

LTKM Berhad (Company No: 442942-H)
Condensed Consolidated Statement of Comprehensive Income
For the quarter ended 30 September 2016

	Note	Individual Quarter		Cumulative Quarter	
		3 months ended		6 months ended	
		30/9/2016	30/9/2015	30/9/2016	30/9/2015
		RM'000	RM'000	RM'000	RM'000
Revenue		43,769	42,968	86,451	83,723
Cost of sales		(34,321)	(34,817)	(67,653)	(69,685)
Gross profit		9,448	8,151	18,798	14,038
Other income		1,257	2,241	1,896	3,469
Administrative expenses		(2,122)	(2,124)	(4,634)	(4,072)
Distribution expenses		(860)	(870)	(1,723)	(1,719)
Finance costs		(881)	(141)	(1,456)	(325)
Other expenses		(19)	(1,176)	(1,214)	(1,750)
Profit before tax		6,823	6,081	11,667	9,641
Taxation	B5	(1,691)	(1,373)	(3,466)	(2,480)
Profit net of tax attributable to owners of the parent		5,132	4,708	8,201	7,161
Other comprehensive income, net of tax :					
Net change on AFS reserves :					
- reversal of loss/(gain) on fair value changes		685	(2,643)	(809)	(3,428)
- impairment loss transferred to profit or loss		-	792	983	1,043
- profit transferred to profit or loss upon disposal		(167)	(584)	(170)	(905)
Deferred tax on revaluation of land		-	-	-	(246)
Total comprehensive income attributable to owners of the parent		5,650	2,273	8,205	3,625
Basic earnings per share attributable to owners of the parent (sen) :	B11	3.94	3.62	6.30	5.50

The condensed consolidated income statement should be read in conjunction with the audited financial statements for the year ended 31 March 2016 and the accompanying explanatory notes attached to the interim financial statements.

LTKM Berhad (Company No: 442942-H)
Condensed Consolidated Statement of Financial Position
As at 30 September 2016

	Note	As at 30 Sept 2016	As at 31 Mar 2016
		RM'000	RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		93,327	91,813
Investment properties		32,184	3,900
Land held for development		29,759	23,074
Biological assets		335	338
Investment securities		31,370	32,287
		<u>186,975</u>	<u>151,412</u>
Current assets			
Biological assets		13,121	13,563
Inventories		15,008	24,012
Trade receivables		10,028	9,899
Other receivables		22,321	7,364
Prepayments		757	5,959
Tax recoverables		1,274	1,239
Cash and bank balances		61,262	42,885
		<u>123,771</u>	<u>104,921</u>
Assets classified as held for sale		-	26,000
		<u>123,771</u>	<u>130,921</u>
TOTAL ASSETS		<u>310,746</u>	<u>282,333</u>
EQUITY AND LIABILITIES			
Attributable to equity holders of the parent			
Share capital		65,052	65,052
Reserves		163,939	157,686
Total equity		<u>228,991</u>	<u>222,738</u>
Non-current liabilities			
Borrowings	B7	43,797	8,042
Deferred tax liabilities		7,743	7,746
		<u>51,540</u>	<u>15,788</u>
Current liabilities			
Trade payables		5,595	5,360
Other payables		5,550	7,621
Dividend payable		-	3,253
Borrowings	B7	19,070	27,561
Taxation		-	12
		<u>30,215</u>	<u>43,807</u>
Total liabilities		81,755	59,595
TOTAL EQUITY AND LIABILITIES		<u>310,746</u>	<u>282,333</u>

The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the year ended 31 March 2016 and the accompanying explanatory notes attached to the interim financial statements.

