

LTKM Berhad (Company No: 442942-H)
Condensed Consolidated Statement of Comprehensive Income
For the period ended 30 September 2020

	Note	Individual Quarter		Cumulative Quarter	
		3 months ended		6 months ended	
		30/9/2020	30/9/2019	30/9/2020	30/9/2019
		RM'000	RM'000	RM'000	RM'000
Revenue		33,932	52,847	61,856	101,095
Cost of sales		(34,147)	(38,542)	(66,323)	(76,040)
Gross (loss)/profit		(215)	14,305	(4,467)	25,055
Other income		349	647	840	1,310
Administrative expenses		(2,000)	(2,173)	(4,020)	(3,848)
Distribution expenses		(780)	(753)	(1,386)	(1,751)
Finance costs		(878)	(1,146)	(1,925)	(2,263)
Other expenses		(1,031)	(414)	(1,652)	(5,309)
(Loss)/profit before tax		(4,555)	10,466	(12,610)	13,194
Taxation	B5	(194)	(3,056)	(534)	(5,275)
(Loss)/profit net of tax attributable to owners of the parent		(4,749)	7,410	(13,144)	7,919
Other comprehensive income, net of tax :					
Net change on FVOCI reserves :					
- changes in fair value		692	(1,508)	3,271	(1,815)
Total comprehensive (loss)/income attributable to owners of the parent		(4,057)	5,902	(9,873)	6,104
Basic earnings per share attributable to owners of the parent (sen) :	B11	(3.65)	5.70	(10.10)	6.09

The condensed consolidated income statement should be read in conjunction with the audited financial statements for the year ended 31 March 2020 and the accompanying explanatory notes attached to the interim financial statements.

LTKM Berhad (Company No: 442942-H)
Condensed Consolidated Statement of Financial Position
As at 30 September 2020

	Note	As at 30 Sep 2020 RM'000	As at 31 Mar 2020 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		81,194	83,010
Investment properties		104,395	104,395
Land held for development		39,393	39,354
Right of use asset		2,039	2,665
Deferred tax assets		2	2
Investment securities		19,246	15,893
		<u>246,269</u>	<u>245,319</u>
Current assets			
Biological assets		12,789	12,810
Inventories		19,311	17,884
Tax recoverables		4,681	1,401
Trade receivables		8,491	7,601
Other receivables		1,036	2,011
Prepayments		568	1,158
Cash and bank balances		49,991	50,261
		<u>96,867</u>	<u>93,126</u>
TOTAL ASSETS		<u>343,136</u>	<u>338,445</u>
EQUITY AND LIABILITIES			
Attributable to equity holders of the parent			
Share capital		65,052	65,052
Reserves		165,967	175,840
Total equity		<u>231,019</u>	<u>240,892</u>
Non-current liabilities			
Borrowings	B7	42,680	46,875
Lease liability		872	1,491
Deferred tax liabilities		6,100	6,336
		<u>49,652</u>	<u>54,702</u>
Current liabilities			
Borrowings	B7	42,525	27,942
Trade payables		10,214	6,840
Other payables		8,269	5,466
Lease liability		1,248	1,240
Dividend payable		-	650
Taxation		209	713
		<u>62,465</u>	<u>42,851</u>
Total liabilities		112,117	97,553
TOTAL EQUITY AND LIABILITIES		<u>343,136</u>	<u>338,445</u>

The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the year ended 31 March 2020 and the accompanying explanatory notes attached to the interim financial statements.

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

	6 months ended	
	30/9/2020	30/9/2019
	RM'000	RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
(Loss)/profit before tax	(12,610)	13,194
Adjustments for non-cash flow:		
Depreciation of property, plant and equipment	2,479	3,666
Impairment loss on property, plant and equipment	-	3,400
Gain on disposal of property, plant and equipment	(85)	(84)
Depreciation of right of use assets	626	525
Impairment loss on land held for development	-	1,252
Fair value changes in biological assets	1,569	606
Unrealised loss/(gain) on foreign exchange	24	(3)
Dividend income	(308)	(323)
Interest expense	1,925	2,263
Interest income	(372)	(466)
Operating (loss)/profit before working capital changes	(6,752)	24,030
Working capital changes in:		
Property development costs	(39)	(753)
Biological assets	(1,464)	100
Inventories	(1,511)	(3,492)
Receivables	675	95
Payables	6,296	2,829
Cash (used in)/generated from operating activities	(2,795)	22,809
Net taxes paid	(4,768)	(4,035)
Interest paid	(1,854)	(2,195)
Net cash (used in)/generated from operating activities	(9,417)	16,579
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of:		
Property, plant & equipment	(663)	(1,644)
Investment securities	(295)	(239)
Proceeds from disposal of:		
Property, plant and equipment	85	88
Investment securities	213	120
Interest received	372	466
Dividend received	308	323
Net cash generated from/(used in) investing activities	20	(886)
CASH FLOW FROM FINANCING ACTIVITIES		
Dividends paid	(650)	(1,301)
Repayment of term loans	(3,916)	(3,592)
Net drawdown of other bank borrowings	14,304	776
Payment of lease liability	(611)	(534)
Net cash generated from/(used in) financing activities	9,127	(4,651)
Net change in cash and cash equivalents	(270)	11,042
Cash and cash equivalents at 1 April	50,261	37,455
Cash and cash equivalents at end of the year	49,991	48,497
Cash and cash equivalents comprise the following amounts:-		
Deposits with licensed banks	27,510	29,109
Cash on hand and at bank	22,481	19,388
Cash and bank balances	49,991	48,497
	49,991	48,497

