplus
	RM
At 1 April 2018	40,767
Recognised in profit or loss	(7,677)
At 31 March 2019	33,090
At 1 April 2017	78,117
Recognised in profit or loss	(37,350)
At 31 March 2018	40,767

Presented after appropriate offsetting as follows:

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Deferred tax assets	-	-	-	-
Deferred tax liabilities	9,127,549	7,092,622	33,090	40,767

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

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Unutilised business losses	3,333,139	3,333,139	-	-
Unabsorbed capital allowances	485	485	-	-
	3,333,624	3,333,624	-	-

Deferred tax assets have not been recognised in respect of the above as they may not be used to offset taxable profits elsewhere in the Group, they have arisen in subsidiaries that have been loss-making for some time, and there are no other tax planning opportunities or other evidence of recoverability in the near future.

The unutilised tax losses are available for offsetting against future taxable profits for another seven consecutive years effective from year assessment 2019.

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26. SHARE CAPITAL

	Number of ordinary shares		Amount	
	2019	2018	2019	2018
			RM	RM
Issued and fully paid:				
At 1 April/ 31 March	130,104,006	130,104,006	65,052,003	65,052,003

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All the ordinary shares rank equally with regards to the Company's residual assets.

Effective from 25 September 2017, the Company has established an Employees' Share Option Scheme ("ESOS") which is governed by the By-Laws.

The salient features of the ESOS are as follows:

(a) The aggregate number of new shares of the Company under the scheme shall not exceed in aggregate 10% of the total number of issued shares of the Company at any point in time during the existence of the ESOS;

(b) The ESOS shall be in force for the period of 3 years prior to 20 October 2020 for exercising and subscribing in full or partially for the shares offered herein, provided always that any partial exercise of the option must be in multiples of 1,000 shares. Any partial exercise of the option would not preclude entitled persons from exercising the rights;

(c) The option price for each share shall be at the volume weighted average market price of the shares for the 5 market days preceding the date of the offer less a discount of not more than 10%. The price determined shall not be less than the par value of the shares;

(d) The option granted to eligible persons will automatically lapse when they are no longer in employment with the Group; and

(e) The allocation to an eligible persons who, either singly or collectively through his associates, holds 20% or more of the issued and paid-up share capital of the Company, must not exceed 10% of the shares available under the scheme.

The option prices and the details in the movement of the options granted are as follows:

				Number of share options		
Grant Date	Expiry Date	Exercise Price	Balance at 1.4.2018	Granted	Lapsed	Balance at 31.3.2019
25 Sept 2017	20 Oct 2020	RM1.40	1,140,000	-	-	1,140,000

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26. SHARE CAPITAL *cont'd*

The fair value of ESOS granted was estimated using the Black-Scholes Pricing Model, taking into account the terms and conditions upon which the options were granted. The fair value of share options measured at grant date and the assumptions are as follows:

	25 September 2017
Fair value of ESOS at grant date (RM)	0.35
Weighted average share price (RM)	1.47
Exercise price (RM)	1.40
Expected volatility (%)	35.7%
Expected life (years)	3
Risk free rate (%)	3.39%
Expected dividend yield (%)	2.00%

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome. No other features of the option was incorporated into the measurement of fair value.

27. OTHER RESERVES

		Group	
		2019	2018
		RM	RM
Non-distributable			
Fair value through other comprehensive income reserve	(a)	(4,430,642)	(1,417,122)
ESOS reserve	(b)	399,000	399,000
		(4,031,642)	(1,018,122)

(a) Fair Value Through Other Comprehensive Income ("FVOCI") reserve

Fair value through other comprehensive income reserve represents the cumulative fair value changes, net of tax, of financial assets designated at fair value through other comprehensive income. Gains and losses on financial assets at FVOCI are never recycled to profit or loss. The Group transfers the cumulative amounts from this reserve to retained earnings when the financial assets is derecognised.

(b) ESOS reserve

The share option reserve represents the equity-settled share options granted to employees.

28. RETAINED EARNINGS

The Company may distribute dividends out of its entire retained earnings as at 31 March 2019 and 31 March 2018 under the single-tier system.

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29. RELATED PARTY DISCLOSURES

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:

(a) Sales and purchase of goods and services

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Rental of farm paid to a related company [1]	768,000	690,000	-	-
Rental of office paid to a director [2]	43,200	43,200	43,200	43,200
Gross dividend income received from a subsidiary company,				
LTK (Melaka) Sdn. Bhd.	-	-	(4,500,000)	(3,000,000)
Management fee received from subsidiary companies:				
LTK (Melaka) Sdn. Bhd.	-	-	(363,600)	(390,000)
LTK Omega Plus Sdn. Bhd.	-	-	(15,600)	(24,000)
LTK Development Sdn. Bhd.	-	-	(106,800)	(102,000)
Office rental income received from immediate and ultimate holding company	(12,000)	(12,000)	(12,000)	(12,000)
Fees payable to director and/or firm connected to director [3]	7,367	3,300	-	-
Interest income receivable from related companies	-	-	(2,314,483)	(2,102,769)

(1) The rental of farm was paid to LTK Capital Sdn. Bhd., a wholly owned subsidiary of Ladang Ternakan Kelang Sdn. Bhd.

