

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

	Note	Individual Quarter 3 months ended		Cumulative Quarter 3 months ended	
		30/6/2017	30/6/2016	30/6/2017	30/6/2016
		RM'000	RM'000	RM'000	RM'000
Revenue		39,812	42,682	39,812	42,682
Cost of sales		(36,766)	(33,332)	(36,766)	(33,332)
Gross profit		3,046	9,350	3,046	9,350
Other income		736	639	736	639
Administrative expenses		(2,040)	(2,512)	(2,040)	(2,512)
Distribution expenses		(947)	(863)	(947)	(863)
Finance costs		(1,329)	(575)	(1,329)	(575)
Other expenses		(167)	(1,195)	(167)	(1,195)
(Loss)/profit before tax		(701)	4,844	(701)	4,844
Taxation	B5	(358)	(1,775)	(358)	(1,775)
(Loss)/profit net of tax attributable to owners of the parent		(1,059)	3,069	(1,059)	3,069
Other comprehensive income, net of tax :					
Net change on AFS reserves :					
- gain/(reversal of gain) on fair value changes		993	(1,494)	993	(1,494)
- impairment loss transferred to profit or loss		68	983	68	983
- loss/(profit) transferred to profit or loss upon disposal		3	(3)	3	(3)
Total comprehensive income attributable to owners of the parent		5	2,555	5	2,555
Basic earnings per share attributable to owners of the parent (sen) :	B11	(0.81)	2.36	(0.81)	2.36

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

LTKM Berhad (Company No: 442942-H)
Condensed Consolidated Statement of Financial Position
As at 30 June 2017

	Note	As at 30 June 2017	As at 31 Mar 2017
		RM'000	RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		97,813	97,333
Investment properties		103,295	103,295
Land held for development		33,790	33,758
Biological assets		319	325
Deferred tax assets		125	125
Investment securities		37,208	35,704
		<u>272,550</u>	<u>270,540</u>
Current assets			
Biological assets		15,446	14,321
Inventories		24,338	16,325
Trade receivables		10,325	8,813
Other receivables		3,560	5,683
Prepayments		184	293
Tax recoverables		1,172	337
Cash and bank balances		20,733	26,490
		<u>75,758</u>	<u>72,262</u>
TOTAL ASSETS		<u>348,308</u>	<u>342,802</u>
EQUITY AND LIABILITIES			
Attributable to equity holders of the parent			
Share capital		65,052	65,052
Reserves		172,595	172,590
Total equity		<u>237,647</u>	<u>237,642</u>
Non-current liabilities			
Borrowings	B7	63,585	65,161
Deferred tax liabilities		7,169	7,170
		<u>70,754</u>	<u>72,331</u>
Current liabilities			
Trade payables		4,720	5,498
Other payables		6,160	5,955
Dividend payable		-	1,952
Borrowings	B7	29,027	19,290
Taxation		-	134
		<u>39,907</u>	<u>32,829</u>
Total liabilities		110,661	105,160
TOTAL EQUITY AND LIABILITIES		<u>348,308</u>	<u>342,802</u>

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

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

	3 months ended 30 June	
	2017	2016
	RM'000	RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
(Loss)/profit before tax	(701)	4,844
Adjustment for non-cash flow		
Depreciation of property, plant & equipment	1,743	1,624
Amortisation of biological assets	5	4
Gain on disposal of property, plant and equipment	-	(80)
Gain on disposal of investment securities	(17)	(15)
Net fair value loss/(gain) on AFS investment securities transferred from equity upon disposal	3	(3)
Impairment loss on AFS investment securities	68	983
Net fair value (gain)/loss on FVTPL investment securities	(423)	195
Unrealised gain on foreign exchange	99	4
Dividend income from investment securities	(127)	(116)
Interest expense	1,329	575
Interest income	(84)	(141)
Operating profit before working capital changes	1,895	7,874
Working capital changes in:		
Property development costs	(32)	(10)
Biological assets	(1,124)	105
Inventories	(8,013)	4,802
Receivables	692	(1,021)
Payables	(573)	863
Cash (used in)/generated from operating activities	(7,155)	12,613
Net taxes paid	(1,328)	(1,674)
Interest paid	(1,329)	(575)
Net cash (used in)/generated from operating activities	(9,812)	10,364
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of:		
Property, plant & equipment	(2,223)	(2,608)
Investment securities	(210)	(146)
Investment property	-	(32,587)
Proceeds from disposal of:		
Property, plant and equipment	-	80
Investment securities	68	99
Investment property	-	2,804
Interest received	84	141
Dividend received from investment securities	127	116
Net cash used in investing activities	(2,154)	(32,101)
CASH FLOW FROM FINANCING ACTIVITIES		
Dividends paid	(1,952)	(3,253)
Net (repayment)/drawdown of term loans	(1,507)	24,367
Net drawdown/(repayment) of other bank borrowings	9,668	(9,577)
Net cash generated from/(used in) financing activities	6,209	11,537
Net change in cash and cash equivalents	(5,757)	(10,200)
Cash and cash equivalents at 1 April	26,490	42,885
Cash and cash equivalents at end of the period	20,733	32,685
Cash and cash equivalents comprise the following amounts:-		
Deposits with licensed banks	6,982	16,830
Cash on hand and at bank	13,751	15,855
Cash and bank balances	20,733	32,685
	20,733	32,685

