

**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 2023. 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 2023.

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 2023, 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 2023:

MFRS 17: Insurance Contracts	1 January 2023
Amendments to MFRS 17: Insurance Contracts – 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 and 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

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: Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101: Non-Current Liabilities with Covenants	1 January 2024
Amendments to MFRS 107: Statement of cash Flows and MFRS 7: Financial Instruments: Disclosure – Supplier Finance Arrangement	1 January 2024
Amendments to MFRS 10 and MFRS 128: Sale of 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 2023 was not qualified.

**A3. Segmental Information**

	3 months ended			6 months ended		
	30-Sep-23 RM'000	30-Sep-22 RM'000	Change %	30-Sep-23 RM'000	30-Sep-22 RM'000	Change %
<b>Segment revenue</b>						
Poultry & related products	64,274	61,718	4%	127,092	122,751	4%
Extraction & sale of sand	2,454	1,929	27%	4,303	3,448	25%
Investment holdings	90	90	0%	180	180	0%
<b>Total</b>	<b>66,818</b>	<b>63,737</b>	<b>5%</b>	<b>131,575</b>	<b>126,379</b>	<b>4%</b>
<b>Segment results</b>						
Poultry & related products	9,250	4,530	104%	14,026	9,819	43%
Extraction & sale of sand	681	399	71%	1,001	482	108%
Investment holdings	(568)	137	-514%	(1,131)	(501)	-126%
Property development	(19)	(19)	2%	(132)	(50)	-163%
Profit before tax	9,344	5,047	85%	13,764	9,750	41%
Less: Taxation	(2,128)	(809)	163%	(3,941)	(620)	536%
Profit net of tax	7,216	4,238	70%	9,823	9,130	8%

**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 2023.

**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 2023.

**A12. Profit for the Period**

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

	<b>Current Quarter</b>		<b>Cumulative Quarter</b>	
	<b>3 months ended</b>		<b>6 months ended</b>	
	<b>30-Sep-23</b>	<b>30-Sep-22</b>	<b>30-Sep-23</b>	<b>30-Sep-22</b>
	<b>(RM'000)</b>	<b>(RM'000)</b>	<b>(RM'000)</b>	<b>(RM'000)</b>
Interest income	287	136	559	294
Other income including investment income	312	4,914	2,899	8,376
Interest expense	(1,017)	(978)	(1,983)	(1,788)
Depreciation & amortisation	(1,430)	(1,371)	(2,870)	(2,795)
Fair value changes on biological assets	752	(2,034)	450	(3,101)
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	-	-	-	-
Foreign exchange (loss)/gain:-				
Realised gain/(loss)	(22)	47	123	168
Unrealised gain/(loss)	-	-	(954)	-
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	64,274	61,718	4%	127,092	122,751	4%
Extraction & sale of sand	2,454	1,929	27%	4,303	3,448	25%
Investment holdings	90	90	0%	180	180	0%
<b>Total</b>	<b>66,818</b>	<b>63,737</b>	<b>5%</b>	<b>131,575</b>	<b>126,379</b>	<b>4%</b>
<b>Segment result</b>						
Poultry & related products	9,250	4,530	104%	14,026	9,819	43%
Extraction & sale of sand	681	399	71%	1,001	482	108%
Investment holdings	(568)	137	-514%	(1,131)	(501)	-126%
Property development	(19)	(19)	2%	(132)	(50)	-163%
Profit before tax	9,344	5,047	85%	13,764	9,750	41%
Less: Taxation	(2,128)	(809)	-163%	(3,941)	(620)	-536%
Profit net of tax	7,216	4,238	70%	9,823	9,130	8%

The Group registered a revenue of RM66.82 million and a profit net of tax of RM7.22 million for the current quarter as compared to a revenue of RM63.74 million and a profit net of tax of RM4.24 million in the same quarter of previous financial year. Revenue for the Group increased by 5% due to higher average selling price of eggs despite lower volume sold. The poultry segment's result increased by 104% in tandem with higher revenue and lower cost of major raw materials particularly corn.