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 March 2020 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 30 September 2020

<-----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
6 months ended 30 September 2020					
At 1 April 2020	65,052	(13,109)	385	188,564	240,892
Total comprehensive income	-	3,271	-	(13,144)	(9,873)
Loss net of tax	-	-	-	(13,144)	(13,144)
Other comprehensive income, net of tax	-	3,271	-	-	3,271
At 30 September 2020	<u>65,052</u>	<u>(9,838)</u>	<u>385</u>	<u>175,420</u>	<u>231,019</u>
6 months ended 30 September 2019					
1 April 2019	65,052	(4,431)	399	185,001	246,021
Total comprehensive income	-	(1,815)	-	7,919	6,104
Profit net of tax	-	-	-	7,919	7,919
Other comprehensive income, net of tax	-	(1,815)	-	-	(1,815)
Transfer of fair value reserve of equity instruments designated at FVOCI upon disposal	-	(5)	-	5	-
At 30 September 2019	<u>65,052</u>	<u>(6,251)</u>	<u>399</u>	<u>192,925</u>	<u>252,125</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 2020 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 2020. 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 2020.

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 2020, 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 2020:

Amendments to MFRS 3: Definition of Business	1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform	1 January 2020
Revised Conceptual Framework for Financial Reporting (<i>The Conceptual Framework</i>)	1 January 2020
Amendments to MFRS 101: Definition of Material	
Amendments to MFRS 108: Definition of Material	1 January 2020

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
Amendments to MFRS 16: Covid-19-Related Rent Concession	1 June 2020
MFRS 17: Insurance Contracts	1 January 2021
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 137: Onerous Contract – Cost of Fulfilling a Contract	1 January 2022
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Annual Improvements to MFRS Standards 2018-2020	
• Amendments to MFRS 16: Leases	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 2020 was not qualified.

A3. Segmental Information

	3 months ended			6 months ended		
	30-Sep-20 RM'000	30-Sep-19 RM'000	Change %	30-Sep-20 RM'000	30-Sep-19 RM'000	Change %
Segment revenue						
Poultry & related products	32,846	52,250	-37%	60,366	99,697	-39%
Extraction & sale of sand	997	507	97%	1,311	1,218	8%
Investment holdings	90	90	0%	180	180	0%
Total	33,932	52,847	-36%	61,856	101,095	-39%
Segment results						
Poultry & related products	(4,220)	11,846	-136%	(11,332)	20,187	-156%
Extraction & sale of sand	351	(28)	1355%	148	(3,345)	104%
Investment holdings	(590)	(1,122)	47%	(1,210)	(1,944)	38%
Property development	(96)	(230)	58%	(215)	(1,704)	87%
(Loss)/profit before tax	(4,555)	10,466	-144%	(12,610)	13,194	-196%
Less: Tax expense	(194)	(3,056)	94%	(534)	(5,275)	90%
(Loss)/profit net of tax	(4,749)	7,410	-164%	(13,144)	7,919	-266%

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 30 September 2020.

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

There were no 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 2020.

A12. Subsequent Events

There were no material events subsequent to the end of the interim period that have not been reflected in the financial statements or to be disclosed as at the date of this report.

A13. (Loss)/Profit for the Period

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

	Current Quarter		Cumulative Quarter	
	3 months ended		6 months ended	
	30-Sep-20	30-Sep-19	30-Sep-20	30-Sep-19
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Interest income	169	302	372	466
Other income including investment income	158	394	446	748
Interest expense	(878)	(1,146)	(1,925)	(2,263)
Depreciation & amortisation	(1,536)	(2,355)	(3,105)	(4,191)
Fair value changes on biological assets	(948)	(381)	(1,569)	(606)
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 (loss)/gain	22	(27)	22	93
Unrealised (loss)/gain	(24)	(22)	(24)	3
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	32,846	52,250	-37%	60,366	99,697	-39%
Extraction & sale of sand	997	507	97%	1,311	1,218	8%
Investment holdings	90	90	0%	180	180	0%
Total	33,932	52,847	-36%	61,856	101,095	-39%
Segment result						
Poultry & related products	(4,220)	11,846	-136%	(11,332)	20,187	-156%
Extraction & sale of sand	351	(28)	1355%	148	(3,345)	104%
Investment holdings	(590)	(1,122)	47%	(1,210)	(1,944)	38%
Property development	(96)	(230)	58%	(215)	(1,704)	87%
(Loss)/profit before tax	(4,555)	10,466	-144%	(12,610)	13,194	-196%
Less: Tax expense	(194)	(3,056)	94%	(534)	(5,275)	90%
(Loss)/profit net of tax	(4,749)	7,410	-164%	(13,144)	7,919	-266%