(2) The rental of office was paid to Datin Lim Hooi Tin.

(3) This was in respect of fees for professional services paid to a director and/or firm connected to a director, Goh Kean Hoe (2018: Tan Kah Poh).

(b) Compensation of key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group and Company either directly or indirectly. The key management personnel of the Group and Company are the respective directors of the Group and of the Company who make certain critical decisions in relation to the strategic direction of the Group and of the Company.

Remuneration of directors is disclosed in Note 9(b).

Notes to the Financial Statements

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30. OPERATING LEASE ARRANGEMENTS

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

	Group	
	2019	2018
	RM	RM
Future minimum rental payments:		
Not later than 1 year	768,000	768,000
Later than 1 year and not later than 3 years	768,000	1,536,000
	1,536,000	2,304,000

31. CAPITAL COMMITMENTS

	Group	
	2019	2018
	RM	RM
Approved and contracted for:		
Property, plant and equipment	428,120	183,915
Approved and not contracted for:		
Property, plant and equipment	2,138,655	7,959,000

32. FINANCIAL GUARANTEES

	Company	
	2019	2018
	RM	RM
Guarantees to licensed financial institutions in respect of credit facilities granted to subsidiaries:		
LTK (Melaka) Sdn. Bhd.	40,454,838	58,582,528
LTK Properties Sdn. Bhd.	22,921,821	24,144,434
LTK Development Sdn. Bhd.	9,500,000	5,000,000
Jarom Firstville Sdn. Bhd.	2,999,500	3,399,700
	75,876,159	91,126,662

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 charges over certain freehold and leasehold lands of the Group.

Notes to the Financial Statements

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33. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

	Note
Trade and other receivables (current)	20
Amount due from subsidiaries (non-current)	
- with floating rate	20
Trade and other payables (current)	23
Loans and borrowings (current)	24
Loans and borrowings (non-current)	
- with floating rate	24

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

34. FAIR VALUE MEASUREMENT

The Group and the Company measure fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1

Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2

Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3

Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Notes to the Financial Statements

For the financial year ended 31 March 2019
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34. FAIR VALUE MEASUREMENT *cont'd*

The following table provides the fair value measurement hierarchy of the Group's and of the Company's assets and liabilities:

	Date of valuation	(Level 1) RM	(Level 2) RM	(Level 3) RM	Total RM
Group - At 31 March 2019					
Assets measured at fair value:					
Investment properties (Note 14)	13 April 2019, 12 April 2019	-	-	104,395,000	104,395,000
Biological assets (Note 18)	31 March 2019	-	-	19,159,862	19,159,862
Fair value through other comprehensive income (Note 17)					
Quoted shares:					
- In Malaysia	31 March 2019	23,704,590	-	-	23,704,590
- Outside of Malaysia	31 March 2019	514,298	-	-	514,298

	Date of valuation	(Level 1) RM	(Level 2) RM	(Level 3) RM	Total RM
Group - At 31 March 2018					
Assets measured at fair value:					
Investment properties (Note 14)	9 March 2018, 16 March 2018	-	-	103,295,000	103,295,000
Biological assets (Note 18)	31 March 2018	-	-	14,790,979	14,790,979
Fair value through other comprehensive income (Note 17)					
Quoted shares:					
- In Malaysia	31 March 2018	26,937,990	-	-	26,937,990
- Outside of Malaysia	31 March 2018	485,710	-	-	485,710

There have been no transfers between Level 1, Level 2 and Level 3 during the financial year.

Notes to the Financial Statements

For the financial year ended 31 March 2019
cont'd

35. 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, market price risk and commodity price risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the management. 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 and the Company'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 the 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.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. 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 executive directors.

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.

- A nominal amount of RM75,876,159 (2018: RM91,126,662) relating to corporate guarantees provided by the Company to licensed financial institutions on certain subsidiaries' bank loans and credit facilities (Note 32).

Information regarding credit enhancements for trade and other receivables is disclosed in Note 20(a).

Notes to the Financial Statements

For the financial year ended 31 March 2019
cont'd

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *cont'd*

(a) Credit risk *cont'd*

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:

	Group			
	2019		2018	
	RM	% of total	RM	% of total
By industry sectors:				
Poultry and related products	14,594,129	98%	10,358,496	97%
Sand extraction and sale	248,711	2%	337,022	3%
	14,842,840	100%	10,695,518	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 5 (2018: 5) customers representing approximately 49% (2018: 37%) 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 20(a). 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 20(a).

