

LTKM Berhad (Company No: 442942-H)
Condensed Consolidated Statement of Comprehensive Income
For the period ended 31 March 2022

	Note	Individual Quarter 3 months ended		Cumulative Quarter 12 months ended	
		31/03/2022 RM'000	31/03/2021 RM'000	31/03/2022 RM'000	31/03/2021 RM'000
Revenue		59,717	38,928	201,669	137,402
Cost of sales		(54,171)	(35,809)	(192,267)	(138,159)
Gross profit/(loss)		5,546	3,119	9,402	(757)
Other income		224	785	1,715	1,795
Administrative expenses		(1,938)	(1,726)	(8,155)	(7,515)
Distribution expenses		(962)	(931)	(3,897)	(3,234)
Finance costs		(816)	(908)	(3,522)	(3,718)
Other expenses		(15,327)	(14,700)	(15,357)	(15,011)
Loss before tax		(13,273)	(14,361)	(19,814)	(28,440)
Taxation	B5	4,253	2,303	3,939	1,048
Loss net of tax attributable to owners of the parent		(9,020)	(12,058)	(15,875)	(27,392)
Other comprehensive income, net of tax :					
Net change on FVOCI reserves :					
- changes in fair value		1,350	203	944	6,843
Total comprehensive loss attributable to owners of the parent		(7,670)	(11,855)	(14,931)	(20,549)
Basic loss per share attributable to owners of the parent (sen) :	B11	(6.30)	(8.43) *	(11.09) *	(19.14) *

The condensed consolidated income statement should be read in conjunction with the audited financial statements for the year ended 31 March 2021 and the accompanying explanatory notes attached to the interim financial statements.

* Adjusted to the number of ordinary shares of 143,114,006

LTKM Berhad (Company No: 442942-H)
Condensed Consolidated Statement of Financial Position
As at 31 March 2022

	Note	As at 31 Mar 2022 RM'000	As at 31 Mar 2021 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		74,042	79,338
Investment properties		88,800	100,865
Land held for development		35,226	37,582
Right of use asset		394	1,644
Deferred tax assets		722	-
Investment securities		23,208	22,644
Other investments		942	1,012
		<u>223,334</u>	<u>243,085</u>
Current assets			
Biological assets		7,608	7,424
Inventories		10,832	10,432
Trade receivables		12,467	9,544
Other receivables		1,692	1,031
Prepayments		227	425
Tax recoverables		5,287	5,327
Cash and bank balances		49,444	40,867
		<u>87,557</u>	<u>75,050</u>
TOTAL ASSETS		<u>310,891</u>	<u>318,135</u>
EQUITY AND LIABILITIES			
Attributable to equity holders of the parent			
Share capital		76,696	65,052
Reserves		139,975	154,906
Total equity		<u>216,671</u>	<u>219,958</u>
Non-current liabilities			
Borrowings	B7	34,418	38,035
Lease liabilities		163	417
Hire purchase payable		24	51
Deferred tax liabilities		-	4,139
		<u>34,605</u>	<u>42,642</u>
Current liabilities			
Borrowings	B7	42,583	41,433
Trade payables		6,343	7,194
Other payables		10,322	5,359
Lease liabilities		254	1,305
Hire purchase payable		27	27
Taxation		86	217
		<u>59,615</u>	<u>55,535</u>
Total liabilities		<u>94,220</u>	<u>98,177</u>
TOTAL EQUITY AND LIABILITIES		<u>310,891</u>	<u>318,135</u>

The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the year ended 31 March 2021 and the accompanying explanatory notes attached to the interim financial statements.

