



LTKM BERHAD  
(442942-H)

ANNUAL REPORT **2017**





# 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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# Corporate Information

## BOARD OF DIRECTORS

**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*

**Ravindran A/L Markandu**  
*Independent Non-Executive Director*

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

**Tan Kah Poh**  
*Independent Non-Executive Director*  
*(appointed on 25 May 2017)*

## AUDIT COMMITTEE

**Ravindran A/L Markandu** (*Chairman*)  
**Ir. Kamarudin bin Md Derom**  
**Ooi Hoy Bee @ Ooi Hooi Bee**  
**Tan Kah Poh**

## REMUNERATION COMMITTEE

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

## NOMINATION COMMITTEE

**Ir. Kamarudin bin Md Derom** (*Chairman*)  
**Ooi Hoy Bee @ Ooi Hooi Bee**  
**Ravindran A/L Markandu**

## COMPANY SECRETARY

**Ng Yim Kong** (*LS 0009297*)

## REGISTERED OFFICE

Strategy Corporate Secretariat Sdn Bhd  
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](http://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

### **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 59, 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. Currently, he is also the Executive Director of Haisan Resources Berhad and sits on the Board of several private limited companies. He is a professional engineer registered with the Board of Engineers Malaysia.

Ir. Kamarudin has no family relationship with any director and/or major shareholder of the Company.

### **Datuk Tan Kok**

*Managing Director, Chairman of Remuneration Committee*

A Malaysian, aged 66, 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.

### **Tan Chee Huey**

*Executive Director*

A Malaysian, aged 37, 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 of 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 spouse of the eldest son of Datuk Tan Kok and Datin Lim Hooi Tin.

### **Datin Lim Hooi Tin**

*Non-Independent Non-Executive Director*

A Malaysian, aged 65, 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.

### **Ravindran A/L Markandu**

*Independent Non-Executive Director, Chairman of Audit Committee and Member of Nomination Committee*

A Malaysian, aged 67, Mr Ravindran was appointed to the Board on 30 September 2014. He is a Fellow of the Institute of Chartered Accountants in England and Wales since 1976 and a member of the Malaysian Institute of Accountants. His previous employments include ten years with the UMW Group as Group Accountant initially and finally as Group Financial Controller of UMW Toyota Motor Sdn Bhd, seven years with the Upali Group, the last position held being Executive Director, Malaysian Operations. In 1993, he accomplished a management buy-in of Bright Packaging Industry Berhad and successfully had the company listed on the Bursa Malaysia (Kuala Lumpur Stock Exchange) in 1995. He left Bright Packaging in 1998, after having sold a substantial portion of his stake. Through a family company he is involved in real estate investment, affordable and luxury property development and is an Independent Non-Executive Director of Tex Cycle Technology (M) Berhad. He is also involved in a number of non profit organisations, being a past Secretary-General of the Kuala Lumpur and Selangor Indian Chamber of Commerce and Industry, Honorary Treasurer of the Bukit Damansara House Owners' Association, and a committee member of the Institute of Chartered Accountants in England and Wales, Malaysia City Group.

Mr Ravindran has no family relationship with any director and/or major shareholder of the Company.



## Profile of Board of Directors

cont'd

### **Ooi Hoy Bee @ Ooi Hooi Bee**

*Non-Independent Non-Executive Director, Member of Audit Committee, Remuneration Committee and Nomination Committee*

A Malaysian aged 66, 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 which is now amalgamated with the New Zealand Institute of Chartered Accountants as Chartered Accountants of 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. 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.

### **Tan Kah Poh**

*Independent Non-Executive Director and Member of Audit Committee*

A Malaysian aged 31, Mr Tan was appointed to the Board on 25 May 2017. He graduated with an LL.B. (Hons.) from the University of Oxford Brookes in 2009 and was admitted to the High Court of Malaya in 2011. He is currently the managing partner of Messrs Kenny Tan & Co, Advocates and Solicitors. He previously practised with Messrs Lee Choon Wan & Co, Advocates and Solicitors which he joined in 2011 and became a partner from 2015 to 2017. His areas of practice include corporate & commercial laws, mergers & acquisitions, joint venture arrangements, capital markets, corporate restructuring and advisories to companies of various industries on regulatory compliance, corporate governance and general litigation matters.

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.

### **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 2017.

<b>Directors</b>	<b>No. of Meetings Attended</b>
Ir. Kamarudin bin Md Derom	4 / 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
Ravindran A/L Markandu	5 / 5
Tan Kah Poh	- / -

## Profile of Key Senior Management

### **Lee Chee Gaip**

*Director / Farm Manager, Poultry Division*

Lee Chee Gaip, aged 53, is the Farm Manager in charge of the day-to-day operation of LTK (Melaka) Sdn Bhd ("LTK (Melaka)"), the wholly-owned subsidiary carrying out the poultry operations of the Group. He holds a Diploma in Marketing Management from the Institute of Marketing Malaysia which was obtained in November 1998. He joined LTK (Melaka) in October 1986 and he has accumulated vast experience in all aspects of layer farming. He is in charge of the general management of the farm.

### **Kok Chiew Heng**

*Director / Sales & Marketing Manager, Poultry Division*

Kok Chiew Heng, aged 57, is a pioneer staff of LTK (Melaka) since 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 marketing strategies for both local and overseas.

### **Loo Eng Seng**

*Director / Operations & Development Manager, Poultry Division*

Loo Eng Seng, aged 56, is the Administration and Development Manager. He joined LTK (Melaka) 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 facilities 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 in the farm's expansion programme.

### **Dr Mazila binti Mokhtar**

*Veterinarian, Poultry Division*

Dr Mazila bt Mokhtar, aged 47, is the Veterinarian at LTK (Melaka). She holds a Doctorate of Veterinary Medicine and Animal Science from Universiti Putra Malaysia (formerly known as Universiti Pertanian Malaysia). Prior to joining the Group in 1996, she was a Research Assistant at Veterinary Pathology and Microbiology, Faculty of Veterinary Medicine and Animal Science, Universiti Putra Malaysia. With her experience in this field of poultry farming, she is currently responsible for the research and the health management of the flock and feed formulation programme.

### **Ng Seng Keong**

*Chief Operating Officer, Property Development Division*

Ng Seng Keong, aged 52, joined LTKM in January 2016. He obtained his Bachelor of Science degree majoring in Business Administration from the University of San Francisco and a Master of Business Administration majoring in Finance and Investment from the Golden Gate University, California. Prior to joining LTKM, Mr Ng was attached to Magna Prima Berhad a property development company where he was in charge of business development and project management. He was also previously a Senior Manager at Atlan Holdings Bhd. Mr Ng is currently responsible for the daily operations of the property development division and to carry out strategies for its business aspects.

# 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 performance saw improvement albeit some recoveries in margins from the poultry segment. For FY2017, LTKM recorded a total revenue of RM168.87 million which is relatively unchanged as compared to RM168.99 million in FY2016. Profit before tax ("PBT") increased to RM18.60 million in FY2017 as compared to RM16.88 million in FY2016. Earnings per share ("EPS") was 9.58 sen as compared to 8.95 sen in FY2016.

## PERFORMANCE REVIEW

### Revenue

Poultry segment remained the main contributor of the Group revenue at RM166.38 million (FY2016 : RM166.06 million) with the remaining revenue coming from the sale of sand at RM2.37 million (FY2016 : RM2.93 million). Overall average egg prices have remained relatively unchanged as the poultry segment's revenue continued to be dampened by the continuous price pressure. Increased capacity in the industry had caused an oversupply situation that adversely impacted the Group's revenue and profit margins for the past years.

The extraction and sale of sand segment of the Group remained small, contributing merely 1.4% of the Group revenue.

Planning works on the Group's lands held for property development had started during the financial year. The revenue and contribution from this segment is expected to start coming in in the next two years when billing stages progress according to work completion. For the current financial year, there was no contribution recorded yet from this segment.

### Profit Before Tax

Poultry segment profit improved by 18.4% from RM18.37 million to RM21.75 million. Earnings increased mainly due to lower costs of major raw materials particularly soybean while egg prices remained relatively unchanged on the full year average.

Investment holding segment derived its income mainly from dividends and fair value gains. Investment properties were revalued during the year in accordance with the Group's accounting policy giving rise to a fair value gain of RM1.53 million net of tax included in the investment holding segment profit. However, these gains were offset by higher finance costs during the year.

As a result, the Group's PBT increased by 10.2% to RM18.60 million as compared to RM16.88 million in FY2016.

Contributions from the other segments remained insignificant.

## SIGNIFICANT MOVEMENTS OF ITEMS IN CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2017, the Group had cash and bank balances of RM26.49 million compared with RM42.88 million as at 31 March 2016. The reduction in cash and bank balances is in line with the utilization of internal funds for the acquisition of lands during the financial year, for the portion which was not financed by bank borrowings.

As at 31 March 2017, the Group had properties classified as Investment Properties of RM103.30 million as compared with RM3.90 million as at 31 March 2016. The increase in the value of investment properties was in line with the acquisitions of several parcels of lands in the Klang Valley during the financial year.

As at 31 March 2017, the Group had inventories of RM16.33 million as compared with RM24.01 million as at 31 March 2016. The reduction in inventory holding by 32% was due to lower stock holding in line with management's procurement position and outlook on the price of raw materials. The bulk of the inventories consist of raw materials such as corn and soybean.

As at 31 March 2017, bank borrowings totaled RM84.45 million compared with RM35.60 million on the same date previous year. Out of the RM84.45 million, RM72.01 million was long term borrowings which was mostly from drawdown of term loans for the acquisitions of lands during the financial year.

## DIVIDENDS

A final dividend of 1.5 sen per share is proposed for the financial year ended 31 March 2017. A single-tier interim dividend of 1.5 sen per ordinary share was paid out on 8 April 2017. Together, the dividends will total RM3.90 million for the financial year, which is approximately a 31% payout ratio. The final dividend is subject to the approval of the shareholders at the 2017 Annual General Meeting.

## NET TANGIBLE ASSETS ("NTA")

The NTA of the company increases to RM1.83 per share as compared to RM1.71 per share at the end of last financial year.



# Chairman's Statement

*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 2017 ("FY2017").*

## OVERVIEW

For FY2017 LTKM recorded a total revenue of RM168.87 million which is relatively unchanged from the RM168.99 million recorded in the previous financial year ("FY2016"). However, profit net of tax ("PAT") improved by 7.1% to RM12.47 million as compared to RM11.65 million in FY2016. Earnings per share ("EPS") rose to 9.58 sen as compared to 8.95 sen in FY2016.

The higher PAT recorded in FY2017 was contributed by the poultry segment profit which improved by 18.4% from RM18.37 million to RM21.75 million. This was mainly due to lower cost of sales as compared to FY2016. However, the group's improvement in earnings was eroded by the higher finance costs during the financial year.

## PROSPECTS

Strong fundamentals continue to be the driving force of the layer industry. Eggs being a basic food ingredient is somewhat resilient to the vitality of the economy over the longterm, eventhough the year ahead is expected to be challenging. Price pressure due to increased production in the layer industry continues to curtail our profit margins. Costs continue to be volatile due to the depreciation of the Malaysian Ringgit eventhough the price of raw materials in US dollar terms are expected to be relatively stable. In the face of these challenges, LTKM continues to emphasize on operational efficiency and cost effectiveness to remain competitive and profitable. For example we have in place high standards of feed and flock management that not only drive up quality but drive down costs. Our in-house feedmill plant provides the birds with quality feeds for the production of quality eggs. Use of multiple decks and well-ventilated chicken houses increases flock health and bio-security. Centralisation of operation increases efficiency and reduces costs of operations particularly logistics and management costs. We are proud that our farm which spans over 450 acres in Melaka has progressed to be a sophisticated and highly automated operation which drives efficiency and helps to lower costs of operations.

# Chairman's Statement

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## PROPERTY SEGMENT

Malaysian economy expanded 5.6% year-on-year in the first quarter of 2017, compared to 4.5% in the previous three months. It was the strongest expansion since March 2015 quarter as private consumption, investment and exports rose at faster paces and government spending rebounded.

The cloud of uncertainty hanging over the Malaysian economy may have settled somewhat to a certain degree but we foresee the property market to remain challenging due to a medley of reasons – the falling ringgit, political uncertainty with the general election looming and the oversupply issue. However, the most challenging facet continues to be securing mortgage from banks. Considering these factors, we believe the property market will be driven by affordably priced products. The development of more major highways and the LRT/MRT lines which enhances connectivity to Greater Klang Valley will bode well for the property market. We see the property market dynamics shifting to value-added properties with lifestyle concept and good connectivity. As Malaysia generally has a young population with over 1/3% under the Generation Ys, the demand for modern and well connected affordable homes with lifestyle concepts will continue to increase as they graduate into their own homes.

The property segment is becoming more important to provide sustainable growth and earnings for the Group. As demand for affordably priced products continue to be resilient, LTKM will embark in stages on its residential properties project in the town of Jenjarom, Kuala Langat. These project will include the development of medium sized residences to cater to the upgrading market. The development of major highways in particular the South Klang Valley Expressway ("SKVE") and the upcoming West Coast Expressway ("WCE") have enhanced the connectivity of this once laid back town boosting its real estate appreciation potential. Having said that, the Group is cautious to roll out its projects at the right timing and with the right product offerings.

## CORPORATE SOCIAL RESPONSIBILITY

We remain steadfast to our commitment in corporate social responsibility towards the community and the environment. The Group is committed to sustain 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 we operate. Chicken houses are designed and maintained hygienically to leave minimal impact to surrounding environment. Stringent flock health policy practiced at the farm has resulted in lower risk of disease outbreak. We have continued to receive the certification for Good Animal Husbandry Practices issued by the Department of Veterinary Services of the Ministry of Agriculture for our commendable farm management efforts.

We also donate in monetary terms and eggs on regular basis to schools, charitable organizations and various homes for the underprivileged.

## ACKNOWLEDGEMENT

On behalf of the Board, I would also like to convey our heartfelt appreciation to all management and staff, valued customers, bankers, suppliers, advisors, regulatory bodies and all shareholders for their contribution and continuous support for the Group.

On behalf of the Board,

**IR. KAMARUDIN BIN MD DEROM**

*Chairman*

30 June 2017

## Financial Highlights

Year ended 31 March		2017	2016	2015	2014	2013
		RM000	RM000	RM000	RM000	RM000
Revenue		168,874	168,994	192,637	178,064	154,831
Operating profits		22,523	17,672	60,280	37,364	13,482
Finance costs		(3,920)	(790)	(842)	(1,194)	(1,242)
Profit before tax		18,603	16,882	59,438	36,170	12,240
Profit attributable to equity holders		12,468	11,645	46,134	28,263	9,613
Share capital		65,052	65,052	43,368	43,368	43,368
Total equity		237,642	222,738	221,379	173,335	145,426
Net earnings per share - basic	sen	9.58	8.95	35.46*	21.72*	7.39*
Net dividend per share	sen	3.00 <sup>#</sup>	4.00	17.50	18.00	12.00
Dividend yield	%	2.34 <sup>#</sup>	2.52	3.06	6.32	6.35
Net tangible asset	RM per share	1.83	1.71	1.70*	1.33*	1.12*
Price-earnings ratio **	times	13.36	17.76	5.38	4.37	8.53
Net debt / total equity ***	%	24.39	3.00	-	3.79	2.69
Closing share price *	RM per share	1.28	1.59	1.91*	0.95*	0.63*

# include final dividend of 1.5 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

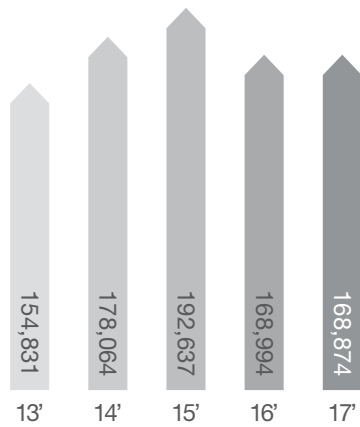
\*\*\* net debt represents total borrowings from financial institutions less cash and bank balances.



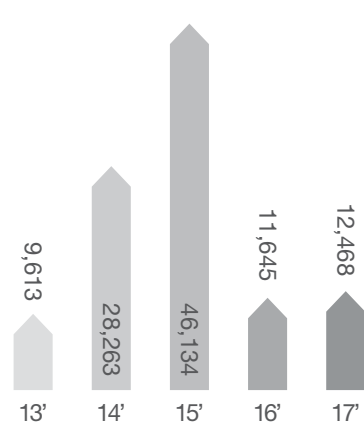
# Financial Highlights

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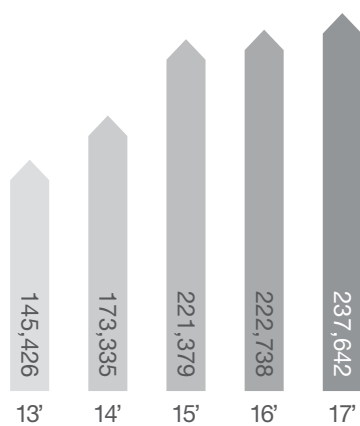
**Revenue**  
RM' 000



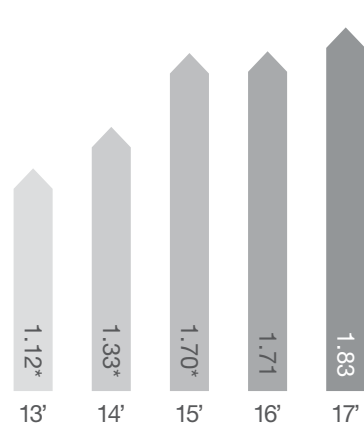
**Profit attributable to equity holders**  
RM' 000



**Total Equity**  
RM' 000



**Net Tangible Asset**  
RM Per Share



\* restated to reflect the adjustments arising from the bonus issue and share split completed during the financial year 2016.