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on historical actual amount written off over the observation period. The calculation reflects the probability-weighted outcome, based on reasonable and supportable information that is available at the reporting date about past events.

The provision matrix is based on the Group's historical observed default rates, adjusted with forward looking information, if any. At every reporting date, the historical observed default rates and ECLs is a significant estimate. The Group's ECL provision matrix is guided by the Group's historical credit loss experience which may not be representative of customer's actual default in the future.

(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.

Notes to the Financial Statements

For the financial year ended 31 March 2019
cont'd

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *cont'd*

(b) Liquidity risk *cont'd*

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 27% (2018: 31%) of the Group's loans and borrowings (Note 24) 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.

	2019			
	On demand or within one year	One to five years	Over five years	Total
	RM	RM	RM	RM
Group				
Financial liabilities:				
Trade and other payables	14,392,964	-	-	14,392,964
Loans and borrowings	21,260,791	43,788,925	25,112,786	90,162,502
Total undiscounted financial liabilities	35,653,755	43,788,925	25,112,786	104,555,466

	2018			
	On demand or within one year	One to five years	Over five years	Total
	RM	RM	RM	RM
Group				
Financial liabilities:				
Trade and other payables	11,958,620	-	-	11,958,620
Loans and borrowings	31,963,722	41,732,487	34,938,694	108,634,903
Total undiscounted financial liabilities	43,922,342	41,732,487	34,938,694	120,593,523

	On demand or within one year	
	2019	2018
	RM	RM
Company		
Financial liabilities:		
Trade and other payables, representing total undiscounted financial liabilities	198,734	174,716

Notes to the Financial Statements

For the financial year ended 31 March 2019
cont'd

35. 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 of 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 Group and the Company monitor 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 RM158,174 (2018: RM180,679) 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 Company and its subsidiaries, which is the Ringgit Malaysia ("RM"). The foreign currencies in which these transactions are denominated are mainly Singapore Dollar ("SGD") and US Dollar ("USD").

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:

	USD RM	HKD RM	SGD RM	Total RM
Functional currency in Ringgit Malaysia				
At 31 March 2019				
Trade and other receivables	5,852,827	-	123,315	5,976,142
Trade and other payables	-	(2,680)	-	(2,680)
Investment securities	-	-	514,298	514,298
	5,852,827	(2,680)	637,613	6,487,760
At 31 March 2018				
Trade and other receivables	2,537,440	2,541	706,062	3,246,043
Trade and other payables	-	(7,262)	-	(7,262)
Investment securities	-	-	485,710	485,710
	2,537,440	(4,721)	1,191,772	3,724,491

Notes to the Financial Statements

For the financial year ended 31 March 2019
cont'd

35. 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 arising from its net unhedged financial assets and financial liabilities as at reporting date to a reasonably possible change in the SGD, USD and HKD exchange rates against the Group's functional currency, with all other variables held constant.

		Group	
		Increase/(Decrease) in profit, net of tax	
		2019	2018
		RM	RM
SGD/RM	- strengthened 3%	175,585	76,123
	- weakened 3%	(175,585)	(76,123)
USD/RM	- strengthened 3%	(80)	(142)
	- weakened 3%	80	142
HKD/RM	- strengthened 3%	3,699	21,182
	- weakened 3%	(3,699)	(21,182)

(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. The quoted investment securities in Malaysia are listed on the Bursa Malaysia, whereas the quoted equity instruments outside Malaysia are substantially listed on the Hang Seng Index ("HSI") in Hong Kong. These instruments are classified as FVOCI. The Group is also exposed to commodity price risk and is disclosed in Note 35(f).

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 the Board of Directors.

Notes to the Financial Statements

For the financial year ended 31 March 2019
cont'd

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *cont'd*

(e) Market price risk *cont'd*

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 other comprehensive income would have been RM1,014,265 (2018: RM1,168,772) higher/lower, arising as a result of higher/lower fair value gains on investments in equity instruments classified as fair value through other comprehensive income.

At the reporting date, if the HSI had been 5% higher/lower, with all other variables held constant, the Group's other comprehensive income would have been RM25,715 (2018: RM24,286) higher/lower, arising as a result of higher/lower fair value gains on investments in equity instruments classified as fair value through other comprehensive income.

(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 the risks arising from such fluctuations through purchase of the commodity in advance, where appropriate.

Sensitivity analysis for commodity price risk

During the financial year, 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 RM2,677,335 (2018: RM3,039,264) lower/higher.

36. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services, and has four reportable operating segments as follows:-

(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 in quoted and unquoted securities, and investment properties held by the Group on a long term basis.

(iv) Property development - the business of developing residential and commercial properties.

The segment information is presented to reflect the reportable operating segments above and to allocate the finance cost to the respective operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Income taxes are managed on a group basis and are not allocated to operating segments. 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.