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

	6 months ended 30 September	
	2016	2015
	RM'000	RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax from continuing operations	11,667	9,641
Adjustment for non-cash flow		
Depreciation of property, plant & equipment	3,277	3,402
Amortisation of biological assets	9	7
Gain on disposal of property, plant and equipment	(91)	(108)
Gain on disposal of investment securities	(47)	(309)
Net fair value gain on AFS investment securities transferred from equity upon disposal	(170)	(905)
Impairment loss on AFS investment securities	983	1,043
Fair value loss on FVTPL investment securities	50	707
Unrealised exchange loss/(gain)	23	(342)
Dividend income	(391)	(595)
Operating profit before changes in working capital	15,310	12,541
Increase in land held for development	(6,040)	-
Decrease in biological assets	436	681
Decrease/(increase) in inventories	9,004	(3,976)
Decrease/(increase) in receivables	850	(4,236)
Increase in payables	771	4,451
Cash generated from operating activities	20,331	9,461
Net taxes paid	(3,387)	(6,344)
Net cash generated from operating activities	16,944	3,117
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant & equipment	(4,795)	(2,160)
Proceeds from disposal of property, plant and equipment	95	108
Proceeds from disposal of investment property	23,400	-
Purchase of investment properties	(39,792)	-
Purchase of investment securities	(651)	(3,492)
Proceeds from disposal of investment securities	725	3,952
Withdrawal of long term fixed deposits	-	109
Dividend received from investment securities	391	595
Net cash used in investing activities	(20,627)	(888)
CASH FLOW FROM FINANCING ACTIVITIES		
Dividends paid	(5,204)	(4,337)
Shares issuance expense	-	(202)
Net drawdown/(repayment) of term loans	38,498	(1,667)
Net repayment of other bank borrowings	(11,234)	(226)
Net cash generated from/(used in) financing activities	22,060	(6,432)
Net change in cash and cash equivalents	18,377	(4,203)
Cash and cash equivalents at 1 April	42,885	37,536
Cash and cash equivalents at end of the period	61,262	33,333
Cash and cash equivalents comprise the following amounts:-		
Deposits with licensed banks	40,960	20,109
Cash on hand and at bank	20,302	13,224
Cash and bank balances	61,262	33,333
	61,262	33,333

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 March 2016 and the accompanying explanatory notes attached to the interim financial statements.

LTKM Berhad (Company No: 442942-H)
Condensed Consolidated Statements of Changes in Equity
For the quarter ended 30 September 2016

	<-----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
6 months ended 30 September 2016						
At 1 April 2016	65,052	-	35,925	2,462	119,299	222,738
Total comprehensive income	-	-	-	4	8,201	8,205
Transactions with owners						
Dividends	-	-	-	-	(1,952)	(1,952)
At 30 September 2016	65,052	-	35,925	2,466	125,548	228,991
6 months ended 30 September 2015						
At 1 April 2015	43,368	2,467	36,163	5,803	133,578	221,379
Total comprehensive income	-	-	(246)	(3,290)	7,161	3,625
Transactions with owners						
Bonus shares issued during the period	21,684	(2,265)	-	-	(19,419)	-
Share issuance expense	-	(202)	-	-	-	(202)
Dividends	-	-	-	-	(3,253)	(3,253)
At 30 September 2015	65,052	-	35,917	2,513	118,067	221,549

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 March 2016 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 2016. 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 2016.

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 2016, 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 2016:-

Annual Improvements to FRSs 2013 - 2014 Cycle	1 January 2016
Amendments to FRS 116 and FRS 138 : Clarification of Acceptance Methods of Depreciation and Amortisation	1 January 2016
Amendments to FRS 116 and FRS 141 : Agriculture: Bearer Plants	1 January 2016
Amendments to FRS 11: Accounting for Acquisitions of Interest in Joint Operations	1 January 2016
Amendments to FRS 127: Equity Method in Separate Financial Statements	1 January 2016
Amendments to FRS 101: Disclosure Initiative	1 January 2016
Amendments to FRS 10, FRS 12 and FRS 128: Investment Entities: Applying the Consolidation Exception	1 January 2016
FRS 14: Regulatory Deferral Accounts	1 January 2016

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 FRSs and 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
FRS 9 : Financial Instruments	1 January 2018
Amendments to FRS 10 and FRS 128: Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture	Deferred

The above new FRS and 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.:

FRS 9: Financial Instruments - Classification and Measurement

In November 2014, MASB issued the final version of FRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces FRS 139 Financial Instruments: Recognition and Measurement and all previous versions of FRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. FRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The adoption of FRS 9 will have an effect on the classification and measurement of the Group's financial assets, but no impact on the classification and measurement of the Group's financial liabilities.