For the financial year-to-date, the Group recorded a revenue of RM131.58 million and a profit net of tax of RM9.82 million as compared to revenue of RM126.38 million and profit net of tax of RM9.13 million in the corresponding period of previous financial year. Poultry segment recorded 4% increase in revenue due to higher average selling price of eggs despite lower volume sold. The poultry segment recorded 43% increase in profit contributed mainly by higher average selling price of eggs and lower cost of corn which is its major raw material. However, higher tax expense resulted in marginal increase in the Group's profit net of tax. Tax expense was lower in the previous financial year due to utilization of balance tax business losses.

Extraction and sale of sand segment recorded higher earnings in tandem with higher revenue due to increase in volume of sand sold.

There are no other material earnings contribution from the 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	64,274	62,819	2%
Extraction & sale of sand	2,454	1,848	33%
Investment holdings	90	90	0%
<b>Total</b>	<b>66,818</b>	<b>64,757</b>	<b>3%</b>
<b>Segment result</b>			
Poultry & related products	9,250	4,776	94%
Extraction & sale of sand	681	320	113%
Investment holdings	(568)	(563)	1%
Property development	(19)	(113)	84%
<b>Profit before tax</b>	<b>9,344</b>	<b>4,420</b>	<b>111%</b>

The Group posted profit before tax of RM9.34 million for the current quarter as compared to profit before tax RM4.42 million in the preceding quarter. The Group recorded higher profit before tax in the current quarter as compared to previous quarter in tandem with higher revenue and lower cost of major raw materials particularly corn.

**B3. Commentary on Prospects**

The Board foresees the next period to continue to be profitable based on currently stable prices of major raw materials particularly corn and soybean and earnings from export market. 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**

	6 months ended 30.9.23 RM'000	6 months ended 30.9.22 RM'000
Income tax expense	3,833	1,108
Deferred tax expense/(reversal)	108	(488)
<b>Total</b>	<b>3,941</b>	<b>620</b>

The effective tax rate is higher than the statutory rate of 24% due mainly to the effects of unallowable expenses where else the comparative period had utilized some business losses brought forward.

**B6. Corporate Proposals**

## (a) Status of Corporate Proposals

The corporate proposals which were previously announced on 8 April 2022 (and its subsequent announcements) had been terminated. On 5 October 2023, LTKM and the Vendors had entered into a termination letter agreement to mutually terminate the Proposed Acquisition in accordance with the terms of the Acquisition SSA which also culminated to the termination of the entire Proposals. The reasons of the termination were due to both parties, LTKM and Local Assembly having experienced contrasting financial performance as opposed to their respective financial performance at the inception of the Proposals.

Other than professional fees incurred for the Proposals, the termination of the Proposals did not have material financial impact to LTKM.

## 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:

	<b>As at 30.9.2023</b>	<b>As at 30.9.2022</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Short term</b>		
<i>Secured:-</i>		
Revolving credit	13,000	9,000
Banker acceptance	3,632	4,043
Bank term loans	9,687	9,124
	<u>26,319</u>	<u>22,167</u>
<i>Unsecured:-</i>		
Revolving credit	10,500	14,500
Banker acceptance	12,551	13,763
	<u>23,051</u>	<u>28,263</u>
	<u>49,369</u>	<u>50,430</u>
<b>Long term</b>		
<i>Secured:-</i>		
Bank term loans	22,856	29,705
	<u>22,856</u>	<u>29,705</u>
<b>Total borrowings</b>	<u>72,225</u>	<u>80,135</u>

## b) There were no borrowings in foreign currency as at 30 September 2023.

## c) Effective average cost of borrowings based on exposure as at 30 September 2023 was 5.24% (30 September 2022: 4.67%).

**B8. Off Balance Sheet Financial Instrument**

There were no off-balance sheet financial instruments as at 30 September 2023.

**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 2023.

**B11. Earnings per share (“EPS”)**

	3 months ended		6 months ended	
	30-Sep-23 RM'000	30-Sep-22 RM'000	30-Sep-23 RM'000	30-Sep-22 RM'000
<b>Profit attributable to ordinary shareholders of the parent</b>	7,216	4,238	9,823	9,130
<b>Number of shares in issue ('000)</b>	143,114	143,114	143,114	143,114
<b>Basic EPS (sen per share)</b>	5.04	2.96	6.86	6.38

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 28 November 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