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

	12 months ended	
	31/03/2022	31/03/2021
	RM'000	RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before tax	(19,814)	(28,440)
Adjustments for non-cash flow:		
Depreciation of property, plant and equipment	4,678	4,876
Impairment loss on property, plant and equipment	779	-
Gain on disposal of of property, plant and equipment	(66)	(87)
Depreciation of right of use assets	1,245	1,252
Impairment loss on land held for development	2,411	5,307
Fair value changes in investment properties	12,065	3,530
Fair value changes in livestock	(600)	6,174
Fair value changes in produce inventories	(42)	(49)
Share options expired under ESOS	-	(385)
Impairment on financial assets	70	-
Allowance for expected credit loss	34	236
Reversal of allowances for expected credit losses	(11)	(142)
Short term accumulating compensated absences	56	(39)
Unrealised loss on foreign exchange	(4)	(20)
Dividend income	(363)	(520)
Interest expense	3,461	3,718
Interest income	(494)	(614)
Operating profit/(loss) before working capital changes	3,405	(5,203)
Working capital changes in:		
Land held for development	-	(3,421)
Property development costs	(55)	(114)
Biological assets	416	(788)
Inventories	(358)	7,501
Receivables	(3,409)	(322)
Payables	4,057	117
Cash generated from/(used in) operating activities	4,056	(2,230)
Net taxes paid	(1,013)	(5,570)
Interest paid	(3,461)	(3,718)
Net cash used in operating activities	(418)	(11,518)
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of:		
Property, plant & equipment	(153)	(1,125)
Investment securities	(1,652)	(627)
Other investments	-	(1,012)
Proceeds from disposal of:		
Property, plant and equipment	66	87
Investment securities	2,033	719
Interest received	494	614
Dividend received	363	520
Net cash generated from/(used in) investing activities	1,151	(824)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issuance of new shares	11,644	-
Dividends paid	-	(650)
Repayment of term loans	(5,980)	(8,158)
Net drawdown of other bank borrowings	3,512	12,999
Repayment of hire purchase	(27)	(2)
Payment of lease liabilities	(1,305)	(1,240)
Net cash generated from financing activities	7,844	2,949

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

	12 months ended	
	31/03/2022	31/03/2021
	RM'000	RM'000
Net change in cash and cash equivalents	8,577	(9,393)
Cash and cash equivalents at 1 April	40,867	50,261
Cash and cash equivalents at end of the year	<u>49,444</u>	<u>40,868</u>
Cash and cash equivalents comprise the following amounts:-		
Deposits with licensed banks	26,354	24,984
Cash on hand and at bank	23,090	15,884
Cash and bank balances	<u>49,444</u>	<u>40,868</u>
	<u>49,444</u>	<u>40,868</u>

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 March 2021 and the accompanying explanatory notes attached to the interim financial statements.

LTKM Berhad (Company No: 442942-H)
Condensed Consolidated Statements of Changes in Equity
For the period ended 31 March 2022

	<-----Attributable to equity holders of the parent----->				
	[---(Non- distributable)---]		(Distributable)		
	Share capital RM'000	Fair Value Through Other Comprehensive Income Reserve RM'000	ESOS reserve RM'000	Retained profits RM'000	Total equity RM'000
12 months ended 31 March 2022					
At 1 April 2021	65,052	(6,203)	-	161,109	219,958
Total comprehensive loss	-	944	-	(15,875)	(14,931)
Loss net of tax	-	-	-	(15,875)	(15,875)
Other comprehensive loss, net of tax	-	944	-	-	944
Transfer of fair value reserve of equity instruments designated at FVOCI upon disposal	-	827	-	(827)	-
Transactions with owners					
Issuance of new shares	11,644	-	-	-	11,644
At 31 March 2022	<u>76,696</u>	<u>(4,432)</u>	<u>-</u>	<u>144,407</u>	<u>216,671</u>
12 months ended 31 March 2021					
1 April 2020	65,052	(13,109)	385	188,564	240,892
Total comprehensive loss	-	6,843	-	(27,392)	(20,549)
Loss net of tax	-	-	-	(27,392)	(27,392)
Other comprehensive income, net of tax	-	6,843	-	-	6,843
Transfer of fair value reserve of equity instruments designated at FVOCI upon disposal	-	63	-	(63)	-
Transactions with owners					
Share options expired under ESOS	-	-	(385)	-	(385)
At 31 March 2021	<u>65,052</u>	<u>(6,203)</u>	<u>-</u>	<u>161,109</u>	<u>219,958</u>

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 March 2021 and the accompanying explanatory notes attached to the interim financial statements.

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

The interim financial statements are unaudited and have been prepared in accordance with the requirements of 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 2021. 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 2021.

