

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

The interim financial statements are unaudited and have been prepared in accordance with the requirements of MFRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 March 2019. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 March 2019.

The accounting policies and methods of computation adopted in the interim financial statements are consistent with those of the audited financial statements for the year ended 31 March 2019, except for the adoption of the following new and revised Malaysian Financial Reporting Standards (“MFRS”) and Amendments to MFRSs that have become effective for the financial periods beginning 1 April 2019:

MFRS 9: Prepayment Features with Negative Compensation (Amendments to MFRS 9)	1 January 2019
MFRS 16: Leases	1 January 2019
MFRS 128: Long-term Interest in Associates and Joint Ventures  (Amendments to MFRS 128)	1 January 2019
Annual Improvements to MFRS Standards 2015-2017 Cycle	1 January 2019
MFRS 119: Plan Amendment, Curtailment or Settlement (Amendments to MFRS 119)	1 January 2019
IC Interpretation 23: Uncertainty over Income Tax Treatments	1 January 2019

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

Description	Effective date for financial periods beginning on or after
MFRS 101: Definition of Material (Amendments MFRS 101)	1 January 2020
MFRS 3: Business Combination (Amendments to MFRS 3)	1 January 2020
MFRS 108: Definition of Material (Amendments to MFRS 108)	1 January 2020
Amendments to 134: Interim Financial Reporting	1 January 2020
Amendments to MFRS 137: Provisions, Contingent Liabilities and Contingent Assets	1 January 2020
Amendments to MFRS 138: Intangible Assets	1 January 2020
Amendments to IC Interpretations 22: Foreign Currency Transactions and Advance Consideration	1 January 2021
MFRS17: Insurance Contracts	
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The new and amendments to MFRSs will be adopted by the Group when they become effective and that the initial applications of these Standards are not expected to have material impact on the financial statements of the Group.

**A2. Audit Report on Preceding Annual Financial Statements**

The auditors' report on the financial statements for the year ended 31 March 2019 was not qualified.

**A3. Segmental Information**

	<b>3 months ended</b>		
	<b>30-Jun-19</b>	<b>30-Jun-18</b>	<b>Change</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>%</b>
<b>Segment revenue</b>			
Poultry & related products	47,447	38,851	22%
Extraction & sale of sand	711	483	47%
Investment holdings	90	90	0%
<b>Total</b>	<b>48,248</b>	<b>39,424</b>	<b>22%</b>
<b>Segment results</b>			
Poultry & related products	8,341	(191)	4467%
Extraction & sale of sand	(3,317)	(83)	-3896%
Investment holdings	(821)	(840)	2%
Property development	(1,474)	(205)	-619%
Profit/(loss) before tax	2,729	(1,319)	307%
Less: Tax expense	(2,219)	(563)	294%
Profit/(loss) net of tax	510	(1,882)	127%

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

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the financial quarter ended 31 March 2019.

**A5. Changes in Estimate**

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

**A6. Comments about Seasonal or Cyclical Factors**

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

**A7. Dividends Paid**

On 12 April 2019, the Company has paid an interim single-tier dividend of 1 sen per ordinary share in respect of the financial year ended 31 March 2019 amounting to RM1,301,040.

**A8. Carrying Amount of Fixed Assets**

During the quarter under review, the Group's certain assets were impaired in accordance to the Group's accounting policy giving rise to impairment loss of RM4.31 million net of deferred taxation. This was based on results of valuations carried out in August 2019 by professional independent valuers namely Cheston International (KL) Sdn. Bhd. and Henry Butcher (Sel) Sdn. Bhd..

**A8. Carrying Amount of Fixed Assets (contd.)**

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

**A9. Debt and Equity Securities**

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

**A10. Changes in Composition of the Group**

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

**A11. Changes in Contingent Liabilities and Contingent Assets**

There were no changes in other contingent liabilities or contingent assets since the last annual balance sheet as at 31 March 2019.

**A12. Subsequent Events**

On 22 July 2019, the Company announced that it received a notice of conditional take-over offer (“the Offer”) from Ladang Ternakan Kelang Sdn Bhd, Datuk Tan Kok, Datin Lim Hooi Tin, Tan Yee Boon, Tan Yee Siong and Tan Chee Huey ( jointly, “the Joint Offerors”) to acquire all the remaining ordinary shares of LTKM not already held by the Joint Offerors for a cash consideration of RM1.35 per share.

On 13 August 2019, the Offer Documents together with the Form of Acceptance and Transfer were circulated to the shareholders. The closing date for the Offer was set on 3 September 2019.

**A13. Profit/(loss) for the Period**

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

	<b>Current Quarter</b>	
	<b>3 months ended</b>	
	<b>30-Jun-19</b>	<b>30-Jun-18</b>
	<b>(RM'000)</b>	<b>(RM'000)</b>
Interest income	164	84
Other income including investment income	354	200
Interest expense	(1,117)	(1,244)
Depreciation & amortisation	(1,836)	(1,947)
Fair value changes on biological assets	(225)	(479)
Provision for and write off of receivables	-	-
Provision for and write off of inventories	-	-
Gain on disposal of :		
Quoted shares	-	-
Unquoted investments	-	-
Properties	-	-
Impairment of assets	(4,652)	-
Foreign exchange (loss)/gain:-		
Realised gain	120	118
Unrealised (loss)/gain	25	26
Gain/(loss) on derivatives	-	-
Exceptional items	-	-