# Audit Committee Report

## COMPOSITION

### Members of the Committee

Ravindran A/L Markandu (*Chairman*)  
 Ir. Kamarudin bin Md Derom (*Member*)  
 Ooi Hoy Bee @ Ooi Hooi Bee (*Member*)  
 Tan Kah Poh (*Member*) (*appointed on 25 May 2017*)

### Designation in the Company

Independent Non-Executive Director  
 Independent Non-Executive Director  
 Non-Independent Non-Executive Director  
 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, of whom all 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: -
    - o he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
    - o 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.
- 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 (3), the Board of Directors shall, within three (3) 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*

### 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;
  - ii) with the external auditors, his evaluation of the system of internal controls;
  - iii) with the external auditors, his audit report;
  - iv) the assistance given by the employees of the Group to the external auditors;
  - v) 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;
  - vi) 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;
  - vii) the quarterly results and year end financial statements, prior to the approval by the Board of Directors, focusing particularly on:
    - o changes in or implementation of major accounting policy changes;
    - o significant and unusual events; and
    - o compliance with accounting standards and other legal requirements;
  - viii) 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;
  - ix) any letter of resignation from the external auditors of the Company; and
  - x) whether there is reason (supported by grounds) to believe that the Group's external auditors are not suitable for re-appointment.



# Audit Committee Report

cont'd

## TERMS OF REFERENCE *cont'd*

### Functions *cont'd*

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

- 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 members 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.

The Internal Auditor carries out its roles based on the audit plan that is reviewed with and approved by the Audit Committee. The audit plan 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.

# Audit Committee Report

cont'd

## TERMS OF REFERENCE *cont'd*

### Internal Audit Function *cont'd*

During the financial year under review, the Internal Auditor tested and reviewed the following key processes in the Group:

- Goods & Services Tax compliance
- Human resource management system
- Information technology system
- Procurement management

and had reported that their systems, processes and controls are operating satisfactorily.

The internal audit reports are deliberated by the Audit Committee and the Internal Auditor's 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 2017 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 plan prior to their commencement of audit;
- reviewed the management letters and 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 2017.

<b>Audit Committee Members</b>	<b>No. of Meetings Attended</b>
Ravindran A/L Markandu	5/5
Ir. Kamarudin bin Md Derom	4/5
Ooi Hoy Bee @ Ooi Hooi Bee	5/5
Tan Kah Poh	-/-

# Corporate Governance Statement

The Directors are accountable to the 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 2012 (“the Code”) aims to set out principles and best practices on structures and processes that companies may apply in their operations towards achieving the optimal corporate governance framework. Set out herewith is the manner in which the Board has applied the Principles (“the Principles”) and Best Practices (“the Best Practices”) of the Code.

## A. BOARD OF DIRECTORS

### (i) The Board

The Board consists of persons 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, two Non-Independent Non-Executive Directors and three 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 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](http://www.ltkm.com.my).

### (iv) Code of Conduct

The Board of Directors adheres to the Code of Ethics for Company Directors issued by the Companies Commission of Malaysia. 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.



# Corporate Governance Statement

cont'd

## A. BOARD OF DIRECTORS *cont'd*

### (iv) Code of Conduct *cont'd*

In recognizing the importance of ethical conduct by all levels of employees in the business operations of the Group, the Company has embedded the Code of Conduct across its business operations and practices. Clear and easy to understand policies on ethical conduct are outlined in the terms of employment and relevant policies and procedures for key processes applicable to all employees and directors.

### (v) Corporate Social Responsibility and Sustainability

The Board is committed to building a sustainable business by taking into consideration the impact of its business operations on the environment, social and the governance aspect of its business operations.

#### 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 practised 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' 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.

### (vi) 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 Articles of Association, 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.

# Corporate Governance Statement

cont'd

## A. BOARD OF DIRECTORS *cont'd*

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

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 assessment of its Independent Directors 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.

By the forthcoming Annual General Meeting of the Company, Ir. Kamarudin bin Mohd Derom has served the Board for more than ten (10) 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 recommended that he be retained as Independent Non-Executive Directors of the Board based on the following justifications:-

- He continues to meet 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 professional duties in the best interest of the Company.

### (vii) Board Meeting and Supply of Information

The Board held five meetings during the financial year to control and monitor the development of the Group. The details of Directors' attendance are set out as follows:-

Name of Directors	No. of Meetings Attended
Ir.Kamaruddin bin Md Derom	4/5
Datuk Tan Kok	5/5
Tan Chee Huey	5/5
Datin Lim Hooi Tin	5/5
Ravindran A/L Markandu	5/5
Ooi Hoy Bee @ Ooi Hooi Bee	5/5
Tan Kah Poh	-/-

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 for each Board meeting is 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, 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 Statement

cont'd

## 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 in 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:-

- Ir. Kamarudin bin Md Derom (*Chairman, Independent Non-Executive Director*)
- Ooi Hoy Bee @ Ooi Hooi Bee (*Non Independent Non-Executive Director*)
- Ravindran A/L Markandu (*Independent Non-Executive Director*)
- Tan Kah Poh (*Independent Non-Executive Director*)

The NC makes recommendations to the Board on suitable candidates for appointment as Board members, member of Board Committees and Executive Director of the Company based on the following criteria:-

- 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 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 (i.e. age, ethnicity and gender).

The NC's function, amongst others, is to recommend to the Board candidates for all directorships to be filled. In addition, the Committee has reviewed and assessed the profile of the required mix of skills, experience and other qualities of Board; the effectiveness of the Board Committees and Board as a whole; the performance and contribution of each individual Director and the independence of the Independent Director. This is to ensure that the Board has an appropriate balance of expertise and abilities.

The NC will arrange for the induction of any new Directors appointed to the Board to enable them to have a full understanding of the nature of the business, current issues within the Company and corporate strategies as well as the structure and management of the Company.

The NC is supportive of gender diversity in the boardroom as recommended by the Code. At present, there are four men and three women representation at the Board level.

### (iii) Remuneration Committee ("RC")

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

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



# Corporate Governance Statement

cont'd

## B. BOARD COMMITTEES *cont'd*

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

The RC meets whenever necessary. The RC reviews and recommends to the Board the remuneration of the Executive Directors of the Group. The respective Director would abstain from participating in the decision regarding his/her own remuneration package. The remuneration of Executive Director is linked to corporate and individual performance.

The details of the remuneration of Directors for the financial year ended 31 March 2017 are disclosed in Note 9 of the Audited Financial Statements.

### (iv) 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:-

- Ir. Kamarudin bin Md Derom
  - o The Velocity of Global Change and Sustainability – The New Business Model organized by Bursa Malaysia Securities Berhad on 10 January 2017
  - o Board Chairman Series: Leadership Excellence from the Chair organized by Bursa Malaysia Securities Berhad on 18 August 2016
- Datuk Tan Kok
  - o 8th International Conference on World Class Sustainable Cities 2016 – City Spaces, Public Places organized by Real Estate & Housing Developers' Association Malaysia on 8 September 2016
- Ravindran A/L Markandu
  - o The Velocity of Global Change and Sustainability – The New Business Model organized by Bursa Malaysia Securities Berhad on 10 January 2017
  - o CG Breakfast Series with Directors: Anti Corruptions and Integrity - Foundation of Corporate Sustainability organized by Bursa Malaysia Securities Berhad on 8 December 2016
- Ooi Hoy Bee @ Ooi Hooi Bee
  - o National Tax Conference 2016 organized by Chartered Tax Institute of Malaysia on 9 and 10 August 2016
  - o MIA International Accountants Conference 2016 organized by Malaysian Institute of Accountants on 15 and 16 November 2016
  - o 2 Days Workshop on CSP Practical Issued under Companies Act 2016 organised by Chartered Secretaries Malaysia on 1 and 2 December 2016
  - o 2017 Budget Seminar organized by Chartered Tax Institute of Malaysia on 8 December 2016

## C. ACCOUNTABILITY AND AUDIT

### (i) 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.

# Corporate Governance Statement

cont'd

## C. ACCOUNTABILITY AND AUDIT *cont'd*

### (i) Financial Reporting *cont'd*

#### ***Suitability and Independence of External Auditors***

The External Auditors have confirmed that they are, and have been, independent throughout their audit engagement.

### (ii) Risk Management and Internal Control

The Board has overall responsibility of maintaining 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.

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 and not absolute 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.

The information on the Group's risk management and internal control is presented in the Statement on Risk Management and Internal Control in page 22 of the Annual Report.

### (iii) Relationship with the External Auditors

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

## D. RELATIONSHIP WITH SHAREHOLDERS

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 can be effectively conducted. Shareholders are notified of the meeting with a copy of the Company's Annual Report sent to the shareholders at least 21 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 issues of concern raised by the shareholders, if any.

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 will be appointed to observe the poll voting process.

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>. With effect from the forthcoming AGM, a summary of the key matters discussed at the Company's AGM will be posted onto the Company's website.

# Corporate Governance Statement

cont'd

## E. 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

No options or convertible securities were granted/issued during the financial year under review.

### (vi) Non-Audit Fees Paid To External Auditors

There were no non-audit fees paid or payable to the external auditors and/or their affiliated companies 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 30 to the Audited Financial Statements on page 92 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 2017 and 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.

# 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.
- 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.



# Statement on Risk Management and Internal Control

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## 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 2017, 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.

# Financial Statements



<b>25</b>	Directors' Report	<b>37</b>	Statements of Financial Position
<b>30</b>	Statement by Directors	<b>40</b>	Statements of Changes in Equity
<b>30</b>	Statutory Declaration	<b>42</b>	Statements of Cash Flows
<b>31</b>	Independent Auditors' Report	<b>44</b>	Notes to the Financial Statements
<b>36</b>	Statements of Comprehensive Income	<b>109</b>	Supplementary Explanatory Note on Disclosure of Realised and Unrealised Profits

## 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 2017.

### 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.

During the year, the Group undertook a diversification of its principal activities to include property development.

### RESULTS

	Group RM	Company RM
Profit net of tax, attributable to owners of the parent	12,468,090	10,405,845

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 2016 were as follows:

	RM
In respect of the financial year ended 31 March 2016:	
Interim dividend of 2.5 sen, single-tier, on 130,104,006 ordinary shares, declared on 24 February 2016 and paid on 8 April 2016	3,252,600
Final dividend of 1.5 sen, single-tier, on 130,104,006 ordinary shares, declared on 29 July 2016 and paid on 6 October 2016	1,951,560
In respect of the financial year ended 31 March 2017:	
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
	<u>7,155,720</u>

At the forthcoming Annual General Meeting, a single-tier final dividend of 1.5 sen per ordinary share in respect of the financial year ended 31 March 2017, on 130,104,006 ordinary shares, amounting to a dividend payable of RM1,951,560 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 profits in the financial year ending 31 March 2018.

# Directors' Report

cont'd

## DIRECTORS

The names of the Directors of the Company in office since the date of the last report and at the date of this report are:

Ir. Kamarudin bin Md Derom  
Datuk Tan Kok  
Datin Lim Hooi Tin  
Ravindran A/L Markandu  
Tan Chee Huey  
Ooi Hoy Bee @ Ooi Hooi Bee  
Tan Kah Poh *(appointed on 25 May 2017)*

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

Kok Chiew Heng  
Lee Chee Gaip  
Loo Eng Seng  
Loh Wei Ling  
Ng Seng Keong  
Tan Yee Boon  
Tan Yee Hou

## DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that 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.

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 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 30 to the financial statements.

## INDEMNITY AND INSURANCE COSTS

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. No indemnity was given to or insurance effected for auditors of the Company.

# 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			
	1.4.2016	Bought	Sold	31.3.2017
<b>The Company</b>				
Direct interest:				
Datuk Tan Kok	3,458,116	-	-	3,458,116
Datin Lim Hooi Tin	600,000	-	-	600,000
Ravindran A/L Markandu	15,000	-	-	15,000
Tan Chee Huey	312,000	-	-	312,000
Ooi Hoy Bee @ Ooi Hooi Bee	150,000	-	-	150,000
Indirect interest:				
Datuk Tan Kok <sup>(1)</sup>	84,285,906	-	-	84,285,906
Datin Lim Hooi Tin <sup>(2)</sup>	84,285,906	-	-	84,285,906
Tan Chee Huey <sup>(3)</sup>	4,008,900	-	-	4,008,900

	Number of ordinary shares issued			
	1.4.2016	Bought	Sold	31.3.2017
<b>Holding company - Ladang Ternakan Kelang Sdn. Bhd.</b>				
Direct interest:				
Datuk Tan Kok	14,773,440	-	-	14,773,440
Datin Lim Hooi Tin	1,383,360	-	-	1,383,360

(1) Deemed interest by virtue of his substantial 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 substantial 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.

None of the other Directors of the Company 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

## 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.
- (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.

## SIGNIFICANT EVENTS

Significant events during the financial year are disclosed in Notes 23 and 39 to the financial statements.

# Directors' Report

cont'd

## AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Auditors' remuneration is disclosed in Note 9 to the financial statements.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 6 July 2017.

**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 36 to 108 are drawn up in accordance with 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 2017 and of their financial performance and cash flows for the financial year then ended.

The information set out in Note 40 on page 109 to the financial statements have been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 6 July 2017.

**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 36 to 109 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 6 July 2017

**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 AUDIT OF THE FINANCIAL STATEMENTS

### *Opinion*

We have audited the financial statements of LTKM Berhad, which comprise the statements of financial position as at 31 March 2017 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 a summary of significant accounting policies and other explanatory information, as set out on pages 36 to 108.

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 2017 and of their financial performance and their cash flows for the year then ended in accordance with 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. 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 2.12(ii), Note 4(b)(i) and Note 18 to the financial statements.

At 31 March 2017, the value of livestock held as current biological assets of the Group was approximately RM14.3 million. The Group applies base-value method in estimating the value of livestock, which includes in its value, the purchase costs of starters and average consumption of feed and other consumables (based on a feed and consumables consumption standard most applicable to the Group's breed of livestock) at each stage of growth up to when the livestock starts laying eggs. After the livestock's productivity peak of 40 weeks, the base value is then amortised to reflect the gradual drop in the layers' productivity until they reach the disposable age at 70 weeks as old hens. The value of livestock at disposable age is the lower of the residual base value and the net realisable value of the old hens.

# Independent Auditors' Report

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

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS *cont'd*

### **Key audit matters** *cont'd*

#### (a) *Valuation of livestock* *cont'd*

Due to the significant judgement and estimates involved in applying the base-value method, we consider this to be an area of audit focus. Specifically, we focused our audit efforts to determine whether the capitalisation of costs of livestock and valuation of the net realisable value of the old hens are in accordance with the Group's policy.

Our audit procedures to address this area of focus included amongst others:

- obtaining an understanding and test the effectiveness of the internal controls in respect of recording of purchase of starters, feed and other consumables. We inspected documents such as suppliers invoices and their proof of delivery;
- testing the cost capitalised as part of the based-value method which includes starter cost, cost of feed consumed and cost of other consumables;
- testing of amortisation of grower hens in accordance with the Group's policy;
- testing of net realisable value of old hens against the latest selling price available.

#### (b) *Valuation of investment properties and property, plant and equipment*

(Refer to Note 2.6, Note 2.7, Note 4(b)(iv), Note 13 and Note 14 to the financial statements)

The Group adopts fair value model for its investment properties and revaluation model for certain categories of property, plant and equipment namely freehold land, leasehold land and buildings.

For property, plant and equipment; management first assess its fair value. Where the value of a revalued asset differs materially from its carrying amount, management will engage firms of independent valuers for further assessment. In the current financial year, the Group obtained independent valuation report to assess the fair value of a parcel of freehold land held as property, plant and equipment. Management also engaged firms of independent valuers to assess the fair value for all its investment properties held at 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 judgmental. Accordingly, we consider this to be an area of audit focus.

Our audit procedures focused on the evaluation performed by firms of independent valuers and management with regards to the fair value of investment properties and properties, plant and equipment. Our procedures included amongst other the following:

- We considered the objectivity, independence and expertise of the firms of independent valuers;
- We obtained an understanding of the methodology adopted by the independent valuers and management in estimating the fair value of the investment properties and property, plant and equipment; and
- As part of our evaluations of the fair values of investment properties and property, plant and equipment, 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.



# Independent Auditors' Report

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

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS *cont'd*

### ***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 Group's 2017 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.

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.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, 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.