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 2016 was not qualified.

A3. Segmental Information

	3 months ended		Increase/	6 months ended		Increase/
	30-Sep-16	30-Sep-15	(decrease)	30-Sep-16	30-Sep-15	(decrease)
	RM'000	RM'000	%	RM'000	RM'000	%
Segment revenue						
Poultry & related products	43,281	42,368	2%	85,229	82,109	4%
Extraction & sale of sand	488	600	-19%	1,221	1,613	-24%
Total	43,769	42,968	102%	86,451	83,722	103%
Segment results						
Poultry & related products	6,536	6,133	7%	12,863	9,571	34%
Investment holdings	475	(113)	520%	(1,150)	(407)	-183%
Extraction & sale of sand	62	140	-56%	480	621	-23%
Others	(250)	(79)	-216%	(526)	(144)	-265%
Profit before tax	6,823	6,081	12%	11,667	9,641	21%
Less: Tax expense	(1,691)	(1,373)	23%	(3,466)	(2,480)	40%
Profit net of tax	5,132	4,708	9%	8,201	7,161	15%

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

On 4 July 2016, LTK (Melaka) Sdn Bhd, a wholly-owned subsidiary of the Company entered into a sale and purchase agreement (SPA) for the purchase a parcel of freehold land held under GM1603 Lot 1401, Mukim Petaling, Kuala Lumpur measuring 4,047 square metres for a purchase consideration of RM12,563,300.

The proposed acquisition is expected to be completed in the second half of year 2016.

There were no other unusual items affecting assets, liabilities, equity, net income or cash flows during the financial quarter ended 30 September 2016.

A5. Changes in Estimate

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

A6. Comments about Seasonal or Cyclical Factors

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

A7. Dividends Paid

There were no dividends paid during the quarter under review.

A8. Carrying Amount of Revalued Assets

There were 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 2016.

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		Current Quarter 6 months ended	
	30-Sep-16	30-Sep-15	30-Sep-16	30-Sep-15
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Interest income	394	202	535	415
Other income including investment income	504	533	783	767
Interest expense	(881)	(141)	(1,456)	(325)
Depreciation & amortisation	(1,658)	(1,740)	(3,286)	(3,409)
Provision for and write off of receivables	-	-	-	-
Provision for and write off of inventories	-	-	-	-
Gain on disposal of :				
Quoted shares	199	726	217	1,214
Unquoted investments	-	-	-	-
Properties	-	-	-	-
Impairment of assets	-	(792)	(983)	(1,043)
Foreign exchange gain:-				
Realised gain	160	480	361	731
Unrealised (loss)/gain	(19)	300	(23)	342
Gain/(loss) on derivatives	-	-	-	-
Exceptional items	-	-	-	-

A14. Realised and Unrealised Profits Disclosure

	Group		Company	
	As at 30.9.2016 (RM'000)	As at 31.3.2016 (RM'000)	As at 30.9.2016 (RM'000)	As at 31.3.2016 (RM'000)
Total retained profits of the Group and the Company :-				
Realised profits	127,832	96,678	22,500	24,222
Unrealised profits	(3,572)	14,867	0.21	0.21
	124,260	111,545	22,500	24,222
Add : Consolidation adjustments	1,288	7,754	-	-
Retained profits as per consolidated accounts	125,548	119,299	22,500	24,222

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

The Group registered a revenue of RM43.77 million and a net profit of RM5.13 million for the current quarter as compared to a revenue of RM42.97 million and a net profit of RM4.71 million in the same quarter of previous year. The marginal increase in the revenue and net profit was mainly contributed by improved egg prices.

