

LTKM Berhad (Company No: 442942-H)
Condensed Consolidated Statement of Comprehensive Income
For the quarter ended 31 March 2017

	Note	Individual Quarter		Cumulative Quarter	
		3 months ended		12 months ended	
		31/03/2017	31/03/2016	31/03/2017	31/03/2016
		RM'000	RM'000	RM'000	RM'000
Revenue		39,604	40,342	168,874	168,994
Cost of sales		(34,593)	(33,710)	(137,474)	(140,769)
Gross profit		5,011	6,632	31,400	28,225
Other income		2,438	323	5,290	4,636
Administrative expenses		(2,047)	(3,085)	(9,009)	(9,907)
Distribution expenses		(910)	(788)	(3,505)	(3,322)
Finance costs		(1,273)	(278)	(3,920)	(790)
Other expenses		-	(1,293)	(1,652)	(1,960)
Profit before tax		3,219	1,511	18,604	16,882
Taxation	B5	(1,437)	(1,374)	(6,584)	(5,237)
Profit net of tax attributable to owners of the parent		1,782	137	12,020	11,645
Other comprehensive income, net of tax :					
Net change on AFS reserves :					
- gain/(reversal of gain) on fair value changes		6,026	(788)	3,529	(3,828)
- impairment loss transferred to profit or loss		246	411	1,640	1,459
- profit transferred to profit or loss upon disposal		(33)	(54)	(214)	(972)
Revaluation of land		1,450	-	1,450	-
Deferred tax on revaluation of land		(66)	8	(66)	(238)
Total comprehensive income attributable to owners of the parent		9,405	(286)	18,359	8,066
Basic earnings per share attributable to owners of the parent (sen) :	B11	1.37	0.11	9.24	8.95

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 31 March 2017

	Note	As at 31 Mar 2017	As at 31 Mar 2016
		RM'000	RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		97,333	91,813
Investment properties		103,295	3,900
Land held for development		29,734	23,074
Biological assets		324	338
Investment securities		35,705	32,287
Deferred tax assets		34	-
		<u>266,425</u>	<u>151,412</u>
Current assets			
Biological assets		14,321	13,563
Land held for development		3,900	-
Property development cost		123	-
Inventories		16,325	24,012
Trade receivables		8,813	9,899
Other receivables		5,684	7,364
Prepayments		293	5,959
Tax recoverables		337	1,239
Cash and bank balances		26,490	42,885
		<u>76,286</u>	<u>104,921</u>
Assets classified as held for sale		-	26,000
		<u>76,286</u>	<u>130,921</u>
TOTAL ASSETS		<u>342,711</u>	<u>282,333</u>
EQUITY AND LIABILITIES			
Attributable to equity holders of the parent			
Share capital		65,052	65,052
Reserves		172,141	157,686
Total equity		<u>237,193</u>	<u>222,738</u>
Non-current liabilities			
Borrowings	B7	65,739	8,042
Deferred tax liabilities		7,528	7,746
		<u>73,267</u>	<u>15,788</u>
Current liabilities			
Trade payables		5,498	5,360
Other payables		5,795	7,621
Dividend payable		1,952	3,253
Borrowings	B7	18,872	27,561
Taxation		134	12
		<u>32,251</u>	<u>43,807</u>
Total liabilities		<u>105,518</u>	<u>59,595</u>
TOTAL EQUITY AND LIABILITIES		<u>342,711</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

