

11. FINANCIAL INFORMATION**11.1 HISTORICAL COMBINED FINANCIAL INFORMATION**

The historical audited combined financial information of our Group for the past three (3) FYE 30 April 2013 to 2015 and six (6)-month FPE 31 October 2015 have been extracted from the Accountants' Report set out in Section 12 of this Prospectus, which deals with the audited combined financial statements of our Group for the same financial years/period under review. Additionally, the unaudited combined statements of profit or loss and other comprehensive income of our Group for the six (6)-month FPE 31 October 2014 has been prepared for comparison purpose only.

The historical combined financial information should be read with our Management's Discussion and Analysis of Financial Conditions, Results of Operations and Prospects set out in Section 11.4 of this Prospectus and with the Accountants' Report set out in Section 12 of this Prospectus. The historical combined financial information included in this Prospectus does not reflect our Group's results of operations, financial position and cash flows in the future, and our Group's past operating results are not indicative of our Group's future operating performance.

(a) Historical statements of profit or loss and other comprehensive income of our Group

	<-----Audited----->			Unaudited	Audited
	<-----FYE 30 April----->			Six (6)-month	Six (6)-month
	2013	2014	2015	2014	2015
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	28,077	38,893	39,039	12,318	16,057
Cost of sales	(17,753)	(22,559)	(23,402)	(6,894)	(9,114)
Gross profit	10,324	16,334	15,637	5,424	6,943
Other income	1,653	440	246	131	451
	11,977	16,774	15,883	5,555	7,394
Selling and distribution expenses	(1,681)	(2,290)	(2,117)	(891)	(1,095)
Administrative expenses	(4,382)	(4,663)	(5,128)	(2,158)	(3,130)
Other expenses	(367)	(1,383)	(980)	(348)	(264)
Finance costs	(289)	(252)	(360)	(187)	(266)
PBT	5,258	8,186	7,298	1,971	2,639
Income tax expense	(818)	(2,179)	(1,336)	(533)	(856)
PAT	4,440	6,007	5,962	1,438	1,783
Other comprehensive income	-	-	-	-	-
Total comprehensive income	4,440	6,007	5,962	1,438	1,783
PAT attributable to:-					
- Owners of the Company	4,440	6,007	5,962	1,438	1,783
- Non-controlling interest	-	-	-	-	-
	4,440	6,007	5,962	1,438	1,783

11. FINANCIAL INFORMATION (Cont'd)

	<-----Audited----->			Unaudited Six (6)-month <---FPE 31 October--->	Audited
	<-----FYE 30 April----->				
	2013	2014	2015		
Assumed no. of Shares in issue ⁽¹⁾ ('000)	315,800	315,800	315,800	315,800	315,800
Depreciation (RM'000)	739	787	1,097	549	559
Basic and diluted EPS ⁽²⁾ (sen)	1.41	1.90	1.89	0.46	0.56
Gross profit margin ⁽³⁾ (%)	36.77	42.00	40.05	44.03	43.24
PBT margin ⁽⁴⁾ (%)	18.73	21.05	18.69	16.00	16.44
PAT margin ⁽⁵⁾ (%)	15.81	15.44	15.27	11.67	11.10
Effective tax rate ⁽⁶⁾ (%)	15.56	26.62	18.31	27.04	32.44

Notes:-

- 1) *The assumed number of Shares in issue after Acquisition of LKL Advance Metaltech but before Public Issue.*
- 2) *Basic EPS is calculated based on PAT divided by the assumed number of Shares in issue. No dilution of EPS.*
- 3) *Gross profit margin is calculated based on gross profit divided by revenue.*
- 4) *PBT margin is calculated based on PBT divided by revenue.*
- 5) *PAT margin is calculated based on PAT divided by revenue.*
- 6) *Effective tax rate is calculated based on income tax expense divided by PBT.*

(b) Historical combined statements of financial position of our Group

	<-----Audited----->			Unaudited Six (6)-month <---FPE 31 October--->	Audited
	<-----FYE 30 April----->				
	2013 RM'000	2014 RM'000	2015 RM'000		
ASSETS					
NON-CURRENT ASSET					
Property, plant and equipment	13,904	15,709	21,712	16,818	21,703
TOTAL NON-CURRENT ASSET	13,904	15,709	21,712	16,818	21,703
CURRENT ASSETS					
Inventories	9,402	9,392	10,095	13,065	10,020
Trade receivables	10,851	9,472	7,029	5,157	6,250
Other receivables, deposits and prepayments	1,711	1,324	1,548	1,599	1,799
Amount owing by related parties	467	278	-	664	-
Amount owing by directors	1,492	-	58	18	-
Tax refundable	478	-	345	-	389
Fixed deposit with a licensed bank	600	619	619	619	619
Cash and bank balances	4,218	6,925	3,986	7,485	6,066
TOTAL CURRENT ASSETS	29,219	28,010	23,680	28,607	25,143
TOTAL ASSETS	43,123	43,719	45,392	45,425	46,846

11. FINANCIAL INFORMATION (Cont'd)

	<-----Audited----->			Unaudited Six (6)-month FPE 31 October	Audited Six (6)-month FPE 31 October
	<-----FYE 30 April----->				
	2013 RM'000	2014 RM'000	2015 RM'000		
EQUITY AND LIABILITIES					
EQUITY					
Share capital	1,000	1,000	1,500	1,000	2,000
Retained profits	30,087	31,348	29,810	31,786	31,593
TOTAL EQUITY	31,087	32,348	31,310	32,786	33,593
NON-CURRENT LIABILITIES					
Hire purchase payables	172	317	491	598	408
Term loans	5,061	4,438	8,030	4,197	7,668
Deferred tax liabilities	439	361	566	361	566
TOTAL NON-CURRENT LIABILITIES	5,672	5,116	9,087	5,156	8,642
CURRENT LIABILITIES					
Trade payables	3,302	2,083	2,225	3,815	2,049
Other payables and accruals	1,522	2,366	1,179	2,641	1,132
Amount owing to related parties	155	51	-	-	-
Amount owing to a director	-	-	3	-	3
Bankers' acceptances	208	315	638	64	495
Hire purchase payables	85	133	216	211	168
Term loans	1,092	841	734	653	764
Provision for taxation	-	466	-	99	-
TOTAL CURRENT LIABILITIES	6,364	6,255	4,995	7,483	4,611
TOTAL LIABILITIES	12,036	11,371	14,082	12,639	13,253
TOTAL EQUITY AND LIABILITIES	43,123	43,719	45,392	45,425	46,846
No. of ordinary shares in issue ('000)	1,000	1,000	1,500	1,000	2,000
Net assets (RM'000)	31,087	32,348	31,310	32,786	33,593
Net assets per share (RM)	31.09	32.35	20.87	32.79	16.80

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11. FINANCIAL INFORMATION (Cont'd)**Commentaries:-****Assets**

LKL International's non-current assets for the past three (3) FYE 30 April 2013 to 2015 and six (6)-month FPE 31 October 2015 consist of property, plant and equipment, which includes, freehold land, leasehold land and building, freehold buildings, motor vehicles, office equipment, furniture and fittings, plant and machinery, renovation, signboard and capital work-in-progress.

	←-----Net Book Value (RM'000)-----→									
	Freehold land	Leasehold land and building	Freehold buildings	Motor vehicles	Office equipment, furniture and fittings	Plant and machinery	Renovation	Signboard	Capital work-in-progress	Total
FYE 30 April										
2013	3,002	399	5,376	559	417	1,149	74	10	2,918	13,904
2014	3,002	470	5,260	695	409	1,962	65	8	3,838	15,709
2015	6,906	456	10,956	1,065	511	1,747	65	6	-	21,712
Six (6)-month FPE 31 October										
2015	6,906	449	10,838	858	561	1,886	183	22	-	21,703

Freehold land, leasehold land and building and freehold buildings are the properties we own for our operations (i.e. Factory Lot No. 1, Factory Lot No. 3 and Factory Lot No. 15) and residential properties for worker's accommodation purposes which are mostly located in Seri Kembangan. The increase of freehold land and freehold buildings in the FYE 30 April 2015 was mainly due to the acquisition of Factory Lot No. 15.

The increase in motor vehicles for the past three (3) FYE 30 April 2013 to 2015 were mainly related to the acquisition of additional motor vehicles for senior management as well as for our business operations. As at FYE 30 April 2015, we own a total of 25 units of motor vehicles, which includes, six (6) units of lorries, one (1) unit of van, 17 units of cars and one (1) unit of motorcycle. Out of the 25 units motor vehicles, five (5) units of cars and one (1) unit of lorry was acquired during FYE 30 April 2015. The decrease in motor vehicles for the six (6)-month FPE 31 October 2015 was mainly due to disposal of one (1) unit of car.

11. FINANCIAL INFORMATION (Cont'd)

The increase in our plant and machinery in the FYE 30 April 2014 and six (6)-month FPE 31 October 2015 was mainly related to acquisition of machinery, which includes, bending, welding and cutting machinery, epoxy powder coating machine and wastewater treatment plant for our business operations. Renovation and capital work-in-progress incurred in the FYE 30 April 2013 to 2015 and six (6)-month FPE 31 October 2015 were mainly due to the renovation and construction cost for our office and warehouse at Factory Lot No. 1 and our manufacturing plant and storage at Factory Lot No. 12, Factory Lot No. 12A and Factory Lot No. 16. Please refer to Section 5.6 of this Prospectus for further details on material capital expenditure and divestitures.

LKL International's current assets for the past three (3) FYE 30 April 2013 to 2015 and six (6)-month FPE 31 October 2015 comprise of inventories, trade receivables, other receivables, deposits and prepayments, amount owing by related parties, amount owing by directors, tax refundable, fixed deposit with a licensed bank and cash and bank balances.

Other receivables, deposits and prepayments mainly consist of advances to suppliers and prepaid insurance. The decrease of RM0.387 million in other receivables, deposits and prepayments in the FYE 30 April 2014 was primarily due to less advance payment to suppliers. The increase of RM0.251 million in other receivables, deposits and prepayments in the six (6)-month FPE 31 October 2015 was mainly due to advance payment to suppliers.

The amount owing by related parties was mainly the amount due from LKL Advance Technology Sdn. Bhd. ("LKLAT"), a company related to our Co-Founders who has taken the recovery efforts to realise the assets in order to repay the amount outstanding. Arising from the recovery efforts, the amount owing by LKLAT had decreased from RM0.334 million to RM0.232 million in the FYE 30 April 2014.

Tax refundable for the FYE 30 April 2013 and FYE 30 April 2015 were contributed by higher tax incentives arising from utilisation of reinvestment allowances. As for the six (6)-month FPE 31 October 2015, the tax refundable was due to the monthly tax payments made to the Inland Revenue Board of Malaysia. Please refer to Section 11.4.1(c)(vii) of this Prospectus for further details on taxation.

The increase in cash and bank balances in the FYE 30 April 2014 as compared to the FYE 30 April 2013 were primarily due to better collection from sales and repayment from directors whereas the decrease in cash and bank balances in the FYE 30 April 2015 as compared to the FYE 30 April 2014 was mainly related to the dividend payouts amounting to RM7.500 million. The increase in cash and bank balances in the six (6)-month FPE 31 October 2015 were primarily due to proceeds from issuance of new shares amounting to RM0.500 million.

Please refer to Section 11.4.8 of this Prospectus for further details on trade receivables and inventories.

Equity

During the FYE 30 April 2015, LKL International's issued and paid-up share capital increased from RM1.000 million to RM1.500 million by the allotment of 500,000 new ordinary shares of RM1.00 each in LKL Advance Metaltech issued via cash consideration and was for the purpose of working capital.

During the six (6)-month FPE 31 October 2015, there was a further increase in issued and paid-up share capital by RM0.500 million arising from the allotment of 500,000 new ordinary shares of RM1.00 each in LKL Advance Metaltech issued via cash consideration and was for the purpose of working capital.

Please refer to Section 5.1.3 and Section 5.2 of this Prospectus for further details on the increase in the issued and paid-up share capital in LKL International and LKL Advance Metaltech.

11. FINANCIAL INFORMATION (Cont'd)

In the FYE 30 April 2014 and FYE 30 April 2015, LKL International had declared dividends amounting to RM4.746 million and RM7.500 million respectively, hence the movement in retained profits was not in tandem with its profit after taxation.

Liabilities

LKL International's non-current liabilities for the past three (3) FYE 30 April 2013 to 2015 and six (6)-month FPE 31 October 2015 comprise of hire purchase payables, term loans and deferred tax liabilities. The increase in term loans of RM3.592 million in the FYE 30 April 2015 was mainly due to an additional term loan secured for the acquisition of our Factory Lot No. 15.

The current liabilities of LKL International for the past three (3) FYE 30 April 2013 to 2015 and six (6)-month FPE 31 October 2015 comprise of trade payables, other payables and accruals, amount owing to related parties, amount owing to a director, bankers' acceptances, hire purchase payables, term loans and provision for taxation.

Other payables and accruals mainly consist of sub-contractor fees, advances from customers and provision for statutory contributions. The increase in other payables and accruals in the FYE 30 April 2014 was mainly due to advances received from customers and the decrease in the FYE 30 April 2015 was mainly due to payment of sub-contractor fees.

The year-on-year increase in total hire purchase payables in the past three (3) FYE 30 April 2013 to 2015 was consistent with the increase in the net book value of our motor vehicles as we had acquired additional motor vehicles for our business operations as well as for our senior management. As at six (6)-month FPE 31 October 2015, the decrease in hire purchase payables was mainly due to hire purchase instalments made during the financial period under review.

The amount owing to related parties was mainly due to trade purchases from a company related to our Co-Founders, namely LKL Greentech Sdn. Bhd. All the amount owing to related parties had been fully paid in the FYE 30 April 2015.

The provision for taxation in the FYE 30 April 2014 was due to higher taxable profit as compared to the tax estimation made at the beginning of the financial year. Please refer to Section 11.4.1(c)(vii) of this Prospectus for further details on taxation.

The substantial increase in bankers' acceptances in the FYE 30 April 2015 was mainly due to utilisation of banking facilities available from financial institutions for the purchase of raw materials mainly from overseas. Please refer to Section 11.4.3 of this Prospectus for further details on borrowings.

Please refer to Section 11.4.8 of this Prospectus for further details on trade payables.

11. FINANCIAL INFORMATION (Cont'd)

11.2 REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Prepared for inclusion in this Prospectus)



Crowe Horwath AF 1018
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Date: **07 APR 2016**

The Board of Directors
LKL International Berhad
Wisma LKL
No. 3, Jalan BS 7/18,
Kawasan Perindustrian Bukit Serdang,
Seksyen 7, 43300 Seri Kembangan,
Selangor Darul Ehsan.

Dear Sirs/Madam

**LKL INTERNATIONAL BERHAD (“LKL INTERNATIONAL” OR “THE COMPANY”)
REPORT ON THE COMPILATION OF PRO FORMA CONSOLIDATED STATEMENTS OF
FINANCIAL POSITION**

Initial public offering and the listing of and quotation for 428,800,000 ordinary shares of RM0.10 each in LKL International (“LKL International Shares”) on the ACE Market of Bursa Malaysia Securities Berhad (“Bursa Securities”)

We have completed our assurance engagement to report on the compilation of pro forma consolidated statements of financial position of LKL International and its subsidiary, namely LKL Advance Metaltech Sdn. Bhd. (“LKL Advance Metaltech”) (collectively defined as “LKL International Group” or “the Group”) and the related notes (as set out in the pro forma consolidated statements of financial position which we have stamped for the purpose of identification) prepared by the Board of Directors for inclusion in the Prospectus of LKL International in connection with the listing of and quotation for the entire issued and paid-up share capital of LKL International on the ACE Market of Bursa Securities (“the Proposal”).

The applicable criteria on the basis of which the Board of Directors has compiled the pro forma consolidated statements of financial position are set out in Note 2 of the pro forma consolidated statements of financial position, and are specified in the Prospectus Guidelines - Equity issued by the Securities Commission Malaysia (“Prospectus Guidelines”).

11. FINANCIAL INFORMATION (Cont'd)



The pro forma consolidated statements of financial position have been compiled by the Board of Directors to illustrate the effects of the Proposal had it been implemented and completed on 31 October 2015 on the Group's financial position as at that date, which is set out in Note 3 of the pro forma consolidated statements of financial position.

As part of this process, information about the Group's financial position has been extracted by the Board of Directors from the Company's and LKL Advance Metaltech's financial statements for the financial period ended 31 October 2015, on which audit reports have been published.

Directors' Responsibility for the Pro Forma Consolidated Statements of Financial Position

The Board of Directors of LKL International is solely responsible for compiling the pro forma consolidated statements of financial position on the basis as set out in Note 2 of the pro forma consolidated statements of financial position and in accordance with the requirements of the Prospectus Guidelines.

Our Responsibilities

Our responsibility is to express an opinion, as required by the Prospectus Guidelines, about whether the pro forma consolidated statements of financial position has been compiled, in all material respects, by the Board of Directors on the basis as set out in Note 2 of the pro forma consolidated statements of financial position and in accordance with the requirements of the Prospectus Guidelines.

We conducted our engagement in accordance with International Standard on Assurance Engagements ("ISAE") 3420, Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus, issued by the International Auditing and Assurance Standards Board. This standard requires that we comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Board of Directors has compiled, in all material respects, the pro forma consolidated statements of financial position on the basis as set out in Note 2 of the pro forma consolidated statements of financial position and in accordance with the requirements of the Prospectus Guidelines.

11. FINANCIAL INFORMATION (Cont'd)

***Our Responsibilities (Cont'd)***

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial position used in compiling the pro forma consolidated statements of financial position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma consolidated statements of financial position.

The purpose of pro forma consolidated statements of financial position included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 31 October 2015 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma consolidated statements of financial position has been compiled, in all material respects, on the basis as set out in Note 2 of the pro forma consolidated statements of financial position and in accordance with the requirements of the Prospectus Guidelines involve performing procedures to assess whether the applicable criteria on the basis used by the Board of Directors in the compilation of the pro forma consolidated statements of financial position provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the pro forma consolidated statements of financial position reflect the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgment, having regard to our understanding of the nature of the Group, the event or transaction in respect of which the pro forma consolidated statements of financial position have been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma consolidated statements of financial position.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

11. FINANCIAL INFORMATION (Cont'd)



Opinion

In our opinion, the pro forma consolidated statements of financial position have been compiled, in all material respects, on the basis as set out in Note 2 of the pro forma consolidated statements of financial position and in accordance with the requirements of the Prospectus Guidelines.

Other Matters

We understand that this letter will be used solely for the purpose of inclusion in the Prospectus of LKL International in connection with the Proposal. As such, this letter should not be used for any other purpose without our prior written consent. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this letter contrary to the aforesaid purpose.

Yours faithfully

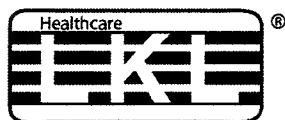
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Crowe Horwath
Firm No : AF 1018
Chartered Accountants

A handwritten signature in black ink, appearing to read "Cheong Tze Yuan".

Cheong Tze Yuan
Approval No : 3034/04/16 (J)
Chartered Accountant

Kuala Lumpur

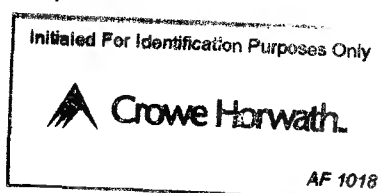
11. FINANCIAL INFORMATION (Cont'd)**LKL INTERNATIONAL BERHAD (1140005-V)**

Wisma LKL, No 3, Jalan 85 7/18, Kawasan Perindustrian Bukit Serdang, Seksyen 7, 43300 Seri Kembangan, Selangor Darul Ehsan, Malaysia. Tel: 603-89482990 (Hunting Lines) Fax: 603-89487904, 89438487
 Email: info@klbeds.com Website: www.klbeds.com

LKL INTERNATIONAL BERHAD AND ITS SUBSIDIARY**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION****1. ABBREVIATION**

Unless the context otherwise requires, the following words and abbreviations shall apply throughout this report:-

Acquisition of LKL Advance Metaltech	: Acquisition by LKL International of the entire issued and paid-up share capital of LKL Advance Metaltech, amounting to RM2,000,000 comprising 2,000,000 ordinary shares of RM1.00 each in LKL Advance Metaltech for a total purchase consideration of RM31,579,990 to be satisfied by the issuance of 315,799,900 LKL International Shares at par
Bursa Securities	: Bursa Malaysia Securities Berhad
LKL Advance Metaltech	: LKL Advance Metaltech Sdn. Bhd.
LKL Advance Metaltech Shares	: Ordinary share(s) of RM1.00 in LKL Advance Metaltech
LKL International	: LKL International Berhad
LKL International Share(s) or Share(s)	: Ordinary share(s) of RM0.10 in LKL International
LKL International Group or Group	: LKL International and LKL Advance Metaltech collectively
FYE 30 April 2015	: Financial year from 1 May 2014 to 30 April 2015
FPE 31 October 2015	: Financial period from 1 May 2015 to 31 October 2015
IPO	: Initial public offering of the Issue Shares in conjunction with the listing of and quotation for the entire enlarged issued and paid-up share capital on the ACE Market of Bursa Securities
Issue Price	: The issue price of RM0.20 for each Issue Share
Issue Share(s)	: 113,000,000 new LKL International Shares, representing approximately 26.35% of the enlarged issued and paid-up share capital, which are to be issued pursuant to the Public Issue and subject to the terms and conditions of the Prospectus



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(Manufacturer: Medical Beds - Delivery Beds - Other Medical Accessories - Customised Healthcare Furniture & Equipment)

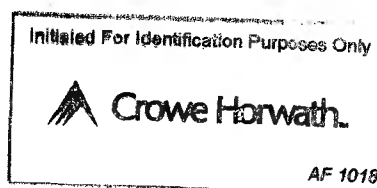
11. FINANCIAL INFORMATION (Cont'd)**LKL INTERNATIONAL BERHAD (1140005-V)**

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 Email: info@lklbeds.com Website: www.lklbeds.com

LKL INTERNATIONAL BERHAD AND ITS SUBSIDIARY**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION****1. ABBREVIATION (CONT'D)**

Unless the context otherwise requires, the following words and abbreviations shall apply throughout this report (Cont'd):-

MITI	:	Ministry of International Trade and Industry
NA	:	Net assets
N/A	:	Not applicable
NL	:	Net liabilities
Prospectus	:	The Prospectus dated 26 April 2016 in relation to the IPO
Public Issue	:	Public issue of 113,000,000 new LKL International Shares at the Issue Price comprising:- <ul style="list-style-type: none"> (a) 8,000,000 new LKL International Shares made available for application by the Malaysian Public; (b) 13,200,000 new LKL International Shares made available for application by the eligible Directors, employees and persons who have contributed to the success of the Group; (c) 42,200,000 new LKL International Shares made available by way of placement to selected investors; and (d) 49,600,000 new LKL International Shares made available by way of placement to Bumiputera investors approved by the MITI
RM and sen	:	Ringgit Malaysia and sen respectively the lawful currency of Malaysia
Vendors	:	Collectively, Lim Kon Lian, Mok Mei Lan, Lim Pak Hong, Elaine Lim Sin Yee and Tan Chuan Hock in relation to the Acquisition of LKL Advance Metaltech

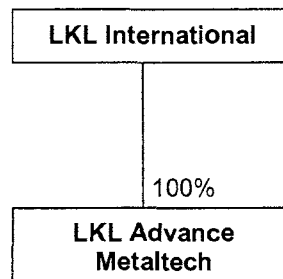


11. FINANCIAL INFORMATION (Cont'd)**LKL INTERNATIONAL BERHAD (1140005-V)**

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Email: info@lklbeds.com Website: www.lklbeds.com

LKL INTERNATIONAL BERHAD AND ITS SUBSIDIARY**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION****2. PRO FORMA GROUP AND BASIS OF PREPARATION****2.1 Pro forma Group**

The pro forma structure of LKL International Group is as follows:-

**2.2 Basis of Preparation**

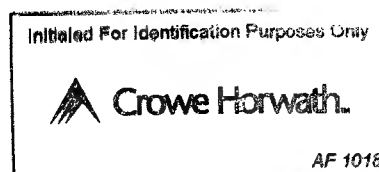
The pro forma consolidated statements of financial position has been prepared on the basis stated in the notes described below using the audited financial statements of LKL International and LKL Advance Metaltech as at 31 October 2015 prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs") and International Financial Reporting Standards ("IFRSs"), and in a manner consistent with the accounting policies of LKL International and LKL Advance Metaltech except for the new adoption of new accounting policies for the FPE 31 October 2015 as follows:-

(a) Merger Accounting for Common Control Business Combinations

A business combination involving entities under common control is a business combination in which all the combining entities or subsidiaries are ultimately controlled by the same party and parties both before and after the business combination, and that control is not transitory.

Subsidiaries acquired which have met the criteria for pooling of interest are accounted for using merger accounting principles. Under the merger method of accounting, the results of the subsidiaries are presented as if the merger had been effected throughout the current financial period.

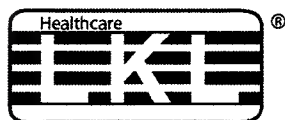
The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. No amount is recognised in respect of goodwill and excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets and liabilities and contingent liabilities over cost at the time of the common control business combination to the extent of the continuation of the controlling party and parties' interests.



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(Manufacturer: Medical Beds - Delivery Beds - Other Medical Accessories - Customised Healthcare Furniture & Equipment)

11. FINANCIAL INFORMATION (Cont'd)**LKL INTERNATIONAL BERHAD (1140005-V)**

Wisma LKL, No 3, Jalan 85 7/18, Kawasan Perindustrian Bukit Serdang, Seksyen 7, 43300 Seri Kembangan, Selangor Darul Ehsan, Malaysia. Tel: 603-89482990 (Hunting Lines) Fax: 603-89487904, 89438487
Email: info@klbeds.com Website: www.klbeds.com

LKL INTERNATIONAL BERHAD AND ITS SUBSIDIARY**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION****2. PRO FORMA GROUP AND BASIS OF PREPARATION (CONT'D)****2.2 Basis of Preparation (Cont'd)****(a) Merger Accounting for Common Control Business Combinations (Cont'd)**

When the merger method is used, the cost of investment in the Company's accounts is recorded at the nominal value of shares issued. The difference between the carrying value of the investment and the nominal value of the shares of the subsidiaries is treated as a merger deficit or merger reserve as applicable. The results of the subsidiaries being merged are included for the full financial period.

(b) Non-Controlling Interests

Non-controlling interests are presented within equity in the consolidated statements of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

At the end of each reporting period, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

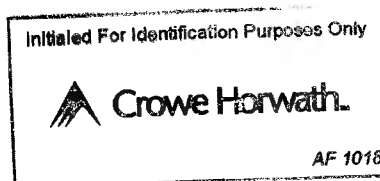
(c) Changes In Ownership Interests In Subsidiaries Without Change of Control

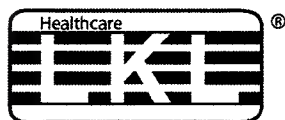
All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in the equity of the Group.

(d) Loss of Control

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:-

- (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and
- (ii) the previous carrying amount of the assets and liabilities of the former subsidiary and any non-controlling interests.



11. FINANCIAL INFORMATION (Cont'd)**LKL INTERNATIONAL BERHAD (1140005-V)**

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LKL INTERNATIONAL BERHAD AND ITS SUBSIDIARY**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION****2. PRO FORMA GROUP AND BASIS OF PREPARATION (CONT'D)****2.2 Basis of Preparation (Cont'd)****(d) Loss of Control (Cont'd)**

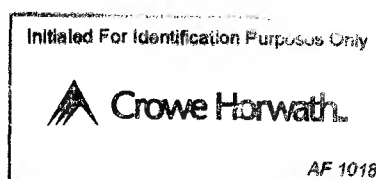
Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 139 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

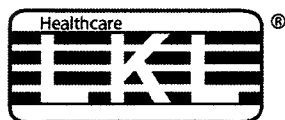
Accordingly, the pro forma consolidated statements of financial position of LKL International is compiled based on the audited financial statements of LKL International and LKL Advance Metaltech with non-coterminous accounting periods or different lengths of financial periods after incorporating adjustments that are appropriate for the preparation of the pro forma consolidated statements of financial position.

All amounts are presented in RM.

The financial statements of LKL International and LKL Advance Metaltech for the FPE 31 October 2015 were not subject to any audit qualification or emphasis of matter.

The pro forma consolidated statements of financial position is compiled using the audited financial statements prepared in accordance with MFRSs as well as in a manner consistent with both the format of the audited financial statements and accounting policies of LKL International and LKL Advance Metaltech for the FPE 31 October 2015.