36. SEGMENT INFORMATION *cont'd*

	Production and Sale of Poultry and Related Products		Extraction and Sale of Sand		Investment Holding		Property Development		Elimination		Group	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Revenue												
External sales	193,694,749	171,613,336	2,285,817	3,058,904	360,000	360,000	-	-	-	-	196,340,566	175,032,240
Inter-segment sales	494,900	378,440	-	23,218	4,986,000	3,516,000	-	-	(5,480,900)	(3,917,658)	-	-
Total revenue	194,189,649	171,991,776	2,285,817	3,082,122	5,346,000	3,876,000	-	-	(5,480,900)	(3,917,658)	196,340,566	175,032,240
Result												
Segment results	36,282,948	12,133,841	(31,550)	832,428	3,597,622	2,159,884	(3,867,157)	(3,496,015)	-	-	35,981,863	11,630,138
Inter-segment net (income)/ expense	(1,076,275)	(701,238)	38,350	48,075	(2,076,551)	(1,986,981)	3,114,476	2,640,144	-	-	-	-
	35,206,673	11,432,603	6,800	880,503	1,521,071	172,903	(752,681)	(855,871)	-	-	35,981,863	11,630,138
Finance costs	(1,168,466)	(1,498,771)	-	-	(3,668,974)	(3,691,279)	(184,779)	(277,034)	-	-	(5,022,219)	(5,467,084)
Segment profit before tax	34,038,207	9,933,832	6,800	880,503	(2,147,903)	(3,518,376)	(937,460)	(1,132,905)	-	-	30,959,644	6,163,054
Income tax expense											(10,003,176)	(3,773,150)
Profit for the year											20,956,468	2,389,904
Assets												
Segment assets	167,932,257	157,207,928	21,315,280	21,855,014	227,982,331	229,851,331	45,178,435	33,600,583	(114,154,580)	(98,296,487)	348,253,723	344,218,369
Liabilities												
Segment liabilities	34,889,957	36,339,550	853,170	937,388	60,736,310	64,981,354	61,625,314	52,916,029	(66,534,585)	(50,583,623)	91,570,166	104,590,698
Unallocated corporate liabilities											10,662,387	7,348,032
Consolidated total liabilities											102,232,553	111,938,730
Other Information												
Capital expenditure	541,128	7,619,025	302,990	6,790	2,300	3,800	-	-	-	-	846,418	7,629,615
Depreciation and amortisation	7,468,664	7,180,386	178,054	180,259	111,646	130,584	971	1,200	-	-	7,759,335	7,492,429
Impairment losses	29,227	-	64,779	-	-	-	-	-	-	-	94,006	-
Non-cash expenses other than depreciation amortisation and impairment loss	5,840	918,102	(1,884)	6	881	71,593	517	4,731	-	-	5,354	994,432

The above eliminations were made for related company transactions.

Notes to the Financial Statements

For the financial year ended 31 March 2019
cont'd

37. CAPITAL MANAGEMENT

The primary objective of the Group and of the Company's capital management is to ensure that they maintain a strong credit rating and healthy capital ratios in order to support their business and maximise shareholders' value.

The Group and the Company manage their capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company 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 financial years ended 31 March 2019 and 31 March 2018.

The Group and the Company monitor capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group and the Company include 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 FVOCI reserve and ESOS reserve.

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Loans and borrowings	75,876,159	91,126,662	-	-
Trade and other payables	14,392,964	11,958,620	198,734	174,716
Less: Cash and bank balances	(37,454,774)	(30,884,734)	(10,145,829)	(9,378,843)
Net debt/(cash)	52,814,349	72,200,548	(9,947,095)	(9,204,127)
Equity attributable to the owners of the parent	246,021,170	232,279,639	100,001,578	97,029,463
Less:				
ESOS reserves	(399,000)	(399,000)	(399,000)	(399,000)
FVOCI reserves	4,430,642	1,417,122	-	-
Total capital	250,052,812	233,297,761	99,602,578	96,630,463
Capital and net debt	302,867,161	305,498,309	89,655,483	87,426,336
Gearing ratio	17%	24%	-	-

Notes to the Financial Statements

For the financial year ended 31 March 2019
cont'd

38. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

Group

	1 April 2018	Cash flows	Other	31 March 2019
	RM	RM	RM	RM
Current interest-bearing:				
- term loans	7,700,653	(7,574,829)	7,529,658	7,655,482
- other borrowings	20,862,799	(7,675,674)	-	13,187,125
Non-current interest-bearing:				
- term loans	62,563,210	-	(7,529,658)	55,033,552
Total liabilities from financing activities	91,126,662	(15,250,503)	-	75,876,159

	1 April 2017	Cash flows	Other	31 March 2018
	RM	RM	RM	RM
Current interest-bearing:				
- term loans	6,848,669	(1,745,586)	2,597,570	7,700,653
- other borrowings	12,441,565	8,421,234	-	20,862,799
Non-current interest-bearing:				
- term loans	65,160,780	-	(2,597,570)	62,563,210
Total liabilities from financing activities	84,451,014	6,675,648	-	91,126,662