The Group registered a revenue of RM33.93 million and a loss net of tax of RM4.75 million for the current quarter as compared to a revenue of RM52.85 million and a profit net of tax of RM7.41 million in the same quarter of previous year. Revenue for the Group dropped by 36% due to lower sales volume and average egg prices. Consequently, the Group recorded a loss net of tax of RM4.75 million in tandem with the drop in revenue.

For the financial year-to-date, the Group recorded a revenue of RM61.86 million and a loss net of tax of RM13.14 million as compared to revenue of RM101.01 million and profit net of tax of RM7.92 million in the corresponding period of previous year. Poultry segment recorded a 39% decrease in revenue due to lower sales volume and average egg prices as compared to preceding year corresponding period. However, Group recorded loss net of tax of RM13.14 in tandem with decrease in revenue, cushioned by impairment losses and higher tax expense in the preceding year corresponding quarter.

There are no material earnings contribution from other segments.

B2. Variation of result Against Preceding Quarter

	Current Quarter	Immediate Preceding Quarter	Change
	RM'000	RM'000	%
Segment revenue			
Poultry & related products	32,846	27,520	19%
Extraction & sale of sand	997	314	217%
Investment holdings	90	90	0%
Total	33,932	27,924	22%
Segment result			
Poultry & related products	(4,220)	(7,112)	41%
Extraction & sale of sand	351	(204)	272%
Investment holdings	(590)	(620)	5%
Property development	(96)	(120)	20%
Loss before tax	(4,555)	(8,055)	43%

The Group posted loss before tax of RM4.56 million for the current quarter as compared to RM8.06 million in the preceding quarter. Revenue increased by 22% arising from increase in sales volume as compared to preceding quarter. Consequently, Group recorded lower loss before tax as compared to the previous quarter in tandem with higher revenue.

B3. Commentary on Prospects

The Board foresees the next period to continue to be challenging due to the weak local market condition as well as export. Decrease in economic activities as a result of movement control orders and impact of Covid-19 pandemic have drastically affected demand for eggs and its selling prices.

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

	6 months ended 30.9.20 RM'000	6 months ended 30.9.19 RM'000
Income tax expense	910	5,812
Real property gain tax	-	2
Deferred tax	(376)	(539)
Total	534	5,275

The effective tax rate is higher than the statutory rate of 24% due mainly to the effects of disallowed losses in respective periods.

B6. Corporate Proposals

- (a) Status of Corporate Proposals

There were no corporate proposals announced but not completed as at 12 November 2020.

- (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 30.9.2020	As at 30.9.2019
	RM'000	RM'000
Short term		
<i>Secured:-</i>		
Term loans	8,570	7,581
Banker acceptance	3,849	856
Revolving credit	12,500	9,500
	<u>24,919</u>	<u>17,937</u>
<i>Unsecured:-</i>		
Banker acceptance	11,606	3,607
Revolving credit	6,000	-
	<u>17,606</u>	<u>3,607</u>
	<u>42,525</u>	<u>21,544</u>
Long term		
<i>Secured:-</i>		
Term loans	42,680	51,515
	<u>42,680</u>	<u>51,515</u>
Total borrowings	<u>85,205</u>	<u>73,059</u>

- b) There were no borrowings in foreign currency as at 30 September 2020.
- c) Effective average cost of borrowings based on exposure as at 30 September 2020 was 4.38% (2019: 6.06%).

B8. Off Balance Sheet Financial Instrument

There were no off-balance sheet financial instruments as at 30 September 2020.

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 September 2020.

B11. Earnings per share (“EPS”)

	3 months ended		6 months ended	
	30-Sep-20 RM'000	30-Sep-19 RM'000	30-Sep-20 RM'000	30-Sep-19 RM'000
(Loss)/Profit attributable to ordinary shareholders of the parent	(4,749)	7,410	(13,144)	7,919
Number of shares in issue ('000)	130,104	130,104	130,104	130,104
Basic EPS (sen per share)	(3.65)	5.70	(10.10)	6.09

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 19 November 2020.

B13. Dividends Paid / Declared

Dividend paid / declared since the financial year 2019 up to the date of this report.

Dividend No.	Financial Year	Type	No. of shares (000)	Rate	RM ('000)	Payment Date
34	2019	Interim dividend	130,104	1 sen per share, single tier	1,301	12.4.2019
35	2019	Final dividend	130,104	1 sen per share, single tier	1,301	25.10.2019
36	2020	Interim dividend	130,104	0.5 sen per share, single tier	651	3.4.2020