11. FINANCIAL INFORMATION (Cont'd)**LKL INTERNATIONAL BERHAD (1140005-V)**

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LKL INTERNATIONAL BERHAD AND ITS SUBSIDIARY**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)****2. PRO FORMA GROUP AND BASIS OF PREPARATION (CONT'D)****2.2 Basis of Preparation (Cont'd)**

The results of LKL International and LKL Advance Metaltech were consolidated using the merger method as these companies were under common control by the same parties both before and after the Acquisition of LKL Advance Metaltech, and control is not transitory. When the merger method is used, the difference between the cost of investment recorded by LKL International and the nominal value of the shares acquired in LKL Advance Metaltech is accounted for as merger deficit in the pro forma consolidated statements of financial position, as follows:-

	RM'000
Cost of investment	31,580
Less: Nominal value of shares acquired in LKL Advance Metaltech	(2,000)
Merger deficit	<u>29,580</u>

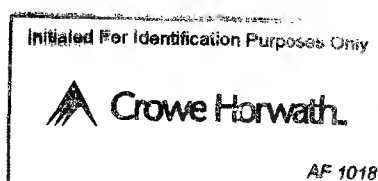
2.3 The Acquisition and Listing Scheme

LKL International Group seeks a listing on the ACE Market of Bursa Securities. The details of the acquisition and listing scheme are as follows:-

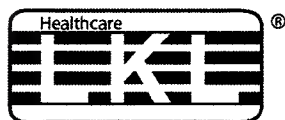
(i) Acquisition of LKL Advance Metaltech

On 13 July 2015, LKL International entered into a conditional Share Sale Agreement with the Vendors of LKL Advance Metaltech to acquire the entire issued and paid-up share capital of LKL Advance Metaltech of RM2,000,000 comprising 2,000,000 ordinary shares of RM1.00 each for a purchase consideration of RM31,579,990 which was wholly satisfied by the issuance of 315,799,900 new Shares at an issue price of RM0.10 per Share.

The purchase consideration of LKL Advance Metaltech of RM31,579,990 was arrived at on a willing-buyer willing-seller basis, after taking into consideration the NA position of LKL Advance Metaltech as at 30 April 2015 of RM31,380,225 and the increase in its issued and paid-up share capital of RM500,000 comprising 500,000 ordinary shares of RM1.00 each on 10 July 2015. The purchase consideration represents a price to book ratio and price to earnings ratio of approximately 0.99 time and 5.24 times respectively. The Acquisition of LKL Advance Metaltech was completed on 10 March 2016 and LKL Advance Metaltech became a wholly-owned subsidiary of our Company.



11. FINANCIAL INFORMATION (Cont'd)



LKL INTERNATIONAL BERHAD (1140005-V)

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LKL INTERNATIONAL BERHAD AND ITS SUBSIDIARY

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

2. PRO FORMA GROUP AND BASIS OF PREPARATION (CONT'D)

2.3 The Acquisition and Listing Scheme (Cont'd)

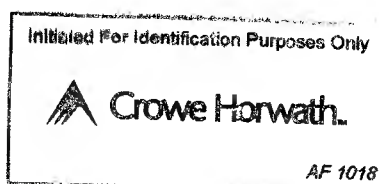
(ii) Public Issue

Public issue of 113,000,000 new Shares at an issue price of RM0.20 per Share, payable in full upon application, in the following manner:-

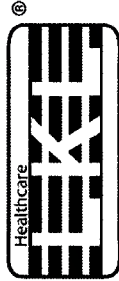
- (a) 8,000,000 new Shares made available for application by the Malaysian public;
- (b) 13,200,000 new Shares made available for application by the eligible Directors, employees and persons who have contributed to the success of the Group;
- (c) 42,200,000 new Shares made available by way of placement to selected investors, and
- (d) 49,600,000 new Shares made available by way of placement to Bumiputera investors approved by the MITI.

(iii) Listing on Bursa Securities

The admission of LKL International to the official list of Bursa Securities, and the entire enlarged issued and paid-up share capital of RM42,880,000 comprising 428,800,000 LKL International Shares shall be listed and quoted on the ACE Market of Bursa Securities upon completion of the Public Issue.



11. FINANCIAL INFORMATION (Cont'd)

**LKL INTERNATIONAL BERHAD (1140005-V)**

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LKL INTERNATIONAL BERHAD AND ITS SUBSIDIARY**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)****3. PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF LKL INTERNATIONAL GROUP AS AT 31 OCTOBER 2015**

	Audited as at 31 October 2015 RM'000	Acquisition of LKL Advance Metaltech		Pro Forma I After Acquisition of LKL Advance Metaltech RM'000	Public Issue RM'000	Pro Forma II After Pro Forma I and Public Issue RM'000	Utilisation of Proceeds RM'000	Pro Forma III After Pro Forma II and utilisation of proceeds RM'000
		Statement of Financial Position of LKL Advance Metaltech RM'000	Acquisition Adjustments RM'000					
ASSETS								
NON-CURRENT ASSET								
Property, plant and equipment	-	21,703		21,703		21,703	8,500	30,203
TOTAL NON-CURRENT ASSET								30,203
CURRENT ASSETS								
Inventories	-	10,020		10,020		10,020		10,020
Trade receivables	-	6,250		6,250		6,250		6,250
Other receivables, deposits and prepayments	210	1,589		1,799		1,799	(210)	1,589
Amount owing by a related party	-	762	(762)	-		-		-
Tax refundable	-	389		389		389		389
Fixed deposit with a licensed bank	-	619		619		619		619
Cash and bank balances	-	6,066		6,066	22,600	28,666	(14,151)	14,515
TOTAL CURRENT ASSETS	210	25,143		25,143	22,600	47,743		33,382
TOTAL ASSETS	210	46,846		46,846		69,446		63,585

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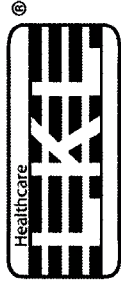


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(Manufacturer: Medical Beds - Delivery Beds - Other Medical Accessories - Customised Healthcare Furniture & Equipment)

11. FINANCIAL INFORMATION (Cont'd)

**LKL INTERNATIONAL BERHAD (1140005-V)**

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LKL INTERNATIONAL BERHAD AND ITS SUBSIDIARY**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)****3. PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF LKL INTERNATIONAL GROUP AS AT 31 OCTOBER 2015 (CONT'D)**

	Audited as at 31 October 2015 RM'000	Acquisition of LKL Advance Metatech		Pro Forma I After Acquisition of LKL Advance Metatech RM'000	Public Issue RM'000	Pro Forma II After Pro Forma I and Public Issue RM'000	Utilisation of Proceeds RM'000	Pro Forma III After Pro Forma II and utilisation of proceeds of RM'000
		Statement of Financial Position of LKL Advance Metatech RM'000	Acquisition Adjustments RM'000					
EQUITY AND LIABILITIES								
EQUITY								
Share capital	#	2,000	29,580	31,580	11,300	42,880		42,880
Share premium	-	-	-	-	11,300	11,300	(847)	10,453
Merger deficit	(645)	-	(29,580)	(29,580)		(29,580)		(29,580)
(Accumulated loss)/Retained profits	(645)	32,238		31,593		31,593	(1,019)	30,574
TOTAL EQUITY	(645)			33,593		56,193		54,327
NON-CURRENT LIABILITIES								
Hire purchase payables	-	408		408		408		408
Term loans	-	7,668		7,668		7,668	(3,995)	3,673
Deferred tax liability	-	566		566		566		566
TOTAL NON-CURRENT LIABILITIES	-			8,642		8,642		4,647
CURRENT LIABILITIES								
Trade payables	-	2,048		2,048		2,048		2,048
Other payables and accruals	90	1,042		1,132		1,132		1,132
Amount owing to a director	3	-		3		3		3
Amount owing to a related party	762	-	(762)	-		-		-
Bankers' acceptances	-	495		495		495		495
Hire purchase payables	-	168		168		168		168
Term loans	-	764		764		764		764
TOTAL CURRENT LIABILITIES	855			4,611		4,611		4,611
TOTAL LIABILITIES	855			13,253		13,253		9,258
TOTAL EQUITY AND LIABILITIES	210			46,846		69,446		63,585
No. of ordinary shares in issue (NL)/NA (RM'000)	^			315,800		428,800		428,800
(NL)/NA per share (RM)	(645)			33,593		56,193		54,327
	(6,450)			0.11		0.13		0.13

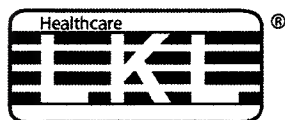
^ - Represent RM10
- Represent 100 Shares

Notes:

- Represent RM10
^ - Represent 100 Shares

Initiated For Identification Purposes Only

w w w . l k l b e d s . c o m Crowe Horwath
(Manufacturer: Medical Beds - Delivery Beds - Other Medical Accessories - Customised Healthcare Furniture & Equipment)

11. FINANCIAL INFORMATION (Cont'd)**LKL INTERNATIONAL BERHAD (1140005-V)**

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LKL INTERNATIONAL BERHAD AND ITS SUBSIDIARY**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)****3.1 Pro Forma I**

Pro Forma I incorporates the effects of the Acquisition of LKL Advance Metaltech as set out in Section 2.3(i) above.

3.2 Pro Forma II

Pro Forma II incorporates the effects of Pro Forma I and effect of the Public Issue as set out in Section 2.3(ii) above.

3.3 Pro Forma III

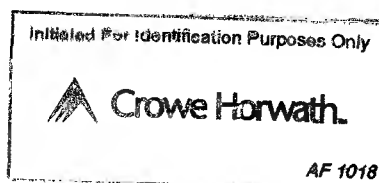
Pro Forma III incorporates the effects of Pro Forma I, II and the utilisation of the proceeds from the Public Issue.

The proceeds from the Public Issue will be utilised as follows:-

	RM'000	%	Estimated time frame for utilisation (from the listing date)
Capital expenditure	8,500	37.61	Within 18 months
Repayment of bank borrowing	3,995	17.68	Within 12 months
Working capital	7,605	33.65	Within 24 months
Estimated listing expenses *	2,500	11.06	Within 3 months
	<u>22,600</u>	<u>100.00</u>	

Note:

- * - The estimated listing expenses arising from the issuance of new LKL International Shares pursuant to the IPO amounting to approximately RM847,000 (including RM210,000 incurred as at 31 October 2015) is to be written off against the share premium under Section 60 of the Companies Act 1965, Malaysia and the remaining estimated listing expenses of approximately RM1,653,000 (including RM634,000 which was recognised in FYE 30 April 2015 and FPE 31 October 2015) will be expensed off to profit or loss and this represents a one-off expenditure in conjunction with the IPO.



11. FINANCIAL INFORMATION (Cont'd)



LKL INTERNATIONAL BERHAD (1140005-V)

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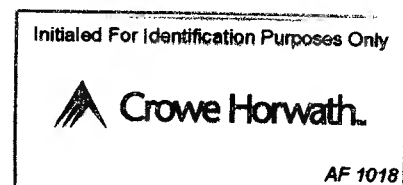
APPROVAL BY THE BOARD OF DIRECTORS

Approved and adopted by the Board of Directors in accordance with a resolution dated **07 APR 2016**

On behalf of the Board of Directors,


Lim Kor Lian


Mok Mei Lan



11. FINANCIAL INFORMATION (Cont'd)**11.3 CAPITALISATION AND INDEBTEDNESS**

The following table sets out our Group's capitalisation and indebtedness:-

- (i) as at 29 February 2016 after taking into account the Acquisition of LKL Advance Metaltech but before Public Issue and utilisation of proceeds; and
- (ii) as adjusted for the proceeds arising from our Public Issue and utilisation of proceeds from Public Issue.

	(Unaudited) As at 29 February 2016 RM'000	After Public Issue and utilisation of proceeds RM'000
Indebtedness:-		
<u>Current</u>		
<i>Secured and guaranteed</i>		
Bankers' acceptance	-	-
Hire purchase payables	260	260
Term loans	759	759
	1,019	1,019
<u>Non-current</u>		
<i>Secured and guaranteed</i>		
Hire purchase payables	891	891
Term loans	7,631	3,636
	8,522	4,527
Total Indebtedness	9,541	5,546
Shareholders' equity	36,383	57,378
Total capitalisation and indebtedness	45,924	62,924
Gearing ratio (times)*	0.26	0.10

Note:-

* Computed based on total indebtedness over our shareholders' equity.

11. FINANCIAL INFORMATION (Cont'd)

11.4 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS, RESULTS OF OPERATIONS AND PROSPECTS

Investors should read the following management's discussion and analysis of our Group's financial conditions and results of operations in conjunction with the Accountants' Report as set out in Section 12 of this Prospectus.

The management's discussion and analysis contains data derived from our audited combined financial statements as well as forward-looking statements that involves risks and uncertainties. The results may differ significantly from those projected in the forward-looking statements. Factors that may cause future results to differ significantly from those included in the forward-looking statements include, but are not limited to, those discussed below and elsewhere in this Prospectus, particularly the risk factors as set out in Section 4 of this Prospectus.

11.4.1 Analysis of our Group's operating results

Our Group operates in the healthcare furniture and equipment business, where we are principally involved in:-

- (i) Design, manufacturing and sale of medical/healthcare beds, which include:-
 - Medical beds; and
 - Delivery beds.

- (ii) Design, manufacturing, sale and trading of medical peripherals and accessories, which include:-
 - Patient transport trolleys;
 - Medical carts;
 - Instrument trolleys;
 - Examination tables;
 - Overbed tables; and
 - Miscellaneous peripherals and accessories*.

Note:-

- * *Our miscellaneous peripherals and accessories category comprises a diverse range of products (including but not limited to step stool, kick stand, IV pole stand, examination light, x-ray viewer, canvas beds, reclining chair, ward screen, oxygen cylinder cart, etc) representing a total of 1,802 product codes as at the LPD. The product mix in this category for the respective FYEs is based on customers' orders and can impact our revenue and profitability as profit margins amongst the products vary. For the FYE 30 April 2015 and six (6)-month FPE 31 October 2015, we sold more than 105,000 units and 54,000 units respectively under this category.*

Please refer to Section 5 of this Prospectus for our Group's detailed business overview.

11. FINANCIAL INFORMATION (Cont'd)**(a) Segmental analysis**

The table below sets forth the breakdown of our Group's revenue and gross profit for the respective financial years under review:-

Revenue analysis**(i) Analysis of contribution to revenue by business activities**

Business Activities	←-----FYE 30 April----->						Six (6)-month ←-----FPE 31 October----->			
	2013		2014		2015		2014		2015	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
<u>Manufacturing of medical/healthcare beds</u>										
- Medical beds	10,405	37.06	19,879	51.11	13,503	34.59	3,673	29.82	5,786	36.03
- Delivery beds	901	3.21	1,754	4.51	1,794	4.60	506	4.11	408	2.54
Sub-total	11,306	40.27	21,633	55.62	15,297	39.19	4,179	33.93	6,194	38.57
<u>Medical peripherals and accessories</u>										
- Patient transport trolleys	2,615	9.31	2,288	5.88	4,548	11.65	1,527	12.40	999	6.22
➤ Manufacturing	2,410	8.58	1,958	5.03	3,740	9.58	1,166	9.47	808	5.03
➤ Trading	205	0.73	330	0.85	808	2.07	361	2.93	191	1.19
- Medical carts	2,195	7.82	2,446	6.29	3,534	9.05	1,232	10.00	1,414	8.81
➤ Manufacturing	1,942	6.92	1,921	4.94	2,589	6.63	842	6.83	884	5.51
➤ Trading	253	0.90	525	1.35	945	2.42	390	3.17	530	3.30
- Instrument trolleys	2,310	8.23	2,194	5.64	2,975	7.62	1,153	9.36	1,269	7.90
➤ Manufacturing	2,299	8.19	2,139	5.50	2,954	7.57	1,153	9.36	1,213	7.55
➤ Trading	11	0.04	55	0.14	21	0.05	-	-	56	0.35
- Examination tables (Manufacturing)	1,210	4.31	1,372	3.53	1,902	4.87	528	4.29	477	2.97
- Overbed tables (Manufacturing)	866	3.08	1,255	3.23	1,053	2.70	370	3.00	621	3.87
- Miscellaneous peripherals and accessories	7,575	26.98	7,705	19.81	9,730	24.92	3,329	27.02	5,083	31.66
➤ Manufacturing	4,899	17.45	4,696	12.07	5,799	14.85	2,261	18.35	3,012	18.76
➤ Trading	2,676	9.53	3,009	7.74	3,931	10.07	1,068	8.67	2,071	12.90
Sub-total	16,771	59.73	17,260	44.38	23,742	60.81	8,139	66.07	9,863	61.43
Total	28,077	100.00	38,893	100.00	39,039	100.00	12,318	100.00	16,057	100.00

11. FINANCIAL INFORMATION (Cont'd)**(ii) Analysis of revenue by geographical location**

	←-----FYE 30 April-----→						←-----Six (6)-month FPE 31 October-----→			
	2013		2014		2015		2014		2015	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Local (Malaysia)	21,740	77.43	30,347	78.03	31,431	80.51	9,863	80.07	11,983	74.63
Overseas	6,337	22.57	8,546	21.97	7,608	19.49	2,455	19.93	4,074	25.37
Total	28,077	100.00	38,893	100.00	39,039	100.00	12,318	100.00	16,057	100.00

Overseas

Botswana	22	0.35	16	0.19	1,106	14.54	71	2.89	140	3.44
Maldives	67	1.06	-	-	1,026	13.49	-	-	639	15.69
Mozambique	-	-	474	5.55	990	13.01	253	10.31	4	0.10
Singapore	1,850	29.19	1,422	16.64	771	10.13	387	15.76	362	8.89
Kenya	61	0.96	312	3.65	659	8.66	30	1.22	-	-
Bangladesh	313	4.94	427	5.00	533	7.01	15	0.61	2,006	49.24
Sri Lanka	463	7.30	-	-	488	6.41	524	21.34	4	0.10
UAE	211	3.33	337	3.94	344	4.52	99	4.03	295	7.24
Philippines	178	2.81	13	0.15	309	4.06	272	11.08	42	1.03
Kuwait	281	4.44	89	1.04	260	3.42	143	5.82	302	7.41
Brunei	84	1.33	154	1.80	202	2.66	151	6.15	10	0.25
Syria	-	-	-	-	144	1.89	155	6.31	-	-
Costa Rica	-	-	-	-	136	1.78	-	-	-	-
Vietnam	2,108	33.26	197	2.31	118	1.55	-	-	-	-
Saudi Arabia	247	3.90	4,063	47.54	100	1.32	100	4.07	7	0.17
Mauritius	-	-	26	0.30	76	1.01	48	1.96	1	0.02
Cambodia	87	1.37	51	0.60	74	0.97	62	2.53	115	2.82
Ghana	11	0.18	17	0.20	63	0.83	-	-	3	0.07
Germany	-	-	84	0.98	48	0.63	48	1.96	2	0.05
Hong Kong	73	1.15	112	1.31	37	0.49	18	0.73	34	0.83
Switzerland	51	0.81	32	0.37	36	0.47	36	1.47	-	-
Myanmar	12	0.19	58	0.68	33	0.43	9	0.37	-	-
Thailand	42	0.66	219	2.56	25	0.33	-	-	38	0.93
Pakistan	3	0.05	21	0.25	20	0.26	20	0.81	-	-
India	9	0.14	94	1.10	7	0.09	7	0.29	-	-
Oman	9	0.14	-	-	3	0.04	7	0.29	24	0.59
United Kingdom	125	1.97	-	-	-	-	-	-	-	-
Jordan	30	0.47	92	1.08	-	-	-	-	-	-
Austria	-	-	153	1.79	-	-	-	-	-	-
Laos	-	-	42	0.49	-	-	-	-	-	-
Finland	-	-	28	0.33	-	-	-	-	-	-
South Africa	-	-	12	0.14	-	-	-	-	-	-
Qatar	-	-	1	0.01	-	-	-	-	-	-
Indonesia	-	-	-	-	-	-	-	-	46	1.13
Total	6,337	100.00	8,546	100.00	7,608	100.00	2,455	100.00	4,074	100.00

11. FINANCIAL INFORMATION (Cont'd)**Gross profit analysis****(i) Analysis of contribution to gross profit by business activities:-**

Business Activities	←-----FYE 30 April----->						←-----Six (6)-month FPE 31 October----->			
	2013		2014		2015		2014		2015	
	RM'000	%	RM'000	%	RM'000	RM'000	%	RM'000	%	
<u>Manufacturing of medical/healthcare beds</u>										
- Medical beds	4,372	42.35	9,589	58.71	6,325	40.45	1,999	36.85	2,661	38.33
- Delivery beds	379	3.67	847	5.18	812	5.19	241	4.44	180	2.59
Sub-total	4,751	46.02	10,436	63.89	7,137	45.64	2,240	41.29	2,841	40.92
<u>Medical peripherals and accessories</u>										
- Patient transport trolleys	1,064	10.31	1,094	6.70	1,922	12.30	629	11.60	395	5.69
➤ Manufacturing	998	9.67	932	5.71	1,696	10.85	553	10.20	356	5.13
➤ Trading	66	0.64	162	0.99	226	1.45	76	1.40	39	0.56
- Medical carts	1,017	9.85	1,305	7.99	1,698	10.86	584	10.77	624	8.99
➤ Manufacturing	908	8.80	1,016	6.22	1,300	8.31	438	8.08	434	6.25
➤ Trading	109	1.05	289	1.77	398	2.55	146	2.69	190	2.74
- Instrument trolleys	922	8.93	1,015	6.21	1,306	8.35	533	9.83	644	9.27
➤ Manufacturing	916	8.87	993	6.08	1,293	8.27	533	9.83	621	8.94
➤ Trading	6	0.06	22	0.13	13	0.08	-	-	23	0.33
- Examination tables (Manufacturing)	513	4.96	663	4.06	878	5.61	288	5.31	246	3.54
- Overbed tables (Manufacturing)	423	4.10	682	4.18	551	3.52	199	3.67	316	4.55
- Miscellaneous peripherals and accessories	1,634	15.83	1,139	6.97	2,145	13.72	951	17.53	1,877	27.04
➤ Manufacturing	1,015	9.83	681	4.17	864	5.53	759	13.99	699	10.07
➤ Trading	619	6.00	458	2.80	1,281	8.19	192	3.54	1,178	16.97
Sub-total	5,573	53.98	5,898	36.11	8,500	54.36	3,184	58.71	4,102	59.08
Total	10,324	100.00	16,334	100.00	15,637	100.00	5,424	100.00	6,943	100.00

11. FINANCIAL INFORMATION (Cont'd)**(ii) Analysis of gross profit margin by business activities:-**

Business Activities	<-----FYE 30 April----->			Six (6)-month <-----FPE 31 October----->	
	2013 %	2014 %	2015 %	2014 %	2015 %
<u>Manufacturing of medical/healthcare beds</u>					
- Medical beds	42.02	48.24	46.84	54.42	45.99
- Delivery beds	42.06	48.29	45.26	47.63	44.12
Sub-total	42.02	48.24	46.66	53.60	45.87
<u>Medical peripherals and accessories</u>					
- Patient transport trolleys	40.69	47.81	42.26	41.19	39.54
➤ Manufacturing	41.41	47.60	45.35	47.43	44.06
➤ Trading	32.20	49.09	27.97	21.05	20.42
- Medical carts	46.33	53.35	48.05	47.40	44.13
➤ Manufacturing	46.76	52.89	50.21	52.02	49.10
➤ Trading	43.08	55.05	42.12	37.44	35.85
- Instrument trolleys	39.91	46.26	43.90	46.23	50.75
➤ Manufacturing	39.84	46.42	43.77	46.23	51.20
➤ Trading	54.55	40.00	61.90	-	41.07
- Examination tables (<i>Manufacturing</i>)	42.40	48.32	46.16	54.55	51.57
- Overbed tables (<i>Manufacturing</i>)	48.85	54.34	52.33	53.78	50.89
- Miscellaneous peripherals and accessories	21.57	14.78	22.05	28.57	36.93
➤ Manufacturing	20.72	14.50	14.90	33.57	23.21
➤ Trading	23.13	15.22	32.59	17.98	56.88
Sub-total	33.23	34.17	35.80	39.12	41.59
Total	36.77	42.00	40.05	44.03	43.24

11. FINANCIAL INFORMATION (Cont'd)**(b) Financial Commentaries*****FYE 30 April 2013***

For the FYE 30 April 2013, our Group recorded revenue of RM28.077 million. The manufacturing of medical/healthcare beds activity contributed RM11.306 million or 40.27% of our total revenue with the highest contribution coming from medical beds category amounting to RM10.405 million or 92.03% of our total manufacturing of medical/healthcare beds activity revenue. The remaining portion of our revenue of RM16.771 million or 59.73% was contributed by our medical peripherals and accessories activity comprising the following:-

- miscellaneous peripherals and accessories category (RM7.575 million; 26.98%);
- patient transport trolleys category (RM2.615 million; 9.31%);
- instrument trolleys category (RM2.310 million; 8.23%);
- medical carts category (RM2.195 million; 7.82%);
- examination tables category (RM1.210 million; 4.31%); and
- overbed tables category (RM0.866 million; 3.08%).

Our Group's revenue was primarily contributed by local sales amounting to RM21.740 million or 77.43% of our total revenue. The remaining RM6.337 million or 22.57% of our total revenue was derived from the export market, with Vietnam and Singapore markets contributing RM2.108 million or 33.26% and RM1.850 million or 29.19% of total export market revenue respectively.

Our Group recorded a gross profit of RM10.324 million representing a gross profit margin of 36.77%. The gross profit for manufacturing of medical/healthcare beds activity were RM4.751 million, representing gross profit margin of 42.02%, while the gross profit for medical peripherals and accessories activity were RM5.573 million representing a gross profit margin of 33.23%.

We achieved PBT and PAT of RM5.258 million and RM4.440 million respectively, with PBT and PAT margin of 18.73% and 15.81% respectively.

FYE 30 April 2014

For the financial year under review, our Group's revenue increased by RM10.816 million or 38.52% to RM38.893 million as compared to revenue of RM28.077 million achieved in the FYE 30 April 2013.

The increase in revenue was mainly attributed to the revenue from manufacturing of medical/healthcare beds activity of RM21.633 million or 55.62% of our total revenue in the FYE 30 April 2014, representing an increase of RM10.327 million or 91.34% as compared to the FYE 30 April 2013. Out of this, medical beds category contributed RM19.879 million representing 91.89% of our total manufacturing of medical/healthcare beds activity revenue. The increase was mainly due to the following:-

- (i) secured a few large orders from a new local customer, who was the contractor for Hospital Queen Elizabeth, a new public hospital in East Malaysia; and
- (ii) secured a few large orders from Nomas Trading Est, a foreign customer based in Saudi Arabia.

Revenue from delivery beds also grew from RM0.901 million in the FYE 30 April 2013 to RM1.754 million in the FYE 30 April 2014, representing an increase of RM0.853 million or 94.67% contributed primarily from foreign customers based in Kenya and Thailand.

11. FINANCIAL INFORMATION (Cont'd)

In the FYE 30 April 2014, revenue contribution from medical peripherals and accessories activity of RM17.260 million increased slightly as compared to the FYE 30 April 2013 of RM16.771 million due to increase in revenue from overbed tables category by RM0.389 million or 44.92% mainly secured from the contractor for a new public hospital in East Malaysia.

The local market continued to be our main contributor of revenue with RM30.347 million or 78.03% of our Group's total revenue.

In the export market, revenue increased by RM2.209 million or 34.86% to RM8.546 million in the FYE 30 April 2014. The increase in the export market revenue was mainly attributed to a few large orders from Saudi Arabia which contributed RM4.063 million or 47.54% of the total export market revenue.

In the FYE 30 April 2014, our Group's gross profit increased by RM6.010 million or 58.21% to RM16.334 million while gross profit margin increased by 5.23% to 42.00% as compared to RM10.324 million and 36.77% respectively in the FYE 30 April 2013. The increase in gross profit was primarily due to higher revenue contribution from our medical beds category which contributed RM9.589 million or 58.71% of our total gross profit.

Gross profit margin for our manufacturing of medical/healthcare beds activity increased from 42.02% in the FYE 30 April 2013 to 48.24% in the FYE 30 April 2014 primarily due to the following:-

- (i) higher selling prices to a few major customers; and
- (ii) economies of scale which was evidenced by the increase in revenue by 91.34% and quantity of beds sold had almost doubled as compared to the FYE 30 April 2013.

The substantial increase in the gross profit margin for both manufacturing and trading of patient transport trolleys category from 41.41% and 32.20% in the FYE 30 April 2013 to 47.60% and 49.09% in the FYE 30 April 2014 respectively were primarily due to higher selling prices recorded for the FYE 30 April 2014 as compared to the FYE 30 April 2013.

For the FYE 30 April 2014, our gross profit margin for manufacturing of medical carts category had increased from 46.76% in the FYE 30 April 2013 to 52.89% primarily due to lower production cost arising from lower prices of steel sheets. On the other hand, gross profit margin from trading of medical carts category was 55.05% in the FYE 30 April 2014 as compared to 43.08% in the FYE 30 April 2013. The increase in gross profit margin for trading of medical carts category was mainly due to one type of aluminum-alloy and ABS made carts which had higher selling prices in the FYE 30 April 2014 as compared to the FYE 30 April 2013.

Our gross profit margin for manufacturing of instrument trolleys category had increased by 6.58% from 39.84% in the FYE 30 April 2013 to 46.42% in the FYE 30 April 2014 primarily due to lower production cost. However, our gross profit margin from trading of instrument trolleys category decreased substantially from 54.55% in the FYE 30 April 2013 to 40.00% in the FYE 30 April 2014. This was mainly due to bulk purchase discounts given to a foreign customer based in Singapore who made a few large orders.

The gross profit margin for our examination tables category had increased from 42.40% in the FYE 30 April 2013 to 48.32% in the FYE 30 April 2014, as we sold more high value examination tables models, which has a relatively higher profit margin.