### ***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 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.

# Independent Auditors' Report

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

## REPORT ON THE AUDIT OF 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*

- 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.
- 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 REPORTING RESPONSIBILITIES

The supplementary information set out in Note 40 on page 109 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

# Independent Auditors' Report

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

## OTHER MATTERS

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

Kuala Lumpur, Malaysia  
6 July 2017

**Ng Kim Ling**  
No. 3236/04/18(J)  
Chartered Accountant

# Statements of Comprehensive Income

For the financial year ended 31 March 2017

	Note	Group		Company	
		2017 RM	2016 RM	2017 RM	2016 RM
Revenue	5(a)	168,873,520	168,994,025	10,583,200	10,456,000
Cost of sales	5(b)	(137,693,989)	(140,769,445)	-	-
<b>Gross profit</b>		<b>31,179,531</b>	<b>28,224,580</b>	<b>10,583,200</b>	<b>10,456,000</b>
<b>Other income</b>					
Interest income		945,156	803,763	1,852,608	1,301,373
Dividend income		785,991	1,142,440	-	-
Others		3,558,818	2,689,831	15,000	12,000
	6	5,289,965	4,636,034	1,867,608	1,313,373
<b>Other items of expense</b>					
Distribution expenses		(3,414,901)	(3,322,391)	-	-
Administrative expenses		(8,879,689)	(9,906,087)	(1,512,750)	(1,332,685)
Other expenses	7	(1,651,592)	(1,960,010)	-	-
Finance costs	8	(3,920,006)	(789,903)	-	-
<b>Profit before tax</b>	9	<b>18,603,308</b>	<b>16,882,223</b>	<b>10,938,058</b>	<b>10,436,688</b>
Income tax expense	10	(6,135,218)	(5,236,958)	(532,213)	(379,270)
<b>Profit net of tax</b>		<b>12,468,090</b>	<b>11,645,265</b>	<b>10,405,845</b>	<b>10,057,418</b>
<b>Other comprehensive income</b>					
Other comprehensive income to be reclassified to profit or loss in subsequent periods:					
Net change on available-for-sale ("AFS") reserves:					
- Gain/(reversal of gain) on fair value changes		3,529,028	(3,828,069)	-	-
- Impairment loss transferred to profit or loss		1,639,552	1,459,402	-	-
- Gain transferred to profit or loss upon disposal		(214,264)	(971,965)	-	-
Revaluation of land and buildings		1,450,000	-	-	-
Deferred tax relating to revaluation of land and buildings	26	(65,109)	(237,867)	-	-
<b>Other comprehensive income for the year, net of tax</b>		<b>6,339,207</b>	<b>(3,578,499)</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year</b>		<b>18,807,297</b>	<b>8,066,766</b>	<b>10,405,845</b>	<b>10,057,418</b>
<b>Profit net of tax, attributable to:</b>					
Owners of the parent		12,468,090	11,645,265	10,405,845	10,057,418
<b>Total comprehensive income attributable to:</b>					
Owners of the parent		18,807,297	8,066,766	10,405,845	10,057,418
<b>Earnings per share attributable to owners of the parent (sen per share):</b>					
Basic	11	9.58	8.95		

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

# Statements of Financial Position

As at 31 March 2017

		Group	
	Note	2017 RM	2016 RM
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	13	97,332,613	91,812,725
Investment properties	14	103,295,000	3,900,000
Land held for property development	15	33,757,544	23,073,509
Biological assets	18	324,503	338,483
Deferred tax assets	26	124,776	-
Investment securities	17	35,704,650	32,286,922
		270,539,086	151,411,639
<b>Current assets</b>			
Biological assets	18	14,321,071	13,563,299
Inventories	19	16,325,416	24,012,010
Tax recoverable		337,498	1,238,973
Trade and other receivables	20	14,495,880	17,262,536
Prepayments	21	293,041	5,959,443
Cash and bank balances	22	26,489,676	42,884,353
		72,262,582	104,920,614
Assets classified as held for sale	23	-	26,000,000
		72,262,582	130,920,614
<b>Total assets</b>		342,801,668	282,332,253



# Statements of Financial Position

As at 31 March 2017

cont'd

	Note	2017 RM	Group 2016 RM
<b>Equity and liabilities</b>			
<b>Current liabilities</b>			
Loans and borrowings	25	19,290,234	27,560,610
Trade and other payables	24	11,452,761	12,980,581
Dividend payable		1,951,560	3,252,600
Tax payable		134,123	11,960
		32,828,678	43,805,751
<b>Net current assets</b>		39,433,904	87,114,863
<b>Non-current liabilities</b>			
Loans and borrowings	25	65,160,780	8,042,500
Deferred tax liabilities	26	7,170,327	7,746,296
		72,331,107	15,788,796
<b>Total liabilities</b>		105,159,785	59,594,547
<b>Net assets</b>		237,641,883	222,737,706
<b>Equity attributable to owners of the parent</b>			
Share capital	27	65,052,003	65,052,003
Asset revaluation reserve	28(a)	37,309,899	35,925,008
Available-for-sale reserve	28(b)	7,416,226	2,461,910
Retained profits		127,863,755	119,298,785
<b>Total equity</b>		237,641,883	222,737,706
<b>Total equity and liabilities</b>		342,801,668	282,332,253

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

# Statements of Financial Position

As at 31 March 2017  
cont'd

	Note	Company	
		2017 RM	2016 RM
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	13	1,225,011	1,358,985
Investment in subsidiaries	16	47,827,440	47,827,440
Other receivables	20	30,000,000	30,000,000
		<u>79,052,451</u>	<u>79,186,425</u>
<b>Current assets</b>			
Trade and other receivables	20	11,982,750	887,930
Cash and bank balances	22	7,272,877	12,956,394
		<u>19,255,627</u>	<u>13,844,324</u>
<b>Total assets</b>		<u>98,308,078</u>	<u>93,030,749</u>
<b>Equity and liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	24	263,575	192,630
Tax payable		4,876	9,653
Dividend payable		1,951,560	3,252,600
		<u>2,220,011</u>	<u>3,454,883</u>
<b>Net current assets</b>		<u>17,035,616</u>	<u>10,389,441</u>
<b>Non-current liability</b>			
Deferred tax liability	26	78,117	68,641
<b>Total liabilities</b>		<u>2,298,128</u>	<u>3,523,524</u>
<b>Net assets</b>		<u>96,009,950</u>	<u>89,507,225</u>
<b>Equity attributable to owners of the Company</b>			
Share capital	27	65,052,003	65,052,003
Asset revaluation reserve	28(a)	233,531	233,531
Retained profits	29	30,724,416	24,221,691
<b>Total equity</b>		<u>96,009,950</u>	<u>89,507,225</u>
<b>Total equity and liabilities</b>		<u>98,308,078</u>	<u>93,030,749</u>

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 2017

	Attributable to owners of the parent						Total equity
	(Non-distributable)						
	Note	Share capital	Share premium	Asset revaluation reserve	Available-for-sale reserve	Distributable retained profits	
	RM	RM	RM	RM	RM	RM	
<b>Group</b>							
<b>2017</b>							
<b>At 1 April 2016</b>		65,052,003	-	35,925,008	2,461,910	119,298,785	222,737,706
<b>Total comprehensive income</b>		-	-	1,384,891	4,954,316	12,468,090	18,807,297
Profit net of tax		-	-	-	-	12,468,090	12,468,090
Other comprehensive income, net of tax		-	-	1,384,891	4,954,316	-	6,339,207
<b>Transaction with owners:</b>							
Dividends on ordinary shares	12	-	-	-	-	(3,903,120)	(3,903,120)
<b>At 31 March 2017</b>		65,052,003	-	37,309,899	7,416,226	127,863,755	237,641,883
<b>2016</b>							
<b>At 1 April 2015</b>		43,368,002	2,467,103	36,162,875	5,802,542	133,578,146	221,378,668
<b>Total comprehensive income</b>		-	-	(237,867)	(3,340,632)	11,645,265	8,066,766
Profit net of tax		-	-	-	-	11,645,265	11,645,265
Other comprehensive income, net of tax		-	-	(237,867)	(3,340,632)	-	(3,578,499)
<b>Transaction with owners:</b>							
Issuance of bonus shares		21,684,001	(2,264,575)	-	-	(19,419,426)	-
Shares issuance expense		-	(202,528)	-	-	-	(202,528)
Dividends on ordinary shares	12	-	-	-	-	(6,505,200)	(6,505,200)
<b>At 31 March 2016</b>		65,052,003	-	35,925,008	2,461,910	119,298,785	222,737,706

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 2017  
cont'd

		..... (Non-distributable) .....				
	Note	Share capital RM	Share premium RM	Asset revaluation reserve RM	Distributable retained profits RM	Total equity RM
<b>Company</b>						
<b>2017</b>						
<b>At 1 April 2016</b>		65,052,003	-	233,531	24,221,691	89,507,225
<b>Profit net of tax, representing total comprehensive income</b>		-	-	-	10,405,845	10,405,845
<b>Transaction with owners:</b>						
Dividends on ordinary shares	12	-	-	-	(3,903,120)	(3,903,120)
<b>At 31 March 2017</b>		65,052,003	-	233,531	30,724,416	96,009,950
<b>2016</b>						
<b>At 1 April 2015</b>		43,368,002	2,467,103	233,531	40,088,899	86,157,535
<b>Profit net of tax, representing total comprehensive income</b>		-	-	-	10,057,418	10,057,418
<b>Transaction with owners:</b>						
Issuance of bonus shares		21,684,001	(2,264,575)	-	(19,419,426)	-
Share issuance expenses		-	(202,528)	-	-	(202,528)
Dividends on ordinary shares	12	-	-	-	(6,505,200)	(6,505,200)
<b>At 31 March 2016</b>		65,052,003	-	233,531	24,221,691	89,507,225

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 2017

	Note	Group		Company	
		2017 RM	2016 RM	2017 RM	2016 RM
<b>Cash flows from operating activities</b>					
Profit before tax		18,603,308	16,882,223	10,938,058	10,436,688
Adjustments for:					
Depreciation of property plant and equipment	9	6,540,369	6,768,430	135,532	140,085
Amortisation of biological assets	9	19,904	14,684	-	-
Property, plant and equipment written off	9	-	243,848	-	-
Gain on disposal of:					
Property, plant and equipment	6	(110,994)	(226,295)	-	-
Investment securities	6	(89,690)	(305,163)	-	-
Net fair value gain on available-for-sale investment securities transferred from equity upon disposal	6	(214,264)	(971,965)	-	-
Prepayment written off		-	795,540	-	-
Impairment loss on:					
Trade receivables	9	36,904	357,589	-	-
Investment securities	7	1,639,552	1,459,402	-	-
Reversal of impairment loss on trade receivables	9	(155,419)	(83,857)	-	-
Short term accumulating compensated absences	9(a)	34,877	43,767	(2,524)	738
Net fair value (gain)/loss on:					
Investment securities	7	12,040	500,608	-	-
Investment properties	6	(1,873,868)	-	-	-
Unrealised gain on foreign exchange	6	(54,839)	(281,255)	-	-
Dividend income from:					
Investment securities	6	(785,991)	(1,142,440)	-	-
A subsidiary company	5(a)	-	-	(10,000,000)	(10,000,000)
Interest expense	8	3,920,006	789,903	-	-
Interest income	6	(945,156)	(803,763)	(1,852,608)	(1,301,373)
Operating profit/(loss) before working capital changes		26,576,739	24,041,256	(781,542)	(723,862)
Working capital changes in:					
Land held for development		(6,675,770)	(123,509)	-	-
Property development costs		(108,265)	-	-	-
Biological assets		(763,696)	1,123,070	-	-
Inventories		7,686,594	(12,268,174)	-	-
Receivables		(865,498)	(1,889,176)	21,885	(26,745)
Payables		953,325	2,054,783	73,787	(54,747)
Cash generated from/(used in) operations		26,803,429	12,938,250	(685,870)	(805,354)
Net taxes paid		(5,793,456)	(8,312,104)	(527,514)	(393,221)
Interest paid		(3,920,006)	(789,903)	-	-
Net cash generated from/(used in) operating activities		17,089,967	3,836,243	(1,213,384)	(1,198,575)



# Statements of Cash Flows

For the financial year ended 31 March 2017  
cont'd

	Note	Group		Company	
		2017 RM	2016 RM	2017 RM	2016 RM
<b>Cash flows from investing activities</b>					
Purchase of:					
Investment properties		(91,951,911)	(10,123,646)	-	-
Property, plant and equipment	13	(10,614,263)	(4,969,141)	(1,558)	(19,850)
Investment securities		(967,721)	(4,234,972)	-	-
Withdrawal/(placement) of investment in long-term and/or pledged fixed deposits		1,167,080	(1,078,635)	-	-
Proceeds from disposal of:					
Investment properties		23,400,000	1,820,000	-	-
Property, plant and equipment		115,000	281,792	-	-
Investment securities		1,159,360	4,316,909	-	-
Interest received	6	945,156	803,763	1,852,608	1,301,373
Dividend received from:					
A subsidiary		-	-	4,500,000	10,000,000
Investment securities	6	785,991	1,142,440	-	-
Net cash (used in)/generated from investing activities		(75,961,308)	(12,041,490)	6,351,050	11,281,523
<b>Cash flows from financing activities</b>					
Advances to subsidiaries		-	-	(5,617,023)	(3,243,103)
Dividends paid		(5,204,160)	(7,589,400)	(5,204,160)	(7,589,400)
Net drawdown of term loans		61,265,268	1,950,452	-	-
Net (repayment)/drawdown of other bank borrowings		(12,417,364)	18,207,559	-	-
Share issuance expenses		-	(202,528)	-	(202,528)
Net cash generated from/(used in) financing activities		43,643,744	12,366,083	(10,821,183)	(11,035,031)
<b>Net (decrease)/increase in cash and cash equivalents</b>		(15,227,597)	4,160,836	(5,683,517)	(952,083)
<b>Cash and cash equivalents at beginning of year</b>		41,696,882	37,536,046	12,956,394	13,908,477
<b>Cash and cash equivalents at end of year (Note 22)</b>		26,469,285	41,696,882	7,272,877	12,956,394

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 2017

## 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. During the year, the Group undertook a diversification of its principal activities to include property development.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 6 July 2017.

## 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 Financial Reporting Standards (“FRS”) and the requirements of the Companies Act 2016 in Malaysia. At the beginning of the current financial year, the Group and the Company adopted the new and revised FRS which are mandatory for annual financial periods beginning on or after 1 January 2016 as described fully in Note 3(a).

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

### 2.2 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.

# Notes to the Financial Statements

For the financial year ended 31 March 2017  
cont'd

## 2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### 2.2 Basis of consolidation *cont'd*

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.

#### **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 FRS 139 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 FRS 139, it is measured in accordance with the appropriate FRS.

# Notes to the Financial Statements

For the financial year ended 31 March 2017

cont'd

## 2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### 2.2 Basis of consolidation *cont'd*

#### Business combinations *cont'd*

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.

### 2.3 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.

### 2.4 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

#### (i) Sales of produce inventories and livestock

Revenue from sales of produce inventories and livestock is recognised upon the transfer of significant risks and rewards of ownership of the goods 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) Sales of sand

Revenue from sales of sand is recognised when sand is collected based on the invoiced value of sand sold.

#### (iii) Dividend income

Dividend income is recognised when the right to receive the payment is established.

#### (iv) Interest income

Interest income on short term deposits is recognised using the effective interest method.

#### (v) Management fee income

Management fee income from subsidiaries is recognised when services are rendered.

#### (vi) Rental income

Rental income is accounted for 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.

# Notes to the Financial Statements

For the financial year ended 31 March 2017

cont'd

## 2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### 2.5 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 by 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.

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.

# Notes to the Financial Statements

For the financial year ended 31 March 2017

cont'd

## 2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### 2.5 Income taxes *cont'd*

#### (iii) Malaysian Goods and Service Tax ("GST")

On and after 1 April 2015, 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 statement of financial position.

### 2.6 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 cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment, except for freehold land, leasehold land and buildings and capital work-in-progress, are measured at cost less accumulated depreciation and accumulated impairment losses, if any. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises 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, leasehold land and buildings are measured at valuation less accumulated depreciation on buildings and impairment losses recognised after the date of the revaluation. Valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value of the freehold land and buildings at the reporting date.

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset carried in the asset revaluation reserve.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The revaluation surplus included in the asset revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset.

Freehold land has an unlimited useful life and therefore is not depreciated. Capital work-in-progress are not depreciated as these assets are not yet available for use. Leasehold lands are depreciated over their lease terms.

# Notes to the Financial Statements

For the financial year ended 31 March 2017

cont'd

## 2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### 2.6 Property, plant and equipment, and depreciation *cont'd*

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%

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.

### 2.7 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.

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 2.6 up to the date of change in use.



# Notes to the Financial Statements

For the financial year ended 31 March 2017

cont'd

## 2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### 2.8 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 cost less any accumulated impairment losses.

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) Property development costs

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Where the financial outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable, and property development costs on properties sold are recognised as an expense in the period in which they are incurred.

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately.

Property development costs not recognised as an expense are recognised as an asset, which is measured at the lower of cost and net realisable value.

The excess of revenue recognised in the profit or loss over billings to purchasers is classified as accrued billings within trade receivables and the excess of billings to purchasers over revenue recognised in profit or loss is classified as progress billings within trade payables.

### 2.9 Leases

#### (i) As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the 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 charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

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

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

# Notes to the Financial Statements

For the financial year ended 31 March 2017

cont'd

## 2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### 2.9 Leases *cont'd*

#### (ii) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.4(vi).

### 2.10 Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

#### (i) Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that is held primarily for trading purposes are presented as current whereas financial assets that is not held primarily for trading purposes are presented as current or non-current based on the settlement date.

#### (ii) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

# Notes to the Financial Statements

For the financial year ended 31 March 2017

cont'd

## 2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### 2.10 Financial assets *cont'd*

#### (iii) Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group and the Company have the positive intention and ability to hold the investment to maturity.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

Held-to-maturity investments are classified as non-current assets, except for those having maturity within 12 months after the reporting date which are classified as current.

The Group and the Company have not designated any financial assets as held-to-maturity investments.

#### (iv) Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are designated as available for sale or are not classified in any of the three preceding categories.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group and the Company's right to receive payment is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

### 2.11 Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

# Notes to the Financial Statements

For the financial year ended 31 March 2017

cont'd

## 2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### 2.11 Impairment of financial assets *cont'd*

#### (i) Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

#### (ii) Available-for-sale financial assets

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income. For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

### 2.12 Biological assets

#### (i) Pre-cropping expenditure - oil palm (non-current)

Pre-cropping expenditure comprises expenses incurred from land clearing to the point of maturity. Such expenditure is capitalised and is amortised at maturity of crop at a rate of 5% per annum, which is deemed as the useful economic life of the crop.

# Notes to the Financial Statements

For the financial year ended 31 March 2017

cont'd

## 2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### 2.12 Biological assets *cont'd*

#### (ii) Livestock (current)

Livestock is stated at the lower of cost and net realisable value.

The cost of livestock is derived from the cost of bringing the livestock to its present location and condition.

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.

### 2.13 Inventories

Inventories are stated at the lower of cost and net realisable value.

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

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.

#### (ii) Produce inventories - eggs and organic fertilisers

The cost of produce inventories comprise costs of direct materials, 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 costs necessary to make the sale.

### 2.14 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 cash management, if any.

### 2.15 Provisions

Provisions are recognised when the Group has 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.

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.

### 2.16 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of FRS 139, are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

# Notes to the Financial Statements

For the financial year ended 31 March 2017  
cont'd

## 2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### 2.16 Financial liabilities *cont'd*

#### (i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities held for trading include derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

The Group and the Company have not designated any financial liabilities as at fair value through profit or loss.