List of Properties

As at 31 March 2019

Location	Existing use & description	Approximate Area	Tenure	Remaining Lease Period (Expiry Date)	Age of buildings	Net Book Value As At 31.3.19 (RM'mil)	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	-	1 - 31 years	53.06*	February 2015 (Revaluation)
Lot Nos 105, 106, 233, 758, 150, 1333, Mukim of Bukit Senggeh, District of Jasin, Melaka	Sand mining & oil palm plantation	199.8 acres	Freehold	-	-	15.95	March 2017 (Revaluation)
Lot Nos. 270, 271 and 272, Mukim Jus, District of Jasin, Melaka	Oil palm plantation	32.3 acres	Leasehold	38 years (21.03.2057)	-	2.04	February 2015 (Revaluation)
Lot No. 165, Mukim Jus, District of Jasin, Melaka	Oil palm plantation	8.51 acres	Freehold	-	-	1.45	February 2015 (Revaluation)
Lot No. 1729, Mukim of Kapar, Klang, Selangor	Land held for development	1.76 acres	Freehold	-	-	3.90	March 2017 (Revaluation)
No. 100, Batu 1 ½, Jalan Meru 41050 Klang, Selangor	3 storey shop house for own use	1,430 sq. ft	Freehold	-	38 years	0.95	March 2016 (Revaluation)
Lot 421,422,435,436; Mukim Tanjung Dua Belas, Daerah Kuala Langat	Land held for development	8.5237 hectare (21.063 acres)	Freehold	-	-	23.11	March 2016 (Revaluation)
Lot 1061, Pekan Jenjarum, District of Kuala Langat and State of Selangor	Land held for development	2.0486 hectare (5.062 acres)	Freehold	-	-	6.70	April 2016 (Acquisition)
PT No 17040, PT No 17041, PT No 17042 and Lot 1196, Tempat Jalan Balakong Serdang, Mukim & District of Petaling, State of Selangor	Held for investment	26,374 m^2 (6.517 acres)	Leasehold	72 years 11.10.2091	-	61.20	April 2019 (Revaluation)
Lot 1401 and Lot 1402, Jalan Puchong of Mukim Petaling District of Federal Territory of Kuala Lumpur	Held for investment	11,888 m^2 (2.938 acres)	Freehold	-	-	43.2	April 2019 (Revaluation)

* Net book value of both land and building

Analysis of Shareholdings

As at 28 June 2019

ISSUED AND PAID-UP SHARE CAPITAL	:	RM65,052,003 divided into 130,104,006 Ordinary Shares
CLASS OF SHARES	:	Ordinary Shares
VOTING RIGHTS	:	One (1) Vote per Ordinary Share

ANALYSIS BY SIZE OF SHAREHOLDINGS AS AT 28 JUNE 2019

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
Less than 100	60	3.00	1,236	0.00
100 to 1,000	186	9.29	112,298	0.09
1,001 to 10,000	1,188	59.34	5,465,150	4.20
10,001 to 100,000	502	25.07	14,737,200	11.33
100,001 to 6,505,199 *	65	3.25	30,003,116	23.06
6,505,200 and above **	1	0.05	79,785,006	61.32
Total	2,002	100.00	130,104,006	100.00

* *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 2019

	Shareholdings			
Name	Direct	%	Indirect	%
Ladang Ternakan Kelang Sdn. Berhad	79,785,006	61.32	-	-
Datuk Tan Kok	3,458,116	2.66	84,440,906 (1)	64.90
Datin Lim Hooi Tin	600,000	0.46	84,440,906 (2)	64.90

(1) *Deemed interested by virtue of his shareholdings in Ladang Ternakan Sdn Berhad, pursuant to Section 8(4) and Section 59(11)(c) of the Companies Act 2016.*
(2) *Deemed interested by virtue of her being the spouse of Datuk Tan Kok, a shareholder of Ladang Ternakan Sdn Berhad, which is a substantial shareholder of LTKM Berhad and pursuant to Section 59(11)(c) of the Companies Act 2016.*

DIRECTORS' SHAREHOLDINGS AS AT 28 JUNE 2019

	Shareholdings			
Name	Direct	%	Indirect	%
Datuk Tan Kok	3,458,116	2.66	84,440,906 (1)	64.90
Datin Lim Hooi Tin	600,000	0.46	84,440,906 (2)	64.90
Tan Chee Huey	312,000	0.24	4,163,900 (3)	3.20
Ooi Hoy Bee @ Ooi Hooi Bee	150,000	0.12	-	-
Datuk Ir. Kamarudin Bin Md Derom	-	-	-	-
Tan Kah Poh	-	-	-	-
Goh Kean Hoe	-	-	-	-