Our gross profit margin for overbed tables category increased from 48.85% in the FYE 30 April 2013 to 54.34% in the FYE 30 April 2014 primarily due to higher selling prices secured from a new local customer, who was the contractor for a new public hospital in East Malaysia.

11. FINANCIAL INFORMATION (Cont'd)

The gross profit margin for miscellaneous peripherals and accessories category decreased from 21.57% in the FYE 30 April 2013 to 14.78% in the FYE 30 April 2014 due to the product mix derived from this category.

Based on the foregoing factors, our Group's PBT increased by RM2.928 million or 55.69% to RM8.186 million while PBT margin increased by 2.32% to 21.05% in the FYE 30 April 2014 as compared to RM5.258 million and 18.73% respectively in the FYE 30 April 2013. The increase in PBT was due to the increase in revenue and overall gross profit margin.

Our Group's PAT increased by RM1.567 million or 35.29% to RM6.007 million in the FYE 30 April 2014 in line with the increase in PBT while PAT margin decreased marginally from 15.81% in the FYE 30 April 2013 to 15.44% in the FYE 30 April 2014 due to higher income tax expense caused by an increase in non-deductible expenses for tax (such as depreciation and promotion expenses) and under provision for taxation in the prior year.

FYE 30 April 2015

For the financial year under review, our Group registered revenue of RM39.039 million, representing an increase of RM0.146 million or 0.38% as compared to the previous financial year.

Our Group's revenue from manufacturing of medical/healthcare beds activity declined by RM6.336 million or 29.29% to RM15.297 million in the FYE 30 April 2015. Nevertheless, revenue from most of our other categories increased due to our continuous marketing efforts in securing new customers and orders for other products. Most notably, the substantial increase in revenue from patient transport trolleys category by RM2.260 million or 98.78% was mainly attributed to large orders received from a few foreign customers, who are based in Botswana, amounting to RM0.956 million for patient transport trolleys only.

Similar to previous years, a significant portion of our revenue amounting to RM31.431 million or 80.51% was generated from the local market. Revenue generated from the export market amounting to RM7.608 million or 19.49% in the FYE 30 April 2015 was mainly derived from Botswana and Maldives, representing RM1.106 million or 14.54% and RM1.026 million or 13.49% of our total export market revenue respectively. An agent in Botswana had made a few large orders arising from its successful tender of a government project in Botswana, while the increase in revenue from Maldives was due to a new agent appointed during the current financial year. As compared to the previous financial year, there was a decrease in revenue contribution from Saudi Arabia as we did not receive any large orders from our customers.

Our Group's gross profit decreased by RM0.697 million or 4.27% to RM15.637 million in the FYE 30 April 2015, which was in line with the decrease in overall gross profit margin from 42.00% in the FYE 30 April 2014 to 40.05% in the FYE 30 April 2015. The decline in gross profit margin was mainly attributed to the increase in our cost of sales due to the following:-

- (i) increase in headcount of 29 employees in our manufacturing department from 98 employees in the FYE 30 April 2014 to 127 employees in the FYE 30 April 2015;
- (ii) increase in direct labour costs due to the implementation of new minimum wage policy. This policy has resulted an increase in the salary for each direct labour worker from RM520 per month to RM900 per month in the financial year under review; and
- (iii) higher depreciation costs of PPE arising from the additional plant and machinery purchased in the FYE 30 April 2014 as disclosed in Section 5.6 of this Prospectus.

11. FINANCIAL INFORMATION (Cont'd)

The above directly impacts our manufacturing business activities and resulted in a general decline in the gross profit margin in the financial year under review.

The decline in gross profit margin for trading of patient transport trolleys category and medical carts category from 49.09% and 55.05% in the FYE 30 April 2014 to 27.97% and 42.12% in the FYE 30 April 2015 respectively was mainly due to a general increase in our trading cost arising from higher purchase price and depreciation of RM.

Our gross profit margin for trading of instrument trolleys category had increased by 21.90% from 40.00% in the FYE 30 April 2014 to 61.90% in the FYE 30 April 2015 mainly due to higher selling prices recorded as compared to the FYE 30 April 2014.

The increase in our gross profit margin for miscellaneous peripherals and accessories category from 14.78% in the FYE 30 April 2014 to 22.05% in the FYE 30 April 2015 was due to the product mix derived from this category.

In the FYE 30 April 2015, our Group recorded PBT of RM7.298 million (2014: RM8.186 million) and PAT of RM5.962 million (2014: RM6.007 million). The reduction in PBT was primarily due to the lower gross profit recorded during the financial year under review. Despite the reduction in PBT by 10.85%, PAT only decreased by 0.75% due to the lower income tax expense arising from higher tax incentives, i.e. utilisation of reinvestment allowances, reduction in non-deductible expenses and over provision for taxation in the prior year.

Six (6)-month FPE 31 October 2014

For the six (6)-month FPE 31 October 2014, our Group recorded revenue of RM12.318 million. The manufacturing of medical/healthcare beds activity contributed RM4.179 million or 33.93% of our total revenue with the highest contribution coming from medical beds category amounting to RM3.673 million or 87.89% of our total manufacturing of medical/healthcare beds activity revenue. The remaining portion of our revenue of RM8.139 million or 66.07% was contributed by our medical peripherals and accessories activity comprising the following:-

- miscellaneous peripherals and accessories category (RM3.329 million; 27.02%);
- patient transport trolleys category (RM1.527 million; 12.40%);
- medical carts category (RM1.232 million; 10.00%);
- instrument trolleys category (RM1.153 million; 9.36%);
- examination tables category (RM0.528 million; 4.29%); and
- overbed tables category (RM0.370 million; 3.00%).

Our Group's revenue was primarily contributed by local sales amounting to RM9.863 million or 80.07% of our total revenue. The remaining RM2.455 million or 19.93% of our total revenue was derived from the export market, with Sri Lanka and Singapore markets contributing RM0.524 million or 21.34% and RM0.387 million or 15.76% of total export market revenue respectively.

Our Group recorded a gross profit of RM5.424 million representing a gross profit margin of 44.03%. The gross profit for manufacturing of medical/healthcare beds activity were RM2.240 million, representing gross profit margin of 53.60%, while the gross profit for medical peripherals and accessories activity were RM3.184 million representing a gross profit margin of 39.12%.

We achieved PBT and PAT of RM1.971 million and RM1.438 million respectively, with PBT and PAT margin of 16.00% and 11.67% respectively.

11. FINANCIAL INFORMATION (Cont'd)***Six (6)-month FPE 31 October 2015***

For the financial period under review, our Group registered revenue of RM16.057 million, representing an increase of RM3.739 million or 30.35% as compared to the revenue of RM12.318 million registered in the six (6)-month FPE 31 October 2014.

The increase in revenue was mainly attributed to the revenue from manufacturing of medical/healthcare beds activity of RM6.194 million or 38.57% of our total revenue in the six (6)-month FPE 31 October 2015, representing an increase of RM2.015 million or 48.22% as compared to the six (6)-month FPE 31 October 2014. Of the total revenue, medical beds category contributed RM5.786 million representing 93.41% of our total manufacturing of medical/healthcare beds activity revenue. The increase was mainly due to large orders from a local customer and a new foreign customer based in Bangladesh.

For the six (6)-month FPE 31 October 2015, revenue contribution from medical peripherals and accessories activity of RM9.863 million had increased as compared to the six (6)-month FPE 31 October 2014 of RM8.139 million due to increase in revenue from overbed tables category by RM0.251 million or 67.84% mainly secured from a new foreign customer based in Bangladesh, as well as contribution from miscellaneous peripherals and accessories category.

Similar to the previous financial period, a significant portion of our revenue amounting to RM11.983 million or 74.63% was generated from the local market.

In the export market, revenue increased by RM1.619 million or 65.95% to RM4.074 million in the six (6)-month FPE 31 October 2015. The increase in the export market revenue was mainly attributed to a few large orders from Bangladesh which contributed RM2.006 million or 49.24% of the total export market revenue.

For the six (6)-month FPE 31 October 2015, our Group's gross profit increased by RM1.519 million or 28.01% to RM6.943 million while gross profit margin decreased marginally by 0.79% to 43.24% as compared to RM5.424 million and 44.03% respectively in the six (6)-month FPE 31 October 2014. The increase in gross profit was primarily due to higher revenue contribution from our medical beds category which contributed RM2.841 million or 40.92% of our total gross profit.

The decline in gross profit margin was mainly attributed to the increase in our cost of sales due to the following:-

- (i) increase in direct labour costs due to the implementation of new minimum wage policy. This policy has resulted in an increase in the salary for each direct labour worker from RM520 per month to RM900 per month in the financial period under review; and
- (ii) higher rental costs arising from the newly rented premises at Factory Lot No. 12, Factory Lot No. 12A and Factory Lot No. 16.

The above directly impacted our manufacturing business activities and resulted in a general decline in the gross profit margin for the financial period under review.

Despite the general decline in gross profit margin for other manufactured products, our gross profit margin for manufacturing of instrument trolleys category had increased by 4.97% from 46.23% in the six (6)-month FPE 31 October 2014 to 51.20% in the six (6)-month FPE 31 October 2015 primarily due to lower production cost.

The increase in our gross profit margin for miscellaneous peripherals and accessories category from 28.57% in the six (6)-month FPE 31 October 2014 to 36.93% in the six (6)-month FPE 31 October 2015 was due to the product mix derived from this category.

11. FINANCIAL INFORMATION (Cont'd)

For the six (6)-month FPE 31 October 2015, our Group's PBT increased by RM0.668 million or 33.89% to RM2.639 million while PBT margin increased by 0.44% to 16.44% as compared to RM1.971 million and 16.00% in the six (6)-month FPE 31 October 2014 respectively. The increase in PBT was due to the increase in revenue during the financial period under review.

Our Group's PAT increased by RM0.345 million or 23.99% to RM1.783 million in the six (6)-month FPE 31 October 2015 in line with the increase in PBT. The PAT margin decreased marginally from 11.67% in the six (6)-month FPE 31 October 2014 to 11.10% in the six (6)-month FPE 31 October 2015 due to higher income tax expense caused by an increase in non-deductible expenses for tax (such as depreciation, promotion expenses and listing expenses) and under provision for taxation in the prior year.

(c) Other key factors affecting the profitability of our Group

The other key factors affecting the profitability of our Group include those factors discussed below and other sections in this Prospectus, in particular the risk factors under Section 4 of this Prospectus:-

(i) Cost of Sales

A breakdown of the components of our cost of sales for the past three (3) FYE 30 April 2013 to 2015 and six (6)-month FPE 31 October 2014 to 2015 are as follows:-

Type of Cost	<-----FYE 30 April----->						Six (6)-month <-----FPE 31 October----->			
	2013		2014		2015		2014		2015	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Manufacturing										
- Material costs	10,760	60.61	13,158	58.33	12,724	54.37	2,649	38.43	4,651	51.03
- Direct costs	3,401	19.16	5,018	22.24	5,199	22.22	2,067	29.98	2,181	23.93
- Production overheads	1,247	7.02	1,395	6.18	1,692	7.23	773	11.21	864	9.48
Trading	2,345	13.21	2,988	13.25	3,787	16.18	1,405	20.38	1,418	15.56
Total	17,753	100.00	22,559	100.00	23,402	100.00	6,894	100.00	9,114	100.00

11. FINANCIAL INFORMATION (Cont'd)**Analysis of cost of sales by business activities:-**

Business Activities	←-----FYE 30 April----->						Six (6)-month ←-----FPE 31 October----->			
	2013		2014		2015		2014		2015	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Manufacturing of medical/healthcare beds										
- Medical beds	6,033	33.98	10,290	45.61	7,178	30.67	1,674	24.28	3,125	34.29
- Delivery beds	522	2.94	907	4.02	982	4.20	265	3.85	228	2.50
Sub-total	6,555	36.92	11,197	49.63	8,160	34.87	1,939	28.13	3,353	36.79
Medical peripherals and accessories										
- Patient transport trolleys	1,551	8.73	1,194	5.29	2,626	11.22	898	13.02	604	6.63
➤ Manufacturing	1,412	7.95	1,026	4.55	2,044	8.73	613	8.89	452	4.96
➤ Trading	139	0.78	168	0.74	582	2.49	285	4.13	152	1.67
- Medical carts	1,178	6.63	1,141	5.06	1,836	7.85	648	9.40	790	8.67
➤ Manufacturing	1,034	5.82	905	4.01	1,289	5.51	404	5.86	450	4.94
➤ Trading	144	0.81	236	1.05	547	2.34	244	3.54	340	3.73
- Instrument trolleys	1,388	7.82	1,179	5.23	1,669	7.13	620	8.99	625	6.86
➤ Manufacturing	1,383	7.79	1,146	5.08	1,661	7.10	620	8.99	592	6.50
➤ Trading	5	0.03	33	0.15	8	0.03	-	-	33	0.36
- Examination tables (Manufacturing)	697	3.93	709	3.14	1,024	4.38	240	3.48	231	2.53
- Overbed tables (Manufacturing)	443	2.50	573	2.54	502	2.14	171	2.48	305	3.35
- Miscellaneous peripherals and accessories	5,941	33.47	6,566	29.11	7,585	32.41	2,378	34.50	3,206	35.17
➤ Manufacturing	3,884	21.88	4,015	17.80	4,935	21.09	1,502	21.79	2,313	25.37
➤ Trading	2,057	11.59	2,551	11.31	2,650	11.32	876	12.71	893	9.80
Sub-total	11,198	63.08	11,362	50.37	15,242	65.13	4,955	71.87	5,761	63.21
Total	17,753	100.00	22,559	100.00	23,402	100.00	6,894	100.00	9,114	100.00

11. FINANCIAL INFORMATION (Cont'd)**Direct material costs**

Our direct material costs represent the largest component of our cost of sales which consist of steel materials (i.e. sheets, tubes and bars), accessories and fittings (i.e. side rails, head boards and foot boards), electrical components (i.e. actuators and control box), castors/wheels and hydraulic pumps.

Some of our accessories and fittings, electrical components, castors/wheels and hydraulic pumps are sourced directly from overseas suppliers or outsourced manufacturers according to the specifications required, which is exposed to foreign exchange fluctuations whilst some of the accessories and fittings and castors/wheels are purchased locally from local suppliers as disclosed in Section 5.7.3 of this Prospectus.

Our Group's direct material costs contributed 60.61%, 58.33% and 54.37% of our total cost of sales for the FYE 30 April 2013 to 2015 respectively and 38.43% and 51.03% for the six (6)-month FPE 31 October 2014 to 2015 respectively. The trend movement in the direct material costs was in line with the movement of our total revenue for the FYE 30 April 2013 to 2014 and six (6)-month FPE 31 October 2015, where an increase in our revenue would result in an increase in our direct material costs.

For the FYE 30 April 2015, we registered a slight increase in our revenue whilst recording a decrease in direct material costs primarily due to reduction in prices of steel materials (i.e. sheets, tubes and bars) purchased.

For the six (6)-month FPE 31 October 2014, the direct material costs were relatively lower as compared to the six (6)-month FPE 31 October 2015 mainly due to lower revenue recorded, hence lesser materials consumed.

Direct costs

Our Group's direct costs include direct labour costs, sub-contractor fees and outsourcing costs such as plating, punching, welding and drilling costs. The direct costs constituted approximately 19.16%, 22.24% and 22.22% of our total cost of sales for the FYE 30 April 2013 to 2015 respectively and 29.98% and 23.93% for the six (6)-month FPE 31 October 2014 to 2015 respectively. In the FYE 30 April 2014, our direct costs increased mainly due to the increase in sub-contractor fees by RM0.700 million or 355.33% arising from a substantial increase in our orders represented by the increase of RM10.816 million in our Group's revenue.

For the FYE 30 April 2015, there was an increase in headcount in our manufacturing department by 29 employees and an increase in direct labour costs that resulted from the implementation of new minimum wage policy from RM520 per month to RM900 per month for each direct labour worker. This was partially offset by the decrease in sub-contractor fees of RM0.566 million.

11. FINANCIAL INFORMATION (Cont'd)**Production overheads**

Our production overheads mainly include depreciation of manufacturing related assets (PPE comprising plant and machinery, motor vehicles and buildings), utility expenses, repair and maintenance of machinery and equipment. The total production overheads constituted 7.02%, 6.18% and 7.23% of our total cost of sales for the FYE 30 April 2013 to 2015 respectively and 11.21% and 9.48% for the six (6)-month FPE 31 October 2014 to 2015 respectively. The trend movement in the production overheads was in line with the movement of our total revenue for the FYE 30 April 2013 to 2015 and six (6)-month FPE 31 October 2014 to 2015, where an increase in our revenue would result in an increase in our production overheads. The increase in production overheads for the FYE 30 April 2015 was also due to higher depreciation costs of PPE arising from the additional plant and machinery purchased in the FYE 30 April 2014 as disclosed in Section 5.6 of this Prospectus.

For the six (6)-month FPE 31 October 2015, the increase in production overheads was mainly due to additional rental costs amounting to RM0.121 million arising from the newly rented premises at Factory Lot No. 12, Factory Lot No. 12A and Factory Lot No. 16.

Trading costs

For the past three (3) FYE 30 April 2013 to 2015, trading cost comprise 13.21%, 13.25% and 16.18% of our total cost of sales respectively and six (6)-month FPE 31 October 2014 to 2015 comprise 20.38% and 15.56% of our total cost of sales respectively. Our Group's trading activity are generally undertaken as a value-added service, to fulfil customers' requests and requirements.

(ii) Other Income

Our Group recorded other income of RM1.653 million, RM0.440 million, RM0.246 million for the FYE 30 April 2013 to 2015 respectively and RM0.131 million and RM0.451 million for the six (6)-month FPE 31 October 2014 to 2015 respectively.

FYE 30 April 2013

For the FYE 30 April 2013, other income of RM1.653 million accounted for 5.89% of our total revenue. Our Group recorded RM1.622 million or 98.12% of total other income arising from a one-off gain on disposal of PPE comprising two (2) factory cum office buildings in Taman Universiti Indah, Seri Kembangan due to relocation to Factory Lot No. 3, i.e. our current head office and manufacturing plant, which we have occupied since 2008.

FYE 30 April 2014

For the FYE 30 April 2014, other income of RM0.440 million accounted for 1.13% of our total revenue, representing a RM1.213 million or 73.38% decrease as compared to the FYE 30 April 2013. This was mainly due to a lower gain on disposal of PPE, i.e. plant and machinery and motor vehicles, which was partially offset by an increase in gain on foreign currency exchange translation amounting to RM0.247 million or 56.14% of total other income.

11. FINANCIAL INFORMATION (Cont'd)***FYE 30 April 2015***

For the FYE 30 April 2015, other income of RM0.246 million accounted for 0.63% of our total revenue, representing a decrease of RM0.194 million or 44.09% as compared to the FYE 30 April 2014. The main contributor to the decrease in other income was due to a lower gain on foreign exchange by RM0.196 million or 79.35% and a lower gain on disposal of PPE i.e. plant and machinery. The decrease in gain on foreign currency exchange and disposal of PPE was partially offset by a write back of impairment loss on trade receivables and a related party amounting to RM0.088 million or 35.77% of the total other income.

Six (6)-month FPE 31 October 2014

For the six (6)-month FPE 31 October 2014, other income of RM0.131 million accounted for 1.06% of our total revenue was mainly contributed by a write back of impairment loss on trade receivables amounting to RM0.045 million or 34.35% of the total other income.

Six (6)-month FPE 31 October 2015

For the six (6)-month FPE 31 October 2015, other income of RM0.451 million accounted for 2.81% of our total revenue, representing a RM0.320 million or 244.27% increase as compared to the six (6)-month FPE 31 October 2014. The increase was mainly contributed by gain in foreign currency exchange amounting to RM0.388 million or 86.03% of the total other income.

(iii) Selling and Distribution Expenses

Selling and distribution expenses for the FYE 30 April 2013 to 2015 was approximately RM1.681 million, RM2.290 million and RM2.117 million respectively and for the six (6)-month FPE 31 October 2014 to 2015 was approximately RM0.891 million and RM1.095 million respectively. Our selling and distribution expenses mainly consist of exhibition expenses, travelling expenses, loading, installation and distribution expenses, entertainment expenses, advertisement expenses and sponsorship expenses.

FYE 30 April 2013

For the FYE 30 April 2013, selling and distribution expenses of RM1.681 million accounted for 5.99% of our total revenue. The majority of the contribution was attributable to travelling expenses and exhibition expenses amounting to RM0.380 million or 22.61% and RM0.287 million or 17.07% of our total selling and distribution expenses respectively.

FYE 30 April 2014

For the FYE 30 April 2014, selling and distribution expenses accounted for 5.89% of our total revenue, representing an increase of RM0.609 million or 36.23% to RM2.290 million in the FYE 30 April 2014 primarily from travelling expenses, exhibition expenses and carriage outwards amounting to RM0.548 million or 23.93%, RM0.476 million or 20.79% and RM0.238 million or 10.39% of our total selling and distribution expenses respectively. The increase in our Group's selling and distribution expenses were in line with the growth in our revenue in the FYE 30 April 2014.

11. FINANCIAL INFORMATION (Cont'd)***FYE 30 April 2015***

For the FYE 30 April 2015, selling and distribution expenses accounted for 5.42% of our total revenue. Our Group recorded a slight decrease in this expenses from RM2.290 million in the FYE 30 April 2014 to RM2.117 million in the financial year under review. This was mainly due to the decline in travelling expenses by RM0.331 million or 60.40% to RM0.217 million in the FYE 30 April 2015. The decrease in travelling expenses was mainly attributed to the decrease in overseas travelling expenses.

Six (6)-month FPE 31 October 2014

For the six (6)-month FPE 31 October 2014, selling and distribution expenses of RM0.891 million accounted for 7.23% of our total revenue. The majority of the contribution was attributable to travelling expenses and exhibition expenses amounting to RM0.123 million or 13.80% and RM0.274 million or 30.75% of our total selling and distribution expenses respectively.

Six (6)-month FPE 31 October 2015

For the six (6)-month FPE 31 October 2015, selling and distribution expenses of RM1.095 million accounted for 6.82% of our total revenue, representing an increase of RM0.204 million or 22.90% as compared to the six (6)-month FPE 31 October 2014. This was mainly due to the increase in exhibition expenses by RM0.094 million or 34.31% to RM0.368 million in the six (6)-month FPE 31 October 2015.

(iv) Administrative Expenses

Our administrative expenses mainly consist of payroll related cost which comprise of salaries and allowances, statutory contributions, other staff related expenses and directors' remuneration.

Administrative expenses for the FYE 30 April 2013 to 2015 was approximately RM4.382 million, RM4.663 million and RM5.128 million respectively and for the six (6)-month FPE 31 October 2014 to 2015 was approximately RM2.158 million and RM3.130 million respectively. This represented 15.61%, 11.99% and 13.14% of our total revenue for the FYE 30 April 2013 to 2015 respectively and 17.52% and 19.49% of our total revenue for the six (6)-month FPE 31 October 2014 to 2015 respectively.

For the FYE 30 April 2014, the increase in our administrative expenses was primarily due to increase in salaries and allowances of employees by RM0.175 million or 11.42% as a result of salary increment.

For the FYE 30 April 2015, increase in administrative expenses was mainly due to increase in directors' remuneration and professional fees (i.e. consultation fees for the implementation of Goods and Service Tax and legal fees for the acquisition of Factory Lot No. 15) by RM0.106 million or 11.55% and RM0.099 million or 126.92% respectively.

For the six (6)-month FPE 31 October 2014, administrative expenses was mainly due to salaries and allowances for employees amounting to RM0.791 million or 36.65% of our total administrative expenses and directors' remuneration amounting to RM0.391 million or 18.12% of our total administrative expenses.

11. FINANCIAL INFORMATION (Cont'd)

For the six (6)-month FPE 31 October 2015, the increase in administrative expenses by RM0.972 million or 45.04% was primarily due to increase in salaries and allowances for employees and directors' remuneration by RM0.313 million or 39.57% and RM0.093 million or 23.79% respectively as compared to the six (6)-month FPE 31 October 2014.

(v) Other Expenses

Our Group's other expenses consist of depreciation of non-manufacturing related assets (such as motor vehicles and furniture and fittings), impairment loss on trade receivables, loss on foreign currency exchange, bad debts and deposits written off. For the FYE 30 April 2013 to 2015, our Group's other expenses were RM0.367 million, RM1.383 million and RM0.980 million respectively and for the six (6)-month FPE 31 October 2014 to 2015 were RM0.348 million and RM0.264 million respectively.

FYE 30 April 2013

For the FYE 30 April 2013, other expenses of RM0.367 million accounted for 1.31% of our total revenue. This was mainly attributed to depreciation of motor vehicles amounting to RM0.182 million or 49.59% of our total other expenses.

FYE 30 April 2014

For the FYE 30 April 2014, other expenses accounted for 3.56% of our total revenue representing an increase of RM1.016 million or 276.84% to RM1.383 million. The increase was mainly due to impairment loss on trade receivables which were long overdue amounting to RM0.725 million and unrealised loss on foreign currency exchange amounting to RM0.109 million.

FYE 30 April 2015

For the FYE 30 April 2015, other expenses recorded of RM0.980 million accounted for 2.51% of our total revenue, representing a decrease of RM0.403 million or 29.14% as compared to the FYE 30 April 2014. The reduction in other expenses was mainly attributed to the lower impairment loss on trade receivables and realised loss on foreign currency exchange amounting to RM0.371 million and RM0.015 million respectively in the FYE 30 April 2015 as compared to the RM0.957 million and RM0.109 million respectively in the FYE 30 April 2014.

The decrease in other expenses was partially offset by a higher depreciation charge mainly due to new additions of motor vehicles and tender deposits written off amounting to RM0.103 million or 10.51% and RM0.100 million or 10.20% of our total other expenses respectively in the financial year under review.

Six (6)-month FPE 31 October 2014

For the six (6)-month FPE 31 October 2014, other expenses of RM0.348 million accounted for 2.83% of our total revenue. This was mainly attributed to depreciation of motor vehicles and realised loss on foreign currency exchange amounting to RM0.297 million or 85.34% and RM0.035 million or 10.06% of our total other expenses respectively.

11. FINANCIAL INFORMATION (Cont'd)***Six (6)-month FPE 31 October 2015***

For the six (6)-month FPE 31 October 2015, other expenses recorded of RM0.264 million accounted for 1.64% of our total revenue, representing a decrease of RM0.084 million or 24.14% as compared to the six (6)-month FPE 31 October 2014, which was mainly attributed to the lower depreciation charge by RM0.041 million.

(vi) Finance Costs

Finance costs are mainly interest charged for bank facilities and accounted for 1.03%, 0.65% and 0.92% of our total revenue for the FYE 30 April 2013 to 2015 respectively and 1.52% and 1.66% of our total revenue for the six (6)-month FPE 31 October 2014 to 2015 respectively.

FYE 30 April 2013

In the FYE 30 April 2013, our Group's finance costs amounted to RM0.289 million with term loan interest of RM0.258 million contributing the majority of the finance costs. The remaining portion of the finance cost was attributed to hire purchase interest and trade finance charges, representing RM0.017 million or 5.88% and RM0.014 million or 4.84% of the total finance costs respectively.

FYE 30 April 2014

Our Group's finance cost recorded a decrease of RM0.037 million or 12.80% from RM0.289 million in the FYE 30 April 2013 to RM0.252 million in the FYE 30 April 2014, primarily due to a decline in the term loan interest by RM0.052 million or 20.16% to RM0.206 million as some of the term loans were toward the end of its tenure hence a lower interest being charged.

FYE 30 April 2015

Our Group's finance cost increased from RM0.252 million in the FYE 30 April 2014 to RM0.360 million in the FYE 30 April 2015, representing a RM0.108 million or 42.86% increase from the previous financial year. This was mainly due to the additional term loan secured for the acquisition of our Factory Lot No. 15, and increase in hire purchase facilities resulting from the purchase of new motor vehicles for the senior management as well as for our business operations.

Six (6)-month FPE 31 October 2014

For the six (6)-month FPE 31 October 2014, our Group's finance costs amounted to RM0.187 million with term loan interest of RM0.144 million contributing the majority of the finance costs. The remaining portion of the finance cost was attributed to hire purchase interest and trade finance charges, representing RM0.016 million or 8.56% and RM0.027 million or 14.44% of the total finance costs respectively.

Six (6)-month FPE 31 October 2015

For the six (6)-month FPE 31 October 2015, our Group's finance cost increased from RM0.187 million to RM0.266 million representing a RM0.079 million or 42.25% increase as compared to the six (6)-month FPE 31 October 2014. This was mainly due to the finance cost related to the term loan for our Factory Lot No. 15 amounting to RM0.107 million.

11. FINANCIAL INFORMATION (Cont'd)**(vii) Tax Expense**

	<-----Audited-----> <-----FYE 30 April----->			Unaudited	Audited
	2013	2014	2015	Six (6)-month FPE 2014	31 October 2015
	RM'000	RM'000	RM'000	RM'000	RM'000
Taxation	818	2,179	1,336	533	856
Effective tax rate (%)	15.56	26.62	18.31	27.04	32.44

FYE 30 April 2013

Our Group incurred a tax expense amounting to RM0.818 million representing an effective tax rate of 15.56% in the financial year under review.