#### (ii) Other financial liabilities

The Group's and the Company's other financial liabilities include trade payables, other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. 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 a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

### 2.17 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 participates in the national pension scheme as defined by the laws of the country in which it operates. The Group makes 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.

# Notes to the Financial Statements

For the financial year ended 31 March 2017

cont'd

## 2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### 2.18 Impairment of non-financial assets

The Group assesses 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 makes 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")).

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.

### 2.19 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

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.

### 2.20 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.



# Notes to the Financial Statements

For the financial year ended 31 March 2017  
cont'd

## 2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### 2.20 Foreign currencies *cont'd*

#### (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.

### 2.21 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.

### 2.22 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.

### 2.23 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 37, including the factors used to identify the reportable segments and the measurement basis of segment information.

### 2.24 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.

# Notes to the Financial Statements

For the financial year ended 31 March 2017

cont'd

## 2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### 2.24 Financial guarantees *cont'd*

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, as the issuer, is 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.

### 2.25 Current versus non-current classification

The Group presents 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.

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 classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities respectively.

### 2.26 Fair value measurement

The Group measures 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.

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.

# Notes to the Financial Statements

For the financial year ended 31 March 2017  
cont'd

## 2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### 2.26 Fair value measurement *cont'd*

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 uses 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 is 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.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines 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.

## 3. CHANGES IN ACCOUNTING POLICIES

### (a) Adoption of new and revised FRSs

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 April 2016, the Group and the Company adopted the following new and amended FRSs which are effective for annual financial periods beginning on or after 1 April 2016.

<b>Description</b>	<b>Effective for annual periods beginning on or after</b>
Annual Improvements to FRSs 2012-2014 Cycle	1 January 2016
Amendments to FRS 116 and FRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to FRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendment to FRS 101: Disclosure Initiatives	1 January 2016
Amendment to FRS 10, FRS 12 and FRS 128: Investment Entities: Applying the Consolidation Exception	1 January 2016
Amendments to FRS 127: Equity Method in Separate Financial Statements	1 January 2016
FRS 14: Regulatory Deferral Accounts	1 January 2016

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

# Notes to the Financial Statements

For the financial year ended 31 March 2017

cont'd

## 3. CHANGES IN ACCOUNTING POLICIES *cont'd*

### (b) Standards issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of issuance 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.

Description	Effective for annual 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
Amendments to FRS 10 and FRS 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 and interpretations will have no material impact on the financial statements in the period of initial application except as discussed below:

#### FRS 107: Disclosures Initiatives (Amendments to MFRS 107)

The amendments to FRS 107 Statement of Cash Flows requires an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of this amendment, entities are not required to provide comparative information for preceding periods. These amendments are effective for annual periods beginning on or after 1 January 2017, with early application permitted. Application of amendments will result in additional disclosures to be provided by the Group and the Company.

#### FRS 112: Recognition of Deferred Tax for Unrealised Losses (Amendments to MFRS 112)

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between retained earnings and other components of equity. Entities applying this relief must disclose that fact.

These amendments are effective for annual periods beginning on or after 1 January 2017 with early application permitted. If an entity applies this amendments for an earlier period, it must disclose that fact. These amendments are not expected to have any impact on the Group and on the Company.

# Notes to the Financial Statements

For the financial year ended 31 March 2017

cont'd

## 3. CHANGES IN ACCOUNTING POLICIES *cont'd*

### (b) Standards issued but not yet effective *cont'd*

#### 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 recognised in the entity's financial statements only to the extent of unrelated investors' interests 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 recognised 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

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRS Framework).

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venturer (herein called "Transitioning Entities").

After few announcements of deferment since 19 November 2011, on 28 October 2015, MASB announced that the adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2018.

The Group falls within the scope definition of Transitioning Entities and accordingly, will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the financial year ending 31 March 2019. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

The Group considers that it is achieving its scheduled milestones and expects to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 March 2019.

# Notes to the Financial Statements

For the financial year ended 31 March 2017

cont'd

## 4. 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 profit and loss and available-for-sale. 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.

#### (ii) Classification of investment properties

The Group has developed certain criteria based on FRS 140 in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

#### (iii) Impairment of available-for-sale investment securities

The Group reviews its investments in equity instruments, which are classified as available-for-sale investment securities at each reporting date to assess whether they are impaired. The Group records impairment charges when there has been a significant or prolonged decline in the fair value below their cost.

The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, historical share price movements and the duration and extent to which the fair value of an investment is less than its cost. The Group impairs quoted and unquoted equity instruments with "significant" decline in fair value greater than 20%, or "prolonged" period as greater than 12 months.

# Notes to the Financial Statements

For the financial year ended 31 March 2017  
cont'd

## 4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *cont'd*

### (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.

#### (i) Valuation of livestock

The Group applies base-value method in estimating the value of livestock, which includes in its value, the purchase costs of starters and average consumption of feed and other consumables (based on a feed and consumables consumption standard most applicable to the Company's breed of livestock) at each stage of growth up to when the livestock starts laying eggs. After the livestock's productivity peak of 40 weeks, the base value is then amortised to reflect the gradual drop in the layers' productivity until they reach the disposable age at 70 weeks as old hens. The livestock value at disposable age is the lower of the residual base value and the net realisable value of the old hens.

#### (ii) Useful lives of plant and equipment

The cost of plant and machinery is depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these plant and machinery to be 5-10 years. These are common life expectancies applied in the industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

#### (iii) Impairment of loans and receivables

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

The carrying amounts of the Group's and of the Company's loans and receivables at the reporting date is disclosed in Note 20. If there is objective evidence of impairment, it is the management's policy to impair the debt up to the credit term granted to the specific debtor.

#### (iv) Revaluation of property, plant and equipment and 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 Group also carries its freehold land, leasehold land and buildings, which are classified as property, plant and equipment, at fair value, with changes in fair value being recognised in other comprehensive income. The frequency of revaluations depends upon the changes in fair values of the items of property, plant and equipment being revalued. When there are indications that the fair value of a revalued asset differs materially from its carrying amount, the Group engages independent valuation specialists to assess the fair value. The key assumptions used to determine the fair value of these assets and sensitivity analyses are provided in Notes 13 and 35.

#### (v) Income tax and deferred taxation

Significant estimation is involved in determining the group-wide provision for income taxes and deferred taxation. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.



## Notes to the Financial Statements

For the financial year ended 31 March 2017

cont'd

### 4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *cont'd*

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

##### (v) Income tax and deferred taxation *cont'd*

Deferred tax assets are recognised for all deductible temporary differences, unused tax credits and unused tax losses to the extent that it is probable that taxable profit will be available against which these items can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

### 5. REVENUE AND COST OF SALES

#### (a) Revenue

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Sales of produce inventories and livestock, less returns and discounts allowed	166,382,142	166,060,432	-	-
Sales of sand	2,371,378	2,933,593	-	-
Dividend income from a subsidiary	-	-	10,000,000	10,000,000
Rental income from investment properties	120,000	-	-	-
Management fee from subsidiaries	-	-	583,200	456,000
	<u>168,873,520</u>	<u>168,994,025</u>	<u>10,583,200</u>	<u>10,456,000</u>

#### (b) Cost of sales

	Group	
	2017	2016
	RM	RM
Produce inventories and livestocks	136,033,368	139,186,648
Sand	1,660,621	1,582,797
	<u>137,693,989</u>	<u>140,769,445</u>

## Notes to the Financial Statements

For the financial year ended 31 March 2017  
cont'd

### 6. OTHER INCOME

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Interest income on:				
- Fixed deposits	945,156	803,763	396,081	256,078
- Subsidiaries loans	-	-	1,456,527	1,045,295
Dividend income from investment securities	785,991	1,142,440	-	-
Gain on disposal of:				
- Investment securities	89,690	305,163	-	-
- Property, plant and equipment	110,994	226,295	-	-
Rental income from premises	28,305	12,960	15,000	12,000
Gain on foreign exchange				
- Realised	826,369	831,949	-	-
- Unrealised	54,839	281,255	-	-
Net fair value gains on:				
- Investment properties (Note 14)	1,873,868	-	-	-
- Available-for-sale investment securities transferred from equity upon disposal	214,264	971,965	-	-
Miscellaneous	360,489	60,244	-	-
	<u>5,289,965</u>	<u>4,636,034</u>	<u>1,867,608</u>	<u>1,313,373</u>

### 7. OTHER EXPENSES

	Group	
	2017 RM	2016 RM
Impairment loss on available-for-sale investment securities (Note 17)	1,639,552	1,459,402
Net fair value loss on fair value through profit and loss investment securities	12,040	500,608
	<u>1,651,592</u>	<u>1,960,010</u>

## Notes to the Financial Statements

For the financial year ended 31 March 2017

cont'd

### 8. FINANCE COSTS

	Group	
	2017 RM	2016 RM
Interest expense on:		
- Bank overdrafts	212	892
- Bankers' acceptances	213,149	269,137
- Revolving credits	647,061	129,869
- Term loans	3,139,867	390,005
	4,000,289	789,903
Less: Interest expense capitalised in property development costs (Note 15)	(80,283)	-
Total finance cost	3,920,006	789,903

### 9. PROFIT BEFORE TAX

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

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Staff costs (excluding directors) (Note a)	16,691,186	15,277,347	422,957	521,793
Directors' remuneration (Note b)	2,249,037	2,085,359	245,087	126,050
Auditors' remuneration	188,500	183,000	66,000	65,000
Depreciation of property, plant and equipment (Note 13)	6,540,369	6,768,430	135,532	140,085
Impairment loss on trade receivables (Note 20(a))	36,904	357,589	-	-
Reversal of impairment loss on trade receivables (Note 20(a))	(155,419)	(83,857)	-	-
Amortisation of biological assets (Note 18)	19,904	14,684	-	-
Rental of:				
- Farm	690,000	690,000	-	-
- Office	43,200	43,200	43,200	43,200
Property, plant and equipment written off (Note 13)	-	243,848	-	-
Direct expenses arising from investment properties that				
- Generate rental income	212,564	-	-	-
- Do not generate rental income	430,807	981,449	-	-

# Notes to the Financial Statements

For the financial year ended 31 March 2017  
cont'd

## 9. PROFIT BEFORE TAX *cont'd*

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
<b>(a) Staff costs</b>				
Wages and salaries	15,235,918	13,770,115	344,681	418,103
Defined contribution plans	982,136	878,143	65,355	78,669
Social security costs	97,149	81,090	1,587	1,807
Short term accumulating compensated absences	34,877	43,767	(2,524)	738
Other staff related expenses	341,106	504,232	13,858	22,476
	<b>16,691,186</b>	<b>15,277,347</b>	<b>422,957</b>	<b>521,793</b>
<b>(b) Directors' remuneration</b>				
Executive Directors of the Company:				
- Fees	60,000	32,500	30,000	2,500
- Other emoluments	313,288	219,250	99,087	5,050
Non-Executive Directors of the Company:				
- Fees	146,000	148,500	116,000	118,500
- Other emoluments	131,734	131,734	-	-
Other directors of the Group				
- Fees	90,000	90,000	-	-
- Other emoluments	1,508,015	1,463,375	-	-
Total Directors' remuneration	2,249,037	2,085,359	245,087	126,050
Estimated money value of benefits-in-kind	220,658	176,783	17,870	-
Total Directors' remuneration including benefits-in-kind	2,469,695	2,262,142	262,957	126,050

## Notes to the Financial Statements

For the financial year ended 31 March 2017

cont'd

### 9. PROFIT BEFORE TAX *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	
	2017 RM	2016 RM	2017 RM	2016 RM
Executive Directors of the Company				
- Fees	60,000	32,500	30,000	2,500
- Salaries and other emoluments	262,600	184,200	82,599	4,200
- Defined contribution plans	49,894	34,998	15,694	798
- Social security costs	794	52	794	52
- Benefits-in-kind	140,311	74,161	17,870	-
	513,599	325,911	146,957	7,550
Non-executive Directors of the Company				
- Fees	146,000	148,500	116,000	118,500
- Salaries and other emoluments	110,700	110,700	-	-
- Defined contribution plans	21,034	21,034	-	-
- Benefits-in-kind	7,747	12,247	-	-
	285,481	292,481	116,000	118,500
Other directors of the Group				
- Fees	90,000	90,000	-	-
- Salaries and other emoluments	1,271,559	1,234,853	-	-
- Defined contribution plans	232,487	225,423	-	-
- Social security costs	3,969	3,099	-	-
- Benefits-in-kind	72,600	90,375	-	-
	1,670,615	1,643,750	-	-
Total	2,469,695	2,262,142	262,957	126,050

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	
	2017	2016
Executive Directors:		
RM100,001 - RM150,000	1	1
RM300,001 - RM350,000	-	1
RM350,001 - RM400,000	1	-
Non-executive Directors:		
Below RM50,001	3	3
RM150,001 - RM200,000	1	1

# Notes to the Financial Statements

For the financial year ended 31 March 2017  
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## 10. INCOME TAX EXPENSE

### Major components of income tax expense

The major components of income tax expense for the financial years ended 31 March 2017 and 31 March 2016 are:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Current income tax:				
Malaysian income tax	6,706,208	5,779,717	515,932	383,879
(Over)/under provision in prior years	(18,507)	(176,942)	6,805	496
Real property gains tax	213,371	654,425	-	-
	<u>6,901,072</u>	<u>6,257,200</u>	<u>522,737</u>	<u>384,375</u>
Deferred tax (Note 26):				
Relating to origination and reversal of temporary differences	(467,205)	(429,319)	(16,847)	(10,353)
Real property gains tax reversed upon disposal	(333,978)	(651,948)	-	-
Effect of reduction in tax rate	-	10,098	-	(219)
Under provision in prior years	35,329	50,927	26,323	5,467
	<u>(765,854)</u>	<u>(1,020,242)</u>	<u>9,476</u>	<u>(5,105)</u>
	<u>6,135,218</u>	<u>5,236,958</u>	<u>532,213</u>	<u>379,270</u>

## Notes to the Financial Statements

For the financial year ended 31 March 2017

cont'd

### 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	
	2017 RM	2016 RM	2017 RM	2016 RM
Profit before tax:	18,603,308	16,882,223	10,938,058	10,436,688
Taxation at Malaysian statutory tax rate of 24% (2016: 24%)	4,464,794	4,051,734	2,625,134	2,504,805
Income not subject to tax	(559,765)	(712,132)	(2,400,000)	(2,400,000)
Expenses not deductible for tax purposes	1,852,341	1,994,109	273,951	263,891
Effect of reduction in tax rate on incremental chargeable income	(110,995)	-	-	-
Effect of reduction in income tax rate on deferred tax	-	10,098	-	(219)
Real property gain tax arising from fair value adjustment of investment property	93,693	-	-	-
Real property gain tax arising from disposal of investment property	(120,607)	2,477	-	-
Deferred tax assets not recognised on unutilised capital allowance	-	4,830	-	4,830
Deferred tax assets not recognised on unutilised business losses	498,935	11,857	-	-
(Over)/under provision of:				
- Income tax expense in prior years	(18,507)	(176,942)	6,805	496
- Deferred tax in prior years	35,329	50,927	26,323	5,467
Income tax expense	6,135,218	5,236,958	532,213	379,270

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2016: 24%) of the estimated assessable profit for the financial year.

On 10 April 2017, the Income Tax (Exemption) (No.2) Order 2017 ("Order") was gazetted to provide a special income tax exemption to a qualifying person and the exemption is granted based on the incremental amount of chargeable income from preceding year and is applicable for years of assessment 2017 and 2018. The exemption given is computed based on the percentage of increased chargeable income and according to the formulae prescribed in the Order, ranging from 1% to 4%.

Certain subsidiaries of the Company are eligible or qualified to enjoy such exemption under this Order.



# Notes to the Financial Statements

For the financial year ended 31 March 2017  
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## 11. EARNINGS PER SHARE

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	
	2017 RM	2016 RM
Profit attributable to owners of the parent	12,468,090	11,645,265
Issued ordinary shares at the beginning of the year (basic)	130,104,006	43,368,002
Bonus issue	-	21,684,001
Share split	-	65,052,003
Weighted average number of ordinary shares in issue	130,104,006	130,104,006
Basic earnings per share (sen per share)	9.58	8.95

The Company does not have any dilutive potential ordinary shares. Accordingly, the diluted earnings per share is not presented.