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 2021, 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 2021:

Amendments to MFRS 16: Covid-19-Related Rent Concessions	1 June 2020
MFRS 17: Insurance Contracts	1 January 2021
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform - Phase 2	1 January 2021
Amendment to MFRS 16: Covid-19-Related Rent Concessions beyond 30 June 2021	1 April 2021

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
Annual Improvements to MFRS Standards 2018-2020	
• Amendments to MFRS 1: First time Adoption of Malaysian Financial Reporting Standards	1 January 2022
• Amendments to MFRS 9: Financial Instruments	1 January 2022
• Amendments to MFRS 141: Agriculture	1 January 2022
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 101: Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to MFRS 161: Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contract – Cost of Fulfilling a Contract	1 January 2022
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 17: Insurance Contract	1 January 2023
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 2021 was not qualified.

A3. Segmental Information

	3 months ended			12 months ended		
	31-Mar-22 RM'000	31-Mar-21 RM'000	Change %	31-Mar-22 RM'000	31-Mar-21 RM'000	Change %
Segment revenue						
Poultry & related products	57,899	37,059	56%	195,700	131,965	48%
Extraction & sale of sand	1,728	1,779	-3%	5,609	5,077	10%
Investment holdings	90	90	0%	360	360	0%
Total	59,717	38,928	53%	201,669	137,402	47%
Segment results						
Poultry & related products	2,344	(5,272)	144%	(2,672)	(18,066)	85%
Extraction & sale of sand	(497)	346	-244%	226	978	-77%
Investment holdings	(12,613)	(4,059)	-211%	(14,594)	(5,687)	-157%
Property development	(2,507)	(5,376)	53%	(2,774)	(5,665)	51%
Loss before tax	(13,273)	(14,361)	8%	(19,814)	(28,440)	30%
Less: Taxation	4,253	2,303	85%	3,939	1,048	276%
Loss net of tax	(9,020)	(12,058)	25%	(15,875)	(27,392)	42%

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 2022.

A5. Changes in Estimate

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

A6. Comments about Seasonal or Cyclical Factors

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

A7. Dividends Paid

There was no dividend paid for the quarter under review.

A8. Carrying Amount of Fixed Assets

During the financial year, the Group's certain assets were impaired in accordance to the Group's accounting policy giving rise to impairment loss of RM13.40 million net of deferred taxation. This was based on results of valuations carried out in March 2022 by professional independent valuers namely Henry Butcher (Sel) Sdn. Bhd. and Laurelcap Sdn Bhd.

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 2021.

A12. Subsequent Events

On 8 April 2022, the Company announced a composite proposal which comprise of the following **Proposals** which are inter-conditional upon each other:

- a) the Company, had on 8 April 2022 entered into a heads of agreement with Ladang Ternakan Kelang Sdn Bhd (“**LTKSB**”) to dispose its equity interest in all its subsidiaries to LTKSB: for a total cash disposal consideration of RM158.83 million (collectively, “**Proposed Disposals**”);
- b) the Company proposes to undertake a proposed special dividend cum capital repayment of RM1.1098 per ordinary share in LTKM (“**LTKM Share(s)**”) on an entitlement date to be determined and announced at a later date (“**Proposed Special Dividend cum Capital Repayment**”);
- c) the Company proposes to consolidate 2 existing LTKM Shares into 1 LTKM Share after the Proposed Special Dividend cum Capital Repayment (“**Proposed Consolidation**”);
- d) the Company, had on 8 April 2022 entered into a share sale agreement with Chai Voon Sun, Gurmakh Singh A/L Ajmer Singh, Wee Thian Song, Divine Inventions Sdn Bhd and Proven Venture Sdn Bhd (collectively, “**Vendors**”) for the acquisition of 1,000,000 ordinary shares in Local Assembly Sdn Bhd (“**Local Assembly**”) representing 100.0% equity interest in Local Assembly from the Vendors for a total purchase consideration of RM336.00 million to be satisfied by way of cash of RM100.0 million and issuance of 393,333,333 new LTKM Shares at an issue price of RM0.60 each (“**Proposed Acquisition**”);
- e) the Company proposes to undertake a proposed restricted issue of 230,000,000 new LTKM Shares at an issue price of RM0.60 each, representing 33.1% of the enlarged share capital of LTKM after the Proposals to investors to be identified (“**Proposed Restricted Issue**”);
- f) the Company proposes to seek for an exemption under Paragraph 4.08(1)(a) of the Rules on Takeovers, Mergers and Compulsory Acquisitions for the Vendors and their persons acting in concert from the obligation to undertake a mandatory take-over offer to acquire the remaining LTKM Shares not already owned by them upon completion of the Proposed Acquisition (“**Proposed Exemption**”); and
- g) the Company proposes to change its name from “LTKM Berhad” to “LA Technology Berhad” (“**Proposed Change of Name**”).