The lower effective tax rate was due to the following:-

- (a) Over provision of deferred tax liability in the prior year;
- (b) Utilisation of reinvestment allowances; and
- (c) Income exempted from taxation arising from gain from disposal of PPE, i.e. disposal of two (2) factory cum office buildings in Taman Universiti Indah, Seri Kembangan.

FYE 30 April 2014

Our Group's tax expense increased by RM1.361 million or 166.38% from RM0.818 million in the FYE 30 April 2013 to RM2.179 million in the FYE 30 April 2014.

The higher effective tax rate of 26.62% in the FYE 30 April 2014 was mainly due to the increase in non-deductible expenses for tax (such as depreciation and promotion expenses), and under provision for taxation amounting to RM0.140 million in the prior year.

FYE 30 April 2015

Our Group's tax expense decreased by RM0.843 million or 38.69% from RM2.179 million in the FYE 30 April 2014 to RM1.336 million in the FYE 30 April 2015.

Our lower effective tax rate of 18.31% was contributed by higher tax incentives arising from utilisation of reinvestment allowances, reduction in non-deductible expenses for tax and over provision for taxation amounting to RM0.076 million in the prior year.

Six (6)-month FPE 31 October 2014

Our Group incurred a tax expense amounting to RM0.533 million representing an effective tax rate of 27.04% in the financial period under review.

The higher effective tax rate was mainly due to the non-deductible expenses for tax such as depreciation and promotion expenses.

11. FINANCIAL INFORMATION (Cont'd)**Six (6)-month FPE 31 October 2015**

Our Group's tax expense increased by RM0.323 million or 60.60% from RM0.533 million in the six (6)-month FPE 31 October 2014 to RM0.856 million in the six (6)-month FPE 31 October 2015.

The higher effective tax rate of 32.44% was contributed mainly by the non-deductible expenses for tax (such as depreciation, promotion expenses and listing expenses) and under provision for taxation amounting to RM0.178 million in the prior year.

(d) Significant factors materially affecting our operations and financial results

In addition to the factors and trends set out in Section 11.4.7 of this Prospectus, some of the following factors that may have an impact to our operations and financial results are as follows:-

(i) Impact of Foreign Exchange

Our export sales are predominantly in USD and SGD, whilst some of our purchases of raw materials are denominated in SGD, USD, GBP and EUR. As a result, we are exposed to fluctuations in foreign currency exchange rates and any adverse movements in the foreign exchange currency markets may have a negative impact on our business performance, financial position and operating results. Our Group's purchases and sales has not been materially affected by the fluctuation of the foreign currency exchange rates in the past three (3) FYE 30 April 2013 to 2015 and six (6)-month FPE 31 October 2015.

The exposure of our purchases and sales in RM value equivalent for the past three (3) FYE 30 April 2013 to 2015 and six (6)-month FPE 31 October 2015 are as follows:-

Exposure of purchases in RM value equivalent

Transaction currency	<-----FYE 30 April----->						Six (6)-month FPE 31 October 2015	
	2013		2014		2015		RM'000	% of Total Purchases*
	RM'000	% of Total Purchases*	RM'000	% of Total Purchases*	RM'000	% of Total Purchases*		
USD	2,336	21.44	3,223	21.37	2,884	17.74	1,571	27.89
SGD	9	0.08	62	0.41	46	0.28	23	0.41
EUR	2,044	18.76	3,397	22.52	2,584	15.90	1,245	22.11
GBP	111	1.02	161	1.07	89	0.55	-	-
AUD	27	0.25	3	0.02	33	0.20	18	0.32

Note:-

* Total purchases for the FYE 30 April 2013 to 2015 and six (6)-month FPE 31 October 2015 were RM10.893 million, RM15.085 million, RM16.254 million and RM5.632 million respectively.

11. FINANCIAL INFORMATION (Cont'd)**Exposure of revenue in RM value equivalent**

Transaction currency	<-----FYE 30 April----->						Six (6)-month FPE 31 October 2015	
	2013		2014		2015		RM'000	% of Total Revenue [@]
	RM'000	% of Total Revenue [@]	RM'000	% of Total Revenue [@]	RM'000	% of Total Revenue [@]		
USD	4,487	15.98	7,124	18.32	6,837	17.51	3,712	23.12
SGD	1,850	6.59	1,422	3.66	771	1.97	362	2.25

Note:-

[@] Total revenue for the FYE 30 April 2013 to 2015 and six (6)-month FPE 31 October 2015 were RM28.077 million, RM38.893 million, RM39.039 million and RM16.057 million respectively.

Currently, we maintain foreign currencies accounts (i.e. USD and EUR) for payments of our foreign purchases and/or receipts of export sales. Our management does not actively hedge our Group's foreign currency exposure and as at the LPD, we do not utilise any financial instruments for hedging purposes. We constantly monitor and review our Group's need to hedge. Should this exposure become substantial, we will consider hedging our position.

Our net gain or loss on foreign currency exchange rates for the past three (3) FYE 30 April 2013 to 2015 and six (6)-month FPE 31 October 2015 are as follows:-

	<-----FYE 30 April----->			Six (6)-month FPE 31 October 2015
	2013	2014	2015	
	RM'000	RM'000	RM'000	RM'000
Net (loss)/gain	(39)	138	36	388

For the FYE 30 April 2013 to 2015, the net gain or loss on foreign exchange transactions are mainly due to the fluctuation in foreign currencies relative to RM in respect of our purchases denominated in USD and EUR and sales denominated in USD and SGD. For the six (6)-month FPE 31 October 2015, the net gain on foreign exchange was primarily due to the cash and bank balances denominated in USD arising from the strengthening of USD against RM.

(ii) Impact of Commodity Prices

Steel materials purchased by us, comprise of sheets, tubes and bars, which constitutes a significant portion of our cost of sales. For the FYE 30 April 2013 to 2015 and six (6)-month FPE 31 October 2015, steel materials contributed 17.16%, 12.92%, 14.11% and 14.94% to our total purchases respectively.

The prices of steel sheets, tubes and bars are, amongst others, subject to market supply and demand conditions, prices of raw materials for the production of steel, prevailing energy costs and Government regulations. Any material changes in the conditions of any of the above factors may cause an increase in the price of steel, and this may lead to a rise in our cost of production. If we are unable to pass on this rise in raw material cost to our customers, we will be faced with bearing the increasing costs and this may have a material impact on our results of operations and business performance.

11. FINANCIAL INFORMATION (Cont'd)

Please refer to Section 4.1.7 for further details and mitigating factors on the risk of volatility in prices of our raw materials.

(iii) Impact of Interest Rates

As at 31 October 2015, our Group's total borrowings which stood at RM9.503 million comprise of hire purchase payables, term loans and bankers' acceptances at the average effective interest rate of 5.16%, 5.28% and 5.70% per annum respectively.

Our Group's objective in managing our interest rate expenses is to ensure an acceptable level of exposure to interest rate fluctuations.

As at the LPD, our borrowings have fixed and determinable payments. Save for the hire purchase payables which are charged on a fixed rate, the interest rates for our term loans and bankers' acceptances are based on the prevailing bank's base lending rate plus a margin agreed upon by our bankers when the respective loans and financings were granted.

There is no material impact from the fluctuations of interest rate on our historical profits for the past three (3) FYE 30 April 2013 to 2015 and six (6)-month FPE 31 October 2015.

(iv) Impact of Inflation

There was no material impact of inflation on our Group's financial results for the past three (3) FYE 30 April 2013 to 2015 and six (6)-month FPE 31 October 2015.

(v) Exceptional and Extraordinary Items

There were no exceptional and extraordinary items for the past three (3) FYE 30 April 2013 to 2015 and six (6)-month FPE 31 October 2015.

(vi) Impact of Government/Economic/Fiscal/Monetary Policies

Risks relating to government, economic, fiscal or monetary policies or factors which may materially affect our operations are set out in Section 4 of this Prospectus. Save as disclosed in Section 4, Section 6 and Section 11 of this Prospectus, there is no government, economic, fiscal or monetary policies or factors that have materially impacted our historical profits for the past three (3) FYE 30 April 2013 to 2015 and six (6)-month FPE 31 October 2015.

Premised on the above, our management believes that the healthcare industry is generally resilient to short-term adverse economic conditions. As indicated in the IMR Report, healthcare expenditure in Malaysia illustrated healthy growth during the global financial crisis in 2008. Further, the Government's initiatives to support the healthcare industry through the ETP, Budget 2015 and Budget 2016 indicates that a cutback in Government expenditure in the healthcare sector is unlikely. For further details on Government initiatives in the healthcare industry in Malaysia, please refer to Section 6: Chapter 3 – The Healthcare Services Industry (Key Demand Drivers) of this Prospectus.

(e) Significant Changes

Save as disclosed in this Prospectus, there is no significant changes that have occurred which may have a material effect on the financial position and results of our Group subsequent to the six (6)-month FPE 31 October 2015 up to the LPD.

11. FINANCIAL INFORMATION (Cont'd)**11.4.2 Liquidity and capital resources**

Our operations are funded by a combination of internal and external source of funds. Our Group's internal sources of funds comprise of share capital, cash generated from our operating activities and cash and bank balances, while our external funds are mainly from bank borrowings.

The interest rate of the bank borrowings is based on prevailing market rates. Currently, the principal use of the bank borrowings is for our Group's business growth and operations, for the acquisition of PPE and working capital purposes.

The decision to utilise either internally generated funds or bank borrowings for our business operations depends on, amongst others, our cash and bank balances, expected cash inflows, future working capital requirements, future capital expenditure requirements and the interest rate of bank borrowings.

The table below sets out the summary of our Group's historical audited combined statements of cash flows for the past three (3) FYE 30 April 2013 to 2015 and six (6)-month FPE 31 October 2015:-

	<-----Audited----->			
	<----- FYE 30 April----->			FPE 31
	2013 RM'000	2014 RM'000	2015 RM'000	October 2015 RM'000
Net cash from operating activities	726	9,223	6,873	2,257
Net cash for investing activities	(630)	(868)	(6,364)	(489)
Net cash for financing activities	(382)	(5,648)	(3,448)	(106)
Net (decrease)/increase in cash and cash equivalents	(286)	2,707	(2,939)	1,662
Effect of foreign exchange translation	-	-	-	418
Cash and cash equivalents at beginning of the financial year/period	4,504	4,218	6,925	3,986
Cash and cash equivalents at end of the financial year/period	4,218	6,925	3,986	6,066

There are no legal, financial or economic restrictions on the ability of our subsidiary to transfer funds to our Company in the form of cash dividends, loans or advances to meet the obligations of our Company.

Net cash from operating activities

For the FYE 30 April 2013, the amount generated from operations before working capital changes were approximately RM4.710 million. After accounting for key items as set out below, our Group's net cash from operating activities was approximately RM0.726 million:-

- (i) increase in trade and other receivables of approximately RM3.011 million mainly due to delayed payment from one of our overseas customer amounting to RM2.083 million;
- (ii) decrease in inventories of approximately RM1.527 million mainly due to lower stock level for finished goods;
- (iii) decrease in trade and other payables of approximately RM0.715 million due to prompt repayment; and
- (iv) income tax paid amounting to RM1.722 million.

11. FINANCIAL INFORMATION (Cont'd)

For the FYE 30 April 2014, the amount generated from operations before working capital changes were approximately RM10.201 million. After accounting for key items as set out below, our Group's net cash from operating activities was approximately RM9.223 million:-

- (i) decrease in trade and other receivables of approximately RM0.932 million mainly due to better credit review and monitoring of credit exposure;
- (ii) decrease in trade and other payables of approximately RM0.394 million due to prompt repayment;
- (iii) decrease in amount owing by related parties of approximately RM0.114 million; and
- (iv) income tax paid amounting to RM1.313 million.

For the FYE 30 April 2015, the amount generated from operations before working capital changes were approximately RM8.989 million. After accounting for key items as set out below, our Group's net cash from operating activities was approximately RM6.873 million:-

- (i) decrease in trade and other receivables of approximately RM1.829 million due to prompt payment arising from better credit review and monitoring of credit exposure;
- (ii) decrease in trade and other payables of approximately RM0.940 million mainly due to payment of sub-contractor fees accrued amounting to RM0.765 million;
- (iii) increase in inventories by RM0.703 million mainly due to increase in work in progress; and
- (iv) income tax paid amounting to RM1.942 million.

For the six (6)-month FPE 31 October 2015, the amount generated from operations before working capital changes were approximately RM3.088 million. After accounting for the key items as set out below, our Group's net cash from operating activities was approximately RM2.257 million:-

- (i) decrease in trade and other receivables of approximately RM0.482 million due to lower sales recorded during the period;
- (ii) decrease in trade and other payables of approximately RM0.223 million mainly due to prompt repayment;
- (iii) decrease in inventories by RM0.075 million mainly due to decrease in raw materials; and
- (iv) income tax paid amounting to RM0.900 million.

Net cash for investing activities

For the FYE 30 April 2013, our Group recorded net cash for investing activities of approximately RM0.630 million which was primarily attributed to the net proceeds from disposal of PPE amounting to RM2.471 million, i.e. disposal of two (2) factory cum office buildings in Taman Universiti Indah, Seri Kembangan which was offset by the purchase of PPE amounting to RM1.800 million and advances to directors amounting to RM1.273 million.

For the FYE 30 April 2014, our Group recorded net cash for investing activities of approximately RM0.868 million which was primarily attributed to the purchase of PPE amounting to RM2.363 million which was offset by repayment from directors amounting to RM1.492 million.

11. FINANCIAL INFORMATION (Cont'd)

For the FYE 30 April 2015, our Group recorded net cash for investing activities of approximately RM6.364 million which was primarily attributed to the acquisition of Factory Lot No. 15 (comprising freehold land and buildings) amounting to RM4.969 million, additional capital work-in-progress arising from the construction cost for our existing warehouse at Factory Lot No. 1 amounting to RM1.002 million, purchase of new motor vehicles amounting to RM0.736 million and repayment from a related party amounting to RM0.278 million.

For the six (6)-month FPE 31 October 2015, our Group recorded net cash for investing activities of approximately RM0.489 million which was primarily attributed to the purchase of PPE amounting to RM0.575 million which was offset by repayment from directors amounting to RM0.058 million.

Net cash for financing activities

For the FYE 30 April 2013, our Group recorded net cash for financing activities of approximately RM0.382 million mainly attributable to the repayment of term loans amounting to RM1.017 million and drawdown of term loans amounting to RM0.794 million.

For the FYE 30 April 2014, our Group recorded net cash for financing activities of approximately RM5.648 million. The net cash for financing activities was mainly due to dividends paid in respect of the dividends declared for the FYE 30 April 2014 amounting to RM4.746 million and repayment of term loan amounting to RM1.096 million.

For the FYE 30 April 2015, our Group recorded net cash for financing activities of approximately RM3.448 million. The net cash for financing activities was mainly due to dividends paid in respect of the dividends declared for the FYE 30 April 2015 amounting to RM7.500 million and a drawdown of term loan amounting to RM4.336 million.

For the six (6)-month FPE 31 October 2015, our Group recorded net cash for financing activities of approximately RM0.106 million mainly attributable to the repayment of term loans amounting to RM0.332 million and proceeds from issuance of shares amounting to RM0.500 million.

Effect of foreign exchange translation

For the six (6)-month FPE 31 October 2015, our Group recorded an unrealised gain on foreign exchange of approximately RM0.418 million due to the cash and bank balances denominated in USD arising from the strengthening of USD against RM from RM3.56 to USD1.00 in the FYE 30 April 2015 as compared to RM4.30 to USD 1.00 in the six (6)-month FPE 31 October 2015.

Our Board is of the opinion that after taking into consideration the existing level of cash and cash equivalents and the gross proceeds from the Public Issue, our Group would have adequate working capital for a period of 12 months from the date of this Prospectus.

11. FINANCIAL INFORMATION (Cont'd)**11.4.3 Borrowings and financial instruments**

As at 31 October 2015, our total outstanding borrowings amounted to RM9.503 million, comprising hire purchase payables, term loans and bankers' acceptances, all of which are interest-bearing and secured can be analysed further as follows:-

	Payable within 12 months	Payable after 12 months	Total
	RM'000	RM'000	RM'000
Bank Borrowings			
- Hire purchase payables	168	408	576
- Term loans	764	7,668	8,432
- Bankers' acceptances	495	-	495
Total	1,427	8,076	9,503

Gearing ratio as at 31 October 2015 (times)[^] 0.28

Note:-

[^] Computed based on total borrowings over our pro forma shareholders' equity (after the Acquisition of LKL Advance Metaltech but before the Public Issue and utilisation of proceeds) as at 31 October 2015 of RM33.593 million.

Our Directors shall evaluate and closely monitor the financial position of our Group prior to entering into any financing facilities in order to meet repayment obligations. As at 31 October 2015, a total of RM1.427 million of our borrowings are payable within 12 months whilst the remaining RM8.076 million are payable after 12 months.

As at the LPD, we do not have any foreign currency borrowings. Our Group has not defaulted on payments of either interest and/or principal sum in respect of any bank borrowings throughout the past three (3) FYE April 2013 to FYE April 2015, six (6)-month FPE 31 October 2015 and up to the LPD. We do not encounter seasonality in our borrowings trend and there are no restriction on our committed borrowing facilities, i.e. term loans and hire purchase.

As at the LPD, we have banking facilities available to our Group amounting to RM18.341 million, out of which RM9.541 million has been utilised.

11. FINANCIAL INFORMATION (Cont'd)

The types of financial instruments utilised by our Group and the outstanding amount as at the LPD are set out below:-

Types	Tenure	Average effective interest rate (%)	Balance as at the LPD (RM'000)
Hire purchase payables	5 - 9 years	5.16	1,151
<i>Current</i>			
- not later than one (1) year			260
<i>Non-current</i>			
- later than one (1) year and not later than five (5) years			880
- later than five (5) years			11
Term loans	5 - 20 years	5.28	8,390
<i>Current</i>			
- repayable within one (1) year			759
<i>Non-current</i>			
- repayable between one (1) and two (2) years			823
- repayable between two (2) and five (5) years			3,531
- repayable after five (5) years			3,277
Bankers' acceptance	Up to 150 days	5.70	-
Total			9,541

11.4.4 Breach of terms and conditions or covenants associated with credit arrangement or bank loan

As at the LPD, neither us nor our subsidiary are in breach of any terms and conditions and covenants associated with credit arrangements or bank loans, which can materially affect our financial results, financial position or business operations, or the investments by holders of securities in our Company.

11.4.5 Material Commitment

As at the LPD, our Group has not incurred any material commitment for capital expenditure that may have a material and adverse impact on our financial position.

11.4.6 Contingent Liabilities

As at the LPD, there is no indirect and/or material contingent liabilities incurred by our Group, which may have a substantial impact on the financial position of our Group.

11. FINANCIAL INFORMATION (Cont'd)**11.4.7 Trend Information****(a) Business and financial prospects**

Our Board has observed that based on the revenue and operations of our Group for the past financial years/period under review, the following trends may continue to affect our business:-

(i) Going forward, we believe that we are in the position to sustain and grow our revenue in view of, inter-alia, the following:-

- Favourable prospects for medical beds, peripheral and accessory industry in Malaysia as set out in Section 6 of this Prospectus. According to the IMR Report, Smith Zander forecasts the medical beds, peripheral and accessory market size to grow from RM86.3 million in 2015 to RM118.9 million in 2018, at a CAGR of 11.3%.

The industry outlook is therefore positive, with growth in demand for healthcare services locally, which is driven by changes in lifestyle leading to higher incidences of chronic diseases, the demographic shift to an ageing population, the increased accessibility to healthcare services due to growth in income and/or uptake of medical insurance, as well as Government initiatives in driving the healthcare services industry. With the positive industry outlook for the industry, our Group is expected to benefit and continue to grow in the future; and

- Our continuous sales and marketing efforts to secure sales in line with our Group's future plans and prospects (as set out in Section 5.8 of this Prospectus) to expand our healthcare furniture and equipment business to existing and new geographical markets.

In the FYE 30 April 2015, we acquired Factory Lot No. 15 to accommodate our future expansion. We intend to use this factory to set up the new CNC machinery once the machinery is acquired. These machinery will allow for high-speed precision shearing, cutting and punching, which will increase our operating efficiencies and process accuracies. Please refer to Section 5.8 of this Prospectus for further details on our Group's future plans and strategies.

(ii) We have been operating in the healthcare furniture and equipment business for more than 15 years and have since delivered our products to established public and private hospitals and medical centres in the local market as well as international markets. With the required technical expertise to conform to international compliance standards in the global healthcare industry, we have exported our products to over 30 countries across six (6) continents.

From our track record, our Board believes that we would be able to maintain our competitiveness through our established presence across the markets and our ability to offer efficient and reliable after-sales service to our customers. We believe we are well-positioned to capitalise on the growth in the local and international healthcare industry; and

11. FINANCIAL INFORMATION (Cont'd)

- (iii) Generally, our cost of materials for, amongst others, steel materials and electrical components, which comprise a major portion of our material costs, are based on competitive market prices and subject to fluctuations in commodity prices and foreign currency exchange which may not be within our control. However, we believe that we are able to manage the cost with the availability of many alternative local and overseas suppliers, where we are able to source at competitive prices.

Our main components of expenses include salaries and allowances, statutory contributions and other staff related expenses, depreciation and traveling expenses. Such cost of materials and expenses are generally expected to move in line with the growth of our business, as we increase our revenue and expenditure on recruitment of staff, increase sales and marketing activities and penetrate new markets.

(b) Order book

Due to the nature of our business, we do not maintain an order book. We generate our revenues as and when we deliver our products based on purchase orders received.

As at the LPD, the financial performance, position and operations of our Group are not affected by any one of the following:-

- (i) Known trends, demands, commitments, events or uncertainties that have had, or that our Group reasonably expects to have, a material favourable or unfavourable impact on the financial performance, position and operations of our Group other than those disclosed in this Section and Section 4 and Section 5 of this Prospectus;
- (ii) Material commitments for capital expenditure, save as disclosed in Section 11.4.5 of this Prospectus;
- (iii) Unusual, infrequent events or transactions or any significant economic changes that have materially affected the financial performance, position and operations of our Group save as disclosed in this Section, Section 4 of this Prospectus; and
- (iv) Known events, circumstances, trends, uncertainties and commitments that are reasonably likely to make the historical financial statements not indicative of the future financial performance and position other than those disclosed in this Section and Section 4 of this Prospectus.

Information on our Group's business and financial prospects, risk factors, significant trends in sales, costs and selling prices is set out in this Section 11, Section 4 and Section 5 of this Prospectus. Given the outlook of the industry as set out in Section 6 of this Prospectus, our Group's competitive strengths as set out in Section 5.1.2 of this Prospectus and our Group's dedication to implement the future plans and strategies as set out in Section 5.8.1 of this Prospectus, our Board is optimistic about the future prospects of our Group.

11. FINANCIAL INFORMATION (Cont'd)**11.4.8 Other key financial ratios**

The key financial ratios of our Group are as follows:-

	←-----FYE 30 April----->			Six (6)-month FPE 31 October 2015 RM'000
	2013 RM'000	2014 RM'000	2015 RM'000	
Trade receivables				
Revenue	28,077	38,893	39,039	16,057
Trade receivables	10,851	9,472	7,029	6,250
Trade receivables turnover period (days) ^(a)	141	89	66	71
Trade payables				
Cost of sales	17,753	22,559	23,402	9,114
Trade payables	3,302	2,083	2,225	2,049
Trade payables turnover period (days) ^(b)	68	34	35	41
Inventories				
Cost of sales	17,753	22,559	23,402	9,114
<i>Inventories at cost:-</i>				
Raw materials	2,953	3,519	4,139	3,328
Work-in-progress	3,580	2,732	4,015	3,914
Finished goods	2,869	3,141	1,941	2,778
	<u>9,402</u>	<u>9,392</u>	<u>10,095</u>	<u>10,020</u>
Inventories turnover period (days) ^(c)	193	152	157	201
Current ratio (times)[^]	4.59	4.48	4.74	5.45
Gearing ratio (times)^{^*}	0.21	0.19	0.32	0.28

Notes:-

(a) For the FYE 30 April 2013 to 2015, calculated based on trade receivables of the respective financial years over the revenue of the respective financial years, multiplied by 365 days.

For the six (6)-month FPE 31 October 2015, calculated based on trade receivables over the revenue multiplied by 365 days divided by two (2).

(b) For the FYE 30 April 2013 to 2015, calculated based on trade payables of the respective financial years over the cost of sales of the respective financial years, multiplied by 365 days.

For the six (6)-month FPE 31 October 2015, calculated based on trade payables over the cost of sales multiplied by 365 days divided by two (2).

(c) For the FYE 30 April 2013 to 2015, calculated based on inventories of the respective financial years over the cost of sales of the respective financial years, multiplied by 365 days.

For the six (6)-month FPE 31 October 2015, calculated based on inventories over the cost of sales, multiplied by 365 days divided by two (2).

11. FINANCIAL INFORMATION (Cont'd)

^ Computed based on historical audited combined financial statements.

* Calculated based on combined total borrowings over combined shareholders' equity extracted from the historical audited combined financial statements as at the respective financial year/period ends. Borrowings comprise hire purchase payables, term loans and bankers' acceptances.

Trade receivables

As at 31 October 2015, the trade receivables of our Group amounted to RM6.250 million, the ageing of which are analysed as follows:-

	Within credit period 30 – 120 days	←-----Exceed credit period by----->				Total
		1 – 30 days	31 – 60 days	61 – 90 days	> 90 days	
Trade receivables (RM'000)	4,551	248	272	162	1,791	7,024
Less: Impairment losses (RM'000)	-	-	-	-	(774)	(774)
Net trade receivables (RM'000)	4,551	248	272	162	1,017	6,250
% of net trade receivables to total net trade receivables	72.82	3.97	4.35	2.59	16.27	100.00
Subsequent collection as at the LPD (RM'000)	4,338	243	272	152	696	5,701
Trade receivables net of subsequent collections (RM'000)	213	5	-	10	321	549
% of trade receivables net of subsequent collection to net trade receivables	4.68	2.02	-	6.17	31.56	8.78

Trade receivables are non-interest bearing and the normal credit term granted to regular customers range from 30 to 120 days. They are recorded at their original invoice amounts which represent their fair value on initial recognition. Other credit terms are addressed and approved on a case by case basis, while new customers are subject to our credit verification procedures. For our foreign customers, we usually ensure that we obtain letter of credit and/or full payment prior to delivery of our products.

It is our Group's current policy to perform semi-annual review and make provision for all trade receivables that are in dispute, under legal action or where recoveries are considered to be doubtful in respect of trade receivables which have been outstanding for more than twelve (12) months. Our Board has confirmed that as at 31 October 2015, save for the allowances for impairment losses amounting to RM0.774 million, there was no other provision required for doubtful debts. The profile of customers in respect of the RM0.774 million allowances for impairment losses mainly comprise of four (4) project consultants (RM0.726 million) and five (5) distributors (RM0.048 million) and we no longer have business dealings with them since then. Despite constant efforts taken by us to recover the amount outstanding including follow-up calls, direct negotiations and issuance of letter of demand by our lawyers to certain customers, the amount outstanding remains unpaid by our customers. As the recovery of the debts has become uncertain, our Board has provided the allowances for impairment losses on prudent basis.

11. FINANCIAL INFORMATION (Cont'd)

Our trade receivables turnover period decreased by 52 days to 89 days for the FYE 30 April 2014 from 141 days for the FYE 30 April 2013 and decreased further by 23 days to 66 days for the FYE 30 April 2015 due to better credit review and monitoring of credit exposure. For the six (6)-month FPE 31 October 2015, our trade receivables turnover period increased slightly by 5 days to 71 days due to higher sales recorded in September and October 2015 amounting to approximately RM7.415 million.

As of the LPD, we have collected RM5.701 million or 91.22% of the total trade receivables outstanding as at 31 October 2015. For those amounts which have exceeded the normal credit period, we have collected RM1.363 million or 80.22% of the said amounts as at the LPD and we are currently negotiating with the relevant customers to recover the remaining balance. Our Directors are of the opinion that the remaining balance of RM0.336 million or 19.78% of the amount exceeding the credit period are recoverable after taking into consideration our relationship with most of these customers and the various credit control measures implemented by us to minimise the incidence of customers default.

Trade payables

As at 31 October 2015, the trade payables of our Group amounted to RM2.049 million, the ageing of which are analysed as follows:-

	Within credit period 30 – 120 days	<-----Exceed credit period by----->				Total	Subsequent payment as at the LPD
		1 – 30 days	31 – 60 days	61 – 90 days	> 90 days		
Trade payables (RM'000)	938	884	160	57	10	2,049	2,042
% of total trade payables	45.78	43.14	7.81	2.78	0.49	100.00	99.66

Our trade payables turnover period decreased from 68 days to 34 days for the FYE 30 April 2013 and 2014 respectively. Thereafter, trade payables turnover period increased to 35 days and to 41 days for the FYE 30 April 2015 and six (6)-month FPE 31 October 2015 respectively. The decrease in payables turnover for the FYE 30 April 2014 was attributable to prompt repayment to the suppliers in the financial year under review. As at the LPD, RM1.104 million or 99.37% of the trade payables balance exceeding 120 days have been paid.

Inventories

Our inventories mainly comprise of steel materials (i.e. sheets, tubes and bars), electrical components, hydraulic pumps, castors/wheels, side rails, head boards and foot boards.