(1) *Deemed interested by virtue of his shareholdings in Ladang Ternakan Sdn Berhad pursuant to Section 8(4) and Section 59(11)(c) of the Companies Act 2016.*
(2) *Deemed interested by virtue of her being the spouse of Datuk Tan Kok, a shareholder of Ladang Ternakan Sdn Berhad, which is a substantial shareholder of LTKM Berhad and pursuant to Section 59(11)(c) of the Companies Act 2016.*
(3) *Deemed interested pursuant to Section 8(4) and Section 59(11) (c) of the Companies Act 2016.*

Analysis of Shareholdings

As at 28 June 2019
cont'd

THIRTY (30) LARGEST SHAREHOLDERS AS PER THE RECORD OF DEPOSITORS AS AT 28 JUNE 2019

No.	Name	No. of Shares	%
1.	Ladang Ternakan Kelang Sdn Berhad	79,785,006	61.32
2.	Phuah Chai Tin	3,683,900	2.83
3.	Tan Kok	3,458,116	2.66
4.	YBJ Capital Sdn Bhd	2,657,000	2.04
5.	Tiew Lee Lee	1,427,600	1.10
6.	Ng Chew Kee	1,323,900	1.02
7.	Phuah Siew Wah	1,295,600	1.00
8.	Kok Chiew Heng	1,148,500	0.88
9.	Tan Yee Boon	1,004,100	0.77
10.	Yong Nget Min	776,400	0.60
11.	Maybank Nominees (Tempatan) Sdn Bhd *- Chooi Heong Yeng*	775,800	0.60
12.	Lee Hai Leong	762,900	0.59
13.	Maybank Nominees (Tempatan) Sdn Bhd *- Lim Hooi Tin*	600,000	0.46
14.	Hup Hong Lee Trading Sdn Bhd	531,900	0.41
15.	Tan Yee Boon	502,800	0.39
16.	Yew Ah Kow	500,000	0.38
17.	Chia Song Kang	392,400	0.30
18.	Tan Yee Siong	341,700	0.27
19.	Tan Chee Huey	312,000	0.24
20.	Teh Kim Lan	303,500	0.23
21.	K & H Luxury Transport Sdn. Bhd.	301,000	0.23
22.	Public Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Tan Soon Hui (E-SJA)*	296,700	0.23
23.	JS Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Lee Chee Gaip (TMLKRAYA-CL)*	261,600	0.20
24.	Lee Tong Choo	261,600	0.20
25.	Tan Eng Hock	259,800	0.20
26.	Hock Soon Poultry Farm Sdn Bhd	251,800	0.19
27.	Chong Thin Tuck	251,400	0.19
28.	Soh Cheng Kee	240,000	0.18
29.	Phur Hock Beng	232,800	0.18
30.	Public Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Heng Sue Khe (E-BPT/EDU)*	222,400	0.17
	Total	104,161,622	80.06

Notice of Twenty-Second Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Twenty-Second Annual General Meeting of the Company will be held at Merrida Hotel, No. 18A, Lebuh Enggang, Off Persiaran Sultan Ibrahim, 41050 Klang, Selangor Darul Ehsan on Friday, 27th September 2019 at 3.30 p.m. for the purpose of transacting the following business:-

A G E N D A

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 March 2019 together with the Directors' and Auditors' Reports thereon. ***Please refer to Note B of this Notice.***

2. To approve a Single-Tier Final Dividend of 1 Sen per Ordinary Share each for the financial year ended 31 March 2019. ***Resolution 1***

3. To approve the Directors' Fees of RM248,000 and benefits payable for the period from October 2019 up to the next Annual General Meeting of the Company to be held in 2020. ***Resolution 2***

4. To re-elect Mr. Tan Kah Poh who is retiring in accordance with Article 83 of the Company's Constitution. ***Resolution 3***

5. To re-elect Madam Ooi Hoy Bee @ Ooi Hooi Bee who is retiring in accordance with Article 83 of the Company's Constitution. ***Resolution 4***

6. To re-appoint Messrs. Ernst & Young as External Auditors and to authorize 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:-

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

     "**THAT** pursuant to Section 75 and 76 of the Companies Act 2016, the Directors be and are hereby authorized to allot and 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." ***Resolution 6***

8. **Ordinary Resolution**
   - **Proposed Renewal of Authority for Share Buy-Back**

     "**THAT** subject to the Companies Act 2016, provisions of the Company's Constitution and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") and any applicable laws, regulations and guidelines issued by other regulatory authorities, and the approvals of all relevant governmental and/or regulatory authorities, the Company be and is hereby authorized to purchase and/or hold such amount of its ordinary shares on the market of Bursa Securities at any time upon such terms and conditions as the Directors in their absolute discretion deem fit and expedient in the best interest of the Company provided that:-

Notice of Twenty-Second Annual General Meeting

cont'd

(a) the aggregate number of shares which may be purchased and/or held by the Company shall not exceed 10% of the total issued share capital of the Company;

(b) the maximum amount of funds to be allocated by the Company for the purpose of purchasing its shares shall not exceed the retained earnings of the Company based on the latest audited financial statements;

(c) upon completion of the purchase(s) of the shares by the Company, the shares shall be dealt with in the following manner;

(i) to cancel the shares so purchased; or

(ii) to retain the shares so purchased in treasury, either to be distributed as dividends to the shareholders of the Company and/or to be resold on the market of Bursa Securities; or

(iii) to retain part of the shares so purchased as treasury shares and cancel the remainder; or

(iv) any combination of the three.

