

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 2022. 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 2022.

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 2022, 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 2022:

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 116: Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendment to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022

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 17: Insurance Contract	1 January 2023
Amendments to MFRS 17: Insurance Contract – Initial Application of MFRS 17 and MFRS 9 – Comparative Information	1 January 2023
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2023
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 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	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 2022 was not qualified.

A3. Segmental Information

	3 months ended			9 months ended		
	31-Dec-22 RM'000	31-Dec-21 RM'000	Change %	31-Dec-22 RM'000	31-Dec-21 RM'000	Change %
Segment revenue						
Poultry & related products	64,438	53,423	21%	187,188	137,801	36%
Extraction & sale of sand	1,560	1,594	-2%	5,008	3,881	29%
Investment holdings	90	90	0%	270	270	0%
Total	66,087	55,107	20%	192,466	141,952	36%
Segment results						
Poultry & related products	6,000	2,461	144%	15,819	(5,016)	415%
Extraction & sale of sand	127	339	-62%	610	723	-16%
Investment holdings	(951)	(616)	-54%	(1,443)	(1,981)	27%
Property development	(1,600)	(91)	-1659%	(1,660)	(267)	-522%
Profit/(loss) before tax	3,576	2,093	71%	13,326	(6,541)	304%
Less: Taxation	(1,415)	226	-726%	(2,035)	(314)	-548%
Profit/(loss) net of tax	2,161	2,319	-7%	11,291	(6,855)	265%

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 December 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

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 2022.

A12. Profit/(loss) for the Period

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

	Current Quarter		Cumulative Quarter	
	3 months ended		9 months ended	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Interest income	229	142	523	395
Other income including investment income	1,233	169	9,610	757
Interest expense	(1,000)	(933)	(2,788)	(2,706)
Depreciation & amortisation	(1,407)	(1,482)	(4,202)	(4,466)
Fair value changes on biological assets	170	(79)	(2,931)	644
Provision for and write off of receivables	-	-	(49)	-
Provision for and write off of inventories	-	-	-	-
Gain on disposal of :				
Quoted shares	-	-	-	-
Unquoted investments	-	-	-	-
Properties	-	-	-	-
Impairment of assets	(1,540)	-	(1,540)	-
Foreign exchange (loss)/gain:-				
Realised gain/(loss)	80	(17)	248	(33)
Unrealised gain/(loss)	-	-	-	-
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	64,438	53,423	21%	187,188	137,801	36%
Extraction & sale of sand	1,560	1,594	-2%	5,008	3,881	29%
Investment holdings	90	90	0%	270	270	0%
Total	66,087	55,107	20%	192,466	141,952	36%
Segment result						
Poultry & related products	6,000	2,461	144%	15,819	(5,016)	415%
Extraction & sale of sand	127	339	-62%	610	723	-16%
Investment holdings	(951)	(616)	-54%	(1,443)	(1,981)	27%
Property development	(1,600)	(91)	-1659%	(1,660)	(267)	-522%
Profit/(loss) before tax	3,576	2,093	71%	13,326	(6,541)	304%
Less: Taxation	(1,415)	226	-726%	(2,035)	(314)	-548%
Profit/(loss) net of tax	2,161	2,319	-7%	11,291	(6,855)	265%

The Group registered a revenue of RM66.09 million and a profit net of tax of RM2.16 million for the current quarter as compared to a revenue of RM55.11 million and a profit net of tax of RM2.32 million in the same quarter of previous year. Revenue for the Group increased by 20% due to higher average selling price of eggs. The average selling price was pushed up by higher cost of production and also driven by export sales. The poultry segment recorded a profit of RM6.00 million contributed mainly by and margins from export sales.

For the financial year-to-date, the Group recorded a revenue of RM192.47 million and a profit net of tax of RM11.29 million as compared to revenue of RM141.95 million and loss net of tax of RM6.86 million in the corresponding period of previous year. Poultry segment recorded a 36% increase in revenue due to higher average selling price of eggs. The poultry segment recorded a profit of RM15.82 million derived mainly from other income being subsidies received from Government and margins from export sales.

The other segments did not record any material contribution to revenue and earnings.

B2. Variation of result Against Preceding Quarter

	Current Quarter	Immediate Preceding Quarter	Change
	RM'000	RM'000	%
Segment revenue			
Poultry & related products	64,438	61,718	4%
Extraction & sale of sand	1,560	1,929	-19%
Investment holdings	90	90	0%
Total	<u>66,087</u>	<u>63,737</u>	4%
Segment result			
Poultry & related products	6,000	4,530	32%
Extraction & sale of sand	127	400	-68%
Investment holdings	(951)	136	-799%
Property development	(1,600)	(19)	-8323%
Profit before tax	<u>3,576</u>	<u>5,047</u>	-29%

The Group recorded marginal increase in revenue at RM66.09 million for the current quarter as compared to RM63.74 million in the preceding quarter. However, the Group's profit before tax reduced from RM5.05 million to RM3.58 million due mainly to higher operating expenses and lower other income from subsidies received from Government during the current quarter as compared to previous quarter.

B3. Commentary on Prospects

The Board foresees continuous uncertainty in the next period due to government policy on egg control price and subsidies, volatility of the USD exchange rate and persistently high cost of major raw materials such as corn and soybean. Nonetheless management shall continue to focus on efficiencies at the farm to minimise any volatilities and disruption to the business operations.

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 31.12.22 RM'000	9 months ended 31.12.21 RM'000
Income tax expense	2,738	159
Deferred tax (reversal)/expense	(703)	155
Total	<u>2,035</u>	<u>314</u>

The effective tax rate is lower (9 months ended 31 Dec 2021: higher) than the statutory rate of 24% due mainly to carried forward business losses.

B6. Corporate Proposals

(a) Status of Corporate Proposals

There were no corporate proposals announced but not completed as at 20 February 2023 except for the Proposals as announced by the Company on 8 April 2022 and its subsequent announcements.

On 9 December 2022, the Company has submitted a withdrawal of the application in relation to the Proposals which was submitted to the SC on 30 September 2022, pending new terms to be agreed upon by the parties. LTKM shall make the necessary announcements upon finalising of the terms thereto.

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 31.12.2022 RM'000	As at 31.12.2021 RM'000
Short term		
<i>Secured:-</i>		
Revolving credit	9,000	14,500
Banker acceptance	1,718	4,107
Bank term loans	9,212	6,053
	<u>19,930</u>	<u>24,660</u>
<i>Unsecured:-</i>		
Revolving credit	11,250	9,000
Banker acceptance	8,215	12,308
	<u>19,465</u>	<u>21,308</u>
	<u>39,395</u>	<u>45,968</u>
Long term		
<i>Secured:-</i>		
Bank term loans	27,422	35,713
	<u>27,422</u>	<u>35,713</u>
Total borrowings	<u>66,817</u>	<u>81,681</u>

b) There were no borrowings in foreign currency as at 31 December 2022.

c) Effective average cost of borrowings based on exposure as at 31 December 2022 was 5.26% (31 December 2021: 4.06%).

B8. Off Balance Sheet Financial Instrument

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

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 31 December 2022.

B11. Earnings per share (“EPS”)

	3 months ended		9 months ended	
	31-Dec-22 RM'000	31-Dec-21 RM'000	31-Dec-22 RM'000	31-Dec-21 RM'000
Profit/(loss) attributable to ordinary shareholders of the parent	2,161	2,319	11,291	(6,855)
Number of shares in issue ('000)	143,114	143,114	143,114	143,114
Basic EPS (sen per share)	1.51	1.62	7.89	(4.79)

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 27 February 2023.

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