Our Group's inventory turnover decreased from 193 days in the FYE 30 April 2013 to 152 days in the FYE 30 April 2014. The decrease in inventory turnover was attributed to the increase in sales. Our Group's inventory turnover increased slightly from 152 days in the FYE 30 April 2014 to 157 days for the FYE 30 April 2015.

Our Group's inventory turnover increased from 157 days to 201 days for the six (6)-month FPE 31 October 2015 due to an increase in finished goods.

11. FINANCIAL INFORMATION (Cont'd)

Current ratio

For the FYE 30 April 2013 to 2015 and six (6)-month FPE 31 October 2015, our Group's current ratio decreased from 4.59 times to 4.48 times and increased to 4.74 times and 5.45 times respectively.

Our current ratio decreased from 4.59 times in the FYE 30 April 2013 to 4.48 times in the FYE 30 April 2014 due to the proportionately higher decrease in trade receivables as compared to the decrease in trade and other payables and accruals and term loans.

For the FYE 30 April 2015, the increase in our Group's current ratio from 4.48 times in the FYE 30 April 2014 to 4.74 times was attributed to the proportionately higher decrease in other payables and accruals as compared to the decrease in trade receivables and cash and bank balances.

For the six (6)-month FPE 31 October 2015, the increase in our Group's current ratio from 4.74 times in the FYE 30 April 2015 to 5.45 times was attributed to the proportionately higher increase in cash and bank balances as compared to the decrease in trade and other payables and accruals and term loans.

Gearing ratio

For the FYE 30 April 2014, our gearing ratio decreased from 0.21 times in the FYE 30 April 2013 to 0.19 times due to the repayment of term loan and improvement in our shareholders' funds.

Our gearing ratio increased from 0.19 times to 0.32 times in the FYE 30 April 2015 due to the additional term loan for the acquisition of the Factory Lot No. 15.

For the six (6)-month FPE 31 October 2015, our gearing ratio decreased from 0.32 times in the FYE 30 April 2015 to 0.28 times due to the repayment of term loan and improvement in our shareholders' funds.

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11. FINANCIAL INFORMATION (Cont'd)

11.5 DIVIDEND POLICY

It is our Directors' policy to allow our shareholders to participate in the profits of our Group as well as leaving adequate reserves for the future growth of our Group.

Notwithstanding the above, our Group presently does not have a fixed dividend policy. Our Group's ability to distribute dividends or make other distributions to our shareholders is subject to various factors, such as profits recorded and excess of funds not required to be retained for working capital of our business. Our Directors will take into consideration, amongst others, the following factors when recommending dividends for approval by our shareholders or when declaring any dividends:-

- (i) The availability of adequate reserves and cash flows;
- (ii) Our operating cash flow requirements and financing commitments;
- (iii) Our anticipated future operating conditions, as well as future expansion, capital expenditure and investment plans; and
- (iv) Any material impact of tax laws and other regulatory requirements.

However, investors should note that the intention to recommend dividends should not be treated as a legal obligation on our Company to do so. The level of dividends should also not be treated as an indication of our Company's future dividend policy. There can be no assurance that dividends will be paid out in the future or on timing of any dividends that are to be paid in the future. In determining dividends in respect of subsequent financial years, consideration will be given to maximising shareholders' value.

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12. ACCOUNTANTS' REPORT



Date : 07 APR 2016

The Board of Directors
LKL International Berhad
Wisma LKL
No. 3, Jalan BS 7/18,
Kawasan Perindustrian Bukit Serdang,
Seksyen 7, 43300 Seri Kembangan,
Selangor Darul Ehsan.

Crowe Horwath AF 1018
Chartered Accountants
Member Crowe Horwath International

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Dear Sirs/Madam

ACCOUNTANTS' REPORT
LKL INTERNATIONAL BERHAD

Report on the Combined Financial Statements

We have audited the accompanying historical combined financial statements of LKL International Berhad ("LKL International"), which comprise the combined statements of financial position as at 30 April 2013, 2014, 2015 and 31 October 2015, and the combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows for the financial years ended ("FYE") 30 April 2013, 2014, 2015 and financial period ended ("FPE") 31 October 2015, and a summary of significant accounting policies and other explanatory information, as set out on pages 3 to 69.

Directors' Responsibility for the Combined Financial Statements

The directors of LKL International are responsible for the preparation of combined financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and Prospectus Guidelines - Equity issued by the Securities Commission Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of combined financial statements that are free from material misstatement, whether due to fraud or error.

Reporting Accountants' Responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of combined financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the combined financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

12. ACCOUNTANTS' REPORT (Cont'd)



**ACCOUNTANTS' REPORT
LKL INTERNATIONAL BERHAD (CONT'D)**

(Incorporated in Malaysia)
Company No: 1140005 - V

Opinion

In our opinion, the combined financial statements of LKL International give a true and fair view of the financial position of LKL International as at 30 April 2013, 2014, 2015 and 31 October 2015 and of its financial performance and cash flows for the financial years/period then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and Prospectus Guidelines - Equity issued by the Securities Commission Malaysia.

Other Matters

The significant events subsequent to the end of financial period ended 31 October 2015 have been disclosed in Note 29 to this report.

Restriction on Distribution and Use

We understand that this report will be used solely for the purpose of inclusion in the prospectus of LKL International in connection with the listing of and quotation for the entire issued and paid-up share capital of LKL International on the ACE Market of Bursa Malaysia Securities Berhad. As such, this report should not be used for any other purpose without our prior written consent. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this letter contrary to the aforesaid purpose.

A handwritten signature in black ink, appearing to read "Crowe Horwath".

Crowe Horwath
Firm No: AF 1018
Chartered Accountants

A handwritten signature in black ink, appearing to read "Cheong Tze Yuan".

Cheong Tze Yuan
Approval No: 3034/04/16 (J)
Chartered Accountant

Kuala Lumpur

12. ACCOUNTANTS' REPORT (Cont'd)

LKL INTERNATIONAL BERHAD

COMBINED STATEMENTS OF FINANCIAL POSITION

		←-----Audited----->			Unaudited	Audited
		←-----FYE 30 April----->			Six (6)-month	
					←----FPE 31 October---->	
	Note	2013 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000
ASSETS						
NON-CURRENT ASSET						
Property, plant and equipment	4	13,904	15,709	21,712	16,818	21,703
CURRENT ASSETS						
Inventories	5	9,402	9,392	10,095	13,065	10,020
Trade receivables	6	10,851	9,472	7,029	5,157	6,250
Other receivables, deposits and prepayments	7	1,711	1,324	1,548	1,599	1,799
Amount owing by related parties	8	467	278	-	664	-
Amount owing by directors	9	1,492	-	58	18	-
Tax recoverable		478	-	345	-	389
Fixed deposit with a licensed bank	10	600	619	619	619	619
Cash and bank balances		4,218	6,925	3,986	7,485	6,066
		29,219	28,010	23,680	28,607	25,143
TOTAL ASSETS		43,123	43,719	45,392	45,425	46,846

12. ACCOUNTANTS' REPORT (Cont'd)

LKL INTERNATIONAL BERHAD

COMBINED STATEMENTS OF FINANCIAL POSITION (CONT'D)

		←----- Audited ----->			Unaudited	Audited
		←-----FYE 30 April----->			Six (6)-month	
					←----FPE 31 October---->	
Note	2013	2014	2015	2014	2015	
	RM'000	RM'000	RM'000	RM'000	RM'000	
EQUITY AND LIABILITIES						
EQUITY						
Share capital	11	1,000	1,000	1,500	1,000	2,000
Retained profits	12	30,087	31,348	29,810	31,786	31,593
TOTAL EQUITY		<u>31,087</u>	<u>32,348</u>	<u>31,310</u>	<u>32,786</u>	<u>33,593</u>
NON-CURRENT LIABILITIES						
Hire purchase payables	13	172	317	491	598	408
Term loans	14	5,061	4,438	8,030	4,197	7,668
Deferred tax liabilities	15	439	361	566	361	566
		<u>5,672</u>	<u>5,116</u>	<u>9,087</u>	<u>5,156</u>	<u>8,642</u>
CURRENT LIABILITIES						
Trade payables	16	3,302	2,083	2,225	3,815	2,049
Other payables and accruals		1,522	2,366	1,179	2,641	1,132
Amount owing to related parties	8	155	51	-	-	-
Amount owing to a director	9	-	-	3	-	3
Bankers' acceptances	17	208	315	638	64	495
Hire purchase payables	13	85	133	216	211	168
Term loans	14	1,092	841	734	653	764
Provision for taxation		-	466	-	99	-
		<u>6,364</u>	<u>6,255</u>	<u>4,995</u>	<u>7,483</u>	<u>4,611</u>
TOTAL LIABILITIES		<u>12,036</u>	<u>11,371</u>	<u>14,082</u>	<u>12,639</u>	<u>13,253</u>
TOTAL EQUITY AND LIABILITIES		<u>43,123</u>	<u>43,719</u>	<u>45,392</u>	<u>45,425</u>	<u>46,846</u>

12. ACCOUNTANTS' REPORT (Cont'd)

LKL INTERNATIONAL BERHAD

COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		←----- Audited ----->			Unaudited	Audited
		←----- FYE 30 April ----->			Six (6)-month	←----- FPE 31 October ----->
	Note	2013 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000
Revenue	18	28,077	38,893	39,039	12,318	16,057
Cost of sales		(17,753)	(22,559)	(23,402)	(6,894)	(9,114)
Gross profit ("GP")		10,324	16,334	15,637	5,424	6,943
Other income		1,653	440	246	131	451
		11,977	16,774	15,883	5,555	7,394
Selling and distribution expenses		(1,681)	(2,290)	(2,117)	(891)	(1,095)
Administrative expenses		(4,382)	(4,663)	(5,128)	(2,158)	(3,130)
Other expenses		(367)	(1,383)	(980)	(348)	(264)
Finance costs		(289)	(252)	(360)	(187)	(266)
Profit before taxation ("PBT")	19	5,258	8,186	7,298	1,971	2,639
Income tax expense	20	(818)	(2,179)	(1,336)	(533)	(856)
Profit after taxation ("PAT")		4,440	6,007	5,962	1,438	1,783
Other comprehensive income		-	-	-	-	-
Total comprehensive income for the financial years/period		4,440	6,007	5,962	1,438	1,783
PAT/Total comprehensive income attributable to:-						
- Owners of LKL International		4,440	6,007	5,962	1,438	1,783
Earnings per share (sen)						
- Basic	21	1.41	1.90	1.89	0.46	0.56
		Not	Not	Not	Not	Not
- Diluted	21	Applicable	Applicable	Applicable	Applicable	Applicable

12. ACCOUNTANTS' REPORT (Cont'd)**LKL INTERNATIONAL BERHAD****COMBINED STATEMENTS OF CHANGES IN EQUITY**

	Note	Non-distributable Share Capital RM'000	Distributable Retained Profits RM'000	Total Equity RM'000
Audited				
Balance at 1 May 2012		1,000	25,647	26,647
PAT/Total comprehensive income for the financial year		-	4,440	4,440
Balance at 30 April 2013/1 May 2013		1,000	30,087	31,087
PAT/Total comprehensive income for the financial year		-	6,007	6,007
Distribution to owners of the Company:				
- Dividends	22	-	(4,746)	(4,746)
Balance at 30 April 2014/1 May 2014		1,000	31,348	32,348
PAT/Total comprehensive income for the financial year		-	5,962	5,962
Contributions by and distribution to owners of the Company:				
- Issuance of shares		500	-	500
- Dividends	22	-	(7,500)	(7,500)
Total transactions with owners		500	(7,500)	(7,000)
Balance at 30 April 2015/1 May 2015		1,500	29,810	31,310
PAT/Total comprehensive income for the financial period		-	1,783	1,783
Contributions by owners of the Company:				
- Issuance of shares		500	-	500
Balance as at 31 October 2015		2,000	31,593	33,593
Unaudited				
Balance at 1 May 2014		1,000	31,348	32,348
PAT/Total comprehensive income for the financial period		-	1,438	1,438
Distribution to owners of the Company:				
- Dividend	22	-	(1,000)	(1,000)
Balance at 31 October 2014		1,000	31,786	32,786

12. ACCOUNTANTS' REPORT (Cont'd)**LKL INTERNATIONAL BERHAD****COMBINED STATEMENTS OF CASH FLOWS**

	← Audited →			Unaudited	Audited
	← FYE 30 April →			Six (6)-month	← FPE 31 October →
Note	2013 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
PBT	5,258	8,186	7,298	1,971	2,639
Adjustments for:-					
Allowance for impairment losses on trade receivables	-	725	371	-	8
Allowance for impairment losses on amount owing by a related party	-	232	-	-	-
Bad debts written off	-	-	15	15	-
Depreciation of property, plant and equipment	739	787	1,097	549	559
Deposits written off	-	-	100	-	-
Interest expense	289	252	360	187	266
Allowance/(Reversal of allowance) for annual leave	23	19	(105)	(105)	-
Gain on disposal of property, plant and equipment	(1,622)	(80)	*	*	(3)
Interest income	(8)	(29)	(8)	(3)	(1)
Property, plant and equipment written off	1	-	-	-	-
Unrealised loss/(gain) on foreign exchange	30	109	(51)	-	(360)
Writeback of allowance for impairment losses on trade receivables	-	-	(45)	(45)	(20)
Writeback of allowance for impairment losses on amount owing by a related party	-	-	(43)	-	-
Operating profit before working capital changes	4,710	10,201	8,989	2,569	3,088
Decrease/(Increase) in inventories	1,527	10	(703)	(3,673)	75
(Increase)/Decrease in trade and other receivables	(3,011)	932	1,829	4,070	482
(Decrease)/Increase in trade and other payables	(715)	(394)	(940)	2,112	(223)
Decrease/(Increase) in amount owing by related parties	181	114	43	(51)	-
Increase/(Decrease) in amount owing to related parties	37	(104)	(51)	-	-
CASH FROM OPERATIONS	2,729	10,759	9,167	5,027	3,422
Interest paid	(289)	(252)	(360)	(187)	(266)
Income tax paid	(1,722)	(1,313)	(1,942)	(900)	(900)
Interest received	8	29	8	3	1
NET CASH FROM OPERATING ACTIVITIES	726	9,223	6,873	3,943	2,257

Note:-

* - Represent RM241

12. ACCOUNTANTS' REPORT (Cont'd)**LKL INTERNATIONAL BERHAD****COMBINED STATEMENTS OF CASH FLOWS (CONT'D)**

	Note	← Audited →			Unaudited	Audited
		2013	2014	2015	Six (6)-month	2015
		RM'000	RM'000	RM'000	← FPE 31 October →	RM'000
CASH FLOWS FOR INVESTING ACTIVITIES						
Purchase of property, plant and equipment	4	(1,800)	(2,363)	(6,588)	(1,145)	(575)
Proceeds from disposal of property, plant and equipment		2,471	179	4	3	28
Net withdrawal/(placement) of fixed deposit pledged		34	(19)	-	-	-
(Advances to)/Repayment from related parties		(62)	(157)	278	(386)	-
(Advances to)/Repayment from directors		(1,273)	1,492	(58)	(18)	58
NET CASH FOR INVESTING ACTIVITIES		(630)	(868)	(6,364)	(1,546)	(489)
CASH FLOWS FOR FINANCING ACTIVITIES						
Advances from a director		-	-	3	-	-
(Repayment)/Net drawdown of bankers' acceptances		(38)	107	323	(251)	(143)
Drawdown of term loans		794	222	4,336	54	-
Repayment of term loans		(1,017)	(1,096)	(851)	(483)	(332)
Proceeds from issuance of shares		-	-	500	-	500
Repayment of hire purchase obligations		(121)	(135)	(259)	(157)	(131)
Dividends paid	22	-	(4,746)	(7,500)	(1,000)	-
NET CASH FOR FINANCING ACTIVITIES		(382)	(5,648)	(3,448)	(1,837)	(106)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(286)	2,707	(2,939)	560	1,662
EFFECT OF FOREIGN EXCHANGE TRANSLATION		-	-	-	-	418
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR/PERIOD		4,504	4,218	6,925	6,925	3,986
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR/PERIOD	23	4,218	6,925	3,986	7,485	6,066

12. ACCOUNTANTS' REPORT (Cont'd)**LKL INTERNATIONAL BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS****1. GENERAL INFORMATION**

- (a) LKL International was incorporated in Malaysia on 13 April 2015 under the Companies Act 1965, as a private limited company and principally engaged in the business of investment holding.

LKL International was incorporated with an authorised share capital of RM400,000 comprising 4,000,000 ordinary shares of RM0.10 each, of which 100 ordinary shares of RM0.10 each at par value were subscribed for on the date of incorporation.

On 16 July 2015, the Company was converted from a private limited company to a public company limited by shares and assumed its present name, LKL International Berhad.

- (b) LKL Advance Metaltech was incorporated in Malaysia on 13 October 1993 under the Companies Act 1965, as a private limited company and principally engaged in the provision of medical/healthcare beds, peripherals and accessories.

Notes:-

LKL International - *LKL International Berhad*

LKL Advance Metaltech - *LKL Advance Metaltech Sdn. Bhd.*

(Collectively defined as "the Group" or "LKL International Group")

2. BASIS OF PREPARATION

The combined financial statements for financial year ended 30 April 2015 and for financial period ended 31 October 2015 are prepared based on the audited financial statements of LKL International and LKL Advance Metaltech. As for the financial information for financial year ended 30 April 2013 and 2014 are prepared based on the audited financial statements of LKL Advance Metaltech. The audited financial statements are not subjected to any audit qualifications, modification and disclaimers.

Entities under common control are entities which are ultimately controlled by the same parties and that control is not transitory. Control exists when the same parties have, as a result of contractual agreements, ultimate collective power to govern the financial and operating policies of each of the combining entities so as to obtain benefits from their activities, and that ultimate collective power is not transitory. The financial statements of common controlled entities are included in the combined financial statements from the day that control commences until the date that control ceases.

The combined financial statements of LKL International Group for the relevant period were prepared in a manner similar to the "pooling-of-interest" method, as if the entities within LKL International Group were operating as a single economic enterprise from the beginning of the earliest comparative period covered by the relevant period or the dates of incorporation of entities within the Group, if later. Such manner of presentation reflects the economic substance of the combining companies, which were under common control throughout the relevant period.

12. ACCOUNTANTS' REPORT (Cont'd)

LKL INTERNATIONAL BERHAD

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

2. BASIS OF PREPARATION (CONT'D)

The identifiable assets and liabilities of all commonly controlled entities are accounted for at their historical costs. The accounting policies of common controlled entities have been changed where necessary to align them with the policies adopted by LKL International Group.

All material intra-group transactions and balances have been eliminated on combination.

The combined financial statements of LKL International Group are prepared under the historical cost convention and modified to include other basis of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and Prospectus Guidelines - Equity issued by the Securities Commission Malaysia.

- 2.1 During the FPE 31 October 2015, LKL International Group has adopted the following new accounting standards and interpretation (including the consequential amendments, if any):-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)

Amendments to MFRS 119: Defined Benefit Plans – Employee Contributions

Annual Improvements to MFRSs 2010 – 2012 Cycle

Annual Improvements to MFRSs 2011 – 2013 Cycle

The adoption of the above accounting standards and interpretation (including the consequential amendments, if any) did not have any material impact on LKL International Group's combined financial statements.

12. ACCOUNTANTS' REPORT (Cont'd)**LKL INTERNATIONAL BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****2. BASIS OF PREPARATION (CONT'D)**

- 2.2 LKL International Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the FPE 31 October 2015:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
MFRS 15 Revenue from Contracts with Customers & Amendments to MFRS 15: Effective Date of MFRS 15	1 January 2018
Amendments to MFRS 10 and MFRS 128 (2011): Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice
Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128 (2011): Investment Entities – Applying the Consolidation Exception	1 January 2016
Amendments to MFRS 101: Presentation of Financial Statements – Disclosure Initiative	1 January 2016
Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 and MFRS 141: Agriculture – Bearer Plants	1 January 2016
Amendments to MFRS 127 (2011): Equity Method in Separate Financial Statements	1 January 2016
Annual Improvements to MFRSs 2012 – 2014 Cycle	1 January 2016

The adoption of the above accounting standards and interpretation (including the consequential amendments, if any) is expected to have no material impact on the financial statements of LKL International Group upon their initial application.

12. ACCOUNTANTS' REPORT (Cont'd)

LKL INTERNATIONAL BERHAD

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated by the directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below:-

(a) Depreciation of Property, Plant and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions.

The Group anticipate that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount.

Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(b) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognise tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the year in which such determination is made.

(c) Impairment of Non-Financial Assets

When the recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash-generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

12. ACCOUNTANTS' REPORT (Cont'd)**LKL INTERNATIONAL BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)****(d) Impairment of Trade and Other Receivables**

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loan and receivables financial assets and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgment to evaluate the adequacy of the allowance for impairment losses. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables.

(e) Write-down of Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

(f) Fair Value Estimates for Certain Financial Assets and Liabilities

The Group carries certain financial assets and liabilities at fair value, which requires extensive use of accounting estimates and judgment. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group uses different valuation methodologies. Any changes in fair values of these assets and liabilities would affect profit and equity.

(g) Classification of Leasehold Land

The classification of leasehold land as a finance lease or an operating lease requires the use of judgement in determining the extent to which risks and rewards incidental to its ownership lie. Despite the fact that there will be no transfer of ownership by the end of the lease term and that the lease term does not constitute the major part of the indefinite economic life of the land, management considered that the present value of the minimum lease payments approximated to the fair value of the land at the inception of the lease. Accordingly, management judged that the Group has acquired substantially all the risks and rewards incidental to the ownership of the land through a finance lease.

12. ACCOUNTANTS' REPORT (Cont'd)**LKL INTERNATIONAL BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.2 FUNCTIONAL AND FOREIGN CURRENCIES****(a) Functional and Presentation Currency**

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Group's functional and presentation currency.

(b) Transactions and Balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

3.3 FINANCIAL INSTRUMENTS

Financial instruments are recognised in the statement of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intend to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially at its fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statement of financial position are disclosed in the individual policy statement associated with each item.

12. ACCOUNTANTS' REPORT (Cont'd)

LKL INTERNATIONAL BERHAD

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Assets

On initial recognition, financial assets are classified as either financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables financial assets, or available-for-sale financial assets, as appropriate.

(i) Financial Assets at Fair Value Through Profit or Loss

As at the end of the reporting period, there were no financial assets classified under this category.

(ii) Held-to-maturity Investments

As at the end of the reporting period, there were no financial assets classified under this category.

(iii) Loans and Receivables Financial Assets

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables financial assets. Loans and receivables financial assets are measured at amortised cost using the effective interest method, less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Loans and receivables financial assets are classified as current assets, except for those having settlement dates later than 12 months after the reporting date which are classified as non-current assets.

(iv) Available-for-sale Financial Assets

As at the end of the reporting period, there were no financial assets classified under this category.

12. ACCOUNTANTS' REPORT (Cont'd)**LKL INTERNATIONAL BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.3 FINANCIAL INSTRUMENTS (CONT'D)****(b) Financial Liabilities**

All financial liabilities are initially measured at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

Financial liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(c) Equity Instruments

Instruments classified as equity are measured at cost and are not remeasured subsequently. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from proceeds.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

(d) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

12. ACCOUNTANTS' REPORT (Cont'd)**LKL INTERNATIONAL BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.4 PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment, other than freehold land, are stated at cost less accumulated depreciation and impairment losses, if any.

Freehold land is stated at cost less impairment losses and is not depreciated.

Depreciation is charged to profit or loss (unless it is included in the carrying amount of another asset) on the straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Leasehold land	Over the lease period of 36 years
Leasehold building	2%
Freehold buildings	2%
Motor vehicles	20%
Office equipment, furniture and fittings	10% - 25%
Plant and machinery	10% - 20%
Renovation	10%
Signboard	10%

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment.

Capital work-in-progress represents assets under construction, and which are not ready for commercial use at the end of the reporting period. Capital work-in-progress is stated at cost, and is transferred to the relevant category of assets and depreciated accordingly when the assets are completed and ready for commercial use.

Cost of capital work-in-progress includes direct cost, related expenditure and interest cost on borrowings taken to finance the acquisition of the assets to the date that the assets are completed and put into use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset is recognised in profit or loss.

12. ACCOUNTANTS' REPORT (Cont'd)**LKL INTERNATIONAL BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.5 IMPAIRMENT****(a) Impairment of Financial Assets**

All financial assets (other than those categorised at fair value through profit or loss), are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. For an equity instrument, a significant or prolonged decline in the fair value below its cost is considered to be objective evidence of impairment.

An impairment loss in respect of loans and receivables financial assets is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

(b) Impairment of Non-Financial Assets

The carrying values of assets, other than those to which MFRS 136 - Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount of the assets is the higher of the assets' fair value less costs to sell and their value-in-use, which is measured by reference to discounted future cash flow.

An impairment loss is recognised in profit or loss.

When there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately.

3.6 ASSETS UNDER HIRE PURCHASE

Assets acquired under hire purchase are capitalised in the financial statements at the lower of the fair value of the leased assets and the present value of the minimum lease payments and, are depreciated in accordance with the policy set out in Section 3.4 above. Each hire purchase payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. Finance charges are recognised in profit or loss over the period of the respective hire purchase agreements.

12. ACCOUNTANTS' REPORT (Cont'd)

LKL INTERNATIONAL BERHAD

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in-first-out basis and comprises the purchase price, production or conversion costs and incidentals incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

3.8 BORROWING COSTS

Borrowing costs, directly attributable to the acquisition and construction of a qualifying asset, are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. Capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted.

All other borrowing costs are recognised in profit or loss as expenses in the period in which they are incurred.

3.9 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, bank overdrafts and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less.

3.10 INCOME TAXES

Income tax for the year comprises current and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the reporting period and is measured using the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

12. ACCOUNTANTS' REPORT (Cont'd)**LKL INTERNATIONAL BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.10 INCOME TAXES (CONT'D)**

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity.

3.11 EMPLOYEE BENEFITS**(a) Short-term Benefits**

Wages, salaries, paid annual leave, bonuses and non-monetary benefits are measured on an undiscounted basis and are recognised in profit or loss in the period in which the associated services are rendered by employees of the Group.

(b) Defined Contribution Plans

The Group's contributions to defined contribution plans are recognised in profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

3.12 PROVISIONS

Provisions are recognised when the Group has a present obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation. The unwinding of the discount is recognised as interest expense in profit or loss.

12. ACCOUNTANTS' REPORT (Cont'd)**LKL INTERNATIONAL BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.13 RELATED PARTIES**

A party is related to an entity (referred to as the "reporting entity") if:-

- (a) A person or a close member of that person's family is related to a reporting entity if that person:-
 - (i) has control or joint control over the reporting entity;
 - (ii) has significant influence over the reporting entity; or
 - (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

- (b) An entity is related to a reporting entity if any of the following conditions applies:-
 - (i) the entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) both entities are joint ventures of the same third party.
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
 - (vi) the entity is controlled or jointly controlled by a person identified in (a) above.
 - (vii) a person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

12. ACCOUNTANTS' REPORT (Cont'd)**LKL INTERNATIONAL BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.14 REVENUE AND OTHER INCOME****(a) Sales of Goods**

Revenue is measured at fair value of the consideration received or receivable and is recognised upon delivery of goods and customers' acceptance and where applicable, net of returns and trade discounts.

(b) Rental Income

Rental income is recognised on an accrual basis.

(c) Interest Income

Interest income is recognised on an accrual basis using the effective interest method.

(d) Government Grants

Grants that compensate the Group for expenses incurred are recognised in profit or loss on a systematic basis over the period necessary to match them with the related costs which they are intended to compensate for.