	Financial year ended 31 March	
	2017	2016
	RM'000	RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	18,604	16,882
Adjustment for:		
Depreciation of property, plant & equipment	6,540	6,768
Amortisation of biological assets	20	15
Write off of property, plant and equipment	-	244
Gain on disposal of property, plant and equipment	(111)	(226)
Fair value gain on investment properties	(1,874)	-
Gain on disposal of investment securities	(89)	(305)
Net fair value gain on AFS investment securities transferred from equity upon disposal	(214)	(972)
Prepayment written off	-	795
Impairment loss on AFS investment securities	1,640	1,459
Fair value loss on FVTPL investment securities	12	501
Impairment loss on trade receivables	37	358
Reversal of impairment loss on trade receivables	(155)	(84)
Provision for unutilised annual leave	33	44
Unrealised exchange gain	(55)	(281)
Dividend income	(786)	(1,142)
Interest income	(945)	(804)
Interest expense	3,920	790
Operating profit before changes in working capital	26,577	24,042
Increase in land held for development	(6,015)	(124)
(Increase)/decrease in biological assets	(764)	1,123
Increase in property development cost	(123)	-
Decrease/(increase) in inventories	7,687	(12,268)
Increase in receivables	(1,048)	(1,889)
Increase in payables	847	2,055
Cash generated from operating activities	27,161	12,939
Net taxes paid	(5,665)	(8,312)
Interest paid	(3,920)	(790)
Net cash generated from operating activities	17,576	3,837
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant & equipment	(10,614)	(4,969)
Proceeds from disposal of property, plant and equipment	115	282
Proceeds from disposal of an investment property	23,400	1,820
Purchase of investment properties	(92,597)	(10,124)
Purchase of investment securities	(968)	(4,235)
Proceeds from disposal of investment securities	1,159	4,317
Interest received	945	804
Withdrawal/(addition) of long term fixed deposits	1,167	(1,079)
Dividends received from investment securities	786	1,142
Net cash used in investing activities	(76,607)	(12,042)
CASH FLOW FROM FINANCING ACTIVITIES		
Dividends paid	(5,204)	(7,589)
Shares issuance expense	-	(202)
Net drawdown of term loans	61,425	1,950
Net (repayment)/drawdown of other bank borrowings	(12,417)	18,207
Net cash generated from financing activities	43,804	12,366
Net (decrease)/increase in cash and cash equivalents	(15,227)	4,161
Cash and cash equivalents at 1 April	41,697	37,536
Cash and cash equivalents at end of the period	26,470	41,697
Cash and cash equivalents comprise the following amounts:-		
Deposits with licensed banks	10,199	29,415
Cash on hand and at bank	16,271	12,282
Cash and bank balances	26,470	41,697
	26,470	41,697

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 31 March 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
12 months ended 31 March 2017						
At 1 April 2016	65,052	-	35,925	2,462	119,299	222,738
Total comprehensive income	-	-	1,384	4,955	12,020	18,359
Transactions with owners						
Dividends	-	-	-	-	(3,904)	(3,904)
At 31 March 2017	65,052	-	37,309	7,417	127,415	237,193
12 months ended 31 March 2016						
At 1 April 2015	43,368	2,467	36,163	5,803	133,578	221,379
Total comprehensive income	-	-	(238)	(3,341)	11,645	8,066
Transactions with owners						
Bonus shares issued during the period	21,684	(2,265)	-	-	(19,419)	-
Share issuance expense	-	(202)	-	-	-	(202)
Dividends	-	-	-	-	(6,505)	(6,505)
At 31 March 2016	65,052	-	35,925	2,462	119,299	222,738

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/	12 months ended		Increase/
	31-Mar-17	31-Mar-16	(decrease)	31-Mar-17	31-Mar-16	(decrease)
	RM'000	RM'000	%	RM'000	RM'000	%
Segment revenue						
Poultry & related products	38,955	39,673	-2%	166,382	166,060	0.19%
Extraction & sale of sand	559	669	-17%	2,372	2,934	-19%
Others	90	-	0%	120	-	0%
Total	39,604	40,342	98%	168,874	168,994	100%
Segment results						
Segment profit :						
Poultry & related products	2,373	3,516	-33%	20,810	18,556	12%
Investment holdings	1,183	(2,067)	-157%	(1,702)	(2,367)	28%
Extraction & sale of sand	139	284	-51%	823	1,171	-30%
Others	(476)	(222)	-114%	(1,327)	(478)	-178%
Profit before tax	3,219	1,511	113%	18,604	16,882	110%
Less: Tax expense	(1,437)	(1,374)	5%	(6,584)	(5,237)	26%
Profit net of tax	1,782	137	1201%	12,020	11,645	3%

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 31 March 2017.

A5. Changes in Estimate

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

A6. Comments about Seasonal or Cyclical Factors

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

A7. Dividends Paid

There were no dividends paid during the quarter under review.

A8. Carrying Amount of Revalued Assets

During the quarter under review, the Group's investment properties were revalued in accordance to the Group's accounting policy giving rise to a net gain after deferred tax effect of RM1.31 million. The valuations were carried out by professional independent valuers i.e Laurelcap Sdn Bhd, Rahim & Co International Sdn Bhd and Henry Butcher Malaysia (Selangor) Sdn Bhd respectively.

Revaluation was also carried out on a piece of land used for sand mining activities giving rise to RM1.38 million being included in asset revaluation reserve. The valuations were carried out by professional independent valuer, Jordan Lee & Jaafar (M'cca) Sdn Bhd.

