

**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			9 months ended		
	31-Dec-20 RM'000	31-Dec-19 RM'000	Change %	31-Dec-20 RM'000	31-Dec-19 RM'000	Change %
<b>Segment revenue</b>						
Poultry & related products	34,541	48,596	-29%	94,907	148,293	-36%
Extraction & sale of sand	1,987	772	157%	3,298	1,990	66%
Investment holdings	90	90	0%	270	270	0%
<b>Total</b>	<b>36,618</b>	<b>49,458</b>	<b>-26%</b>	<b>98,474</b>	<b>150,553</b>	<b>-35%</b>
<b>Segment results</b>						
Poultry & related products	(1,464)	9,556	-115%	(12,795)	29,740	-143%
Extraction & sale of sand	485	21	2207%	632	(3,324)	119%
Investment holdings	(418)	(648)	36%	(1,628)	(2,592)	37%
Property development	(73)	(212)	65%	(289)	(1,914)	85%
(Loss)/profit before tax	(1,470)	8,717	-117%	(14,080)	21,910	-164%
Less: Tax expense	(721)	(3,107)	77%	(1,255)	(8,382)	85%
(Loss)/profit net of tax	(2,191)	5,610	-139%	(15,335)	13,528	-213%

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

Following the global outbreak of Covid-19 pandemic, the Malaysian Government had imposed various phases of Movement Control Order ("MCO") since 18 March 2020 as a preventive measure to curb the pandemic. For the current quarter ended 31 December 2020, Conditional Movement Control Order ("CMCO") and Recovery Movement Control Order ("RMCO") were implemented in different regions of the country. On 11 January 2021, the Government had further announced the implementation of MCO 2.0, CMCO and RMCO throughout the nation for a period of 14 days starting from 13 January 2021 until 26 January 2021 and then further extended until 18 February 2021. This is expected to affect the Group's business negatively although quantum of the impact cannot be reliably established.

Other than the above, there were no unusual items affecting assets, liabilities, equity, net income or cash flows during the financial quarter ended 31 December 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		9 months ended	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Interest income	132	264	504	730
Other income including investment income	184	361	592	1,109
Interest expense	(885)	(1,111)	(2,810)	(3,374)
Depreciation & amortisation	(1,515)	(2,094)	(4,620)	(6,285)
Fair value changes on biological assets	1,199	(644)	(370)	(1,250)
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	(5)	-	(27)	93
Unrealised (loss)/gain	-	(39)	(1)	(36)
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>Current Year To date RM'000</b>	<b>Preceding Year Corresponding Period RM'000</b>	<b>Change %</b>
<b>Segment revenue</b>						
Poultry & related products	34,541	48,596	-29%	94,907	148,293	-36%
Extraction & sale of sand	1,987	772	157%	3,298	1,990	66%
Investment holdings	90	90	0%	270	270	0%
<b>Total</b>	<b>36,618</b>	<b>49,458</b>	<b>-26%</b>	<b>98,474</b>	<b>150,553</b>	<b>-35%</b>
<b>Segment result</b>						
Poultry & related products	(1,464)	9,556	-115%	(12,795)	29,740	-143%
Extraction & sale of sand	485	21	2207%	632	(3,324)	119%
Investment holdings	(418)	(648)	36%	(1,628)	(2,592)	37%
Property development	(73)	(212)	65%	(289)	(1,914)	85%
(Loss)/profit before tax	(1,470)	8,717	-117%	(14,080)	21,910	-164%
Less: Tax expense	(721)	(3,107)	77%	(1,255)	(8,382)	85%
(Loss)/profit net of tax	(2,191)	5,610	-139%	(15,335)	13,528	-213%

The Group registered a revenue of RM36.62 million and a loss net of tax of RM2.19 million for the current quarter as compared to a revenue of RM49.46 million and a profit net of tax of RM5.61 million in the same quarter of previous year. Revenue for the Group dropped by 26% due to lower sales volume and average egg prices. Consequently, the Group recorded a loss net of tax of RM2.19 million in tandem with the drop in revenue, cushioned by fair value gain on biological assets recorded in current quarter.