A12. Subsequent Events (contd.)

The Proposed Acquisition will result in a significant change in the business of LTKM pursuant to Chapter 7 of the Equity Guidelines issued by the Securities Commission Malaysia. Upon completion of the Proposals:

- a) Local Assembly will be a wholly-owned subsidiary of LTKM;
- b) the Vendors will emerge as LTKM's controlling shareholders; and
- c) LTKM and its subsidiary, Local Assembly will be principally involved in the business of providing electronic manufacturing services or EMS.

In addition, the Proposed Disposals are deemed as major disposals pursuant to Paragraph 10.11A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad as it involves the disposal of all of LTKM's assets which may result in LTKM being no longer suitable for continued listing on the Official List of Bursa Securities ("Major Disposal"). The Proposed Disposals are also related party transactions pursuant to Paragraph 10.08 of the Listing Requirements by virtue of the interests of directors, major shareholders and/or persons connected with them.

Further details of the Proposals are set out in the Announcement to Bursa Securities which is available in the Bursa Malaysia website.

A13. Loss for the Period

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

	Current Quarter		Cumulative Quarter	
	3 months ended		12 months ended	
	31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Interest income	117	110	512	614
Other income including investment income	102	613	557	1,147
Interest expense	(781)	(908)	(3,522)	(3,718)
Depreciation & amortisation	(1,457)	(1,508)	(5,923)	(6,128)
Fair value changes on biological assets	(2)	(5,755)	642	(6,125)
Provision for and write off of receivables	(34)	(236)	(34)	(236)
Provision for and write off of inventories	-	-	-	-
Gain on disposal of :				
Quoted shares	-	-	-	-
Unquoted investments	-	-	-	-
Properties	-	-	-	-
Impairment of assets	(15,325)	(5,307)	(15,325)	(5,307)
Foreign exchange (loss)/gain:-				
Realised gain/(loss)	1	41	(32)	14
Unrealised gain	4	21	4	20
Gain/(loss) on derivatives	-	-	-	-
Exceptional items	-	-	-	-

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

	Current Quarter RM'000	Preceding Year Corresponding Quarter RM'000	Change %	Current Year To date RM'000	Preceding Year Corresponding Period RM'000	Change %
Segment revenue						
Poultry & related products	57,899	37,059	56%	195,700	131,965	48%
Extraction & sale of sand	1,728	1,779	-3%	5,609	5,077	10%
Investment holdings	90	90	0%	360	360	0%
Total	59,717	38,928	53%	201,669	137,402	47%
Segment result						
Poultry & related products	2,344	(5,272)	144%	(2,672)	(18,066)	85%
Extraction & sale of sand	(497)	346	-244%	226	978	-77%
Investment holdings	(12,613)	(4,059)	-211%	(14,594)	(5,687)	-157%
Property development	(2,507)	(5,376)	53%	(2,774)	(5,665)	51%
Loss before tax	(13,273)	(14,361)	8%	(19,814)	(28,440)	30%
Less: Taxation	4,253	2,303	85%	3,939	1,048	276%
Loss net of tax	(9,020)	(12,058)	25%	(15,875)	(27,392)	42%

The Group registered a revenue of RM59.72 million and a loss net of tax of RM9.02 million for the current quarter as compared to a revenue of RM38.93 million and a loss net of tax of RM12.06 million in the same quarter of previous year. Revenue for the Group increased by 53% due to higher sales volume and average selling price of eggs. However gross profit margin was partially eroded by higher cost of major raw materials. Consequently the Group loss net of tax improved by 25% at RM9.02 million after other expenses arising from fair valuation loss on properties under the investment holdings segment recorded in the current quarter.

For the financial year, the Group recorded a revenue of RM201.67 million and a loss net of tax of RM15.88 million as compared to revenue of RM137.40 million and loss net of tax of RM27.39 million in the previous financial year. Poultry segment recorded a 48% increase in revenue due to higher sales volume and average selling price of eggs. Gross profit improved due to higher revenue but was partially offset by higher costs of major raw materials. Overall the Group loss net of tax improved by 42% for the current financial year, after fair valuation loss arising from properties under the investment holdings segment.