For the financial year-to-date, the Group recorded a revenue of RM86.45 million and a net profit of RM8.20 million as compared to a revenue of RM83.72 million and net profit of RM7.16 million in the corresponding period of the previous year. The poultry segment profits improved by 34% due mainly to improved egg prices. However, this was partly offset by lower net profits/higher losses from the remaining segments.

B2. Comment on Material Change in Profit Before Tax

The Group's revenue for this quarter at RM43.77 million is marginally higher compared to RM42.68 million recorded in the immediate preceding quarter, helped by higher egg prices. However, the Group posted an increase of 40% in profit before tax at RM6.82 million in the current quarter as compared to RM4.84 million in the preceding quarter due to impairment losses recorded in the preceding quarter.

B3. Commentary on Prospects

The Board views the next period as challenging due to the volatile egg prices and costs of major raw materials namely corn and soybean.

Contributions from the Extraction and Sale of Sand are not expected to significantly differ whilst no material contributions are expected from the other segments.

B4. Profit Forecast or Profit Guarantee

This is not applicable.

B5. Tax Expenses

	6 months ended	6 months ended
	30.09.16	30.09.15
	RM'000	RM'000
Income tax expense	3,469	2,483
Deferred tax expense	(3)	(3)
Total	3,466	2,480

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**

At the Extraordinary General Meeting on 5 September 2016, the following corporate proposals were approved by the shareholders of the Company: -

- i) Proposed acquisition (“Proposed Acquisition”) by LTK Properties Sdn Bhd and LTK Development Sdn Bhd, both wholly-owned subsidiaries of the Company of four adjoining parcels of leasehold lands measuring in aggregate approximately 25,837 square metres together with buildings and amenities erected thereon for a total cash consideration of RM58,403,100 subject to terms and condition stipulated in the conditional sales and purchase agreement. The Proposed Acquisition was expected to be completed in the second half of the financial year ending 31 March 2017;
- ii) Proposed diversification of the principal activities of the Company and its subsidiaries to include property development.

There were no other corporate proposals announced but not completed as at 10 November 2016.

(b) Status of Utilisation of Proceeds

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

B7. Borrowings

The total Group borrowings as at 30 September 2016 were as follows:

	Secured RM'000	Unsecured RM'000	Total RM'000
Short term borrowings			
Term loan	3,742	1,717	5,459
Other bank borrowings	2,579	11,046	13,625
	6,321	12,763	19,084
Long term borrowings			
Term loan	41,740	2,043	43,783
Total borrowings	45,482	17,385	62,867

There were no borrowings in any foreign currency as at 30 September 2016.

B8. Off Balance Sheet Financial Instrument

There were no off balance sheet financial instruments as at 30 September 2016.

B9. Changes in Material Litigations

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

B10. Dividend Payable

No dividend has been declared in the financial period ended 30 September 2016 (30 September 2015: Nil)

B11. Earnings per share (“EPS”)

	3 months ended		6 months ended	
	30-Sep-16 RM'000	30-Sep-15 RM'000	30-Sep-16 RM'000	30-Sep-15 RM'000
Profit attributable to ordinary shareholders of the parent	5,132	4,708	8,201	7,161
Number of shares in issue ('000)	130,104	130,104	130,104	130,104
Basic EPS (sen per share)	3.94	3.62	6.30	5.50

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 17 November 2016.

B13. Dividends Paid / Declared

Dividend paid / declared since the financial year 2014 up to the date of this report.

Dividend No.	Financial Year	Type	No. of shares (000)	Rate	RM ('000)	Payment Date
24	2014	Interim dividend	43,368	8% per RM1.00 share, single tier	3,469	8.4.2014
25	2014	Final dividend	43,368	10% per RM1.00 share, single tier	4,337	3.10.2014
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