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

LTKM Berhad (Company No: 442942-H)
Condensed Consolidated Statements of Changes in Equity
For the quarter ended 30 June 2017

	<-----Attributable to equity holders of the parent----->					
	[------(Non- distributable)-----]			(Distributable)		
	Share capital RM'000	Share premium RM'000	Asset revaluation reserve RM'000	Available -for-sale reserve RM'000	Retained profits RM'000	Total equity RM'000
3 months ended 30 June 2017						
At 1 April 2017	65,052	-	37,310	7,416	127,864	237,642
Total comprehensive income	-	-	-	1,064	(1,059)	5
At 30 June 2017	65,052	-	37,310	8,480	126,805	237,647
3 months ended 30 June 2016						
At 1 April 2016	65,052	-	35,925	2,462	119,299	222,738
Total comprehensive income	-	-	-	(514)	3,069	2,555
At 30 June 2016	65,052	-	35,925	1,948	122,368	225,293

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

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

	Note	Prior Quarter Comparison	
		30/6/2017 RM'000	31/03/2017 RM'000
Revenue		39,812	39,604
Cost of sales		(36,766)	(34,593)
Gross profit		<u>3,046</u>	<u>5,011</u>
Other income		736	2,438
Administrative expenses		(2,040)	(2,047)
Distribution expenses		(947)	(910)
Finance costs		(1,329)	(1,273)
Other expenses		(167)	-
Profit before tax		<u>(701)</u>	<u>3,219</u>
Taxation	B5	<u>(358)</u>	<u>(1,437)</u>
Net profit attributable to owners of the parent		<u>(1,059)</u>	<u>1,782</u>
Basic earnings per share attributable to owners of the parent :		(0.81)	1.37

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

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

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting and Amendments to FRS 134: Interim Financial Reporting (Improvements to FRSs (2012)) and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 March 2017. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 March 2017.

The accounting policies and methods of computation adopted in the interim financial statements are consistent with those of the audited financial statements for the year ended 31 March 2017, except for the adoption of the following new and revised Financial Reporting Standards (“FRS”) and Amendments to FRSs that have become effective for the financial periods beginning 1 April 2017: -

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

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

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

Description	Effective date for financial periods beginning on or after
Amendments to FRS 10 and FRS 128: Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture	Deferred

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

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

The amendments clarify that:

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

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

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

Malaysian Financial Reporting Standards

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

A2. Audit Report on Preceding Annual Financial Statements

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

A3. Segmental Information

	3 months ended		Increase/ (decrease)
	30-Jun-17	30-Jun-16	(decrease)
	RM'000	RM'000	%
Segment revenue			
Poultry & related products	39,023	41,949	-7%
Extraction & sale of sand	699	733	-5%
Others	90	-	0%
Total	<u>39,812</u>	<u>42,682</u>	<u>93%</u>
Segment results			
Segment profit :			
Poultry & related products	80	6,496	-99%
Investment holdings	(33)	(1,320)	-97%
Extraction & sale of sand	191	354	-46%
Property development	(939)	(686)	-37%
(Loss)/profit before tax	<u>(701)</u>	<u>4,844</u>	<u>-114%</u>
Less: Tax expense	(358)	(1,775)	-80%
(Loss)/profit net of tax	<u>(1,059)</u>	<u>3,069</u>	<u>-135%</u>

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

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the financial quarter ended 30 June 2017.

A5. Changes in Estimate

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

A6. Comments about Seasonal or Cyclical Factors

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

A7. Dividends Paid

On 7 April 2017, the Company has paid an interim single-tier dividend of 1.5 sen per ordinary share in respect of the financial year ended 31 March 2017 amounting to RM1,951,560.

A8. Carrying Amount of Revalued Assets

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

A9. Debt and Equity Securities

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

A10. Changes in Composition of the Group

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

A11. Changes in Contingent Liabilities and Contingent Assets

There were no changes in other contingent liabilities or contingent assets since the last annual balance sheet as at 31 March 2017.