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 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 12 months ended	
	31-Mar-17 (RM'000)	31-Mar-16 (RM'000)	31-Mar-17 (RM'000)	31-Mar-16 (RM'000)
Interest income	251	221	945	804
Other income including investment income	1,964	144	3,160	1,442
Interest expense	(1,273)	(278)	(3,920)	(790)
Depreciation & amortisation	(1,603)	(1,631)	(6,560)	(6,783)
Provision for and write off of receivables	(37)	(358)	(37)	(358)
Provision for and write off of inventories	-	-	-	-
Gain on disposal of :				
Quoted shares	50	21	303	1,277
Unquoted investments	-	-	-	-
Properties	-	-	-	-
Impairment of assets	(246)	(1,434)	(1,640)	(2,482)
Foreign exchange gain:-				
Realised gain	196	(42)	827	832
Unrealised (loss)/gain	(23)	(21)	55	281
Gain/(loss) on derivatives	-	-	-	-
Exceptional items	-	-	-	-

A14. Realised and Unrealised Profits Disclosure

	Group		Company	
	As at 31.3.2017 (RM'000)	As at 31.3.2016 (RM'000)	As at 31.3.2017 (RM'000)	As at 31.3.2016 (RM'000)
Total retained profits of the Group and the Company :-				
Realised profits	127,866	96,678	30,724	24,222
Unrealised (loss)/profits	(2,246)	14,867	0.21	0.21
	<u>125,620</u>	<u>111,545</u>	<u>30,724</u>	<u>24,222</u>
Add : Consolidation adjustments	1,795	7,754	-	-
Retained profits as per consolidated accounts	<u>127,415</u>	<u>119,299</u>	<u>30,724</u>	<u>24,222</u>

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

The Group registered a revenue of RM39.60 million and a profit net of tax of RM1.78 million for the current quarter as compared to a revenue of RM40.34 million and a profit net of tax of RM0.14 million in the same quarter of previous year. The decline in revenue and earnings was due mainly to the drop in egg prices. However, total profit net of tax for the quarter under review improved due to fair value gains from the investment holdings segment.

For the financial year, the Group recorded a revenue of RM168.87 million and a profit net of tax of RM12.02 million as compared to a revenue of RM168.99 million and profit net of tax of RM11.65 million in the previous year. Margin of eggs improved due to lower costs of major raw materials particularly soybean which contributed to the higher profit net of tax for the financial year.

B2. Comment on Material Change in Profit Before Tax

The Group posted a profit before tax of RM3.22 million for the current quarter versus RM3.72 million in the preceding quarter. The Group's revenue for this quarter at RM39.60 million is 7.37% lower compared to RM42.79 million recorded in the preceding quarter. Revenue and earnings reduced in tandem with the lower egg prices.

B3. Commentary on Prospects

The Board views the next period to continue to be challenging due to the 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

	12 months ended	12 months ended
	31.3.17	31.3.16
	RM'000	RM'000
Real property gain tax	213	654
Income tax expense	6,688	5,603
Deferred tax expense	(317)	(1,020)
Total	6,584	5,237

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 17 May 2017.

(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 31 March 2017 were as follows:

	Secured RM'000	Unsecured RM'000	Total RM'000
Short term borrowings			
Term loan	4,688	1,742	6,430
Other bank borrowings	5,000	7,442	12,442
	9,688	9,184	18,872
Long term borrowings			
Term loan	64,573	1,166	65,739
Total borrowings	74,261	10,350	84,611

There were no borrowings in foreign currency as at 31 March 2017.

B8. Off Balance Sheet Financial Instrument

There were no off balance sheet financial instruments as at 31 March 2017.

B9. Changes in Material Litigations

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

B10. Dividend Payable

On 16 February 2017, the Board of Directors has declared an interim dividend of 1.5 cent per ordinary share in respect of the financial year 31 March 2017, which was paid on 7 April 2017.

B11. Earnings per share (“EPS”)

	3 months ended		12 months ended	
	31-Mar-17 RM'000	31-Mar-16 RM'000	31-Mar-17 RM'000	31-Mar-16 RM'000
Profit attributable to ordinary shareholders of the parent	1,782	137	12,020	11,645
Number of shares in issue ('000)	130,104	130,104	130,104	130,104
Basic EPS (sen per share)	1.37	0.11	9.24	8.95

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 24 May 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