3.15 FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market's participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;

Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

12. ACCOUNTANTS' REPORT (Cont'd)

LKL INTERNATIONAL BERHAD

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

4. PROPERTY, PLANT AND EQUIPMENT

	Freehold land RM'000	Leasehold land and building RM'000	Freehold buildings RM'000	Motor vehicles RM'000	Office equipment, furniture and fittings RM'000	Plant and machinery RM'000	Renovation RM'000	Signboard RM'000	Capital work-in-progress RM'000	Total RM'000
Net book value at 1 May 2012	3,002	-	6,125	545	389	1,269	83	11	2,269	13,693
Additions	-	399	225	230	123	174	-	-	649	1,800
Disposals	-	-	(849)	-	-	-	-	-	-	(849)
Written off	-	-	-	-	(1)	-	-	-	-	(1)
Depreciation charge	-	-	(125)	(216)	(94)	(294)	(9)	(1)	-	(739)
Net book value at 30 April 2013/1 May 2013	3,002	399	5,376	559	417	1,149	74	10	2,918	13,904
Additions	-	86	-	351	88	1,246	-	-	920	2,691
Disposals	-	-	-	(10)	-	(89)	-	-	-	(99)
Depreciation charge	-	(15)	(116)	(205)	(96)	(344)	(9)	(2)	-	(787)
Net book value at 30 April 2014/1 May 2014	3,002	470	5,260	695	409	1,962	65	8	3,838	15,709
Additions	3,904	-	1,065	736	221	167	9	-	1,002	7,104
Reclassification	-	-	4,840	-	-	-	-	-	(4,840)	-
Disposal	-	-	-	-	(4)	-	-	-	-	(4)
Depreciation charge	-	(14)	(209)	(366)	(115)	(382)	(9)	(2)	-	(1,097)
Net book value at 30 April 2015	6,906	456	10,956	1,065	511	1,747	65	6	-	21,712
Additions	-	-	-	-	124	307	127	17	-	575
Disposal	-	-	-	(25)	-	-	-	-	-	(25)
Depreciation charge	-	(7)	(118)	(182)	(74)	(168)	(9)	(1)	-	(559)
Net book value at 31 October 2015	6,906	449	10,838	858	561	1,886	183	22	-	21,703

12. ACCOUNTANTS' REPORT (Cont'd)

LKL INTERNATIONAL BERHAD

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Unaudited Net book value at 30 April 2014/1 May 2014	Freehold land		Leasehold land and building		Freehold buildings		Motor vehicles		Office equipment, furniture and fittings		Plant and machinery		Renovation		Signboard		Capital work-in-progress		Total RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
	3,002	470	5,260	695	409	1,962	8	65	3,838	15,709									
Additions	96	-	-	686	83	100	-	-	696	1,661									
Reclassification	-	-	4,480	-	-	-	-	-	(4,480)	-									
Disposals	-	-	-	-	(3)	-	-	-	-	-									
Depreciation charge	-	(7)	(101)	(171)	(72)	(193)	(1)	(4)	-	(549)									
Net book value at 31 October 2014	3,098	463	9,639	1,210	417	1,869	7	61	54	16,818									

12. ACCOUNTANTS' REPORT (Cont'd)

LKL INTERNATIONAL BERHAD

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Freehold land RM'000	Leasehold land and building RM'000	Freehold buildings RM'000	Motor vehicles RM'000	Office equipment, furniture and fittings RM'000	Plant and machinery RM'000	Renovation RM'000	Signboard RM'000	Capital work-in-progress RM'000	Total RM'000
At 30.4.2013										
At cost	3,002	399	5,946	1,783	1,148	4,073	88	15	2,918	19,372
Accumulated depreciation	-	-	(570)	(1,224)	(731)	(2,924)	(14)	(5)	-	(5,468)
Net book value	3,002	399	5,376	559	417	1,149	74	10	2,918	13,904
At 30.4.2014										
At cost	3,002	485	5,946	1,939	1,236	5,154	88	15	3,838	21,703
Accumulated depreciation	-	(15)	(686)	(1,244)	(827)	(3,192)	(23)	(7)	-	(5,994)
Net book value	3,002	470	5,260	695	409	1,962	65	8	3,838	15,709
At 30.4.2015										
At cost	6,906	485	11,850	2,675	1,449	5,301	98	15	-	28,779
Accumulated depreciation	-	(29)	(894)	(1,610)	(938)	(3,554)	(33)	(9)	-	(7,067)
Net book value	6,906	456	10,956	1,065	511	1,747	65	6	-	21,712
At 31.10.2015										
At cost	6,906	485	11,851	2,644	1,573	5,567	225	32	-	29,283
Accumulated depreciation	-	(36)	(1,013)	(1,786)	(1,012)	(3,681)	(42)	(10)	-	(7,580)
Net book value	6,906	449	10,838	858	561	1,886	183	22	-	21,703

12. ACCOUNTANTS' REPORT (Cont'd)

LKL INTERNATIONAL BERHAD

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Freehold land RM'000	Leasehold land and building RM'000	Freehold buildings RM'000	Motor vehicles RM'000	Office equipment, furniture and fittings RM'000	Plant and machinery RM'000	Renovation RM'000	Signboard RM'000	Capital work-in-progress RM'000	Total RM'000
Unaudited										
At 31.10.2014	3,098	485	10,427	2,625	1,308	5,234	88	15	54	23,334
At cost	-	(22)	(788)	(1,415)	(891)	(3,365)	(27)	(8)	-	(6,516)
Accumulated depreciation										
Net book value	3,098	463	9,639	1,210	417	1,869	61	7	54	16,818

12. ACCOUNTANTS' REPORT (Cont'd)**LKL INTERNATIONAL BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

The Group made the following cash payment to purchase property, plant and equipment in the relevant financial years/periods, as follows:-

	←----- Audited ----->			Unaudited	Audited
	←----- FYE 30 April ----->			Six (6)-month	
	2013	2014	2015	2014	2015
	RM'000	RM'000	RM'000	RM'000	RM'000
Cost of property, plant and equipment purchased	1,800	2,691	7,104	1,661	575
Amount financed through hire purchase	-	(328)	(516)	(516)	-
Cash disbursed for purchase of property, plant and equipment	<u>1,800</u>	<u>2,363</u>	<u>6,588</u>	<u>1,145</u>	<u>575</u>

Included in the property, plant and equipment of the Group are the following assets acquired under hire purchase terms:-

	←----- Audited ----->			Unaudited	Audited
	←----- FYE 30 April ----->			Six (6)-month	
	2013	2014	2015	2014	2015
	RM'000	RM'000	RM'000	RM'000	RM'000
Motor vehicles, at net book value	265	478	759	840	606

Included in the net book value of property, plant and equipment at the end of the reporting period were the following assets pledged to financial institutions as security for banking facilities granted to the Group:-

	←----- Audited ----->			Unaudited	Audited
	←----- FYE 30 April ----->			Six (6)-month	
	2013	2014	2015	2014	2015
	RM'000	RM'000	RM'000	RM'000	RM'000
Freehold land	3,002	3,002	6,906	3,098	6,906
Freehold buildings	5,376	5,260	10,956	9,639	10,838
	<u>8,378</u>	<u>8,262</u>	<u>17,862</u>	<u>12,737</u>	<u>17,744</u>

12. ACCOUNTANTS' REPORT (Cont'd)**LKL INTERNATIONAL BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

Included in the net book value of property, plant and equipment at the end of the reporting years were the following assets held in trust by the following parties:-

	←-----Audited-----→			Unaudited	Audited
	←-----FYE 30 April-----→			Six (6)-month	
	2013	2014	2015	2014	2015
	RM'000	RM'000	RM'000	RM'000	RM'000
Motor vehicles:					
- directors	199	153	283	328	238
- employees	-	-	86	96	52
	<u>199</u>	<u>153</u>	<u>369</u>	<u>424</u>	<u>290</u>
Plant and machinery:					
- third party	355	363	210	311	219
	<u>554</u>	<u>516</u>	<u>579</u>	<u>735</u>	<u>509</u>

5. INVENTORIES

	←-----Audited-----→			Unaudited	Audited
	←-----FYE 30 April-----→			Six (6)-month	
	2013	2014	2015	2014	2015
	RM'000	RM'000	RM'000	RM'000	RM'000
At cost:-					
Raw materials	2,953	3,519	4,139	3,342	3,328
Work-in-progress	3,580	2,732	4,015	4,826	3,914
Finished goods	2,869	3,141	1,941	4,897	2,778
	<u>9,402</u>	<u>9,392</u>	<u>10,095</u>	<u>13,065</u>	<u>10,020</u>

None of the inventories is carried at net realisable value.

The amount of inventories recognised as an expense in cost of sales was as follows:-

	←-----Audited-----→			Unaudited	Audited
	←-----FYE 30 April-----→			Six (6)-month	
	2013	2014	2015	2014	2015
	RM'000	RM'000	RM'000	RM'000	RM'000
	17,753	22,559	23,402	6,894	9,114

12. ACCOUNTANTS' REPORT (Cont'd)**LKL INTERNATIONAL BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****6. TRADE RECEIVABLES**

	<-----Audited----->			Unaudited	Audited
	<-----FYE 30 April----->			Six (6)-month	<--FPE 31 October-->
	2013	2014	2015	2014	2015
	RM'000	RM'000	RM'000	RM'000	RM'000
Trade receivables	10,851	10,197	8,080	5,837	7,024
Allowance for impairment losses:-					
Opening balance	-	-	(725)	(725)	(1,051)
Addition during the financial years/period	-	(725)	(371)	-	(8)
Writeback during the financial year/periods	-	-	45	45	20
Written off during the financial period	-	-	-	-	265
Closing balance	-	(725)	(1,051)	(680)	(774)
	<u>10,851</u>	<u>9,472</u>	<u>7,029</u>	<u>5,157</u>	<u>6,250</u>

The Group's normal trade credit terms range from 30 to 120 days. Other credit terms are assessed and approved on a case-by-case basis.

7. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	<-----Audited----->			Unaudited	Audited
	<-----FYE 30 April----->			Six (6)-month	<--FPE 31 October-->
	2013	2014	2015	2014	2015
	RM'000	RM'000	RM'000	RM'000	RM'000
Other receivables	69	57	131	114	28
Deposits	464	435	127	485	128
Prepayments	1,178	832	1,290	1,000	1,643
	<u>1,711</u>	<u>1,324</u>	<u>1,548</u>	<u>1,599</u>	<u>1,799</u>

12. ACCOUNTANTS' REPORT (Cont'd)**LKL INTERNATIONAL BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****7. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENT (CONT'D)**

The major components of prepayments were as follows:-

	<----- Audited ----->			Unaudited Audited Six (6)-month	
	<-----FYE 30 April----->			<--FPE 31 October-->	
	2013	2014	2015	2014	2015
	RM'000	RM'000	RM'000	RM'000	RM'000
Advances to suppliers	570	221	736	495	990
Prepaid insurance	552	466	373	457	327
Prepaid listing expenses	-	-	22	-	210
	1,122	687	1,131	952	1,527

The prepayment of the Company represents the expenses incurred for the issuance of new shares in conjunction with the Company's proposed listing on the ACE Market of Bursa Malaysia Securities Berhad. It will be written off against the share premium account of the Company under Section 60 of the Companies Act 1965 in Malaysia.

8. AMOUNTS OWING BY/(TO) RELATED PARTIES

	<----- Audited ----->			Unaudited Audited Six (6)-month	
	<-----FYE 30 April----->			<--FPE 31 October-->	
	2013	2014	2015	2014	2015
	RM'000	RM'000	RM'000	RM'000	RM'000
<i>Amount owing by related parties:</i>					
Trade balance	346	232	-	232	-
Non-trade balance	121	278	-	664	-
	467	510	-	896	-
<i>Allowance for impairment losses:</i>					
- Opening balance	-	-	(232)	(232)	-
- Addition during the financial year	-	(232)	-	-	-
- Writeback during the financial year	-	-	43	-	-
- Write-off during the financial year	-	-	189	-	-
- Closing balance	-	(232)	-	(232)	-
	467	278	-	664	-
<i>Amount owing to a related party:</i>					
Trade balance	155	51	-	-	-

12. ACCOUNTANTS' REPORT (Cont'd)

LKL INTERNATIONAL BERHAD

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

8. AMOUNTS OWING BY/(TO) RELATED PARTIES (CONT'D)

- (a) The trade balance was subjected to the normal trade credit terms ranging from 30 to 120 days.
- (b) The non-trade balances represent unsecured, interest-free advances and payments made on behalf. The amounts owing were settled in cash.
- (c) Amount owing by a related party that is individually impaired relate to a related party that has been suffering significant financial losses.

9. AMOUNTS OWING BY/(TO) DIRECTORS

The amounts owing are non-trade in nature, unsecured, interest-free and repayable on demand. The amounts owing are to be settled in cash.

10. FIXED DEPOSIT WITH A LICENSED BANK

The effective interest rate of the fixed deposit at the end of the relevant financial years is as follows:-

	←-----Audited----->			Unaudited	Audited
	←-----FYE 30 April----->			Six (6)-month	
	2013	2014	2015	2014	2015
	per annum	per annum	per annum	per annum	per annum
				←--FPE 31 October-->	
Effective interest rate	3.1%	3.1%	3.3%	3.3%	3.3%

The deposit has a maturity period of 365 days. The deposit with a licensed bank has been pledged to a licensed bank as security for banking facilities granted to LKL Advance Metaltech.

12. ACCOUNTANTS' REPORT (Cont'd)

LKL INTERNATIONAL BERHAD

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

11. SHARE CAPITAL (CONT'D)

	Audited		Unaudited		Audited		Unaudited		Audited		Unaudited	
	2013	2014	2014	2015	2013	2014	2014	2015	2013	2014	2014	2015
	FYE 30 April		←-FPE 31 October		FYE 30 April		←-FPE 31 October		FYE 30 April		←-FPE 31 October	
	Numbers of Shares '000		Numbers of Shares '000		RM'000		RM'000		RM'000		RM'000	
Issued And Fully Paid-up:												
<i>LKL International</i>												
Ordinary shares of RM0.10 each												
Opening balance	-	-	-	-	-	-	-	-	-	-	-	-
Issuance of new shares	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	-	-	-	-	-	-
<i>LKL Advance Meta/tech</i>												
Ordinary shares of RM1.00 each												
Opening balance	1,000	1,000	1,000	1,500	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,500
Issuance of new shares	-	-	500	500	-	-	-	500	-	-	-	500
Closing balance	1,000	1,000	1,500	2,000	1,000	1,000	1,500	1,500	1,000	1,000	1,000	2,000

For the purpose of this report, the total number of shares as at FYE 30 April 2013, FYE 30 April 2014, FYE 30 April 2015, FPE 31 October 2014 and FPE 31 October 2015 represent the aggregate number of issued and fully paid-up shares of all entities within the Group.

Notes:-
 * - Represent RM10
 ^ - Represent 100 Shares

12. ACCOUNTANTS' REPORT (Cont'd)

LKL INTERNATIONAL BERHAD

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

11. SHARE CAPITAL (CONT'D)

LKL International was incorporated with an authorised share capital of RM400,000 comprising 4,000,000 ordinary shares of RM0.10 each, of which 100 ordinary shares of RM0.10 each were issued at par and subscribed for on the date of incorporation.

In FYE 30 April 2015, LKL Advance Metaltech increased its issued and paid-up share capital from RM1,000,000 to RM1,500,000 by the allotment of 500,000 new ordinary shares of RM1 each at par for the purpose of working capital. The new ordinary shares were issued for cash consideration. The new ordinary shares issued rank pari passu in all respects with the existing shares of LKL Advance Metaltech.

In FPE 31 October 2015, LKL Advance Metaltech increased its issued and paid-up share capital from RM1,500,000 to RM2,000,000 by the allotment of 500,000 new ordinary shares of RM1 each at par for the purpose of working capital. The new ordinary shares were issued for cash consideration. The new ordinary shares issued rank pari passu in all respects with the existing shares of LKL Advance Metaltech.

12. RETAINED PROFITS

Under the single tier tax system, tax on the Group's profits is the final tax and accordingly, any dividends to the shareholders are not subject to tax.

12. ACCOUNTANTS' REPORT (Cont'd)**LKL INTERNATIONAL BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****13. HIRE PURCHASE PAYABLES**

	<----- Audited----->			Unaudited	Audited
	<-----FYE 30 April----->			Six (6)-month	<---FPE 31 October--->
	2013	2014	2015	2014	2015
	RM'000	RM'000	RM'000	RM'000	RM'000
Minimum hire purchase payments:					
- not later than one year	96	152	248	249	194
- later than one year and not later than five years	181	326	510	617	427
- later than five years	-	20	30	45	16
	277	498	788	911	637
Less : Future finance charges	(20)	(48)	(81)	(102)	(61)
Present value of hire purchase payables	257	450	707	809	576
<u>Current</u>					
- not later than one year	85	133	216	211	168
<u>Non-Current</u>					
- later than one year and not later than five years	172	299	462	554	393
- later than five years	-	18	29	44	15
	172	317	491	598	408
	257	450	707	809	576

14. TERM LOANS

	<----- Audited----->			Unaudited	Audited
	<-----FYE 30 April----->			Six (6)-month	<---FPE 31 October--->
	2013	2014	2015	2014	2015
	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Current</u>					
- repayable within one year	1,092	841	734	653	764
<u>Non-Current</u>					
- repayable between one and two years	801	632	801	636	794
- repayable between two and five years	1,753	1,966	1,973	1,738	1,810
- repayable after five years	2,507	1,840	5,256	1,823	5,064
Total non-current portion	5,061	4,438	8,030	4,197	7,668
	6,153	5,279	8,764	4,850	8,432

12. ACCOUNTANTS' REPORT (Cont'd)**LKL INTERNATIONAL BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****14. TERM LOANS (CONT'D)**

The repayment terms of the term loans are as follows:-

Term Loan	Number of Monthly Instalments	Monthly Instalment Amount RM'000	Monthly Commencement Date of Repayment	Amount Outstanding				
				←FYE 30 April→			Six (6)-month ←FPE 31 October→	
				2013 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000
1	180	10	May 2007	839	760	678	720	636
2	180	20	May 2007	1,947	2,059	2,199	2,052	2,143
3	120	5	July 2007	218	171	121	146	96
4	60	29	August 2009	440	107	-	-	-
5	120	4	December 2012	379	349	317	333	300
6	120	13	March 2005	282	134	-	54	-
7	120	34	February 2009	2,004	1,699	1,380	1,545	1,208
8	240	26	June 2015	-	-	4,069	-	4,049
9	48	13	August 2009	44	-	-	-	-
				<u>6,153</u>	<u>5,279</u>	<u>8,764</u>	<u>4,850</u>	<u>8,432</u>

The term loans 1, 2, 3, 4, 5 and 9 are secured by:-

- (i) a facility agreement executed between LKL Advance Metaltech and the bank;
- (ii) a first legal charge over certain properties as disclosed in Note 4 to the combined financial statements; and
- (iii) a joint and several guarantee of certain directors of LKL Advance Metaltech.

The term loans 6 and 7 are secured by:-

- (i) a first legal charge over certain properties as disclosed in Note 4 to the combined financial statements;
- (ii) an assignment of insurance policy underwritten by the insurer, in the name of certain directors of LKL Advance Metaltech;
- (iii) a joint and several guarantee of certain directors of LKL Advance Metaltech; and
- (iv) a fixed deposit pledge of RM618,600.

The term loan 8 is secured by:-

- (i) a first legal charge over certain properties as disclosed in Note 4 to the combined financial statements; and
- (ii) a joint and several guarantee of certain directors of LKL Advance Metaltech.

12. ACCOUNTANTS' REPORT (Cont'd)**LKL INTERNATIONAL BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****15. DEFERRED TAX LIABILITIES**

	←-----Audited----->			Unaudited	Audited
				Six (6)-month	
	←-----FYE 30 April----->			←--FPE 31 October-->	
	2013	2014	2015	2014	2015
	RM'000	RM'000	RM'000	RM'000	RM'000
Opening balance	415	439	361	361	566
Recognised in profit or loss (Note 20)	24	(78)	205	-	-
Closing balance	439	361	566	361	566

The deferred tax liabilities are attributable to the following:-

Deferred tax liabilities:-

Accelerated capital allowances

Unrealised gain on foreign exchange

487	388	605	361	666
-	-	35	-	86
487	388	640	361	752

Deferred tax assets:-

Allowance for impairment losses on trade receivables

Unrealised loss on foreign exchange

-	-	(74)	-	(186)
(48)	(27)	-	-	-
(48)	(27)	(74)	-	(186)
439	361	566	361	566

16. TRADE PAYABLES

The normal trade credit terms granted to the Group range from 30 to 120 days.

17. BANKERS' ACCEPTANCES

The bankers' acceptances are secured by:-

- (i) a first legal charge over certain buildings as disclosed in Note 4 to the combined financial statements;
- (ii) an assignment of insurance policy underwritten by the insurer, in the name of certain directors of LKL Advance Metaltech;
- (iii) a joint and several guarantee of certain directors of the LKL Advance Metaltech; and
- (iv) a fixed deposit pledge of RM618,600.

12. ACCOUNTANTS' REPORT (Cont'd)**LKL INTERNATIONAL BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****18. REVENUE**

Revenue of the Group represents the invoiced value of goods sold and services rendered net of trade discounts and returns.

19. PROFIT BEFORE TAXATION

	← Audited →			Unaudited	Audited
	← FYE 30 April →			Six (6)-month	
	2013	2014	2015	2014	2015
	RM'000	RM'000	RM'000	RM'000	RM'000
Profit before taxation is arrived at after charging/(crediting):-					
Allowance for impairment losses on:					
- trade receivables	-	725	371	-	8
- a related party	-	232	-	-	-
Allowance/(Reversal) for annual leave	23	19	(105)	(105)	-
Audit fee for the financial years/period	30	35	32	3	32
Bad debts written off	-	-	15	15	-
Deposits written off	-	-	100	-	-
Depreciation of property, plant and equipment	739	787	1,097	549	559
Directors' fees	36	36	36	18	18
Directors' non-fee emoluments:					
- salaries and other benefits	748	790	860	391	484
- defined contribution plan	90	128	163	79	92
Incorporation fees	-	-	3	-	-
Interest expenses:					
- bankers' acceptances	14	29	41	28	16
- bank overdraft	-	1	-	-	-
- hire purchases	17	16	37	16	17
- term loans	258	206	282	143	233
Listing expenses	-	-	65	-	569
Loss/(Gain) on foreign exchange:					
- realised	9	(247)	15	35	(28)
- unrealised	30	109	(51)	-	(360)
Property, plant and equipment written off	1	-	-	-	-
Rental expenses:					
- factory	174	166	158	72	193
- forklift	-	2	-	-	-
- hostel	30	37	48	29	19
- office	39	42	42	21	31
Staff costs:					
- salaries and other staff related expenses	4,556	5,457	6,040	2,597	2,896
- defined contribution plan	363	400	449	150	251
Gain on disposal of property, plant and equipment	(1,622)	(80)	*	*	(3)
Interest income	(8)	(29)	(8)	(3)	(1)
Rental income	-	(2)	(28)	(14)	(1)
Writeback of impairment losses on:					
- trade receivables	-	-	(45)	(45)	(20)
- a related party	-	-	(43)	-	-
Government grant received	(5)	(75)	-	-	-
Human Resources Development Fund (HRDF) grant received	(7)	(4)	(43)	(43)	(28)

Note:-

* - Represent RM241

12. ACCOUNTANTS' REPORT (Cont'd)**LKL INTERNATIONAL BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****20. INCOME TAX EXPENSE**

	←----- Audited-----→			Unaudited	Audited
	←-----FYE 30 April-----→			Six (6)-month	
	2013	2014	2015	2014	2015
	RM'000	RM'000	RM'000	RM'000	RM'000
Current tax expense:					
- for the financial year	800	2,116	1,305	533	678
- (over)/underprovision in the previous financial years/period	(6)	141	(174)	-	178
	<u>794</u>	<u>2,257</u>	<u>1,131</u>	<u>533</u>	<u>856</u>
Deferred tax expense (Note 15):					
- for the financial year	132	(77)	107	-	159
- (over)/underprovision in the previous financial years/period	(108)	(1)	98	-	(159)
	<u>24</u>	<u>(78)</u>	<u>205</u>	<u>-</u>	<u>-</u>
	<u>818</u>	<u>2,179</u>	<u>1,336</u>	<u>533</u>	<u>856</u>

A reconciliation of income tax expense applicable to the profit before taxation at the statutory tax rate to income tax expense at the effective tax rate of the Group is as follows:-

	←----- Audited-----→			Unaudited	Audited
	←-----FYE 30 April-----→			Six (6)-month	
	2013	2014	2015	2014	2015
	RM'000	RM'000	RM'000	RM'000	RM'000
Profit before taxation	5,258	8,186	7,298	1,971	2,639
Tax at the statutory tax rate of:-					
- 24%	-	-	-	-	633
- 25%	1,314	2,047	1,825	493	-
Tax effects of:-					
Differential in tax rates	(25)	(25)	(25)	(25)	(25)
Non-taxable income	(306)	-	-	-	-
Non-deductible expenses	131	192	70	65	229
Utilisation of tax incentives	(182)	(175)	(458)	-	-
(Over)/Underprovision in the previous financial years/period:					
- current tax	(6)	141	(174)	-	178
- deferred tax	(108)	(1)	98	-	(159)
	<u>818</u>	<u>2,179</u>	<u>1,336</u>	<u>533</u>	<u>856</u>

The corporate tax rate on the first RM500,000 of the chargeable income is 20%. The tax rate applicable to the balance of the chargeable income is 25%.

The corporate tax rate on the first RM500,000 of chargeable income was reduced to 19% and the balance of the chargeable income was reduced to 24% effective year of assessment 2016.

12. ACCOUNTANTS' REPORT (Cont'd)**LKL INTERNATIONAL BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****21. EARNINGS PER SHARE**

	←----- Audited-----→			Unaudited	Audited
	←-----FYE 30 April-----→			Six (6)-month	←--FPE 31 October--→
	2013	2014	2015	2014	2015
Profit attributable to owners of the Company (RM'000)	4,440	6,007	5,962	1,438	1,783
Assumed number of shares in issue ('000) ⁽¹⁾	315,800	315,800	315,800	315,800	315,800
Basic earnings per ordinary share attributable to equity holders of the Company (sen)	1.41	1.90	1.89	0.46	0.56
Diluted profit per ordinary share attributable to equity holders of the Company	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable

Note:-

(1) - The assumed number of Shares in issue after Acquisition of LKL Advance Metaltech but before Public Issue.

22. DIVIDENDS

	←----- Audited-----→			Unaudited	Audited
	←-----FYE 30 April-----→			Six (6)-month	←--FPE 31 October--→
	2013	2014	2015	2014	2015
	RM'000	RM'000	RM'000	RM'000	RM'000
First single tier dividend of approximately RM1.00 (2014 - RM2.75) per ordinary share in respect of the current financial year/period	-	2,746	1,000	1,000	-
Second single tier dividend of approximately RM4.00 (2014 - RM2.00) per ordinary share in respect of the current financial year/period	-	2,000	4,000	-	-
Third single tier dividend of RM2.50 per ordinary share in respect of the current financial year/period	-	-	2,500	-	-
	-	4,746	7,500	1,000	-

12. ACCOUNTANTS' REPORT (Cont'd)

LKL INTERNATIONAL BERHAD

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

22. DIVIDENDS (CONT'D)

LKL International did not pay or declare any dividends during the relevant financial years/periods. The abovementioned dividends are declared and paid by LKL Advance Metaltech during the relevant financial years/periods.

23. CASH AND CASH EQUIVALENTS

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following:-

	←-----Audited-----→			Unaudited Audited	
				Six (6)-month	
	←-----FYE 30 April-----→			←--FPE 31 October--→	
	2013	2014	2015	2014	2015
	RM'000	RM'000	RM'000	RM'000	RM'000
Cash and bank balances	4,218	6,925	3,986	7,485	6,066
Fixed deposit with a licensed bank	600	619	619	619	619
Cash and cash equivalents	4,818	7,544	4,605	8,104	6,685
Less: Deposit pledged to a licensed bank	(600)	(619)	(619)	(619)	(619)
	4,218	6,925	3,986	7,485	6,066

12. ACCOUNTANTS' REPORT (Cont'd)**LKL INTERNATIONAL BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****24. RELATED PARTY DISCLOSURES**

(a) Identities of related parties

The Group has related party relationships with:-

- (i) the directors who are the key management personnel;
- (ii) entities controlled by the key management personnel/directors/substantial shareholders; and
- (iii) persons connected to the directors.

(b) In addition to the information detailed elsewhere in the combined financial statements, the Group carried out the following transactions with the related parties during the relevant financial years/periods:-

	←-----Audited-----→			Unaudited	Audited
	←-----FYE 30 April-----→			Six (6)-month	
	←-----FYE 30 April-----→			←--FPE 31 October--→	
	2013	2014	2015	2014	2015
	RM'000	RM'000	RM'000	RM'000	RM'000
Certain directors of LKL Advance Metaltech:					
- advances to directors	1,337	1,321	58	-	-
- rental paid to directors	-	32	32	16	12
Entities controlled by key management personnel, directors and/or substantial shareholders:					
- advances to related parties	38	27	5	18	-
- purchases from related parties	155	226	2,346	1,451	-
Key management personnel compensation:					
- salaries and other staff related expenses	1,077	1,179	1,452	594	762
- defined contribution plan	116	161	212	98	124
Close members of the family of certain directors:					
- salaries and other emoluments paid to close members of the family of directors	182	249	295	117	138
- advances to close members of the family of directors	-	320	-	-	-

12. ACCOUNTANTS' REPORT (Cont'd)

LKL INTERNATIONAL BERHAD**NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****25. OPERATING SEGMENTS**

The Group has three reportable segments as the Group is principally engaged in different principle activities, as described below. For each of the strategic business units, Managing Director (the chief operating decision maker) reviews internal management reports at least on a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:-

- (i) Manufacturing activities – involved in manufacturing of medical/healthcare beds, medical peripherals and accessories;
- (ii) Trading activities – involved in trading of medical peripherals and accessories; and
- (iii) Other activities – investment holding.

The management assesses the performance of the operating segments based on the operating profit or loss which is measured differently from those disclosed in the consolidated financial statements.

Income taxes are managed on a group basis and are not allocated to operating segments.

Assets, liabilities and expenses which are common and cannot be meaningfully allocated to the operating segments are presented under unallocated items. Unallocated items comprise mainly tax refundable, tax payable and deferred tax liabilities.