## 12. DIVIDENDS

	Dividends in respect of financial year			Dividends recognised in financial year	
	2017 RM	2016 RM	2015 RM	2017 RM	2016 RM
<b>Recognised during the financial year</b>					
Interim dividend of 10 sen, single-tier, on 43,368,002 ordinary shares, declared on 28 February 2015 and paid on 8 April 2015	-	-	4,336,800	-	-
Final dividend of 2.5 sen, single-tier, on 130,104,006 ordinary shares, declared on 27 August 2015 and paid on 6 October 2015	-	-	3,252,600	-	3,252,600
Interim dividend of 2.5 sen, single-tier, on 130,104,006 ordinary shares, declared on 24 February 2016 and paid on 8 April 2016	-	3,252,600	-	-	3,252,600
Final dividend of 1.5 sen, single-tier, on 130,104,006 ordinary shares, declared on 29 July 2016 and paid on 6 October 2016	-	1,951,560	-	1,951,560	-
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	-	-	1,951,560	-
	1,951,560	5,204,160	7,589,400	3,903,120	6,505,200



# Notes to the Financial Statements

For the financial year ended 31 March 2017  
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## 13. PROPERTY, PLANT AND EQUIPMENT *cont'd*

Group <i>cont'd</i>	Note	Leasehold	Freehold	Buildings	Plant and	Furniture,	Motor	Ponds	Capital	Total
		land	land	RM	machinery	fittings	vehicles	RM	work-in-	
		RM	RM	RM	RM	RM	RM	RM	progress	RM
<b>At 31 March 2017</b>										
<i>cont'd</i>										
<b>Accumulated depreciation and impairment losses:</b>										
At 1 April 2016		58,270	-	3,682,202	36,831,274	4,144,155	5,462,666	958,531	-	51,137,098
Depreciation charge for the financial year	9	53,788	-	3,236,235	2,160,937	230,482	858,927	-	-	6,540,369
Written off		-	-	-	-	(109,898)	-	-	-	(109,898)
Disposals		-	-	-	(372,495)	-	(36,022)	-	-	(408,517)
At 31 March 2017		112,058	-	6,918,437	38,619,716	4,264,739	6,285,571	958,531	-	57,159,052
Analysed as:										
Accumulated depreciation		112,058	-	6,849,636	38,343,986	3,824,535	6,285,571	954,506	-	56,370,292
Accumulated impairment losses		-	-	68,801	275,730	440,204	-	4,025	-	788,760
		112,058	-	6,918,437	38,619,716	4,264,739	6,285,571	958,531	-	57,159,052
<b>Net carrying amount</b>										
At cost		-	-	1,879,502	12,018,967	1,948,760	2,630,293	1	7,729,539	26,207,062
At valuation		2,147,942	54,000,000	14,977,609	-	-	-	-	-	71,125,551
At 31 March 2017		2,147,942	54,000,000	16,857,111	12,018,967	1,948,760	2,630,293	1	7,729,539	97,332,613

# Notes to the Financial Statements

For the financial year ended 31 March 2017

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## 13. PROPERTY, PLANT AND EQUIPMENT *cont'd*

Group <i>cont'd</i>	Note	Leasehold land RM	Freehold land RM	Buildings RM	Plant and machinery RM	Furniture, fittings and equipment RM		Motor vehicles RM	Ponds RM	Capital work-in-progress RM	Total RM
<b>At 31 March 2016</b>											
<b>Cost or valuation</b>											
At 1 April 2015											
- At cost		-	-	382,133	46,186,847	6,356,176	6,960,068	958,532	2,016,722	62,860,478	
- At valuation		2,260,000	52,550,000	21,617,394	-	-	-	-	-	76,427,394	
Additions		2,260,000	52,550,000	21,999,527	46,186,847	6,356,176	6,960,068	958,532	2,016,722	139,287,872	
Reclassifications		-	-	-	221,573	60,587	1,637,483	-	3,049,498	4,969,141	
Written off		-	-	56,756	2,167,603	-	-	-	(2,224,359)	-	
Disposals		-	-	-	(4,802)	(589,206)	(27,000)	-	-	(621,008)	
		-	-	-	-	(2,950)	(683,232)	-	-	(686,182)	
At 31 March 2016		2,260,000	52,550,000	22,056,283	48,571,221	5,824,607	7,887,319	958,532	2,841,861	142,949,823	
Representing:											
At cost		-	-	438,889	48,571,221	5,824,607	7,887,319	958,532	2,841,861	66,522,429	
At valuation		2,260,000	52,550,000	21,617,394	-	-	-	-	-	76,427,394	
At 31 March 2016		2,260,000	52,550,000	22,056,283	48,571,221	5,824,607	7,887,319	958,532	2,841,861	142,949,823	

## Notes to the Financial Statements

For the financial year ended 31 March 2017  
cont'd

### 13. PROPERTY, PLANT AND EQUIPMENT *cont'd*

Group <i>cont'd</i>	Note	Leasehold	Freehold	Buildings	Plant and	Furniture,	Motor	Ponds	Capital	Total
		land	land	RM	machinery	fittings	vehicles	RM	work-in-	
		RM	RM	RM	RM	RM	RM	RM	progress	RM
<b>At 31 March 2016</b>										
<i>cont'd</i>										
<b>Accumulated depreciation and impairment losses:</b>										
At 1 April 2015		4,482	-	483,992	34,480,146	4,176,038	5,273,324	958,531	-	45,376,513
Depreciation charge for the financial year	9	53,788	-	3,198,210	2,351,648	335,950	828,834	-	-	6,768,430
Written off		-	-	-	(520)	(364,934)	(11,706)	-	-	(377,160)
Disposals		-	-	-	-	(2,899)	(627,786)	-	-	(630,685)
At 31 March 2016		58,270	-	3,682,202	36,831,274	4,144,155	5,462,666	958,531	-	51,137,098
Analysed as:										
Accumulated depreciation		58,270	-	3,613,401	36,555,544	3,703,951	5,462,666	954,506	-	50,348,338
Accumulated impairment losses		-	-	68,801	275,730	440,204	-	4,025	-	788,760
		58,270	-	3,682,202	36,831,274	4,144,155	5,462,666	958,531	-	51,137,098
<b>Net carrying amount</b>										
At cost		-	-	217,347	11,739,947	1,680,452	2,424,653	1	2,841,861	18,904,261
At valuation		2,201,730	52,550,000	18,156,734	-	-	-	-	-	72,908,464
At 31 March 2016		2,201,730	52,550,000	18,374,081	11,739,947	1,680,452	2,424,653	1	2,841,861	91,812,725

## Notes to the Financial Statements

For the financial year ended 31 March 2017

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### 13. PROPERTY, PLANT AND EQUIPMENT *cont'd*

	Building RM	Furniture, fittings and equipment RM	Total RM
<b>Company</b>			
<b>At 31 March 2017</b>			
<b>Cost/valuation</b>			
At 1 April 2016	1,202,252	1,410,510	2,612,762
Additions	-	1,558	1,558
At 31 March 2017	1,202,252	1,412,068	2,614,320
Representing:			
At cost	-	1,412,068	1,412,068
At valuation	1,202,252	-	1,202,252
At 31 March 2017	1,202,252	1,412,068	2,614,320
<b>Accumulated depreciation and impairment losses</b>			
At 1 April 2016	66,918	1,186,859	1,253,777
Depreciation charge for the financial year (Note 9)	60,538	74,994	135,532
At 31 March 2017	127,456	1,261,853	1,389,309
Analysed as:			
Accumulated depreciation	127,456	971,864	1,099,320
Accumulated impairment losses	-	289,989	289,989
	127,456	1,261,853	1,389,309
<b>Net carrying amount</b>			
At cost	-	150,215	150,215
At valuation	1,074,796	-	1,074,796
At 31 March 2017	1,074,796	150,215	1,225,011

## Notes to the Financial Statements

For the financial year ended 31 March 2017  
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### 13. PROPERTY, PLANT AND EQUIPMENT *cont'd*

	Building RM	Furniture, fittings and equipment RM	Total RM
<b>Company <i>cont'd</i></b>			
<b>At 31 March 2016</b>			
<b>Cost/valuation</b>			
At 1 April 2015	1,202,252	1,390,660	2,592,912
Additions	-	19,850	19,850
At 31 March 2016	1,202,252	1,410,510	2,612,762
Representing:			
At cost	-	1,410,510	1,410,510
At valuation	1,202,252	-	1,202,252
At 31 March 2016	1,202,252	1,410,510	2,612,762
<b>Accumulated depreciation and impairment losses</b>			
At 1 April 2015	6,380	1,107,312	1,113,692
Depreciation charge for the financial year (Note 9)	60,538	79,547	140,085
At 31 March 2016	66,918	1,186,859	1,253,777
Analysed as:			
Accumulated depreciation	66,918	896,870	963,788
Accumulated impairment losses	-	289,989	289,989
	66,918	1,186,859	1,253,777
<b>Net carrying amount</b>			
At cost	-	223,651	223,651
At valuation	1,135,334	-	1,135,334
At 31 March 2016	1,135,334	223,651	1,358,985

- (a) Freehold land, leasehold land and buildings of the Group and of the Company were revalued in February 2015 by Chah Yau Yee, a registered valuer with Jordan Lee & Jaafar (M'cca) Sdn. Bhd., an independent valuer, except as discussed below.

Parcels of freehold land of a subsidiary, LTK Omega Plus Sdn. Bhd., held for sand mining were revalued in March 2017 by Lee Thiam Sing, a registered valuer with Jordan Lee & Jaafar (M'cca) Sdn. Bhd., an independent valuer.

Fair values for land were determined primarily based on comparison method. Fair values for buildings were determined primarily based on depreciated replacement cost of the buildings. Further information on the fair value measurement are disclosed in Note 35.



## Notes to the Financial Statements

For the financial year ended 31 March 2017

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### 13. PROPERTY, PLANT AND EQUIPMENT *cont'd*

(a) *cont'd*

Had the revalued land and buildings been carried at historical cost less accumulated depreciation and impairment losses, the net book value of each class of land and buildings that would have been included in the financial statements of the Group and of the Company would be as follows:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Leasehold land	864,038	885,639	-	-
Freehold land	15,312,990	15,312,990	-	-
Buildings	13,029,978	14,202,208	596,786	611,708
	<u>29,207,006</u>	<u>30,400,837</u>	<u>596,786</u>	<u>611,708</u>

(b) The net book values of property, plant and equipment pledged for borrowings (Note 25(c)(i) and (ii)) are as follows:

	Group	
	2017 RM	2016 RM
Freehold land	36,600,000	51,100,000
Buildings	3,201,636	3,638,345
	<u>39,801,636</u>	<u>54,738,345</u>

### 14. INVESTMENT PROPERTIES

	Group	
	2017 RM	2016 RM
At 1 April	3,900,000	52,850,000
Additions during the year	101,421,132	-
Net gains from fair value adjustment recognised in profit or loss (Note 6)	1,873,868	-
Transferred to land held for property development (Note 15)	(3,900,000)	(22,950,000)
Transferred to assets held for sale (Note 23)	-	(26,000,000)
At 31 March	<u>103,295,000</u>	<u>3,900,000</u>

## Notes to the Financial Statements

For the financial year ended 31 March 2017  
cont'd

### 14. INVESTMENT PROPERTIES *cont'd*

Investment properties consist of the following:

	Group	
	2017 RM	2016 RM
Freehold land	42,100,000	3,900,000
Leasehold land	61,195,000	-
	103,295,000	3,900,000

The fair values of the investment properties as at 31 March 2017 are based on valuation carried out by independent valuers, Rahim & Co. International Sdn. Bhd. and Laurelcap Sdn. Bhd., while fair values of the investment properties as at 31 March 2016 are based on valuation carried out by independent valuer, Henry Butcher (Selangor) Sdn. Bhd. 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 35.

Investment properties pledged for borrowings are as follows (Note 25(c)(iv)):

	Group	
	2017 RM	2016 RM
Freehold land	42,100,000	-
Leasehold land	61,195,000	-
	103,295,000	-

### 15. LAND HELD FOR PROPERTY DEVELOPMENT

	Freehold land RM	Development cost RM	Total RM
<b>Group</b>			
<b>At 31 March 2017</b>			
<b>Cost</b>			
At 1 April 2016	23,058,400	15,109	23,073,509
Additions	6,675,770	108,265	6,784,035
Transfer from investment properties (Note 14)	3,900,000	-	3,900,000
At 31 March 2017	33,634,170	123,374	33,757,544
<b>At 31 March 2016</b>			
<b>Cost</b>			
At 1 April 2015	-	-	-
Transfer from investment properties (Note 14)	22,950,000	-	22,950,000
Additions	108,400	15,109	123,509
At 31 March 2016	23,058,400	15,109	23,073,509

## Notes to the Financial Statements

For the financial year ended 31 March 2017

cont'd

### 15. LAND HELD FOR PROPERTY DEVELOPMENT *cont'd*

Included in property development costs incurred during the financial year are:

	Group	
	2017	2016
	RM	RM
Interest expense (Note 8)	80,283	-

A freehold land under development with a carrying value of RM6,675,770 which was newly acquired during the year has been pledged as security for a bank loan (Note 25(c)(iii)).

### 16. INVESTMENT IN SUBSIDIARIES

	Company	
	2017	2016
	RM	RM
Unquoted shares, at cost	36,647,198	36,647,198
ESOS granted to employees of subsidiaries	180,242	180,242
Investment in redeemable non-cumulative convertible preference shares ("RNCCPS") of subsidiaries	30,000,000	30,000,000
	66,827,440	66,827,440
Less: Impairment losses	(19,000,000)	(19,000,000)
	47,827,440	47,827,440

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		Principal activities
	2017	2016	
	%	%	
<b>(a) Subsidiaries of LTKM Berhad</b>			
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. ("LJSB")	100	100	Dormant
<b>(b) Subsidiary of LTK Melaka Sdn. Bhd.</b>			
LTK Bio-Fer Sdn. Bhd.	100	100	Manufacturing and sale of organic fertilisers

# Notes to the Financial Statements

For the financial year ended 31 March 2017  
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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: *cont'd*

Name of subsidiary	Equity interest held		Principal activities
	2017	2016	
	%	%	
<b>(c) Subsidiaries of LTK Development Sdn. Bhd.</b>			
Jarom Firstville Sdn. Bhd.	100	100	Property development
Firstville Development Sdn. Bhd.	100	100	Dormant

## 17. INVESTMENT SECURITIES

	Group	
	2017	2016
	RM	RM
<b>Non-current equity instruments</b>		
<b>Available-for-sale</b>		
Quoted shares:		
- In Malaysia	30,998,625	27,275,677
- Outside of Malaysia	318,518	234,337
	<u>31,317,143</u>	<u>27,510,014</u>
<b>Fair value through profit and loss</b>		
Quoted shares:		
- In Malaysia	3,941,707	4,106,012
- Outside of Malaysia	445,800	670,896
	<u>4,387,507</u>	<u>4,776,908</u>
Total investment securities	<u>35,704,650</u>	<u>32,286,922</u>

During the current financial year, the Group recognised an impairment loss amounting to RM1,639,552 (2016: RM1,459,402) of certain quoted investments designated as available-for-sale financial assets (as disclosed in Note 7) due to significant decline of more than 20% in the fair values of these investments below their costs.

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.

No transfers between any levels of fair value hierarchy took place during the current financial year. There were also no changes in the purpose of any financial asset that subsequently resulted in a different classification of that asset.

## Notes to the Financial Statements

For the financial year ended 31 March 2017

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### 18. BIOLOGICAL ASSETS

	Group	
	2017	2016
	RM	RM
<b>Current</b>		
Livestock, at cost	14,321,071	13,563,299
<b>Non-current</b>		
Pre-cropping expenditure - oil palm:		
<b>Cost</b>		
At 1 April	413,144	400,211
Additions during the financial year	5,924	12,933
At 31 March	419,068	413,144
<b>Accumulated amortisation</b>		
At 1 April	74,661	59,977
Charge for the financial year (Note 9)	19,904	14,684
At 31 March	94,565	74,661
<b>Net carrying amount</b>	324,503	338,483

### 19. INVENTORIES

	Group	
	2017	2016
	RM	RM
<b>Cost</b>		
Consumable goods	15,445,460	23,204,588
Produce inventories	879,956	807,422
	16,325,416	24,012,010

During the financial year, the amount of consumable goods and produce inventories recognised as an expense in cost of sales of the Group was RM102,945,749 (2016: RM105,239,989).

## Notes to the Financial Statements

For the financial year ended 31 March 2017  
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### 20. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
<b>Current</b>				
<b>Trade receivables</b>				
Third parties	9,743,675	10,948,029	-	-
Less: Allowance for impairment	(930,810)	(1,049,325)	-	-
Trade receivables, net	8,812,865	9,898,704	-	-
<b>Other receivables</b>				
Amounts due from subsidiaries	-	-	6,466,937	850,232
Deposits	270,752	4,911,497	8,200	8,200
Dividends receivable	-	-	5,500,000	-
Sundry receivables	5,412,263	2,452,335	7,613	29,498
Other receivables, net	5,683,015	7,363,832	11,982,750	887,930
	14,495,880	17,262,536	11,982,750	887,930
<b>Non-current</b>				
<b>Other receivables</b>				
Amounts due from subsidiaries	-	-	30,000,000	30,000,000
Total trade and other receivables (current and non-current)	14,495,880	17,262,536	41,982,750	30,887,930
Add: Cash and bank balances (Note 22)	26,489,676	42,884,353	7,272,877	12,956,394
Total loans and receivables	40,985,556	60,146,889	49,255,627	43,844,324

## Notes to the Financial Statements

For the financial year ended 31 March 2017

cont'd

### 20. TRADE AND OTHER RECEIVABLES *cont'd*

#### (a) Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 90 day (2016: 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	
	2017	2016
	RM	RM
Neither past due nor impaired	7,676,577	8,746,528
1 to 30 days past due but not impaired	772,765	964,401
31 to 60 days past due but not impaired	169,810	106,162
61 to 90 days past due but not impaired	86,614	50,671
91 to 120 days past due but not impaired	10,476	30,942
More than 120 days past due but not impaired	96,623	-
	1,136,288	1,152,176
Impaired	930,810	1,049,325
	9,743,675	10,948,029

#### 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.

#### Receivables that are past due but not impaired

The Group has trade receivables amounting to RM1,136,288 (2016: RM1,152,176) 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.



# Notes to the Financial Statements

For the financial year ended 31 March 2017  
cont'd

## 20. TRADE AND OTHER RECEIVABLES *cont'd*

### (a) Trade receivables *cont'd*

#### 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	
	2017	2016
	RM	RM
Nominal amounts	930,810	1,049,325
Less: Allowance for impairment	(930,810)	(1,049,325)
	-	-

Movement in allowance account:

	Group	
	2017	2016
	RM	RM
At 1 April	1,049,325	775,593
Charge for the financial year (Note 9)	36,904	357,589
Reversal of impairment loss (Note 9)	(155,419)	(83,857)
At 31 March	930,810	1,049,325

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

#### Amounts due from subsidiaries

The amounts due from subsidiaries are unsecured, non-interest bearing and are repayable upon demand except for an amount of RM30,000,000 (2016: RM30,000,000) which bears interest rate ranging between 5.08% and 7.00% (2016: 5.14% to 7.00%) per annum and is not expected to be demanded for repayment within the next 12 months.

All interest bearing related company loans granted during the current and prior years were made at prevailing market rates.

#### Deposits

Included in deposits of the Group in the previous financial year was an amount of RM4,645,000 representing deposits placed for acquisition of land. The acquisition of land has been fully completed during the year.