There are no other material earnings contribution from the other segments.

B2. Variation of result Against Preceding Quarter

	Current Quarter	Immediate Preceding Quarter	Change
	RM'000	RM'000	%
Segment revenue			
Poultry & related products	57,899	53,423	8%
Extraction & sale of sand	1,728	1,594	8%
Investment holdings	90	90	0%
Total	59,717	55,107	8%
Segment result			
Poultry & related products	2,344	2,461	-5%
Extraction & sale of sand	(497)	339	-247%
Investment holdings	(12,613)	(616)	-1948%
Property development	(2,507)	(91)	-2655%
(Loss)/profit before tax	(13,273)	2,093	-734%

The Group posted loss before tax of RM13.27 million for the current quarter as compared to profit before tax of RM2.09 million in the preceding quarter. Revenue increased by 8% due to higher sales volume and average selling price of eggs and higher sales of sand. However, poultry segment results deteriorated by 5% despite the improved sales due to escalated costs of major raw materials. Overall the Group's profit before tax decreased by 734% due mainly to fair valuation loss on properties under the investment holdings segment recorded in the current quarter.

B3. Commentary on Prospects

The Board is cautious about the next period due to continuous volatility in commodity prices particularly corn and soybean which are the poultry segment's main raw materials. The escalated prices and frequently changing price movements have had severe impact on production cost. Also the prolonged price control on eggs by the government and its adverse effect on the poultry industry.

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

	12 months ended 31.03.2022 RM'000	12 months ended 31.03.2021 RM'000
Income tax expense	921	1,527
Deferred tax	(4,860)	(2,196)
Total	(3,939)	(1,048)

The effective tax rate is lower than the statutory rate of 24% due mainly to operational losses. Major item giving rise the movement in the deferred tax was from recognition of unutilized business losses.

B6. Corporate Proposals

(a) Status of Corporate Proposals

Save for the Proposals as mentioned in Note A12, there were no other corporate proposals announced but not completed as at 23 May 2022.

(b) Status of Utilisation of Proceeds

As at the date of this report, all proceeds from any corporate proposals implemented by the Company in the past have been fully utilised.

B7. Borrowings

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

	As at 31.03.2022	As at 31.03.2021
	RM'000	RM'000
Short term		
<i>Secured:-</i>		
Revolving credit	14,500	8,791
Banker acceptance	4,080	1,220
Bank term loans	6,422	15,492
	<u>25,002</u>	<u>25,503</u>
<i>Unsecured:-</i>		
Revolving credit	9,000	6,930
Banker acceptance	8,582	9,000
	<u>17,582</u>	<u>15,930</u>
	<u>42,584</u>	<u>41,433</u>
Long term		
<i>Secured:-</i>		
Bank term loans	34,417	38,035
	<u>34,417</u>	<u>38,035</u>
Total borrowings	<u>77,001</u>	<u>79,468</u>

- b) There were no borrowings in foreign currency as at 31 March 2022.
- c) Effective average cost of borrowings based on exposure as at 31 March 2022 was 4.11% (31 March 2021: 4.23%).

B8. Off Balance Sheet Financial Instrument

There were no off-balance sheet financial instruments as at 31 March 2022.

B9. Changes in Material Litigations

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

B10. Dividend Payable

No dividend has been declared in the financial period ended 31 March 2022.

B11. Earnings per share (“EPS”)

	3 months ended		12 months ended	
	31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21
	RM'000	RM'000	RM'000	RM'000
Loss attributable to ordinary shareholders of the parent	(9,020)	(12,058)	(15,875)	(27,392)
Number of shares in issue ('000)	143,114	143,114	143,114	143,114
Basic EPS (sen per share)	(6.30)	(8.43)	(11.09)	(19.14)

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 30 May 2022.

B13. Dividends Paid / Declared

Dividend paid / declared since the financial year 2020 up to the date of this report.

Dividend No.	Financial Year	Type	No. of shares (000)	Rate	RM ('000)	Payment Date
36	2020	Interim dividend	130,104	0.5 sen per share, single tier	650	3.4.2020