A12. Subsequent Events

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

A13. Profit for the Period

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

	Current Quarter	
	3 months ended	
	30-Jun-17	30-Jun-16
	(RM'000)	(RM'000)
Interest income	84	141
Other income including investment income	593	279
Interest expense	(1,329)	(575)
Depreciation & amortisation	(1,748)	(1,628)
Provision for and write off of receivables	-	-
Provision for and write off of inventories	-	-
Gain on disposal of :		
Quoted shares	14	18
Unquoted investments	-	-
Properties	-	-
Impairment of assets	(68)	(983)
Foreign exchange gain:-		
Realised gain	45	201
Unrealised (loss)/gain	(99)	(4)
Gain/(loss) on derivatives	-	-
Exceptional items	-	-

A14. Realised and Unrealised Profits Disclosure

	Group	
	As at 30.6.2017 (RM'000)	As at 31.3.2017 (RM'000)
Total retained profits of the Group and the Company :-		
Realised profits	129,530	130,686
Unrealised (loss)/profits	(4,919)	(5,020)
	<u>124,611</u>	<u>125,666</u>
Add : Consolidation adjustments	2,194	2,197
Retained profits as per consolidated accounts	<u>126,805</u>	<u>127,863</u>

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

	Individual Quarter		Changes (%)
	1st Quarter		
	Current Year Quarter	Preceding Year Corresponding Quarter	
	30/6/2017	30/6/2016	
	RM'000	RM'000	
Revenue	39,812	42,682	-6.72%
Operating Profit	59	5,975	-99.01%
Profit Before Interest and Tax	628	5,419	-88.41%
(Loss)/Profit Before Tax	(701)	4,844	-114.47%
(Loss)/Profit After Tax	(1,059)	3,069	-134.51%
(Loss)/Profit Attributable to Ordinary Equity Holders of the Parent	(1,059)	3,069	-134.51%

The Group registered a revenue of RM39.81 million and a loss net of tax of RM1.06 million for the current quarter as compared to a revenue of RM42.68 million and a profit net of tax of RM3.07 million in the same quarter of previous year. The decline in revenue and earnings was due mainly to the drop in egg prices and increase in cost of sales.

B2. Variation of result Against Preceding Quarter

	Current Year Quarter	Immediate Preceding Quarter	Changes	
	30/6/2017	31/3/2017	Amount	%
	RM'000	RM'000	RM'000	
Revenue	39,812	39,604	208	0.53%
Operating Profit	59	2,054	(1,995)	-97.13%
Profit Before Interest and Tax	628	4,492	(3,864)	-86.02%
(Loss)/Profit Before Tax	(701)	3,219	(3,920)	-121.78%

The Group posted a loss before tax of RM0.7 million for the current quarter versus profit of RM3.22 million in the preceding quarter. The decrease in earnings was due mainly to the drop in egg prices and increase in cost of major raw materials namely corns and soybean.

B3. Commentary on Prospects

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

No material contributions are expected from the other segments.

B4. Profit Forecast or Profit Guarantee

This is not applicable.

B5. Tax Expenses

	3 months ended 30.6.17 RM'000	3 months ended 30.6.16 RM'000
Income tax expense	359	1,778
Deferred tax expense	(1)	(3)
Total	358	1,775

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

B6. Corporate Proposals

(a) Status of Corporate Proposals

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

(b) Status of Utilisation of Proceeds

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

B7. Borrowings

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

	As at 30.06.2017	As at 30.06.2016
	RM'000	RM'000
Short term		
<i>Secured:-</i>		
Term loans	5,185	2,597
Banker acceptance	1,864	-
Revolving credit	10,000	-
Sub-total	<u>17,049</u>	<u>2,597</u>
<i>Unsecured:-</i>		
Term loans	1,732	1,655
Banker acceptance	5,246	5,282
Revolving credit	5,000	10,000
Sub-total	<u>11,978</u>	<u>16,937</u>
Long term		
<i>Secured:-</i>		
Term loans	<u>62,840</u>	<u>28,333</u>
<i>Unsecured:-</i>		
Term loans	<u>745</u>	<u>2,526</u>
Total borrowings	<u>92,612</u>	<u>50,393</u>

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

B8. Off Balance Sheet Financial Instrument

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

B9. Changes in Material Litigations

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

B10. Dividend Payable

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

B11. Earnings per share (“EPS”)

	3 months ended	
	30-Jun-17	30-Jun-16
	RM'000	RM'000
(Loss)/profit attributable to ordinary shareholders of the parent	(1,059)	3,069
Number of shares in issue ('000)	130,104	130,104
Basic EPS (sen per share)	(0.81)	2.36

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

B12. Authorisation for Issue

The interim financial statements were authorized for issue by the Board of Directors in accordance with resolution of the directors on 16 August 2017.

B13. Dividends Paid / Declared

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

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