12. ACCOUNTANTS' REPORT (Cont'd)**LKL INTERNATIONAL BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****25. OPERATING SEGMENTS (CONT'D)**

	Medical/ healthcare beds RM'000	Medical peripherals and accessories Manufacturing RM'000	Trading RM'000	Other RM'000	Group RM'000
Audited					
FPE 31 October 2015					
External Revenue/Combined revenue	6,194	7,015	2,848	-	16,057
Results					
Segment results	1,485	1,397	747	-	3,629
Allowance for impairment losses on trade receivables	(4)	(4)	-	-	(8)
Depreciation of property, plant and equipment	(288)	(271)	-	-	(559)
Interest expense	(137)	(129)	-	-	(266)
Listing expenses	-	-	-	(569)	(569)
Realised gain on foreign exchange	14	14	-	-	28
Unrealised loss on foreign exchange	186	174	-	-	360
Gain on disposal of property, plant and equipment	2	1	-	-	3
Interest income	1	-	-	-	1
Writeback of impairment losses on trade receivables	10	10	-	-	20
					2,639
Income tax expense					(856)
Combined Profit after taxation					1,783
Assets					
Segment assets	23,406	22,014	827	210	46,457
Non-allocated assets	-	-	-	-	389
Total assets					46,846
Liabilities					
Segment liabilities	6,490	6,104	-	93	12,687
Non-allocated liabilities	-	-	-	-	566
Total liabilities					13,253
Other Segment Item					
Additions to non-current asset other than financial instrument:- - property, plant and equipment	296	279	-	-	575

12. ACCOUNTANTS' REPORT (Cont'd)**LKL INTERNATIONAL BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****25. OPERATING SEGMENTS (CONT'D)**

	Medical/ healthcare beds RM'000	Medical peripherals and accessories Manufacturing RM'000	Trading RM'000	Other RM'000	Group RM'000
Unaudited					
FPE 31 October 2014					
External Revenue/Combined revenue	4,179	6,320	1,819	-	12,318
Results					
Segment results	1,075	1,330	199	-	2,604
Allowance for annual leave	47	58	-	-	105
Bad debts written off	(7)	(8)	-	-	(15)
Depreciation of property, plant and equipment	(245)	(304)	-	-	(549)
Interest expense	(84)	(103)	-	-	(187)
Realised gain on foreign exchange	(16)	(19)	-	-	(35)
Gain on disposal of property, plant and equipment	-	-	-	-	*
Interest income	1	2	-	-	3
Writeback of impairment losses on trade receivables	20	25	-	-	45
					1,971
Income tax expense					(533)
Combined Profit after taxation					1,438
Assets					
Segment assets	20,039	24,781	605	-	45,425
Non-allocated assets	-	-	-	-	-
Total assets					45,425
Liabilities					
Segment liabilities	5,490	6,788	-	-	12,278
Non-allocated liabilities	-	-	-	-	361
Total liabilities					12,639
Other Segment Item					
Additions to non-current asset other than financial instrument:- - property, plant and equipment	743	918	-	-	1,661

Note:-

* - Represents RM241

12. ACCOUNTANTS' REPORT (Cont'd)**LKL INTERNATIONAL BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****25. OPERATING SEGMENTS (CONT'D)**

	Medical/ healthcare beds RM'000	Medical peripherals and accessories Manufacturing RM'000	Trading RM'000	Other RM'000	Group RM'000
Audited					
FYE 30 April 2015					
External Revenue/Combined revenue	15,297	18,037	5,705	-	39,039
Results					
Segment results	4,132	3,811	1,111	-	9,054
Allowance for impairment losses on trade receivables	(193)	(178)	-	-	(371)
Allowance for annual leave	55	50	-	-	105
Bad debts written off	(8)	(7)	-	-	(15)
Deposit written off	(52)	(48)	-	-	(100)
Depreciation of property, plant and equipment	(571)	(526)	-	-	(1,097)
Interest expense	(187)	(173)	-	-	(360)
Listing expenses	-	-	-	(65)	(65)
Unrealised loss on foreign exchange	-	-	-	-	-
Realised gain on foreign exchange	27	24	-	-	51
Gain on disposal of property, plant and equipment	-	-	-	-	*
Interest income	4	4	-	-	8
Writeback of impairment losses on trade receivables	23	22	-	-	45
Writeback of impairment losses on a related party	22	21	-	-	43
					7,298
Income tax expense					(1,336)
Combined Profit after taxation					5,962
Assets					
Segment assets/Combined total assets	22,919	21,136	971	21	45,047
Non-allocated assets/Combined total non-allocated assets	-	-	-	-	345
Total assets					45,392
Liabilities					
Segment liabilities/Combined total liabilities	7,029	6,482	-	5	13,516
Non-allocated liabilities/Combined total non-allocated liabilities	-	-	-	-	566
Total liabilities					14,082
Other Segment Item					
Additions to non-current asset other than financial instrument:- - property, plant and equipment	3,696	3,408	-	-	7,104

Note:-

* - Represents RM241

12. ACCOUNTANTS' REPORT (Cont'd)**LKL INTERNATIONAL BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****25. OPERATING SEGMENTS (CONT'D)**

	Medical/ healthcare beds RM'000	Medical peripherals and accessories Manufacturing RM'000	Trading RM'000	Other RM'000	Group RM'000
Audited					
FYE 30 April 2014					
External Revenue	21,633	13,341	3,919	-	38,893
Results					
Segment results	6,360	3,027	567	-	9,954
Allowance for impairment losses on trade receivables	(491)	(234)	-	-	(725)
Allowance for impairment losses on amount owing by a related party	(157)	(75)	-	-	(232)
Allowance for annual leave	(13)	(6)	-	-	(19)
Depreciation of property, plant and equipment	(533)	(254)	-	-	(787)
Interest expense	(171)	(81)	-	-	(252)
Unrealised loss on foreign exchange	(74)	(35)	-	-	(109)
Realised gain on foreign exchange	167	80	-	-	247
Gain on disposal of property, plant and equipment	54	26	-	-	80
Interest income	20	9	-	-	29
					8,186
Income tax expense					(2,179)
Profit after taxation					6,007
Assets					
Segment assets	29,366	13,976	377	-	43,719
Non-allocated assets	-	-	-	-	-
Total assets					43,719
Liabilities					
Segment liabilities	7,144	3,400	-	-	10,544
Non-allocated liabilities	-	-	-	-	827
Total liabilities					11,371
Other Segment item					
Additions to non-current asset other than financial instrument:- - property, plant and equipment	1,823	868	-	-	2,691

12. ACCOUNTANTS' REPORT (Cont'd)**LKL INTERNATIONAL BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****25. OPERATING SEGMENTS (CONT'D)**

	Medical/ healthcare beds	Medical peripherals and accessories		Other RM'000	Group RM'000
	RM'000	Manufacturing RM'000	Trading RM'000		
Audited					
FYE 30 April 2013					
External Revenue	11,306	13,626	3,145	-	28,077
Results					
Segment results	2,171	2,182	366	-	4,719
Allowance for annual leave	(11)	(12)	-	-	(23)
Depreciation of property, plant and equipment	(369)	(370)	-	-	(739)
Interest expense	(144)	(145)	-	-	(289)
Realised loss on foreign exchange	(4)	(5)	-	-	(9)
Unrealised loss on foreign exchange	(15)	(15)	-	-	(30)
Property, plant and equipment written off	-	(1)	-	-	(1)
Gain on disposal of property, plant and equipment	809	813	-	-	1,622
Interest income	4	4	-	-	8
					5,258
Income tax expense					(818)
Profit after taxation					<u>4,440</u>
Assets					
Segment assets	21,149	21,247	249	-	42,645
Non-allocated assets	-	-	-	-	478
Total assets					<u>43,123</u>
Liabilities					
Segment liabilities	5,785	5,812	-	-	11,597
Non-allocated liabilities	-	-	-	-	439
Total liabilities					<u>12,036</u>
Other Segment Item					
Additions to non-current asset other than financial instrument:- - property, plant and equipment	898	902	-	-	<u>1,800</u>

12. ACCOUNTANTS' REPORT (Cont'd)

LKL INTERNATIONAL BERHAD

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

25. OPERATING SEGMENTS (CONT'D)

GEOGRAPHICAL INFORMATION

	Revenue				
	←----- Audited ----->			Unaudited	Audited
	←-----FYE 30 April----->			Six (6)-month	
	2013	2014	2015	2014	2015
	RM'000	RM'000	RM'000	RM'000	RM'000
Malaysia	21,740	30,347	31,431	9,863	11,983
Africa	94	857	2,894	402	148
Asia - other than Malaysia	5,289	2,810	3,643	1,465	3,296
Europe	176	297	84	84	2
Middle East	778	4,582	851	504	628
Central America	-	-	136	-	-
	<u>28,077</u>	<u>38,893</u>	<u>39,039</u>	<u>12,318</u>	<u>16,057</u>

	Non-current Assets				
	←----- Audited ----->			Unaudited	Audited
	←-----FYE 30 April----->			Six (6)-month	
	2013	2014	2015	2014	2015
	RM'000	RM'000	RM'000	RM'000	RM'000
Malaysia	13,549	15,346	21,502	16,507	21,484
Asia - other than Malaysia	355	363	210	311	219
	<u>13,904</u>	<u>15,709</u>	<u>21,712</u>	<u>16,818</u>	<u>21,703</u>

12. ACCOUNTANTS' REPORT (Cont'd)

LKL INTERNATIONAL BERHAD

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

25. OPERATING SEGMENTS (CONT'D)

MAJOR CUSTOMERS

The following are the major customers with revenue equal to or more than 10% of Group revenue:-

	Revenue					Segment
	←-----Audited-----→			Unaudited	Audited	
	2013	2014	2015	Six (6)-month		
	←-----FYE 30 April-----→			←--FPE 31 October--→		
	RM'000	RM'000	RM'000	2014	2015	
				RM'000	RM'000	
Customer A	-	5,854	-	-	-	Medical/healthcare beds, Medical peripherals and accessories
Customer B	-	4,293	-	-	-	Medical/healthcare beds, Medical peripherals and accessories
	-	10,147	-	-	-	

12. ACCOUNTANTS' REPORT (Cont'd)

LKL INTERNATIONAL BERHAD

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

26. CAPITAL COMMITMENT

	←----- Audited ----->			Unaudited	Audited
	←-----FYE 30 April----->			Six (6)-month	
	2013	2014	2015	2014	2015
	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Authorised But Not Contracted For</u>					
Purchase of property, plant and equipment	378	743	66	-	-

27. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risks (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

27.1 FINANCIAL RISK MANAGEMENT POLICIES

The Group's policies in respect of major areas of treasury activity are as follows:

(a) Market Risk

(i) Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than Ringgit Malaysia. The currencies giving rise to these risks are primarily United States Dollar ("USD"), Euro ("EUR"), and Singapore Dollar ("SGD"). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

12. ACCOUNTANTS' REPORT (Cont'd)**LKL INTERNATIONAL BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****27. FINANCIAL INSTRUMENTS (CONT'D)**

27.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign currency exposure

Audited	USD	EUR	SGD
FPE 31 October 2015	RM'000	RM'000	RM'000
<u>Financial Assets</u>			
Trade receivables	420	-	54
Cash and bank balances	2,957	4	-
	<u>3,377</u>	<u>4</u>	<u>54</u>
<u>Financial Liability</u>			
Trade payables	1	21	7
Currency Exposure	<u>3,376</u>	<u>(17)</u>	<u>47</u>
Unaudited	USD	EUR	SGD
FPE 31 October 2014	RM'000	RM'000	RM'000
<u>Financial Assets</u>			
Trade receivables	2,100	-	356
Cash and bank balances	3,134	105	-
	<u>5,234</u>	<u>105</u>	<u>356</u>
<u>Financial Liabilities</u>			
Trade payables	1,052	1,326	5
Bankers' acceptances	-	64	-
	<u>1,052</u>	<u>1,390</u>	<u>5</u>
Currency Exposure	<u>4,182</u>	<u>(1,285)</u>	<u>351</u>

12. ACCOUNTANTS' REPORT (Cont'd)**LKL INTERNATIONAL BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****27. FINANCIAL INSTRUMENTS (CONT'D)**

27.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign currency exposure (Cont'd)

	USD RM'000	EUR RM'000	SGD RM'000
Audited			
FYE 30 April 2015			
<u>Financial Assets</u>			
Trade receivables	396	-	12
Cash and bank balances	2,792	13	-
	3,188	13	12
<u>Financial Liabilities</u>			
Trade payables	4	130	-
Bankers' acceptances	67	-	-
	71	130	-
Currency Exposure	3,117	(117)	12
Audited			
FYE 30 April 2014			
<u>Financial Assets</u>			
Trade receivables	1,901	-	-
Cash and bank balances	3,844	155	-
	5,745	155	-
<u>Financial Liability</u>			
Trade payables	172	26	*
	172	26	*
Currency Exposure	5,573	129	*

Note:-

* - Amount less than RM1,000.

12. ACCOUNTANTS' REPORT (Cont'd)**LKL INTERNATIONAL BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****27. FINANCIAL INSTRUMENTS (CONT'D)****27.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)****(a) Market Risk (Cont'd)****(i) Foreign Currency Risk (Cont'd)**

Audited FYE 30 April 2013	USD RM'000	EUR RM'000	SGD RM'000
<u>Financial Assets</u>			
Trade receivables	2,394	-	16
Other receivables, deposits and prepayments	96	442	2
Cash and bank balances	292	5	-
	2,782	447	18
<u>Financial Liability</u>			
Trade payables	209	495	-
Currency Exposure	2,573	(48)	18

Foreign currency risk sensitivity analysis

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies at the end of the reporting period, with all other variables held constant:-

	← Audited →	Unaudited	Audited		
	← FYE 30 April →	Six (6)-month	← FPE 31 October →		
	2013	2014	2015	2014	2015
	RM'000	RM'000	RM'000	RM'000	RM'000
Effects On Profit After Taxation					
USD/RM - strengthened by 10%	257	557	312	418	338
- weakened by 10%	(257)	(557)	(312)	(418)	(338)
EUR/RM - strengthened by 10%	(5)	13	(12)	(129)	(2)
- weakened by 10%	5	(13)	12	129	2
SGD/RM - strengthened by 10%	2	*	1	35	5
- weakened by 10%	(2)	*	(1)	(35)	(5)

Note:-

* - Amount less than RM1,000.

12. ACCOUNTANTS' REPORT (Cont'd)

LKL INTERNATIONAL BERHAD

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

27. FINANCIAL INSTRUMENTS (CONT'D)

27.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from interest-bearing borrowings. The Group's policy is to obtain the most favourable interest rate available.

Information relating to the Group's exposure to the interest rate risk of the financial liabilities is disclosed in Note 27.1(c) to the combined financial statements.

Interest rate risk sensitivity analysis

The analysis is not presented as the sensitivity impact is immaterial.

(iii) Equity Price Risk

The Group does not have any quoted investments and hence is not exposed to equity price risk.

12. ACCOUNTANTS' REPORT (Cont'd)

LKL INTERNATIONAL BERHAD

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

27. FINANCIAL INSTRUMENTS (CONT'D)

27.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets, the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of the trade and other receivables as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for the Group of similar assets in respect of losses that have been incurred but not yet identified. Impairment is estimated by management based on prior experience and the current economic environment.

(i) Credit risk concentration profile

The Group's major concentration of credit risk relates to the trade receivables as at the end of the reporting period is as follows:-

	← Audited →			Unaudited	Audited
	← FYE 30 April →			Six (6)-month	
	2013	2014	2015	2014	2015
	RM'000	RM'000	RM'000	RM'000	RM'000
Number of customers	1	1	1	-	-
Percentage	18%	18%	12%	-	-

12. ACCOUNTANTS' REPORT (Cont'd)

LKL INTERNATIONAL BERHAD

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

27. FINANCIAL INSTRUMENTS (CONT'D)

27.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk

(ii) Exposure to credit risk

As the Group does not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets at the end of the reporting period.

The exposure of credit risk for trade receivables (including amount owing by a related party) by geographical region is as follows:-

	←———— Audited —————→			Unaudited	Audited
	←———— FYE 30 April —————→			Six (6)-month	←—— FPE 31 October ——→
	2013	2014	2015	2014	2015
	RM'000	RM'000	RM'000	RM'000	RM'000
Africa	*	*	-	-	-
Asia - other than Malaysia	2,256	430	257	584	193
Europe	-	11	-	-	-
Malaysia	8,666	7,127	6,630	4,472	5,726
Middle East	275	1,904	142	101	331
	<u>11,197</u>	<u>9,472</u>	<u>7,029</u>	<u>5,157</u>	<u>6,250</u>

Note:-

* - Amount less than RM1,000.

12. ACCOUNTANTS' REPORT (Cont'd)**LKL INTERNATIONAL BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****27. FINANCIAL INSTRUMENTS (CONT'D)****27.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)****(b) Credit Risk (Cont'd)****(iii) Ageing analysis**

The ageing analysis of the Group's trade receivables (including amount owing by a related party) at the end of the reporting period is as follows:-

	Gross Amount	Individual Impairment	Carrying Value
Audited	RM'000	RM'000	RM'000
FPE 31 October 2015			
Not past due	4,551	-	4,551
Past due:			
- less than 3 months	682	-	682
- 3 to 6 months	355	-	355
- over 6 months	1,436	(774)	662
	7,024	(774)	6,250
Unaudited			
FPE 31 October 2014			
Not past due	2,106	-	2,106
Past due:			
- less than 3 months	922	-	922
- 3 to 6 months	137	-	137
- over 6 months	2,904	(912)	1,992
	6,069	(912)	5,157

12. ACCOUNTANTS' REPORT (Cont'd)

LKL INTERNATIONAL BERHAD

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

27. FINANCIAL INSTRUMENTS (CONT'D)

27.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Ageing analysis

	Gross Amount RM'000	Individual Impairment RM'000	Carrying Value RM'000
Audited FYE 30 April 2015			
Not past due	4,421	-	4,421
Past due:			
- less than 3 months	2,301	-	2,301
- 3 to 6 months	149	-	149
- over 6 months	1,209	(1,051)	158
	8,080	(1,051)	7,029
Audited FYE 30 April 2014			
Not past due	1,049	-	1,049
Past due:			
- less than 3 months	2,514	-	2,514
- 3 to 6 months	4,638	-	4,638
- over 6 months	2,228	(957)	1,271
	10,429	(957)	9,472

12. ACCOUNTANTS' REPORT (Cont'd)**LKL INTERNATIONAL BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****27. FINANCIAL INSTRUMENTS (CONT'D)**

27.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)**(iii) Ageing analysis (Cont'd)**

Audited FYE 30 April 2013	Gross Amount RM'000	Individual Impairment RM'000	Carrying Value RM'000
Not past due	2,561	-	2,561
Past due:			
- less than 3 months	3,442	-	3,442
- 3 to 6 months	4,229	-	4,229
- over 6 months	965	-	965
	11,197	-	11,197

At the end of the reporting period, trade receivables that are individually impaired were those in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancement.

Trade receivables that are past due but not impaired

The Group believe that no impairment allowance is necessary in respect of these receivables. They are substantially companies with good collection track record and no recent history of default.

Trade receivables that are neither past due nor impaired

The portion of receivables that are neither past due nor impaired are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the trade receivables. Any receivables having significant balances past due or more than 120 days, which are deemed to have higher credit risk, are monitored individually.

12. ACCOUNTANTS' REPORT (Cont'd)**LKL INTERNATIONAL BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****27. FINANCIAL INSTRUMENTS (CONT'D)****27.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)****(c) Liquidity Risk**

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

Audited	Weighted	Carrying	Contractual	Within	1 – 5	Over 5
FPE 31 October 2015	Average	Amount	Undiscounted	1 Year	Years	Years
	Effective Rate	RM'000	Cash Flows	RM'000	RM'000	RM'000
	%		RM'000			
Hire purchase payables	5.16	576	637	194	427	16
Term loans	5.28	8,432	11,540	1,190	3,879	6,471
Trade payables	-	2,049	2,049	2,049	-	-
Other payables and accruals	-	1,132	1,132	1,132	-	-
Amount owing to a director	-	3	3	3	-	-
Bankers' acceptances	5.70	495	495	495	-	-
		12,687	15,856	5,063	4,306	6,487

Unaudited	Weighted	Carrying	Contractual	Within	1 – 5	Over 5
FPE 31 October 2014	Average	Amount	Undiscounted	1 Year	Years	Years
	Effective Rate	RM'000	Cash Flows	RM'000	RM'000	RM'000
	%		RM'000			
Hire purchase payables	5.18	809	911	249	617	45
Term loans	5.86	4,850	6,048	877	3,111	2,060
Trade payables	-	3,815	3,815	3,815	-	-
Other payables and accruals	-	2,641	2,641	2,641	-	-
Bankers' acceptances	5.83	64	64	64	-	-
		12,179	13,479	7,646	3,728	2,105

12. ACCOUNTANTS' REPORT (Cont'd)**LKL INTERNATIONAL BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****27. FINANCIAL INSTRUMENTS (CONT'D)****27.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)****(c) Liquidity Risk**

Audited FYE 30 April 2015	Weighted	Carrying Amount RM'000	Contractual	Within 1 Year RM'000	1 – 5 Years RM'000	Over 5 Years RM'000
	Average Effective Rate %		Undiscounted Cash Flows RM'000			
Hire purchase payables	5.05	707	788	248	510	30
Term loans	5.30	8,764	11,501	1,190	4,092	6,219
Trade payables	-	2,225	2,225	2,225	-	-
Other payables and accruals	-	1,179	1,179	1,179	-	-
Amount owing to a director	-	3	3	3	-	-
Bankers' acceptances	3.63	638	638	638	-	-
		13,516	16,334	5,483	4,602	6,249

Audited FYE 30 April 2014	Weighted	Carrying Amount RM'000	Contractual	Within 1 Year RM'000	1 – 5 Years RM'000	Over 5 Years RM'000
	Average Effective Rate %		Undiscounted Cash Flows RM'000			
Hire purchase payables	5.20	450	498	152	326	20
Term loans	5.85	5,279	5,835	1,117	3,299	1,419
Trade payables	-	2,083	2,083	2,083	-	-
Amount owing to a related party	-	51	51	51	-	-
Other payables and accruals	-	2,366	2,366	2,366	-	-
Bankers' acceptances	5.27	315	315	315	-	-
		10,544	11,148	6,084	3,625	1,439

Audited FYE 30 April 2013	Weighted	Carrying Amount RM'000	Contractual	Within 1 Year RM'000	1 – 5 Years RM'000	Over 5 Years RM'000
	Average Effective Rate %		Undiscounted Cash Flows RM'000			
Hire purchase payables	2.86	257	277	96	181	-
Term loans	5.69	6,153	7,103	1,432	3,679	1,992
Trade payables	-	3,302	3,302	3,302	-	-
Amount owing to a related party	-	155	155	155	-	-
Other payables and accruals	-	1,522	1,522	1,522	-	-
Bankers' acceptances	5.21	208	208	208	-	-
		11,597	12,567	6,715	3,860	1,992

12. ACCOUNTANTS' REPORT (Cont'd)**LKL INTERNATIONAL BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****27. FINANCIAL INSTRUMENTS (CONT'D)****27.2 CAPITAL RISK MANAGEMENT**

The Group manages its capital by maintaining an optimal capital structure so as to support its businesses and maximise shareholders value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio. The debt-to-equity ratio is calculated as net debt divided by total equity. Net debt is calculated as borrowings plus trade and other payables less cash and cash equivalents.

There were no changes in the Group's approach to capital management during the financial year.

The debt-to-equity ratio of the Group at the end of the reporting period was as follows:

	←----- Audited-----→			Unaudited	Audited
	←-----FYE 30 April-----→			Six (6)-month	
	←-----FYE 30 April-----→			←--FPE 31 October--→	
	2013	2014	2015	2014	2015
	RM'000	RM'000	RM'000	RM'000	RM'000
Trade payables	3,302	2,083	2,225	3,815	2,049
Amount owing to related parties	155	51	-	-	-
Other payables and accruals	1,522	2,366	1,179	2,641	1,132
Amount owing to a director	-	-	3	-	3
Bankers' acceptances	208	315	638	64	495
Hire purchase payables	257	450	707	809	576
Term loans	6,153	5,279	8,764	4,850	8,432
	<u>11,597</u>	<u>10,544</u>	<u>13,516</u>	<u>12,179</u>	<u>12,687</u>
Less:					
Fixed deposit with a licensed bank	(600)	(619)	(619)	(619)	(619)
Cash and bank balances	(4,218)	(6,925)	(3,986)	(7,485)	(6,066)
Net debt	<u>6,779</u>	<u>3,000</u>	<u>8,911</u>	<u>4,075</u>	<u>6,002</u>
Total equity	<u>31,087</u>	<u>32,348</u>	<u>31,310</u>	<u>32,786</u>	<u>33,593</u>
Debt-to-equity ratio	<u>0.22</u>	<u>0.09</u>	<u>0.28</u>	<u>0.12</u>	<u>0.18</u>

12. ACCOUNTANTS' REPORT (Cont'd)

LKL INTERNATIONAL BERHAD

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

27. FINANCIAL INSTRUMENTS (CONT'D)

27.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	←----- Audited----->			Unaudited	Audited
	←-----FYE 30 April----->			Six (6)-month	Six (6)-month
	2013	2014	2015	2014	2015
	RM'000	RM'000	RM'000	RM'000	RM'000
Financial Asset					
<u>Loans and receivables financial assets</u>					
Trade receivables	10,851	9,472	7,029	5,157	6,250
Other receivables and deposits	533	492	258	599	156
Amount owing by related parties	467	278	-	664	-
Amount owing by directors	1,492	-	58	18	-
Fixed deposit with a licensed bank	600	619	619	619	619
Cash and bank balances	4,218	6,925	3,986	7,485	6,066
	<u>18,161</u>	<u>17,786</u>	<u>11,950</u>	<u>14,542</u>	<u>13,091</u>
Financial Liability					
<u>Other financial liabilities</u>					
Trade payables	3,302	2,083	2,225	3,815	2,049
Other payables and accruals	1,522	2,366	1,179	2,641	1,132
Amount owing to a director	-	-	3	-	3
Amount owing to related parties	155	51	-	-	-
Bankers' acceptances	208	315	638	64	495
Hire purchase payables	257	450	707	809	576
Term loans	6,153	5,279	8,764	4,850	8,432
	<u>11,597</u>	<u>10,544</u>	<u>13,516</u>	<u>12,179</u>	<u>12,687</u>

12. ACCOUNTANTS' REPORT (Cont'd)

LKL INTERNATIONAL BERHAD

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

27. FINANCIAL INSTRUMENTS (CONT'D)

27.4 FAIR VALUE INFORMATION

Other than those disclosed below, the fair values of the financial assets and financial liabilities maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments. The fair values are included in level 2 of the fair value hierarchy.

	Fair Value Of Financial Instruments Carried At Fair Value			Fair Value Of Financial Instruments Not Carried At Fair Value			Total Fair Value	Carrying Amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000		
Audited								
FPE 31 October 2015								
Financial Liabilities	-	-	-	-	584	-	584	576
Hire purchase payables	-	-	-	-	7,575	-	7,575	8,432
Term loans	-	-	-	-	-	-	-	-
Unaudited								
FPE 31 October 2014								
Financial Liabilities	-	-	-	-	810	-	810	809
Hire purchase payables	-	-	-	-	4,185	-	4,185	4,850
Term loans	-	-	-	-	-	-	-	-

12. ACCOUNTANTS' REPORT (Cont'd)

LKL INTERNATIONAL BERHAD

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

27. FINANCIAL INSTRUMENTS (CONT'D)

27.4 FAIR VALUE INFORMATION (CONT'D)

	Fair Value Of Financial Instruments Carried At Fair Value			Fair Value Of Financial Instruments Not Carried At Fair Value			Total Fair Value	Carrying Amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000		
Audited								
FYE 30 April 2015								
<u>Financial Liabilities</u>								
Hire purchase payables	-	-	-	-	707	-	707	707
Term loans	-	-	-	-	7,904	-	7,904	8,764
Audited								
FYE 30 April 2014								
<u>Financial Liabilities</u>								
Hire purchase payables	-	-	-	-	444	-	444	450
Term loans	-	-	-	-	4,634	-	4,634	5,279
Audited								
FYE 30 April 2013								
<u>Financial Liabilities</u>								
Hire purchase payables	-	-	-	-	255	-	255	257
Term loans	-	-	-	-	5,667	-	5,667	6,153

12. ACCOUNTANTS' REPORT (Cont'd)**LKL INTERNATIONAL BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****27. FINANCIAL INSTRUMENTS (CONT'D)****27.4 FAIR VALUE INFORMATION (CONT'D)**

The fair value of hire purchase payables and term loans are determined by discounting the relevant cash flows using interest rates for similar instruments at the end of the reporting period. The interest rates used to discount the estimated cash flows are as follows:-

	<----- Audited----->			Unaudited	Audited
	<-----FYE 30 April----->			Six (6)-month	
	2013	2014	2015	2014	2015
	%	%	%	%	%
Hire purchase payables	2.86	5.05	5.05	5.18	4.96
Term loan	5.69	5.36	5.30	5.86	5.28

28. FOREIGN EXCHANGE RATES

The principal closing foreign exchange rates used (expressed on the basis of one unit of foreign currency to RM equivalent) for the translation of foreign currency balances at the end of the reporting period are as follows:-

	<----- Audited----->			Unaudited	Audited
	<-----FYE 30 April----->			Six (6)-month	
	2013	2014	2015	2014	2015
	RM'000	RM'000	RM'000	RM'000	RM'000
EUR	3.97	4.50	3.99	4.20	4.73
SGD	2.46	2.59	2.69	2.60	3.07
USD	3.03	3.26	3.56	3.30	4.30

12. ACCOUNTANTS' REPORT (Cont'd)

LKL INTERNATIONAL BERHAD

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)

29. SIGNIFICANT EVENTS DURING/SUBSEQUENT TO THE FINANCIAL PERIOD

On 10 July 2015, LKL Advance Metaltech increased its issued and paid-up share capital from RM1,500,000 to RM2,000,000 by the allotment of 500,000 new ordinary shares of RM1.00 each at par for the purpose of working capital. The new ordinary shares were issued for cash consideration. The new ordinary shares issued rank pari passu in all respects with the existing shares of LKL Advance Metaltech.