## Notes to the Financial Statements

For the financial year ended 31 March 2017

cont'd

### 21. PREPAYMENTS

	Group	
	2017 RM	2016 RM
Prepayments	293,041	5,959,443

Included in prepayments in the previous financial year is an amount of RM4,400,000 paid to the Chargee Bank of one of the Vendors for the purchase of a parcel of freehold land.

### 22. CASH AND BANK BALANCES

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Cash on hand and at bank	16,270,727	12,282,064	2,662,081	2,456,394
Deposits with licensed banks:				
- Long-term fixed deposits	20,391	424,471	-	-
- Short-term fixed deposits	10,198,558	30,177,818	4,610,796	10,500,000
Cash and bank balances	26,489,676	42,884,353	7,272,877	12,956,394

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 RM20,391 (2016: RM783,391) 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	
	2017 %	2016 %	2017 %	2016 %
Licensed banks	3.50	3.64	3.50	3.65

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

	Group		Company	
	2017 Days	2016 Days	2017 Days	2016 Days
Licensed banks	31-365	31-366	31	32

## Notes to the Financial Statements

For the financial year ended 31 March 2017  
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	
	2017 RM	2016 RM	2017 RM	2016 RM
Cash and bank balances	26,489,676	42,884,353	7,272,877	12,956,394
Less:				
- Long-term and/or pledged fixed deposits	(20,391)	(1,187,471)	-	-
	26,469,285	41,696,882	7,272,877	12,956,394

### 23. ASSETS CLASSIFIED AS HELD FOR SALE

	Group	
	2017 RM	2016 RM
Investment properties (Note 14)	-	26,000,000

On 5 February 2016, a wholly owned subsidiary, Lumi Jaya Sdn. Bhd. entered into a sale and purchase agreement with a third party to dispose of a parcel of freehold land measuring approximately 21,284 square metres together with a factory erected thereon located at Mukim of Kapar, District of Klang, State of Selangor Darul Ehsan for a total purchase consideration of RM26,000,000. The sale was completed during the current financial year.

### 24. TRADE AND OTHER PAYABLES

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
<b>Current</b>				
<b>Trade payables</b>				
Third parties	5,498,482	5,359,846	-	-
<b>Other payables</b>				
Amount due to a subsidiary	-	-	-	318
Accruals	1,945,746	2,001,610	208,384	149,408
Other payables	4,008,533	5,619,125	55,191	42,904
	5,954,279	7,620,735	263,575	192,630
Total trade and other payables	11,452,761	12,980,581	263,575	192,630
Add: Loans and borrowings (Note 25)	84,451,014	35,603,110	-	-
Total financial liabilities carried at amortised cost	95,903,775	48,583,691	263,575	192,630

## Notes to the Financial Statements

For the financial year ended 31 March 2017

cont'd

### 24. TRADE AND OTHER PAYABLES *cont'd*

#### (a) Trade payables

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 to 60 (2016: 30 to 60) days.

#### (b) Other payables

These amounts are non-interest bearing. Other payables are normally settled on an average term of 60 (2016: 60) days.

#### (c) Amount due to a subsidiary

The amount is unsecured and is repayable upon demand. The amount is short term in nature and non-interest bearing.

### 25. LOANS AND BORROWINGS

	Group	
	2017	2016
	RM	RM
<b>Current</b>		
Secured:		
Bank term loans	5,105,047	1,010,018
Unsecured:		
Revolving credits	5,000,000	15,000,000
Bankers' acceptances	7,441,565	9,858,929
Bank term loans	1,743,622	1,691,663
	14,185,187	26,550,592
	19,290,234	27,560,610
<b>Non-current</b>		
Secured:		
Bank term loans	63,996,331	5,134,448
Unsecured:		
Bank term loans	1,164,449	2,908,052
	65,160,780	8,042,500
<b>Total borrowings</b>		
Revolving credits	5,000,000	15,000,000
Bankers' acceptances	7,441,565	9,858,929
Bank term loans	72,009,449	10,744,181
Loans and borrowings	84,451,014	35,603,110

## Notes to the Financial Statements

For the financial year ended 31 March 2017  
cont'd

### 25. LOANS AND BORROWINGS *cont'd*

The remaining maturities of the loans and borrowings as at 31 March 2017 are as follows:

(a) Maturity periods

	Group	
	2017 RM	2016 RM
Within 1 year	19,290,234	27,560,610
More than 1 year and less than 2 years	7,240,587	2,813,110
More than 2 years and less than 5 years	21,637,545	3,503,980
More than 5 years	36,282,648	1,725,410
	84,451,014	35,603,110

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

	Group	
	2017 %	2016 %
Revolving credits	5.22	4.92 - 5.48
Bankers' acceptances	4.17 - 4.27	4.55 - 4.78
Bank term loans	5.00 - 5.75	4.90 - 6.85

(c) A term loan of the Group is secured by the following:

- (i) charges over the freehold land of a subsidiary as disclosed in Note 13(b);
- (ii) charges over buildings and plant and machinery of a subsidiary as disclosed in Note 13(b);
- (iii) charges over land held for development as disclosed in Note 15; and
- (iv) charges over investment properties as disclosed in Note 14.

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

### 26. DEFERRED TAXATION

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
At 1 April	7,746,296	8,528,671	68,641	73,746
Recognised in profit or loss (Note 10)	(765,854)	(1,020,242)	9,476	(5,105)
Recognised in other comprehensive income	65,109	237,867	-	-
At 31 March	7,045,551	7,746,296	78,117	68,641

## Notes to the Financial Statements

For the financial year ended 31 March 2017

cont'd

### 26. 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 RM	Property, plant and equipment RM	Investment properties RM	Total RM
At 1 April 2016	4,567,979	3,084,477	435,457	8,087,913
Recognised in profit or loss	(14,254)	(394,807)	(348,278)	(757,339)
Recognised in other comprehensive income	65,109	-	-	65,109
At 31 March 2017	4,618,834	2,689,670	87,179	7,395,683
At 1 April 2015	4,380,874	3,479,702	1,098,680	8,959,256
Recognised in profit or loss	(50,762)	(395,225)	(663,223)	(1,109,210)
Recognised in other comprehensive income	237,867	-	-	237,867
At 31 March 2016	4,567,979	3,084,477	435,457	8,087,913

#### Deferred tax assets of the Group:

	Provision for unutilised annual leave RM	Allowance for doubtful debts RM	Others RM	Total RM
At 1 April 2016	(78,439)	(93,646)	(169,532)	(341,617)
Recognised in profit or loss	(8,975)	13,357	(12,897)	(8,515)
At 31 March 2017	(87,414)	(80,289)	(182,429)	(350,132)
At 1 April 2015	(82,528)	(190,706)	(157,351)	(430,585)
Recognised in profit or loss	4,089	97,060	(12,181)	88,968
At 31 March 2016	(78,439)	(93,646)	(169,532)	(341,617)

#### Deferred tax liability of the Company:

	Revaluation surplus RM
At 1 April 2016	68,641
Recognised in profit or loss	9,476
At 31 March 2017	78,117
At 1 April 2015	73,746
Recognised in profit or loss	(5,105)
At 31 March 2016	68,641

# Notes to the Financial Statements

For the financial year ended 31 March 2017  
cont'd

## 26. DEFERRED TAXATION *cont'd*

Presented after appropriate offsetting as follows:

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Deferred tax assets	124,776	-	-	-
Deferred tax liabilities	7,170,327	7,746,296	78,117	68,641

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

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Unutilised business losses	5,412,034	3,333,139	-	-

The availability of the unutilised business losses for offsetting against future taxable profits of the respective subsidiaries are subject to no substantial changes in shareholdings of the Company and of the respective subsidiaries under the Income Tax Act, 1967 and guidelines issued by the tax authority.

## 27. SHARE CAPITAL

	Number of ordinary shares		Amount	
	2017	2016	2017	2016
			RM	RM
<b>Authorised*:</b>				
At 1 April	-	100,000,000	-	100,000,000
Share split	-	100,000,000	-	-
At 31 March	-	200,000,000	-	100,000,000
<b>Issued and fully paid:</b>				
At 1 April	130,104,006	43,368,002	65,052,003	43,368,002
Bonus issue during the year	-	21,684,001	-	21,684,001
Share split	-	65,052,003	-	-
At 31 March	130,104,006	130,104,006	65,052,003	65,052,003

\* *The Companies Act 2016 which came into operation on 31 January 2017 abolished the concept of authorised share capital and par value of share capital.*

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.



## Notes to the Financial Statements

For the financial year ended 31 March 2017

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### 28. OTHER RESERVES

#### (a) Asset revaluation reserve

The asset revaluation reserve represents increases in the fair value of land and buildings, net of tax, and decreases to the extent that such decreases relate to an increase on the same asset previously recognised in other comprehensive income.

#### (b) Available-for-sale reserve

Available-for-sale reserve includes the cumulative net change in the fair value of available-for-sale investment held until the investment is derecognised.

### 29. RETAINED PROFITS

The Company may distribute dividends out of its entire retained earnings as at 31 March 2017 and 31 March 2016 under the single-tier system.

### 30. RELATED PARTY DISCLOSURES

(a) In addition to the transactions detailed elsewhere in the financial statements, the Group and Company had the following transactions with related parties during the financial year:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Rental of farm paid to a related company <sup>(1)</sup>	690,000	690,000	-	-
Rental of office paid to a director <sup>(2)</sup>	43,200	43,200	43,200	43,200
Gross dividend income received from a subsidiary company, LTK (Melaka) Sdn. Bhd.	-	-	(10,000,000)	(10,000,000)
Management fee received from subsidiary companies:				
LTK (Melaka) Sdn. Bhd.	-	-	(462,000)	(432,000)
LTK Omega Plus Sdn. Bhd.	-	-	(32,400)	(24,000)
LTK Development Sdn. Bhd.	-	-	(88,800)	-
Office rental income received from immediate and ultimate holding company	(15,000)	(12,000)	(15,000)	(12,000)
Fees payable to director and/or firm connected to director <sup>(3)</sup>	5,088	21,364	-	-
Interest income receivable from related companies	-	-	(1,456,527)	(1,045,295)

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

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

(3) This was in respect of fees for professional services payable to a director and/or firm connected to a director, Ooi Hoy Bee @ Ooi Hooi Bee.

# Notes to the Financial Statements

For the financial year ended 31 March 2017  
cont'd

## 30. RELATED PARTY DISCLOSURES *cont'd*

### (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 Company who make certain critical decisions in relation to the strategic direction of the Company.

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

## 31. 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	
	2017	2016
	RM	RM
Future minimum rental payments:		
Not later than 1 year	690,000	690,000
Later than 1 year and not later than 3 years	-	690,000
	690,000	1,380,000

## 32. CAPITAL COMMITMENTS

	Group	
	2017	2016
	RM	RM
Approved and contracted for:		
Property, plant and equipment	2,316,040	8,700,000
Land held for development	-	5,805,000
Investment property	-	20,293,030
	2,316,040	34,798,030
Approved and not contracted for:		
Property, plant and equipment	45,000	-

## Notes to the Financial Statements

For the financial year ended 31 March 2017

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### 33. FINANCIAL GUARANTEES

	Company	
	2017	2016
	RM	RM
Guarantees to licensed financial institutions in respect of credit facilities granted to subsidiaries:		
LTK (Melaka) Sdn. Bhd.	50,282,770	35,603,110
LTK Properties Sdn. Bhd.	25,368,344	-
LTK Development Sdn. Bhd.	5,000,000	-
Jarom Firstville Sdn. Bhd.	3,799,900	-
	84,451,014	35,603,110

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 properties, plant and equipment and other assets of the Group.

### 34. FAIR VALUE OF FINANCIAL INSTRUMENTS

- (a) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Group	
	Carrying Amount	Fair Value
	RM	RM
<b>2017</b>		
<b>Financial liabilities</b>		
Loan and borrowings (non-current)		
- Fixed rate term loans	244,640	223,406
<b>2016</b>		
<b>Financial liabilities</b>		
Loan and borrowings (non-current)		
- Fixed rate term loans	1,288,644	1,218,574

# Notes to the Financial Statements

For the financial year ended 31 March 2017  
cont'd

## 34. FAIR VALUE OF FINANCIAL INSTRUMENTS *cont'd*

- (b) Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximate of fair value.

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

	<b>Note</b>
Trade and other receivables (current)	20
Amount due from subsidiaries (non-current)	
- with floating rate	20
Loans and borrowings (current)	25
Loans and borrowings (non-current)	
- with floating rate	25
Trade and other payables (current)	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.

## 35. 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 2017

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### 35. FAIR VALUE MEASUREMENT *cont'd*

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

	Date of valuation	(Level 1) RM	(Level 2) RM	(Level 3) RM	Total RM
<b>Group - At 31 March 2017</b>					
<b>Assets measured at fair value:</b>					
Investment properties (Note 14)	10 March 2017, 22 March 2017	-	-	103,295,000	103,295,000
Property, plant and equipment					
- Production and sale of poultry and related products	15 February 2015	-	-	57,015,142	57,015,142
- Extraction and sale of sand	23 March 2017	-	-	19,660,000	19,660,000
- Investment holding	27 February 2015	-	-	1,202,252	1,202,252
Investment securities					
Available-for sale (Note 17)					
Quoted shares:					
- In Malaysia	31 March 2017	30,998,625	-	-	30,998,625
- Outside of Malaysia	31 March 2017	318,518	-	-	318,518
Fair value through profit or loss (Note 17)					
Quoted shares:					
- In Malaysia	31 March 2017	3,941,707	-	-	3,941,707
- Outside of Malaysia	31 March 2017	445,800	-	-	445,800
<b>Liabilities for which fair value are disclosed:</b>					
Loans and borrowings (non-current)					
- Fixed rate term loans (Note 34(a))	31 March 2017	-	-	223,406	223,406
<b>Company- At 31 March 2017</b>					
<b>Assets measured at fair value:</b>					
Property, plant and equipment (Note 13)	27 February 2015	-	-	1,202,252	1,202,252

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 2017  
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## 35. FAIR VALUE MEASUREMENT *cont'd*

	Date of valuation	(Level 1) RM	(Level 2) RM	(Level 3) RM	Total RM
<b>Group - At 31 March 2016</b>					
<b>Assets measured at fair value:</b>					
Investment properties (Note 14)	29 March 2016	-	-	3,900,000	3,900,000
Property, plant and equipment					
- Production and sale of poultry and related products	15 February 2015	-	-	57,015,142	57,015,142
- Extraction and sale of sand	13 February 2016	-	-	18,210,000	18,210,000
- Investment holding	27 February 2015	-	-	1,202,252	1,202,252
Investment securities					
Available-for sale (Note 17)					
Quoted shares:					
- In Malaysia	31 March 2016	27,275,677	-	-	27,275,677
- Outside of Malaysia	31 March 2016	234,337	-	-	234,337
Fair value through profit or loss (Note 17)					
Quoted shares:					
- In Malaysia	31 March 2016	4,106,012	-	-	4,106,012
- Outside of Malaysia	31 March 2016	670,896	-	-	670,896
<b>Liabilities for which fair value are disclosed:</b>					
Loans and borrowings (non-current)					
- Fixed rate term loans (Note 34(a))	31 March 2016	-	-	1,218,574	1,218,574
<b>Company- At 31 March 2016</b>					
<b>Assets measured at fair value:</b>					
Property, plant and equipment (Note 13)	27 February 2015	-	-	1,202,252	1,202,252

There have been no transfers between Level 1, Level 2 and Level 3 during 2016.

At the reporting date, if the amount of unobservable inputs in Level 3 had been higher/lower by 3%, the fair value measurement would have been approximately RM5.5million (2016: RM2.4million) higher/lower.

## Notes to the Financial Statements

For the financial year ended 31 March 2017

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### 35. FAIR VALUE MEASUREMENT *cont'd*

**Description of valuation techniques used and key inputs to valuation on property, plant and equipment categorised within Level 3:**

Segment category	Valuation technique	Significant unobservable inputs	Range
<b>At 31 March 2017</b>			
Production and sales of poultry and related products	Market comparable approach	Difference in location, time factor, size, land usage, shape, tenure and main road frontage	-35% to 25%
	Depreciated replacement cost	Estimated replacement cost per square feet Depreciation rate	RM8 to RM75 30 to 90%
Extraction and sale of sand	Market comparable approach	Difference in location, time factor, size, land usage, shape, tenure and main road frontage	-20% to 5%
Investment holding	Depreciated replacement cost	Estimated replacement cost per square feet	RM518 to RM629
		Depreciation rate	20%
<b>At 31 March 2016</b>			
Production and sales of poultry and related products	Market comparable approach	Difference in location, time factor, size, land usage, shape, tenure and main road frontage	-35% to 25%
	Depreciated replacement cost	Estimated replacement cost per square feet Depreciation rate	RM8 to RM75 30 to 90%
Extraction and sale of sand	Market comparable approach	Difference in location, time factor, size, land usage, shape, tenure and main road frontage	-30% to 20%
Investment holding	Depreciated replacement cost	Estimated replacement cost per square feet	RM518 to RM629
		Depreciation rate	20%

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

Valuation technique	Significant unobservable inputs	Range
<b>At 31 March 2017</b>		
Market comparable approach	Difference in location, time factor, size and shape, land usage, tenure, zoning and main road frontage	-20% to 15%
<b>At 31 March 2016</b>		
Market comparable approach	Difference in location, time factor, size, land usage, zoning and main road frontage	-5% to 20%

# Notes to the Financial Statements

For the financial year ended 31 March 2017

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## 35. FAIR VALUE MEASUREMENT *cont'd*

### 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, and freehold and leasehold land classified as property, plant and equipment are valued using the comparison method.

### Depreciated replacement cost method

Completed buildings are valued by reference to the current estimates on construction costs to erect equivalent buildings, taking into consideration of similar accommodation in terms of size, construction, finishes contractors' overheads, fees and profits. Appropriate adjustments are then made for the factors of obsolescence and existing physical condition of the building.