For the financial year-to-date, the Group recorded a revenue of RM98.47 million and a loss net of tax of RM15.34 million as compared to revenue of RM150.55 million and profit net of tax of RM13.53 million in the corresponding period of previous year. Poultry segment recorded a 36% decrease in revenue due to lower sales volume and average egg prices as compared to preceding year corresponding period. The Group recorded loss net of tax of RM15.34 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**

	<b>Current Quarter</b>	<b>Immediate Preceding Quarter</b>	<b>Change</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>%</b>
<b>Segment revenue</b>			
Poultry & related products	34,541	32,845	5%
Extraction & sale of sand	1,987	997	99%
Investment holdings	90	90	0%
<b>Total</b>	<b>36,618</b>	<b>33,932</b>	<b>8%</b>
<b>Segment result</b>			
Poultry & related products	(1,464)	(4,220)	65%
Extraction & sale of sand	485	351	38%
Investment holdings	(418)	(590)	29%
Property development	(73)	(96)	24%
<b>Loss before tax</b>	<b>(1,470)</b>	<b>(4,555)</b>	<b>68%</b>

The Group posted loss before tax of RM1.47 million for the current quarter as compared to RM4.55 million in the preceding quarter. Revenue increased by 8% arising from increase in sales volume as compared to preceding quarter. Consequently, the Group recorded lower loss before tax as compared to the previous quarter in tandem with higher revenue and fair value gain on biological assets.

**B3. Commentary on Prospects**

The Board foresees the next period to continue to be challenging due to the escalated commodity prices particularly corn and soybean which are the poultry segment's main raw materials. This is further aggravated by the MCO 2.0 which may dampen demand and therefore result in weaker selling prices of eggs. Nonetheless, management shall continue to focus on cost management to minimize the impact of such volatilities.

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**

	9 months ended 31.12.20 RM'000	9 months ended 31.12.19 RM'000
Income tax expense	1,344	9,020
Real property gain tax	-	2
Deferred tax	(89)	(640)
<b>Total</b>	<b>1,255</b>	<b>8,382</b>

The effective tax rate is higher than the statutory rate of 24% due mainly to certain taxable incomes.

**B6. Corporate Proposals**

- (a) Status of Corporate Proposals

There were no corporate proposals announced but not completed as at 18 February 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 31.12.2020	As at 31.12.2019
	RM'000	RM'000
<b>Short term</b>		
<i>Secured:-</i>		
Term loans	8,675	7,681
Banker acceptance	3,377	922
Revolving credit	15,500	12,500
	<u>27,553</u>	<u>21,103</u>
<i>Unsecured:-</i>		
Banker acceptance	9,212	1,396
Revolving credit	6,000	-
	<u>15,212</u>	<u>1,396</u>
	<u>42,764</u>	<u>22,499</u>
<b>Long term</b>		
<i>Secured:-</i>		
Term loans	40,474	49,576
	<u>40,474</u>	<u>49,576</u>
<b>Total borrowings</b>	<u>83,238</u>	<u>72,075</u>

- b) There were no borrowings in foreign currency as at 31 December 2020.
- c) Effective average cost of borrowings based on exposure as at 31 December 2020 was 4.21% (31 December 2019: 6.06%).

**B8. Off Balance Sheet Financial Instrument**

There were no off-balance sheet financial instruments as at 31 December 2020.

**B9. Changes in Material Litigations**

Other than the summon as described below, there were no other changes in material litigations involving the Group for the current quarter under review.

**B9. Changes in Material Litigations (contd.)**

LTK (Melaka) Sdn. Bhd. (Company No. 156852-X) (“LTK Melaka”), a wholly owned subsidiary of the Company was issued with a Summon (MA-63AP-1-03/2019) on 29 March 2019 to appear in the Melaka Session Court on 16 April 2019 for the purpose of defending the charge that LTK Melaka had increased the margin of Grade A egg by 17.46% from 12.29% to 29.75% allegedly infringing Peraturan 3(b), Peraturan-Peraturan Kawalan Harga Dan Antipencatutan (Mekanisme Untuk Menentukan Keuntungan Tinggi Yang Tidak Munasabah) 2018, and as a result committed an offence under Seksyen 14(1), Akta Kawalan Harga Dan Antipencatutan 2011. LTK Melaka is a major subsidiary which contributes more than 70% of the Group’s profit before tax.

On 3 November 2020, the case was concluded with LTK Melaka found guilty as charged and convicted. The Court ordered a fine of RM25,000 in default of 5 months imprisonment and the sum of RM9,600 paid by LTK Melaka to repurchase 30,000 eggs seized by the Ministry be forfeited to the Government. LTK Melaka has paid the fine on the same day and the case is thus concluded.

**B10. Dividend Payable**

No dividend has been declared in the financial period ended 31 December 2020.

**B11. Earnings per share (“EPS”)**

	3 months ended		9 months ended	
	31-Dec-20 RM'000	31-Dec-19 RM'000	31-Dec-20 RM'000	31-Dec-19 RM'000
<b>(Loss)/Profit attributable to ordinary shareholders of the parent</b>	(2,191)	5,610	(15,335)	13,528
<b>Number of shares in issue ('000)</b>	130,104	130,104	130,104	130,104
<b>Basic EPS (sen per share)</b>	(1.68)	4.31	(11.79)	10.40

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