AND THAT the authority conferred by this resolution will be effective upon the passing of this resolution and will continue to be in force until:-

(a) the conclusion of the next Annual General Meeting ("**AGM**") of the Company at which time it will lapse, unless the authority is renewed by a resolution passed at a general meeting, either unconditionally or subject to conditions; or

(b) the expiration of the period within which the next AGM of the Company is required by law to be held; or

(c) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting;

whichever occurs first, but not as to prejudice the completion of purchase(s) by the Company before the aforesaid expiry date, and in any event, in accordance with the provisions of the guidelines issued by Bursa Securities or any other relevant authorities, relevant requirements and guidelines.

AND FURTHER THAT authority be and is hereby given to the Directors of the Company to do all such acts, deeds and things as they may consider expedient or necessary in the best interest of the Company (including executing all such documents as may be required) to give full effect to the purchase by the Company of its own shares with full power to assent to any condition, variation, modification and/or amendment as may be required by any relevant authorities and to deal with all matters relating thereto and take all steps and do all acts and things in any manners as they may deem necessary in the interest of the Company."

Resolution 7

9. **Ordinary Resolution**

- **Authority for Datuk Ir. Kamarudin bin Md Derom To Continue In Office as Independent Non-Executive Director**

"**THAT** Datuk Ir. Kamarudin bin Md Derom who has served as an Independent Non-Executive Director of the Company for a cumulative term of which has exceeded twelve (12) years, be and is hereby authorized to continue to act as Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting, in accordance with the Malaysian Code on Corporate Governance 2017."

Resolution 8

Notice of Twenty-Second Annual General Meeting

cont'd

10. **Special Resolution**
    - **Proposed New Constitution Of The Company**

      "**THAT** the existing Memorandum and Articles of Association of the Company be and are hereby deleted in its entirety **AND THAT** the new Constitution of the Company as set out in the Circular to Shareholders dated 29 July 2019 accompanying the Company's Annual Report 2019 for the financial year ended 31 March 2019 be and is hereby adopted as the new Constitution of the Company **AND FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to assent to any modifications, variations and/or amendments as may be required by any relevant authorities and to do all acts and things and take all such steps as may be considered necessary to give full effect to the foregoing."

      Resolution 9

ANY OTHER BUSINESS

11. To transact any other business of the Company of which due notice shall have been given in accordance with the Company's Constitution and the Companies Act 2016.

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS HEREBY GIVEN THAT a Single-Tier Final Dividend of 1 Sen per Ordinary Share in respect of the financial year ended 31 March 2019, if approved by the Members, will be payable on 25 October 2019 to Depositors registered in the Record of Depositors as at the close of business on 4 October 2019.

A Depositor shall qualify for entitlement only in respect of:-

a) Shares transferred to the Depositor's Securities Account before 4.00 p.m. on 4 October 2019 in respect of ordinary transfers; and

b) 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
Company Secretary

Dated: 29 July 2019
Selangor Darul Ehsan

Notice of Twenty-Second Annual General Meeting

cont'd

NOTES:

A: Appointment of Proxy

a) A member of the Company entitled to attend, speak and vote at the meeting of the 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, speak and vote on his/her behalf. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.

b) 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 (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) shares.

c) A Proxy may but need not be a member of the Company.

d) 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.

e) 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.

f) 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, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan not less than twenty-four (24) hours before the time appointed for holding the Twenty-Second Annual General 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.

g) Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to vote by poll.

B: Audited Financial Statements

This item of the agenda is meant for discussion only as the provision of Sections 248(2) and 340(1) of the Companies Act 2016 does not require a formal approval of the Shareholders for the Audited Financial Statements. Hence, this item of the agenda is not subject to voting.

C: Explanatory Notes on Special Business

a) Resolution 6 - Authority for Directors to Allot and Issue Shares

The proposed Resolution 6, 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 of up to an amount not exceeding 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 Twenty-First Annual General Meeting held on 6 September 2018. 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 Twenty-First Annual General Meeting because there was no need for any fund raising activity for the purpose of investment, acquisition or working capital.

Notice of Twenty-Second Annual General Meeting

cont'd

b) Resolution 7 - Proposed Renewal of Authority for Share-Buy-Back

The proposed Resolution 7, if passed will empower the Company to purchase and/or hold up to 10% of the issued share capital (excluding treasury shares) of the Company. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next Annual General Meeting.