## 36. 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.



## Notes to the Financial Statements

For the financial year ended 31 March 2017

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### 36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *cont'd*

#### (a) Credit risk *cont'd*

##### 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 RM84,451,014 (2016: RM35,603,110) relating to corporate guarantees provided by the Company to licensed financial institutions on certain subsidiaries' bank loans and credit facilities (Note 33).

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

##### 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			
	2017		2016	
	RM	% of total	RM	% of total
<b>By industry sectors:</b>				
Poultry and related products	9,309,235	96%	10,366,423	95%
Sand extraction and sale	434,440	4%	581,606	5%
	9,743,675	100%	10,948,029	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 (2016: 6) customers representing approximately 47% (2016: 43%) 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).

# Notes to the Financial Statements

For the financial year ended 31 March 2017  
cont'd

## 36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *cont'd*

### (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.

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 23% (2016: 77%) of the Group's loans and borrowings (Note 25) 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.

	2017			
	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
<b>Group</b>				
<b>Financial liabilities:</b>				
Trade and other payables	11,452,761	-	-	11,452,761
Loans and borrowings	23,041,814	40,013,973	42,388,970	105,444,757
Total undiscounted financial liabilities	34,494,575	40,013,973	42,388,970	116,897,518
	2016			
	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
<b>Group</b>				
<b>Financial liabilities:</b>				
Trade and other payables	12,980,581	-	-	12,980,581
Loans and borrowings	28,308,802	7,752,206	2,117,622	38,178,630
Total undiscounted financial liabilities	41,289,383	7,752,206	2,117,622	51,159,211
	On demand or within one year			
	2017 RM	2016 RM		
<b>Company</b>				
<b>Financial liabilities:</b>				
Trade and other payables, representing total undiscounted financial liabilities			263,575	192,630

## Notes to the Financial Statements

For the financial year ended 31 March 2017

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### 36. 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 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 monitors 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 RM122,296 (2016: RM29,505) 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 Malaysian Ringgit ("RM"). The foreign currencies in which these transactions are denominated are mainly Singapore Dollar ("SGD"), US Dollar ("USD") and European Dollar ("EURO").

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:

	EURO RM	SGD RM	USD RM	HKD RM	Total RM
<b>Functional currency in Ringgit Malaysia</b>					
<b>At 31 March 2017</b>					
Trade and other receivables	-	2,454,143	-	1,022,959	3,477,102
Trade and other payables	(1,177)	-	(16,603)	-	(17,780)
Investment securities	-	-	-	764,318	764,318
	(1,177)	2,454,143	(16,603)	1,787,277	4,223,640

# Notes to the Financial Statements

For the financial year ended 31 March 2017  
cont'd

## 36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *cont'd*

### (d) Foreign currency risk *cont'd*

	EURO RM	SGD RM	USD RM	HKD RM	Total RM
<b>At 31 March 2016</b>					
Trade and other receivables	-	2,489,508	-	931,796	3,421,304
Trade and other payables	-	-	(10,172)	-	(10,172)
Investment securities	-	-	-	905,233	905,233
	-	2,489,508	(10,172)	1,837,029	4,316,365

#### 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, EURO and HKD exchange rates against the Group's functional currency, with all other variables held constant.

		Group Increase/(Decrease) in profit, net of tax	
		2017	2016
		RM	RM
SGD/RM	- strengthened 3%	73,624	74,685
	- weakened 3%	(73,624)	(74,685)
USD/RM	- strengthened 3%	(498)	(305)
	- weakened 3%	498	305
EURO/RM	- strengthened 3%	(35)	-
	- weakened 3%	35	-
HKD/RM	- strengthened 3%	53,618	55,111
	- weakened 3%	(53,618)	(55,111)

### (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 fair value through profit and loss or available-for-sale financial assets. The Group is also exposed to commodity price risk.

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 2017

cont'd

### 36. 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 profit net of tax would have been RM197,085 (2016: RM205,300) higher/lower, arising as a result of higher/lower fair value gains on investments in equity instruments classified as fair value through profit and loss, and the Group's other reserve in equity would have been RM1,549,931 (2016: RM1,363,784) higher/lower, arising as a result of an increase/decrease in the fair value of equity instruments classified as available-for-sale.

At the reporting date, if the HSI had been 5% higher/lower, with all other variables held constant, the Group's profit net of tax would have been RM22,290 (2016: RM33,545) higher/lower, arising as a result of higher/lower fair value gains on investments in equity instruments classified as fair value through profit and loss, and the Group's other reserve in equity would have been RM15,926 (2016: RM11,717) higher/lower, arising as a result of an increase/decrease in the fair value of equity instruments classified as available-for-sale.

#### (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

At the reporting date, 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 RM2,808,258 (2016: RM2,852,684) lower/higher.

# Notes to the Financial Statements

For the financial year ended 31 March 2017

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## 37. 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 presentation of the segment information has been changed to reflect the reportable operating segments above and to allocate the finance costs 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.

There is no disclosure of geographical segment as the Group operates principally within Malaysia.

# Notes to the Financial Statements

For the financial year ended 31 March 2017

cont'd

## 37. SEGMENT INFORMATION cont'd

	Production and Sale of Poultry and Related Products		Extraction and Sale of Sand		Investment Holding		Property Development		Elimination		Group	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
<b>Revenue</b>												
External sales	166,382,142	166,060,432	2,371,378	2,933,593	120,000	-	-	-	-	-	168,873,520	168,994,025
Inter-segment sales	343,260	421,361	35,535	21,681	10,583,200	10,456,000	-	-	(10,961,995)	(10,899,042)	-	-
Total revenue	166,725,402	166,481,793	2,406,913	2,955,274	10,703,200	10,456,000	-	-	(10,961,995)	(10,899,042)	168,873,520	168,994,025
<b>Result</b>												
Dividend from subsidiary	-	-	-	-	10,000,000	10,000,000	-	-	(10,000,000)	(10,000,000)	-	-
Segment results	23,308,287	19,059,937	596,202	1,120,308	2,721,184	(1,805,662)	(1,809,822)	(483,010)	(2,292,537)	(209,447)	22,523,314	17,672,126
Finance costs	23,308,287	19,059,937	596,202	1,120,308	12,721,184	8,194,338	(1,809,822)	(483,010)	(12,282,537)	(10,209,447)	22,523,314	17,672,126
	(1,556,709)	(693,829)	(87,644)	(130,201)	(2,845,770)	(38,581)	(1,722,420)	(136,739)	2,292,537	209,447	(3,920,006)	(789,903)
Segment profit before tax	21,751,578	18,366,108	508,558	990,107	9,875,414	8,155,757	(3,532,242)	(629,749)	(10,000,000)	(10,000,000)	18,603,308	16,882,223
Income tax expense											(6,135,218)	(5,236,958)
Profit for the year											12,468,090	11,645,265
<b>Assets</b>												
Segment assets	148,755,079	152,495,606	22,290,320	8,287,650	240,028,499	154,907,220	36,765,884	36,307,068	(105,038,114)	(69,665,291)	342,801,668	282,332,253
<b>Liabilities</b>												
Segment liabilities	39,522,273	39,137,599	1,673,038	1,984,544	82,855,806	12,353,018	34,313,945	25,025,600	(60,509,727)	(26,664,470)	97,855,335	51,836,291
Unallocated corporate liabilities											7,304,450	7,758,256
Consolidated total liabilities											105,159,785	59,594,547
<b>Other Information</b>												
Capital expenditure	10,093,758	4,941,613	514,098	7,678	1,558	19,850	4,849	-	-	-	10,614,263	4,969,141
Depreciation and amortisation	6,401,026	6,620,004	128,404	78,253	135,532	505,492	1,307	749	(106,009)	(421,384)	6,560,260	6,783,114
Impairment losses	36,904	289,328	-	83,566	1,639,552	2,483,495	-	-	-	-	1,676,456	2,856,389
Non-cash expenses other than depreciation amortisation and impairment loss	32,853	41,955	-	289	45,725	501,346	11,158	785	-	-	89,736	544,375

The above eliminations were made for related company transactions.

# Notes to the Financial Statements

For the financial year ended 31 March 2017  
cont'd

## 38. CAPITAL MANAGEMENT

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

The Group and the Company manages its capital structure and makes 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 2017 and 31 March 2016.

The Group and the Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group and the Company includes 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 asset revaluation reserve.

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Loans and borrowings	84,451,014	35,603,110	-	-
Trade and other payables	11,452,761	12,980,581	263,575	192,630
Less: Cash and bank balances	(26,489,676)	(42,884,353)	(7,272,877)	(12,956,394)
Net debt/(cash)	69,414,099	5,699,338	(7,009,302)	(12,763,764)
Equity attributable to the owners of the parent	237,641,883	222,737,706	96,009,950	89,507,225
Less:				
Asset revaluation reserve	(37,309,899)	(35,925,008)	(233,531)	(233,531)
Available for sale reserve	(7,416,226)	(2,461,910)	-	-
Total capital	192,915,758	184,350,788	95,776,419	89,273,694
Capital and net debt	262,329,857	190,050,126	88,767,117	76,509,930
Gearing ratio	26%	3%	-	-



## Notes to the Financial Statements

For the financial year ended 31 March 2017

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### 39. SIGNIFICANT EVENTS

- (i) On 21 January 2016, LTK Melaka Sdn. Bhd., a wholly owned subsidiary entered into a sale and purchase agreement to purchase a parcel of freehold land measuring 7,841 square meters located at GM 62 Lot 1402 Mukim of Petaling, State of Kuala Lumpur for a total consideration of RM27,436,700. A deposit of RM2,743,670 was paid in the previous financial year representing 10% of the total consideration with another RM4,400,000 paid on 29 March 2016 as redemption sum for the release of charge by the Chargee Bank in accordance with the terms and conditions of the Sale and Purchase Agreement. The transaction was completed within the current financial year.
- (ii) In addition to the above, LTK Melaka Sdn. Bhd. entered into agreement with the vendors of a parcel of freehold land adjoined to the land acquired in Note 39(i) above; known as GM 1603 Lot 1401, Mukim of Petaling, State of Kuala Lumpur measuring 4,047 square meters, to acquire the land for a total consideration of RM12,563,300. A deposit of RM1,256,330 representing 10% of the total consideration was paid during the previous financial year to the solicitors as stakeholders pending execution of the sales and purchase agreement. The transaction was completed during the current financial year.
- (iii) On 5 April 2016, Jarom Firstville Sdn. Bhd., a wholly owned subsidiary of the Company entered into a sale and purchase agreement to purchase a parcel of freehold land measuring 20,486 square metres located at Lot 1061, Jenjarom, District of Kuala Langat, Selangor for a total consideration of RM6,450,000. The transaction was completed during the current financial year.
- (iv) On 13 June 2016, LTK Properties Sdn. Bhd. and LTK Development Sdn. Bhd., both wholly owned subsidiaries of the Company entered into sale and purchase agreements for the purchase of four (4) adjoining parcels of leasehold lands under H.S. (M) 20480, PT No. 17040, H.S. (M) 20479 PT No. 17041, H.S. (M) 20481, PT No. 17042 and PM8925, Lot 1196, Tempat Jalan Balakong Serdang, District Petaling, Selangor measuring in aggregate 25,837 square metres together with building and amenities erected thereon for a total consideration of RM58,403,100. The transaction was completed during the current financial year.

## Notes to the Financial Statements

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### 40. SUPPLEMENTARY INFORMATION - BREAKDOWN OF RETAINED PROFITS INTO REALISED AND UNREALISED

The breakdown of the retained profits of the Group and of the Company as at 31 March 2017 into realised and unrealised profits/(losses) is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Listing Requirements of Bursa Malaysia Securities Berhad, as issued by the Malaysian Institute of Accountants.

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Total retained profits of the Group and the Company				
- Realised profits	130,685,960	96,678,466	30,724,205	24,221,480
- Unrealised (loss)/gain	(5,019,610)	14,866,553	211	211
	125,666,350	111,545,019	30,724,416	24,221,691
Add: Consolidation adjustments	2,197,405	7,753,766	-	-
Retained profits as per financial statements	127,863,755	119,298,785	30,724,416	24,221,691

## List of Properties

As at 31 March 2017

Location	Existing use & description	Approximate Area	Tenure	Remaining Lease Period (Expiry Date)	Age of buildings	Net Book Value As At 31.3.17 (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	-	Approx 29 years	52.36*	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	40 years (21.03.2057)	-	2.15	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	-	36 years	1.07	March 2016 (Revaluation)
Lot 421,422,435,436; Mukim Tanjung Dua Belas, Daerah Kuala Langat	Land held for development	8.5237 hectare (21.06 acres)	Freehold	-	-	23.06	March 2016
Lot 1061, Pekan Jenjarum, District of Kuala Langat and State of Selangor	Land held for development	2.0486 hectare (5.06 acres)	Freehold			6.68	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	25,837 m <sup>2</sup> (6.38 acres)	Leasehold	74 years 11.10.2091		61.20	March 2017 (Revaluation)
Lot 1401 and Lot 1402, Jalan Puchong of Mukim Petaling District of Federal Territory of Kuala Lumpur	Held for investment	11,888 m <sup>2</sup> (2.93 acres)	Freehold			42.10	March 2017 (Revaluation)

\* Net book value of both land and building

# Analysis of Shareholdings

As at 30 June 2017

ISSUED AND PAID-UP SHARE CAPITAL	:	RM65,052,003.00 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 30 JUNE 2017

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
Less than 100	59	2.84	1,196	0.00
100 to 1,000	204	9.84	128,398	0.10
1,001 to 10,000	1,237	59.64	5,591,390	4.30
10,001 to 100,000	504	24.30	14,435,300	11.10
100,001 to 6,505,199 *	69	3.33	30,162,716	23.18
6,505,200 and above **	1	0.05	79,785,006	61.32
<b>Total</b>	<b>2,074</b>	<b>100.00</b>	<b>130,104,006</b>	<b>100.00</b>

\* Less than 5% of issued and paid-up share capital.

\*\* 5% and above of issued and paid-up share capital.

## SUBSTANTIAL SHAREHOLDERS AS AT 30 JUNE 2017

Name	Direct	Shareholdings		
		%	Indirect	%
Ladang Ternakan Kelang Sdn Berhad	79,785,006	61.32	-	-
Datuk Tan Kok	3,458,116	2.66	84,285,906 <sup>(1)</sup>	64.78
Datin Lim Hooi Tin	600,000	0.46	84,285,906 <sup>(2)</sup>	64.78

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

## DIRECTORS' SHAREHOLDINGS AS AT 30 JUNE 2017

Name	Direct	Shareholdings		
		%	Indirect	%
Datuk Tan Kok	3,458,116	2.66	84,285,906 <sup>(1)</sup>	64.78
Datin Lim Hooi Tin	600,000	0.46	84,285,906 <sup>(2)</sup>	64.78
Tan Chee Huey	312,000	0.24	4,008,900 <sup>(3)</sup>	3.08
Ooi Hoy Bee @ Ooi Hooi Bee	150,000	0.12	-	-
Ravindran A/L Markandu	15,000	0.01	-	-
Ir Kamarudin bin Md Derom	-	-	-	-
Tan Kah Poh	-	-	-	-

(1) Deemed interested by virtue of his major 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 being the spouse of Datuk Tan Kok, a major shareholder of Ladang Ternakan Sdn Berhad, which is a major 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 30 June 2017

cont'd

### THIRTY (30) LARGEST SHAREHOLDERS AS PER THE RECORD OF DEPOSITORS AS AT 30 JUNE 2017

No.	Name	No. of Shares	%
1.	Ladang Ternakan Kelang Sdn Berhad	79,785,006	61.32
2.	Phuah Chai Tin	3,561,200	2.74
3.	Tan Kok	3,458,116	2.66
4.	YBJ Capital Sdn Bhd	2,634,000	2.02
5.	Tiew Lee Lee	1,407,600	1.08
6.	Phuah Siew Wah	1,253,600	0.96
7.	Kok Chiew Heng	1,148,500	0.88
8.	Ng Chew Kee	1,004,800	0.77
9.	Yong Nget Min	785,400	0.60
10.	Maybank Nominees (Tempatan) Sdn Bhd - Chooi Heong Yeng	775,800	0.60
11.	Lee Tong Choo	762,900	0.60
12.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Sin Boon	601,000	0.46
13.	Maybank Nominees (Tempatan) Sdn Bhd - Lim Hooi Tin	600,000	0.46
14.	Lim Tee Leong	550,000	0.42
15.	Hup Hong Lee Trading Sdn Bhd	531,900	0.41
16.	Tan Yee Boon	502,800	0.39
17.	Chia Song Kang	500,800	0.39
18.	Lim Zhong Yong	460,000	0.35
19.	Tan Yee Boon	450,000	0.35
20.	Tan Yee Boon	422,100	0.32
21.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Tan Soon Hui (E-SJA)	355,400	0.27
22.	Tan Yee Siong	341,700	0.26
23.	Tan Chee Huey	312,000	0.24
24.	K & H Luxury Transport Sdn Bhd	301,000	0.23
25.	Teh Kim Lan	300,000	0.23
26.	Yew Ah Kow	300,000	0.23
27.	Hock Soon Poultry Farm Sdn Bhd	282,000	0.22
28.	Cimsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lee Chee Gaip (TMLKRAYA-CL)	270,600	0.21
29.	Lee Tong Choo	261,000	0.20
30.	Kenanga Nominees (Tempatan) Sdn Bhd - Quek Chong Ai @ Kuek Chong Ai (PCS)	254,700	0.20
<b>Total</b>		<b>104,173,922</b>	<b>80.07</b>

# Statement to Shareholders in Relation to the Proposed Renewal of Authority for Share Buy-Back

## 1. Introduction

LTKM had on 6 July 2017 announced its intention to seek shareholders' approval of the "Proposed Renewal of Authority for Share Buy-Back" at the forthcoming Twentieth Annual General Meeting ("20th AGM") of the Company.

The purpose of this Statement is to provide you with the relevant information on the "Proposed Renewal of Authority for Share Buy-Back" and to seek your approval of the ordinary resolution to be tabled at the forthcoming 20th AGM of the Company.