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

	<b>Current Quarter RM'000</b>	<b>Preceding Year Corresponding Quarter RM'000</b>	<b>Change %</b>
<b>Segment revenue</b>			
Poultry & related products	47,447	38,851	22%
Extraction & sale of sand	711	483	47%
Investment holdings	90	90	0%
Total	48,248	39,424	22%
<b>Segment result</b>			
Poultry & related products	8,341	(191)	4467%
Extraction & sale of sand	(3,317)	(83)	-3896%
Investment holdings	(821)	(840)	2%
Property development	(1,474)	(205)	-619%
Profit/(loss) before tax	2,729	(1,319)	307%
Less: Tax expense	(2,219)	(563)	294%
Profit/(loss) net of tax	510	(1,882)	127%

The Group registered a revenue of RM48.25 million and a profit net of tax of RM0.51 million for the current quarter as compared to a revenue of RM39.42 million and a loss net of tax of RM1.88 million in the same quarter of previous year. Revenue from poultry increased by 22% mainly due to improved egg prices as compared to the same quarter of previous year. Poultry segment profit increased in tandem with the improved egg prices. However, the increase in the Group's earnings was offset by impairment losses recorded in the sand-mining and property development segments in the current quarter.

**B2. Variation of result Against Preceding Quarter**

	<b>Current Quarter RM'000</b>	<b>Immediate Preceding Quarter RM'000</b>	<b>Change %</b>
<b>Segment revenue</b>			
Poultry & related products	47,447	55,202	-14%
Extraction & sale of sand	711	686	4%
Investment holdings	90	90	0%
Total	48,248	55,978	-14%

**B2. Variation of result Against Preceding Quarter (contd.)**

	<b>Immediate</b>		<b>Change</b>
	<b>Current Quarter</b>	<b>Preceding Quarter</b>	
	<b>RM'000</b>	<b>RM'000</b>	<b>%</b>
<b>Segment result</b>			
Poultry & related products	8,341	8,137	3%
Extraction & sale of sand	(3,317)	(11)	-30055%
Investment holdings	(821)	152	640%
Property development	(1,474)	(325)	-354%
Profit before tax	<u>2,729</u>	<u>7,953</u>	<u>-66%</u>

The Group posted a profit before tax of RM2.73 million for the current quarter versus profit before tax of RM7.95 million in the preceding quarter. Revenue from poultry dropped by 14% due to lower egg prices. However, poultry segment's earnings increased by 3% because of higher loss from fair value changes of biological assets in the preceding quarter. However, the increase in the Group's earnings was eroded by impairment losses recorded in the sand-mining and property development segments. Overall, profit before tax of the Group dropped by 66%.

**B3. Commentary on Prospects**

The Board views the next period to continue to be challenging due to unstable egg prices and risk of disease outbreak.

No material contributions are expected from the other segments in the next period.

**B4. Profit Forecast or Profit Guarantee**

This is not applicable.

**B5. Tax Expenses**

	3 months ended 30.06.19	3 months ended 30.06.18
	RM'000	Restated RM'000
Income tax expense	2,611	405
Real property gain tax	2	1,136
Deferred tax expense	(394)	(978)
Total	<u>2,219</u>	<u>563</u>

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

**B6. Corporate Proposals**

## (a) Status of Corporate Proposals

There were no corporate proposals announced but not completed as at 16 August 2018.

## (b) Status of Utilisation of Proceeds

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

**B7. Borrowings**

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

	As at 30.06.2019	As at 30.06.2018
	RM'000	RM'000
<b>Short term</b>		
<i>Secured:-</i>		
Term loans	7,464	6,872
Banker acceptance	849	2,833
Revolving credit	9,500	6,500
	<u>17,813</u>	<u>16,205</u>
<i>Unsecured:-</i>		
Term loans	45	700
Banker acceptance	1,710	3,761
Revolving credit		5,000
	<u>1,755</u>	<u>9,461</u>
	<u>19,568</u>	<u>25,666</u>
<b>Long term</b>		
<i>Secured:-</i>		
Term loans	53,454	60,917
<i>Unsecured:-</i>		
Term loans	-	45
	<u>53,454</u>	<u>60,962</u>
<b>Total borrowings</b>	<u>73,022</u>	<u>86,628</u>

b) There were no borrowings in foreign currency as at 30 June 2019.

c) Effective average cost of borrowings based on exposure as at 30 June 2019 was 6.12% (2018: 6.15%).

**B8. Off Balance Sheet Financial Instrument**

There were no off balance sheet financial instruments as at 30 June 2019.

**B9. Changes in Material Litigations**

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

**B10. Dividend Payable**

No dividend has been declared in the financial period ended 30 June 2019.

**B11. Earnings per share (“EPS”)**

	<b>3 months ended</b>	
	<b>30-Jun-19</b>	<b>30-Jun-18</b>
	<b>RM'000</b>	<b>RM'000</b>
		<b>Restated</b>
<b>Profit/(loss) attributable to ordinary shareholders of the parent</b>	510	(1,882)
<b>Number of shares in issue ('000)</b>	130,104	130,104
<b>Basic EPS (sen per share)</b>	0.39	(1.45)

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

**B12. Authorisation for Issue**

The interim financial statements were authorized for issue by the Board of Directors in accordance with resolution of the directors on 23 August 2019.

**B13. Dividends Paid / Declared**

Dividend paid / declared since the financial year 2018 up to the date of this report.

Dividend No.	Financial Year	Type	No. of shares (000)	Rate	RM ('000)	Payment Date
32	2018	Interim dividend	130,104	1 sen per share, single tier	1,301	6.4.2018
33	2018	Final dividend	130,104	1 sen per share, single tier	1,301	5.10.2018
34	2019	Interim dividend	130,104	1 sen per share, single tier	1,301	12.4.2019
35	2019	Proposed Final dividend	130,104	1 cent per share, single tier	1,301	25.10.2019