Please refer to the Statement to Shareholders in relation to the Proposed Renewal of Authority for Share Buy-Back as set out in the Statement/Circular to Shareholders dated 29 July 2019 accompanying the Company's Annual Report 2019 for further information.

c) Resolution 8 - Authority for Datuk Ir. Kamarudin bin Md Derom to continue in office as Independent Non-Executive Director of the Company pursuant to the Malaysian Code on Corporate Governance 2017

Datuk Ir. Kamarudin bin Md Derom was appointed as an Independent Non-Executive Director of the Company on 23 December 1999 and has, therefore, served the Company for a period exceeding twelve (12) years as at the forthcoming Twenty-Second Annual General Meeting. However, he has continued to meet the independence criteria as set out in Chapter 1 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR"). The Board based on the review and recommendation made by the Nomination Committee, has considered him to be independent and recommends that he should continue to act as Independent Non-Executive Director. Further rationale for his retention as Independent Non-Executive Director can be found on page 17 of the Annual Report 2019.

d) Resolution 9 - Proposed New Constitution of the Company

The Proposed Special Resolution, if passed, will align the Constitution of the Company with the Companies Act 2016 and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (details of which are set out in the Statement/Circular to Shareholders dated 29 July 2019 accompanying the Company's Annual Report 2019 for the financial year ended 31 March 2019).

GENERAL MEETING RECORD OF DEPOSITORS

For the purpose of determining a member who shall be entitled to attend the Twenty-Second Annual General Meeting, the Company will request Bursa Malaysia Depository Sdn Bhd in accordance with Article 33 of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors as at 20 September 2019. Only depositors whose name appears on the Records of Depositors as at 20 September 2019 shall be entitled to attend and vote at the Twenty-Second Annual General Meeting or appoint proxy/proxies to attend and/or vote in his/her stead.

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LTKM BERHAD
(Company No. 442942-H)
(Incorporated in Malaysia)

CDS Account No.

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 _____
(Full Name in Capital Letters)

(NRIC No./Passport No.) _____ of _____
(Full Address)

_____ or failing him/(her) _____
(Full Name in Capital Letters)

(NRIC No./Passport No.) _____ 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 Twenty-Second Annual General Meeting to be held at Merrida Hotel, No. 18A, Lebuh Enggang, Off Persiaran Sultan Ibrahim, 41050 Klang, Selangor Darul Ehsan on Friday, 27th September 2019 at 3.30 p.m. and at any adjournment thereof.

Please indicate with an "x" in the space provided below how you wish your votes to be casted. If no specific direction as to voting is given, the Proxy will vote or abstain from voting at his/(her) discretion.

No.	Resolutions	For	Against
1.	**Ordinary Business** Resolution 1 – To approve a Single-Tier Final Dividend of 1 Sen per Ordinary Share for the financial year ended 31 March 2019.		
2.	Resolution 2 – To approve the Directors' Fees of RM248,000 and benefits payable for the period from October 2019 up to the next Annual General Meeting of the Company to be held in 2020.		
3.	Resolution 3 – To re-elect Mr. Tan Kah Poh who is retiring in accordance with Article 83 of the Company's Constitution.		
4.	Resolution 4 – To re-elect Madam Ooi Hoy Bee @ Ooi Hooi Bee who is retiring in accordance with Article 83 of the Company's Constitution.		
5.	Resolution 5 – To re-appoint Messrs. Ernst & Young as External Auditors and to authorize the Board of Directors to fix their remuneration.		
6.	**Special Business** Resolution 6 – Authority to Allot and Issue Shares under Section 75 and 76 of the Companies Act 2016.		
7.	Resolution 7 – Proposed Renewal of Authority for Share Buy-Back.		
8.	Resolution 8 – To approve Datuk Ir. Kamarudin bin Md Derom to continue in office as Independent Non-Executive Director.		
9.	Resolution 9 – Proposed New Constitution of the Company.		

* *Strike out whichever is not applicable.*

Dated this _____ day of _____, 2019

Number of shares held

_____
Signature of Member/Common Seal

Notes:

a) *A member of a Company entitled to attend, speak 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, speak 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.*

b) *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.*

c) *A Proxy may but need not be a member of the Company*

d) *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.*

e) *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.*

f) *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, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan not less than twenty-four (24) hours before the time appointed for holding the Twenty-Second Annual General 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.*

g) *Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to vote by poll.*

Fold This Flap For Sealing

Then Fold Here

AFFIX
STAMP

The Company Secretary

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

1st Fold Here

LTKM BERHAD (442942-H)
102, Batu 1 1/2, Jalan Meru, 41050 Klang,
Selangor Darul Ehsan, Malaysia.

Tel : (603) 3342 2830
Fax : (603) 3341 1967

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