The authority from the shareholders for the proposed purchase would be effective immediately upon the passing of the ordinary resolution for the "Proposed Renewal of Authority for Share Buy-Back" until the conclusion of the next AGM of LTKM unless earlier revoked or varied by ordinary resolution of shareholders of LTKM at a general meeting.

## 2. Rationale, potential advantages and disadvantages

The "Proposed Renewal of Authority for Share Buy-Back", if exercised, is expected to potentially benefit the Company and its shareholders in the following manners:-

- (a) The earnings per share of the Group may be enhanced (in the case where the shares so purchased are cancelled), and thereby long term investors are expected to enjoy a corresponding increase in the value of their investments in the Company;
- (b) If the purchased shares are kept as treasury shares, the treasury shares may be realized with potential gain without affecting the total issued and paid-up share capital of the Company. Alternatively, the purchased shares can be distributed as share dividends to reward the shareholders of the Company; and
- (c) The Company may be able to stabilize the supply and demand of its shares in the open market, thereby supporting its fundamental value.

The potential disadvantages of the "Proposed Renewal of Authority for Share Buy-Back" to the Company and its shareholders are as follows:-

- (a) As the "Proposed Renewal of Authority for Share Buy-Back" can only be made out of the retained profits of the Company, it may result in the reduction of financial resources available for distribution to the shareholders in the immediate future; and
- (b) The amount of financial resources of the Company will decline upon exercising the share buy-back which may result in the Group having to forego feasible investment opportunities that may emerge in the future.

In any event, the Directors will be mindful of the interest of the Company and its shareholders in implementing the share buy-back.

## 3. The maximum number or percentage of shares to be acquired

The Board proposes to seek a renewal of the authorization from its shareholders for the Company to be empowered to purchase its own shares on the Bursa Malaysia Securities Berhad ("Bursa Securities"). The Board proposes to purchase and/or hold up to a maximum of 10% of the total number of issued shares of the Company as at the time of purchase. The Main Market Listing Requirements of Bursa Securities ("Listing Requirements") stipulate that a listed company must not purchase its own shares or hold any of its own shares as treasury shares if this result in the aggregate of the shares purchased or held exceeding 10% of its total number of issued shares. As at 30 June 2017, the total number of issued shares of the Company is 130,104,006 ordinary shares. Up to 30 June 2017, the Company has not purchased and/or held any of its own shares.



# Statement to Shareholders in Relation to the Proposed Renewal of Authority for Share Buy-Back

cont'd

## 6. Directors and Substantial Shareholders' Interest *cont'd*

### Substantial Shareholders' Shareholdings:

Substantial Shareholders	As At 30 June 2017				After the Proposed Share Buy-Back			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Ladang Ternakan Kelang Sdn Bhd	79,785,006	61.32	-	-	79,785,006	68.14	-	-
Datuk Tan Kok	3,458,116	2.66	84,285,906	64.78	3,458,116	2.95	84,285,906	71.98
Datin Lim Hooi Tin	600,000	0.46	84,285,906	64.78	600,000	0.51	84,285,906	71.98

## 7. Financial Effects

On the assumption that the share buy-back is carried out in full, the effects of the "Proposed Renewal of Authority for Share Buy-Back" on the share capital, net asset per share ("NA"), working capital and earnings per share ("EPS") of the Company are set out below:-

### (a) Share Capital

The effect of the share buy-back on the share capital of the Company will depend on the intention of the Board with regard to the purchased shares. As at 31 March 2017, the issued and paid-up share capital of the Company is RM65,052,003 comprising of 130,104,006 shares.

However, the "Proposed Renewal of Authority for Share Buy-Back" will have no effect on the issued and paid-up share capital if all Purchased Shares are to be retained as treasury shares but the rights attached to the treasury shares in relation to voting, dividends and participation in any other distributions or otherwise are suspended. While these shares remain as treasury shares, the Companies Act 2016 prohibits the taking into account of such shares in calculating the number of percentage of shares in the Company for a purpose whatsoever including substantial shareholdings, takeovers, notices, requisitioning of meetings, quorum for meetings and the result of votes on resolutions.

### (b) NA

The effect of the "Proposed Renewal of Authority for Share Buy-Back" on the NA per share of the Company is dependent on the number of shares purchased, purchase price of the shares, the funding cost, if any, and the subsequent treatment of the shares so purchased.

If all the shares purchased are cancelled, the proposed share buy-back is likely to reduce the NA per share of the Group if the purchase price exceeds the audited NA per share of the Group at the time of purchase and conversely, will increase the NA per share of the Group if the purchase price is less than the audited NA per share of the Group at the time of purchase.

For shares so purchased, which are kept as treasury shares, upon its resale, the NA of the Group may be affected depending on the actual selling price of the treasury shares and the actual number of treasury shares resold.



# Statement to Shareholders in Relation to the Proposed Renewal of Authority for Share Buy-Back

cont'd

## 7. Financial Effects *cont'd*

### (c) Working Capital

The "Proposed Renewal of Authority for Share Buy-Back" will reduce the working capital of the Group, the quantum of which depends on, amongst others; the number of shares eventually purchased and the purchase price of the shares.

### (d) EPS

Depending on the number of shares purchased, purchase price of shares and the effective cost as well as the opportunity cost of funding the shares, the proposed share buy-back may increase the EPS of the Group.

Any cancellation of shares so purchased is expected to give rise to an increase in the EPS of the Group due to the reduced number of shares in issue.

### (e) Dividends

Assuming the "Proposed Renewal of Authority for Share Buy-Back" is implemented in full, it will have the effect of increasing the dividend rate of the Company as a result of the reduction in the issued and paid-up share capital of the Company.

### (f) Shareholdings

The effect of the "Proposed Renewal of Authority for Share Buy-Back" on the percentage of shareholdings of the Directors and substantial shareholders of the Company would depend on the timing of the purchase, the number of shares purchased and their actual shareholdings at the time of such purchase.

Please refer to Item 6 above for further details on the shareholding structure of the Directors and substantial shareholders of the Company.

## 8. Implications Relating to the Malaysian Code on Take-overs and Mergers 1998 ("the Code")

Under the Code, a director and any person acting in concert with him or a relevant shareholder will be required to make a mandatory general offer for the remaining ordinary shares of the Company not already owned by him/ them if his/their stake in the Company is increased beyond thirty-three percent (33%) or if his/their existing shareholding is between thirty-three percent (33%) and fifty percent (50%) and exceeds by another two percent (2%) in any six (6) months period.

Assuming that the "Proposed Renewal of Authority for Share Buy-Back" is carried out in full and the shareholdings of the directors and parties acting in concert will be increased beyond thirty-three percent (33%) as a result of the share buy-back and pursuant to the Code, the directors and parties acting in concert are required to make a mandatory general offer.

Should such circumstances arise and if required, the directors and parties acting in concert are expected to submit an application to the Securities Commission for a waiver from implementing a mandatory general offer under the Code.

The Company takes cognizance of the Code and intends to implement the share buy-back in a manner that it will not result any of the shareholders having to undertake a mandatory offer pursuant to the Code.

## 9. Purchase, resale and cancellation of shares made in the previous twelve (12) months

In the previous twelve (12) months, the Company has not made any purchase of ordinary shares in the Company.

# Statement to Shareholders in Relation to the Proposed Renewal of Authority for Share Buy-Back

cont'd

## 10. Public Shareholding Spread

Based on the Record of Depositors of the Company as at 30 June 2017, the public shareholding spread of the Company was 30.39%.

## 11. Directors' Statement

This Statement has been seen and approved by the Board on 6 July 2017 and they individually and collectively accept full responsibility for the accuracy of the information given in this Statement and confirm that, after making all reasonable enquiries, to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

Having considered all aspects of the "Proposed Renewal of Authority for Share Buy-Back", the Board is of the opinion that the preceding is fair, reasonable and in the best interest of the Company.

## 12. Directors' Recommendation

The Board recommends that you vote in favour of the ordinary resolution for the "Proposed Renewal of Authority for Share Buy-Back" to be tabled at the forthcoming Twentieth Annual General Meeting.

# Notice of Twentieth Annual General Meeting

**NOTICE IS HEREBY GIVEN THAT** the Twentieth Annual General Meeting of the Company will be held at Merrida Hotel, No. 18A, Lebuhraya Enggang, Off Persiaran Sultan Ibrahim, 41050 Klang, Selangor Darul Ehsan on Wednesday, 20 September 2017 at 10.00 a.m. for the purpose of transacting the following business:-

## AGENDA

### ORDINARY BUSINESS

- |    |  |                                    |
|----|--|------------------------------------|
| 1. | To receive the Audited Financial Statements for the financial year ended 31 March 2017 together with the Directors' and Auditors' Reports thereon. | <b><i>Explanatory Note (a)</i></b> |
| 2. | To approve a single-tier Final Dividend of 1.5 sen per ordinary share for the financial year ended 31 March 2017.                                  | <b><i>Resolution 1</i></b>         |
| 3. | To approve the following payments to Directors:-   |                                    |
|    | (a) The Directors' Fees of RM206,000 and benefits for the financial year ended 31 March 2017.  | <b><i>Resolution 2</i></b>         |
|    | (b) The Directors' Fees of RM242,000 and benefits payable for the financial year ending 31 March 2018.   | <b><i>Resolution 3</i></b>         |
| 4. | To re-elect Datin Lim Hooi Tin who is retiring in accordance with Article 83 of the Company's Articles of Association.                             | <b><i>Resolution 4</i></b>         |
| 5. | To re-elect Mr. Ravindran A/L Markandu who is retiring in accordance with Article 83 of the Company's Articles of Association.                     | <b><i>Resolution 5</i></b>         |
| 6. | To re-elect Mr. Tan Kah Poh who is retiring in accordance with Article 87 of the Company's Articles of Association.                                | <b><i>Resolution 6</i></b>         |
| 7. | To re-appoint Messrs. Ernst & Young as Auditors and to authorise the Board of Directors to fix their remuneration.                                 | <b><i>Resolution 7</i></b>         |

### SPECIAL BUSINESS

To consider and, if thought fit, to pass with or without modifications, the following Resolutions:-

- |    |   |                            |
|----|---|----------------------------|
| 8. | <p><b>Ordinary Resolution</b></p> <ul style="list-style-type: none"> <li>● <b>Authority For Directors To Allot And Issue Shares</b></li> </ul> <p>“<b>THAT</b> pursuant to Section 75 and 76 of the Companies Act 2016, the Directors be and are hereby authorised 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.”</p> | <b><i>Resolution 8</i></b> |
|----|---|----------------------------|

# Notice of Twentieth Annual General Meeting

cont'd

## 9. Ordinary Resolution

### ● Proposed Renewal of Authority for Share Buy-Back

“**THAT** subject to the Companies Act 2016, provisions of the Company’s Memorandum and Articles of Association 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 authorised 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:-

- (a) the aggregate number of shares which may be purchased and/or held by the Company shall not exceed 10% of the total issued and paid-up 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 profits and/or share premium account 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.”

# Notice of Twentieth Annual General Meeting

cont'd

## 10. Ordinary Resolution

- **Proposed Allocation of An Employees' Share Option Scheme to Ooi Hoy Bee @ Ooi Hooi Bee**

"**THAT** pursuant to the LTKM Employees' Share Option Scheme ("Scheme") approved at the Extraordinary General Meeting held on 12 June 2015, the Board of Directors of the Company be and is hereby authorized at any time and from time to time during the duration of the Scheme, to offer and allocate to Ooi Hoy Bee @ Ooi Hooi Bee, the Non-Independent Non-Executive Director of LTKM, options to subscribe for new shares under the Scheme that has not yet been allocated at the point in time when the Offer is made in accordance with the By-Laws of the Scheme;

**AND THAT** the Board be and is hereby authorized to issue such number of new shares from time to time pursuant to the exercise of the options.

**Resolution 10**

## 11. Ordinary Resolution

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

"**THAT** Ir. Kamarudin bin Md Derom who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, be and is hereby authorised 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 2012."

**Resolution 11**

## ANY OTHER BUSINESS

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

## NOTICE OF DIVIDEND ENTITLEMENT

**NOTICE IS HEREBY GIVEN THAT** a single-tier Final Dividend of 1.5 sen per ordinary share in respect of the financial year ended 31 March 2017, if approved by the members, will be payable on 6 October 2017 to Depositors registered in the Record of Depositors as at the close of business on 15 September 2017.

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 15 September 2017 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**

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**NG YIM KONG**

Company Secretary

Dated: 28 July 2017  
Selangor Darul Ehsan

# Notice of Twentieth Annual General Meeting

cont'd

## Notes:

- (a) A member of the Company entitled to attend 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 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 forty-eight hours before the time appointed for holding the 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.

## Explanatory Notes on Special Business

### a) Item 1 of the Agenda

The proposed Item 1 of the Agenda above is meant for discussion purpose only. The provisions of Section 248(2) and Section 340(1)(a) of the Companies Act 2016 and the Articles of Association of the Company require that the Audited Financial Statements and the Directors' and Auditors' Report thereon be laid before the Company at its Annual General Meeting. As such Item 1 does not require a resolution to be put to vote by the shareholders.

### b) Resolutions 2 and 3 – Payment of Directors' fees and benefits

Section 230(1) of the Companies Act 2016 which came into effect on 31 January 2017, provides amongst others, that the fees of the Directors and any benefits payable to the Directors of a listed company and its subsidiaries shall be approved at a general meeting.

In this respect, the Board wishes to seek shareholders' approval for the following payments of Directors' fees and benefits payable to the Directors:-

- i) Resolution 2 on the Directors' fees of RM206,000 and benefits for the financial year ended 31 March 2017;
- ii) Resolution 3 on the proposed Directors' fees of RM242,000 and benefits for the financial year ending 31 March 2018.

### c) Resolution 8 - Authority for Directors to Allot and Issue Shares

The proposed Resolution 8 under item 8 of the Agenda, 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 Nineteenth Annual General Meeting held on 5 September 2016. 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 did not issue any shares pursuant to the mandate granted to the Directors at the Nineteenth Annual General Meeting because there was no need for any fund raising activity for the purpose of investment, acquisition or working capital.

# Notice of Twentieth Annual General Meeting

cont'd

**d) Resolution 9 - Proposed Renewal of Authority for Share Buy-Back**

*The proposed Resolution 9, if passed will empower the Company to purchase and/or hold up to 10% of the issued and paid-up 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 conclusion of the next AGM of the Company.*

*Please refer to the Statement to Shareholders in Relation to the Proposed Renewal of Authority for Share Buy-Back on pages 113 to 117 of the Annual Report for further information.*

**e) Resolution 11 - Authority for 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 2012**

*Ir. Kamarudin bin Md Derom was appointed as an Independent Non-Executive Director of the Company on 23 December 1999 and has therefore served for more than nine (9) years as at the forthcoming Twentieth Annual General Meeting. However, he has met 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, therefore, considers 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.*

## GENERAL MEETING RECORD OF DEPOSITORS

For the purpose of determining a member who shall be entitled to attend this meeting, the Company will request Bursa Malaysia Depository Sdn Bhd in accordance with Article 33 of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors as at 15 September 2017. Only depositors whose name appears on the Records of Depositors as at 15 September 2017 shall be entitled to attend this meeting or appoint proxy/proxies to attend and/or vote in his/her stead.

# Form of Proxy



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

I/We \_\_\_\_\_ (NRIC No./Passport No./Company No.) \_\_\_\_\_  
(Full Name in Capital Letters)

of \_\_\_\_\_  
(Full Address)

being a Member of **LTKM BERHAD** hereby appoint \_\_\_\_\_

\_\_\_\_\_ (NRIC No./Passport No.) \_\_\_\_\_  
(Full Name in Capital Letters)

of \_\_\_\_\_  
(Full Address)

or failing him/(her) \_\_\_\_\_ (NRIC No./Passport No.) \_\_\_\_\_  
(Full Name in Capital Letters)

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 Twentieth Annual General Meeting to be held at Merrida Hotel, No. 18A, Lebu Enggang, Off Persiaran Sultan Ibrahim, 41050 Klang, Selangor Darul Ehsan on Wednesday, 20 September 2017 at 10.00 a.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	<b>Ordinary Business</b> Resolution 1 – To approve a single-tier Final Dividend of 1.5 sen per ordinary share for the financial year ended 31 March 2017.		
2	Resolution 2 – To approve the payment of the Directors' Fees of RM206,0000 and benefits for the financial year ended 31 March 2017.		
3	Resolution 3 – To approve the payment of the Directors' Fees of RM242,000 and benefits payable for the financial year ending 31 March 2018.		
4	Resolution 4 – To re-elect Datin Lim Hooi Tin who is retiring in accordance with Article 83 of the Company's Articles of Association.		
5	Resolution 5 – To re-elect Mr. Ravindran A/L Markandu who is retiring in accordance with Article 83 of the Company's Articles of Association.		
6	Resolution 6 – To re-elect Mr. Tan Kah Poh who is retiring in accordance with Article 87 of the Company's Articles of Association.		
7	Resolution 7 – To re-appoint Messrs. Ernst & Young as Auditors and to authorize the Board of Directors to fix their remuneration.		
8	<b>Special Business</b> Resolution 8 – Authority to Allot and Issue shares under Section 75 and 76 of the Companies Act 2016.		
9	Resolution 9 – Proposed Renewal of Authority for Share Buy-Back .		
10	Resolution 10 – Proposed Allocation of Employees' Share Option to Ooi Hoy Bee @ Ooi Hooi Bee.		
11	Resolution 11 – To approve Ir. Kamarudin bin Md Derom to continue in office as Independent Non-Executive Director.		

\* Strike out whichever is not applicable.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2017

<b>Number of shares held</b>

\_\_\_\_\_  
Signature of Member/Common Seal

**Notes:**

- a) A member of a Company entitled to attend 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 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 forty-eight (48) hours before the time appointed for holding the 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.



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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

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**LTKM BERHAD** (442942-H)

102, Batu 1 1/2, Jalan Meru, 41050 Klang,  
Selangor Darul Ehsan, Malaysia.

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