On 13 July 2015, LKL International entered into a conditional Share Sale Agreement with the vendors of LKL Advance Metaltech, namely Lim Kon Lian, Mok Mei Lan, Elaine Lim Sin Yee, Lim Pak Hong and Tan Chuan Hock, to acquire the entire issued and paid-up share capital of LKL Advance Metaltech of RM2,000,000 comprising 2,000,000 ordinary shares of RM1.00 each for a total purchase consideration of RM31,579,990 which will be wholly satisfied by the issuance of 315,799,900 new Shares at an issue price of RM0.10 per Share.

The purchase consideration of LKL Advance Metaltech of RM31,579,990 was arrived at on a willing-buyer willing-seller basis, after taking into consideration the NA position of LKL Advance Metaltech as at 30 April 2015 of RM31,380,225 and the increase in its issued and paid-up share capital of RM500,000 comprising 500,000 ordinary shares of RM1.00 each on 10 July 2015. The purchase consideration represents a price to book ratio and price to earnings ratio of approximately 0.99 time and 5.24 times respectively.

On 8 January 2016, LKL International obtained conditional approval from Bursa Malaysia Securities Berhad ("Bursa Securities") to list LKL International on the ACE Market of Bursa Securities.

The acquisition of LKL Advance Metaltech was completed on 10 March 2016 and LKL Advance Metaltech became a wholly-owned subsidiary of LKL International. On 10 March 2016, LKL International has increased its authorised share capital from RM400,000 to RM50,000,000 by the creation of 496,000,000 new ordinary shares of RM0.10 each.

12. ACCOUNTANTS' REPORT (Cont'd)**LKL INTERNATIONAL BERHAD****NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****30. COMPARATIVE FIGURES**

The following figures have been reclassified to conform with the presentation of the current financial year:-

	FYE 30 April 2014		FYE 30 April 2013	
	As Restated RM'000	As Previously Reported RM'000	As Restated RM'000	As Previously Reported RM'000
Statement of Financial Position (Extract):-				
Property, plant and equipment	15,709	15,593	13,904	13,785
Land use right	-	116	-	119
Trade receivables	9,472	-	10,851	-
Other receivables, deposits and prepayments	1,324	-	1,711	-
Trade and other receivables	-	10,161	-	13,863
Amount owing by related parties	278	-	467	-
Amount owing by directors	-	-	1,492	-
Other current asset	-	612	-	608
Fixed deposit with a licensed bank	619	-	600	3,404
Cash and bank balances	6,925	7,544	4,218	1,414
Trade payables	(2,083)	-	(3,302)	-
Other payables and accruals	(2,366)	-	(1,522)	-
Amount owing to related parties	(51)	-	(155)	-
Trade and other payables	-	(4,199)	-	(4,929)
Statement of Cash Flows (Extract):-				
Net cash from operating activities	9,223	10,889	726	(368)
Net cash for investing activities	(868)	(2,155)	(630)	680
Net cash for financing activities	(5,648)	(6,008)	(382)	(632)
Cash and cash equivalents at beginning of the financial year	4,218	4,818	4,504	5,138
Cash and cash equivalents at end of the financial year	6,925	7,544	4,218	4,818
Statement of Profit Or Loss And Other Comprehensive Income (Extract):-				
Other income	440	760	1,653	1,912
Administrative expenses	(4,663)	(5,668)	(4,382)	(4,398)
Selling and distribution expenses	(2,290)	(2,720)	(1,681)	(1,941)
Other expenses	(1,383)	(269)	(367)	(349)

12. ACCOUNTANTS' REPORT (Cont'd)

LKL INTERNATIONAL BERHAD

STATEMENT BY DIRECTORS

We, Lim Kon Lian and Mok Mei Lan, being two of the directors of LKL International Berhad, state in the opinion of the directors, the financial statements set out on pages 3 to 69 are drawn up in accordance with Malaysia Financial Reporting Standards, International Financial Reporting Standards and Prospectus Guidelines – Equity issued by the Securities Commission Malaysia so as to give a true and fair view of the financial position of LKL International as at 30 April 2013, 2014 and 2015 and 31 October 2014 and 2015 and of their financial performance and cash flows for the financial year/period ended on that date.

Signed in accordance with a resolution of the directors dated **07 APR 2016**


Lim Kon Lian


Mok Mei Lan

13. DIRECTORS' REPORT



LKL INTERNATIONAL BERHAD (1140005-V)

Wisma LKL, No 3, Jalan BS 7/18, Kawasan Perindustrian Bukit Serdang, Seksyen 7, 43300 Seri Kembangan, Selangor Darul Ehsan, Malaysia. Tel: 603-89482990 (Hunting Lines) Fax: 603-89487904, 89438487
Email: info@lklbeds.com Website: www.lklbeds.com

Date: 21 APR 2016

The Shareholders of
LKL International Berhad
Third Floor, No.79 (Room A)
Jalan SS21/60
Damansara Utama
47400 Petaling Jaya
Selangor Darul Ehsan

Dear Sir/Madam,

On behalf of the Board of Directors ("Board") of LKL International Berhad ("Company"), I wish to report that, after making due enquiries in relation to the Company and its subsidiary ("Group") during the period between 31 October 2015, being the date to which the latest audited financial statements have been made up, and the date hereof, being a date not earlier than 14 days before the date of issue of this Prospectus:-

- (a) in the opinion of the Board, the business of the Group has been satisfactorily maintained;
- (b) in the opinion of the Board, there have been no circumstances, which have arisen since the last audited financial statements of the Group, which has adversely affected the trading or the value of the assets of the Group;
- (c) the current assets of the Group appear in the books at values which are believed to be realisable in the ordinary course of business;
- (d) save as disclosed in this Prospectus, there are no contingent liabilities by reason of any guarantees or indemnities given by the Group;
- (e) since the last audited financial statements of the Group, there has been no default or any known event that could give rise to a default situation, on payments of either interest and/or principal sums for any borrowings in which the Board is aware of; and
- (f) since the last audited financial statements of the Group, there has been no material change in the published reserves or any unusual factors affecting the profits of the Group.

Yours faithfully
For and on behalf of the Board of Directors of
LKL International Berhad


.....
Lim Kon Lian
Managing Director

14 ADDITIONAL INFORMATION**14.1 SHARE CAPITAL**

- (i) No shares will be allotted or issued on the basis of this Prospectus later than 12 months after the date of this Prospectus.
- (ii) We have no founder, management or deferred shares in our Group. As at the date of this Prospectus, we only have one (1) class of shares, namely ordinary shares of RM0.10 each, all of which rank equally with one another.
- (iii) None of our Group's capital is under any option or agreed conditionally or unconditionally to be put under any option.
- (iv) No person has been or is entitled to be given an option to subscribe for any share, stock, debenture or other security of our Group.
- (v) There is no scheme involving our employees in the capital of our Group, except for the Pink Form Allocations.
- (vi) Save as disclosed in Section 3.5, Section 5.1.3, Section 5.2 and Section 5.3 of this Prospectus, no shares, debentures, outstanding warrants, options, convertible securities or uncalled capital of our Group have been or are proposed to be issued as partly or fully paid-up, in cash or otherwise than in cash, within the two (2) years preceding the date of this Prospectus.
- (vii) As at the date of this Prospectus, our Group does not have any outstanding convertible debt securities, options, warrants or uncalled capital.

14.2 EXTRACT OF OUR ARTICLES OF ASSOCIATION

The following provisions are reproduced from our Company's Articles of Association ("**Articles**") which comply with the Listing Requirements, the Act and the Rules.

The words and expressions appearing in the following provisions shall bear the same meanings used in our Company's Articles or the context otherwise require:-

(i) Transfer of securities

The provisions in our Articles of Association in respect of the arrangements for transfer of the securities and restrictions on their free transferability are as follows:

Article 27

The transfer of any listed Securities or class of listed Securities of the Company, shall be by way of book entry by the Bursa Depository in accordance with the Rules and, notwithstanding Sections 103 and 104 of the Act, but subject to Section 107C(2) of the Act and any exemption that may be made from compliance with Section 107C(1) of the Act, the Company shall be precluded from registering and effecting any transfer of such listed Securities.

Article 28

Subject to the Rules and Listing Requirements, the transfer of any Securities may be suspended at such times and for such periods as the Directors may from time to time determine. Ten (10) Market Days' notice, or such other period as may from time to time be specified by the Exchange governing the Register concerned, of intention to close the Register shall be given to the Exchange. At least three (3) Market Days' prior notice shall be given to the Bursa Depository to prepare the appropriate Record of Depositors.

14. ADDITIONAL INFORMATION (Cont'd)**Article 29**

The Bursa Depository may refuse to register any transfer of Deposited Security that does not comply with the Central Depositories Act and the Rules.

Article 30

Subject to the provisions of these Articles, the Directors may recognise a renunciation of any share by the allottee thereof in favour of some other person.

Article 31

Subject to any law in Malaysia for the time being in force, neither the Company nor the Directors nor any of its officers shall incur any liability for the act of the Bursa Depository in registering or acting upon a transfer of Securities apparently made by a Member or any person entitled to the Securities by reason of death, bankruptcy or insanity of a Member although the same may, by reason of any fraud or other causes not known to the Company or the Directors or the Bursa Depository or other officers, be legally inoperative or insufficient to pass the property in the Securities proposed or professed to be transferred, and although the transfer may, as between the transferor Member and the transferee, be liable to be set aside and notwithstanding that the Company may have notice that such instrument or transfer was signed or executed and delivered by the transferor Member in the blank as to the name of the transferee, of the particulars of the Securities transferred or otherwise in defective manner. And in every case, the person registered as transferee, his executors, administrators and assignees alone shall be entitled to be recognised as the holder of such Securities and the previous holder shall, so far as the Company is concerned, be deemed to have transferred his whole title thereto.

(ii) Remuneration of Directors

The provisions in our Articles of Association in respect of remuneration of the Directors are as follows:-

Article 98

The Directors shall be paid by way of fees for their services, such fixed sum (if any) shall from time to time be determined by the Company in general meeting and such fees shall be divided among the Directors in such proportions and manner as the Directors may determine PROVIDED ALWAYS that:-

- (a) fee payable to Directors who hold no executive office in the Company shall be paid by a fixed sum and not by a commission on or percentage of profits or turnover;
- (b) salaries and other emoluments payable to Directors who hold an executive office in the Company pursuant to a contract of service need not be determined by the Company in general meeting but such salaries and emoluments may not include a commission on or percentage of turnover;
- (c) fees payable to Directors shall not be increased except pursuant to a resolution passed at a general meeting, where notice of the proposed increase has been given in the notice convening the meeting; and
- (d) any fee paid to an alternate Director shall be such as shall be agreed between himself and the Director nominating him and shall be paid out of the remuneration of the latter.

14. ADDITIONAL INFORMATION (Cont'd)

Article 99

- (1) In addition to the fees set out in Article 98, the Directors shall be paid for all their meeting attendance allowances, travelling, hotel and other expenses properly and necessarily expended by them in and about the business of the Company including their travelling and other expenses incurred in attending meetings of the Directors or any committee of the Directors or general meetings or otherwise as the Board may determine from time to time.
- (2) If any Director being willing shall be called upon to perform extra services or to make any special exertions in going or residing away from his usual place of business or residence for any of the purposes of the Company or in giving special attention to the business of the Company as a member of a committee of Directors, the Company may remunerate the Director so doing either by a fixed sum or otherwise (other than by a sum to include a commission on or percentage of turnover) as may be determined by the Board provided that in the case of non-executive Directors, the said remuneration shall not include a commission on or percentage of profits or turnover. In the case of an executive Director, such fee may be either in addition to or in substitution for his share in the fee from time to time provided for the Directors.

Article 130

- (1) A Director may from time to time nominate any person to act as his alternate Director and at his discretion remove such alternate Director, but the appointment of such alternate Director shall not take effect until approved by a majority of the other Directors PROVIDED ALWAYS that any fee paid by the Company to an alternate Director shall be deducted from that Director's remuneration.

Article 132

The remuneration of a Director holding an executive office pursuant to these Articles shall, subject to Article 98, be fixed by the Board and may be by way of salary or commission or participation in profits or otherwise or by any or all of these modes but shall not include a commission on or percentage of turnover.

(iii) Voting and borrowing powers of Directors

The provisions in our Articles of Association dealing with voting powers of the Directors in the proposals, arrangements or contracts in which they are interested in and the borrowing powers exercisable by them and how such borrowing powers can be varied are as follows:-

Article 103

The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital, or any part thereof and to issue debentures and other securities whether outright or as security for any debt, liability or obligation of the Company or subsidiary company or associate company or any related third party subject to the law including but not limited to the provisions of the Act and the Listing Requirements, as they may think fit.

Article 104

The Directors shall not borrow any money or mortgage or charge any of the Company's or its subsidiaries' undertaking, property or uncalled capital, or issue debentures or other securities, whether outright or as security, for any debt, liability or obligation of an unrelated third party.

14. ADDITIONAL INFORMATION (Cont'd)

Article 105

The Directors may establish or arrange any contributory or non-contributory pension or superannuation scheme, share option/incentive scheme and trusts or other funds for the benefit of, or pay a gratuity, pension or emolument, and to issue and allot and/or transfer shares or Securities to any person who is or has been employed by or in the service of the Company or any subsidiary of the Company, or to any person who is or has been a Director or other officer of and holds or has held salaried employment in the Company or any such subsidiary, and the widow, family or dependants of any such person. The Directors may also subscribe to any association or fund which they consider to be for the benefit of the Company or any such subsidiary or any such person as aforesaid and make payments for or towards any hospital or scholastic expenses and any Director holding such salaried employment shall be entitled to retain any benefit received by him under this Article subject only, where the Act requires, to proper disclosure to the Members and the approval of the Company in general meeting.

Article 111

Subject always to the Act and requirements of the Exchange, a Director may hold any other office or place of profit under the Company (other than the office of Auditor) in conjunction with his office of Director for such period and on such terms (as to remuneration and otherwise) as the Directors may determine and no Director or intending Director shall be disqualified by his office from contracting with the Company either with regard to his tenure of any such other office or place of profit or as vendor, purchaser or otherwise nor shall any such contracts, or any contract or arrangement entered into by or on behalf of the Company in which any Director is in any way interested, be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relationship thereby established but the nature and extent of interest must be declared by him at the meeting of the Directors at which the contract or arrangement is determined, if the interest then exists or in any other case, at the first meeting of the Directors after the acquisition of the interest.

Article 126

A Director shall not participate in any discussion or vote in regard to any contract or proposed contract or arrangement in which he has, directly or indirectly, an interest (and if he shall do so his vote shall not be counted).

Article 127

A Director notwithstanding his interest may, provided that none of the other Directors present disagree, be counted in the quorum present at any meeting whereat any decision is taken upon any contract or proposed contract or arrangement in which he is in any way interested PROVIDED ALWAYS that he has complied with Section 131 of the Act and all other relevant provisions of the Act and these Articles.

14. ADDITIONAL INFORMATION (Cont'd)

Article 128

A Director may vote in respect of:-

- (a) any arrangement for giving the Director himself or any other Directors any security or indemnity in respect of money lent by him to or obligations undertaken by him for the benefit of the Company; and
- (b) any arrangement for the giving by the Company of any security to a third party in respect of a debt or obligation of the Company for which the Director himself or any other Director has assumed responsibility in whole or in part, under a guarantee or indemnity or by the deposit of a security.

Article 129

A Director of the Company may be or become a director or other officer of or otherwise interested in any corporation promoted by the Company or in which the Company may be interested as shareholder or otherwise or any corporation which is directly and indirectly interested in the Company as shareholder or otherwise and no such Director shall be accountable to the Company for any remuneration or other benefit received by him as a director or officer of, or from his interest in, such corporation unless the Company otherwise directs at the time of his appointment. The Directors may exercise the voting power conferred by the shares or other interest in any such other corporation held or owned by the Company, or exercisable by them as directors of such other corporation, in such manner and in all respects as they think fit (including the exercise thereof in favour of any resolution appointing themselves or any of the Directors or other officers of such corporation), and any Director may vote in favour of the exercise of such voting rights in manner aforesaid, notwithstanding that he may be or is about to be appointed a director or other officer of such corporation and as such is or may become interested in the exercise of such voting rights in the manner aforesaid.

(iv) Changes in capital and variation of class rights

The provisions in our Company's Articles of Association in respect of the changes in capital or variation of class rights, which are as stringent as those provided in the Act, are as follows:-

Article 4

Subject to the Act and these Articles, shares in the Company may be issued by the Directors and any such shares may be issued with such preferred, deferred or other special rights or such restrictions, whether in regard to dividend, voting, return of capital, or otherwise as the Directors, subject to any ordinary resolution of the Company, may determine.

Article 5

Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares and subject to the provisions of these Articles, the Act and the provisions of any resolution of the Company, shares in the Company may be issued by the Directors, who may allot, or otherwise dispose of such shares to such persons, on such terms and conditions, with such preferred, deferred or other special rights, and subject to such restrictions and at such times as the Directors may determine but the Directors in making any issue of shares shall comply with the following conditions:-

- (a) no shares shall be issued at a discount except in compliance with the provisions of Section 59 of the Act;

14. ADDITIONAL INFORMATION (Cont'd)

- (b) in the case of shares of a class, other than ordinary shares, no special rights shall be attached until the same have been expressed in these Articles and in the resolution creating the same;
- (c) every issue of shares or options to employees and/or Directors (including executive and non-executive Directors) shall be approved by Members in general meeting and such approval shall specifically detail the amount of shares or options to be issued to such employees and/or Directors;
- (d) except in the case of an issue of securities on a pro rata basis to shareholders or pursuant to a back-to-back placement undertaken in compliance with the Listing Requirements, a Director of the Company (including executive and non-executive Directors) shall not participate, directly or indirectly, in an issue of ordinary shares or other securities with rights of conversion to ordinary shares or in a share issuance scheme unless the shareholders of the Company in general meeting have approved the specific allotment to be made to the Director and the Director has abstained from voting on the relevant resolution;
- (e) without limiting the generality of Section 132D of the Act, the Company must not issue any ordinary shares or other securities with rights of conversion to ordinary shares if the nominal value of those shares or securities, when aggregated with the nominal value of any such shares or securities which the Company has issued during the preceding twelve (12) months, exceeds ten percent (10%) of the nominal value of the issued and paid-up capital (excluding treasury shares) of the Company, except where the shares or securities are issued with the prior shareholder approval in a general meeting of the precise terms and conditions of the issue; and
- (f) in working out the number of shares or securities that may be issued by the Company, if the security is a convertible security, each such security is counted as the maximum number of shares into which it can be converted or exercised.

Article 6

Subject to the Act, any preference shares may with the sanction of an ordinary resolution, be issued on the terms that they are, or at the option of the Company are liable, to be redeemed but the total nominal value of the issued preference shares shall not exceed the total nominal value of the issued ordinary shares at any time. The Company shall have the power to issue preference capital ranking equally with, or in priority to, preference shares already issued. Preference shareholders shall have the same rights as ordinary shareholders as regards to receiving notices, reports and audited accounts and attending meetings of the Company. Preference shareholders shall also have the right to vote at any meeting convened for the purpose of reducing the share capital or winding up or during the winding up of the Company, or on a proposal for the disposal of the whole of the Company's property, business and undertaking, or where any resolution to be submitted to the meeting directly affects their rights and/or privileges attached to the shares, or when the dividend or part of the dividend on the preference shares is in arrears for more than six (6) months.

14. ADDITIONAL INFORMATION (Cont'd)

Article 8

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound up, be varied with the sanction of a special resolution passed at a separate meeting of the shareholders of that class. Where necessary majority of such a special resolution is not obtained at the meeting, consent in writing if obtained from the holders of not less than three-fourths (3/4) of the issued shares of that class within two (2) months of the meeting, shall be as valid and effectual as a special resolution carried at the meeting. To every such separate general meeting, the provisions of these Articles relating to general meetings shall mutatis mutandis apply, but so that the necessary quorum shall be at least two (2) persons who are shareholders present in person or represented by proxy, one-third (1/3) of the issued shares of the class and that any holder of shares of the class present in person or by proxy may demand a poll. To every such special resolution, the provisions of Section 152 of the Act shall with such adaptations as are necessary, apply.

Article 9

The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking as regards participation in the profits or assets of the Company in some or in all respects pari passu therewith.

Article 53

The Company may from time to time, whether all the shares for the time being authorised shall have been issued or all the shares for the time being issued shall have been fully paid up or not, by ordinary resolution increase its share capital by the creation and issue of new shares, such new capital to be of such amount and to be divided into shares of such respective amounts and to carry such rights or to be subjected to such conditions or restrictions in regard to dividend, return of capital or otherwise as the Company may, by the resolution authorising such increase, directs.

Article 55

Except so far as otherwise provided by the conditions of issue, any capital raised by the creation of new shares shall be considered as part of the original share capital of the Company, and shall be subject to the same provisions with reference to the payment of calls, lien, transfer, transmission, forfeiture and otherwise as the original share capital.

Article 56

The Company may by ordinary resolution:-

- (a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
- (b) divide its share capital or any part thereof into shares of smaller amount than is fixed by the Memorandum of Association by subdivision of its existing shares or any of them subject nevertheless to the provisions of the Act and so that as between the resulting shares, one or more of such shares may, by the resolution by which such sub-division is effected, be given any preference or advantage as regards dividend, return of capital, voting or otherwise over the others or any other of such shares; or

14. ADDITIONAL INFORMATION (Cont'd)

- (c) cancel shares which at the date of the passing of the resolution in that behalf have not been taken or agreed to be taken by any person or which have been forfeited and diminish the amount of its share capital by the amount of the shares so cancelled.

Article 58

The Company may, by the special resolution, reduce its share capital, any capital redemption reserve fund or any share premium account in any manner and with, and subject to, any authorisation, and consent required by law.

14.3 LIMITATION ON THE RIGHT TO OWN SECURITIES

There is no limitation on the right to own securities including limitation on the right of non-residents or foreign shareholders to hold or exercise their voting rights on our Shares.

14.4 DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

- (i) The names, addresses and occupations of our Directors are set out in Section 1 of this Prospectus.
- (ii) We do not require any Director to hold any qualification shares unless we fix it as a requirement in the general meeting.
- (iii) Save as disclosed in Section 7.1.5 and Section 7.2.6 of this Prospectus, there have been no amounts and benefits that have been or are intended to be paid or given to our Promoters, Directors and/or substantial shareholders within the two (2) years preceding the date of this Prospectus.
- (iv) As at the LPD, there is no existing or proposed service agreement contract between our Group, and our Directors or key management.
- (v) The details of our Directors' and/or substantial shareholders' direct and indirect interests in the Shares before and after the IPO are set forth in Section 7.1.2 and Section 7.2.3 of this Prospectus.
- (vi) Save as disclosed in Section 10 of this Prospectus, none of our Directors and/or substantial shareholders have any interest, direct or indirect, in any contract or arrangement subsisting as at the date of this Prospectus which is significant in relation to our business taken as a whole.
- (vii) Save for the risk factors and financial information highlighted in Section 4 and Section 11 of this Prospectus, our Directors and substantial shareholders are not aware of any material information, including trading factors or risks, which are unlikely to be known or anticipated by the general public and which could materially affect our Group's profits.
- (viii) Save for our Promoters and/or substantial shareholders as disclosed in Section 7.1 of this Prospectus, there are no other persons who are able to, directly or indirectly, jointly or severally, exercise control over our Company.

14. ADDITIONAL INFORMATION (Cont'd)

14.5 GENERAL INFORMATION

- (i) Save as disclosed in Section 9 of this Prospectus, neither we nor our subsidiary have acquired or proposed to acquire any property.
- (ii) The nature of our business and the names of all corporations which are deemed to be related to us by virtue of Section 6 of the Act are disclosed in Section 5 of this Prospectus.
- (iii) The time of the opening of the IPO is set out in Section 3.2 and Section 15 of this Prospectus.
- (iv) The amount payable in full on application is RM0.20 per Issue Share.
- (v) The name and address of the auditors are set out in Section 1 of this Prospectus.
- (vi) We have not established any other place of business outside Malaysia.
- (vii) The manner in which copies of this Prospectus together with the official Application Forms and envelopes may be obtained is set forth in Section 15 of this Prospectus.

14.6 EXPENSES

- (i) There have been no commissions, discounts, brokerages or other special terms granted to or paid by us within the two (2) years preceding the date of this Prospectus in connection with the issue or sale of any Shares in or debentures of our Group for subscribing or agreeing to subscribe, or procuring or agreeing to procure subscription for, any shares in or debentures of our Group, and none of our Directors or Promoters or experts are entitled to receive any such payment save as set out in Section 3.10 of this Prospectus.
- (ii) We will fully bear all expenses incidental to the listing of and quotation for our entire issued and paid-up share capital on the ACE Market of Bursa Securities amounting to approximately RM2.500 million as set out in Section 3.9 of this Prospectus.
- (iii) Brokerage fee is payable by our Group in respect of the 8,000,000 Issue Shares at the rate of one percent (1.0%) of the Issue Price.

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14. ADDITIONAL INFORMATION (Cont'd)

14.7 MATERIAL LITIGATION

Save as disclosed below, we are not engaged in any material litigation and/or arbitration, either as plaintiff or defendant, which has a material effect on our financial position, and our Directors are not aware of any proceedings pending or threatened, or of any fact likely to give rise to any proceedings, which might materially and adversely affect our financial position or business:-

**Kuala Lumpur High Court Winding Up Petition 28NCC-956011/2015
Lee Yong Beng (trading as Yong Seng Construction Work) v Kluang Health Care Sdn Bhd**

LKL Advance Metaltech, a subsidiary of our Company had, on 21 January 2016 issued a notice of outstanding sum to Kluang Health Care Sdn Bhd (“**KHC**”) and filed a notice of intention to appear as a supporting creditor in the winding-up petition by Lee Yong Beng (trading as Yong Seng Construction Work) against KHC for a principal sum of RM279,089.00 as at 24 February 2012 in respect of supply of products. In the event interests and prospective costs are added, the total sum outstanding to LKL Advance Metaltech is likely to exceed RM300,000.00.

As at the LPD, our solicitors have been informed by KHC’s solicitors that KHC has not filed any cause papers to oppose the winding up petition by Lee Yong Beng (trading as Yong Seng Construction Work) and the matter is fixed for case management on 26 May 2016.

On the basis that LKL Advance Metaltech does not have records of any dispute from KHC to LKL Advance Metaltech’s claim for the principal sum, and on the basis of KHC not opposing the winding up petition, our solicitors are of the view that that we have strong merits to be entitled to the principal sum.

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14. ADDITIONAL INFORMATION (Cont'd)**14.8 MATERIAL CONTRACTS**

Save as disclosed below, we have not entered into any contracts which are material (not being contracts entered into in the ordinary course of business) within the two (2) years preceding the date of this Prospectus:-

- (i) On 9 February 2015, LKL Advance Metaltech entered into a sale and purchase agreement with Colour Lite (M) Sdn. Bhd. for the purchase of the Factory Lot No. 15 held under title no. H.S. (D) 252834, PT 1981, Pekan Serdang, Daerah Petaling, Negeri Selangor measuring approximately 11,282 sq ft, for a purchase consideration of RM4,800,000, payable in cash;
- (ii) On 13 July 2015, our Company entered into a share sale agreement with the vendors of LKL Advance Metaltech, namely Lim Kon Lian, Mok Mei Lan, Elaine Lim Sin Yee, Lim Pak Hong and Tan Chuan Hock for the acquisition by our Company of the entire issued and paid-up share capital of LKL Advance Metaltech, amounting to RM2,000,000 comprising 2,000,000 ordinary shares of RM1.00 each in LKL Advance Metaltech for a purchase consideration of RM31,579,990 to be satisfied by the issuance of 315,799,900 LKL International Shares. The transaction was completed on 10 March 2016; and
- (iii) On 22 March 2016, our Company entered into an Underwriting Agreement with the Sole Underwriter for the underwriting of 21,200,000 Issue Shares under the Public Issue, for underwriting management fees and commission at the rate set out in Section 3.10.2 of this Prospectus.

14.9 PUBLIC TAKE-OVERS

During the last financial year and the current financial year, there were no:-

- (i) public take-over offers by third parties in respect of our Group's shares; and
- (ii) public take-over offers by our Group in respect of other companies' shares.

14.10 REPATRIATION OF CAPITAL AND PROFITS

There are no governmental laws, decrees, regulations or other legislations that may affect the repatriation of capital and remittance of profit by or to our Group.

14.11 CONSENTS

- (i) The written consents of the Principal Adviser, Sponsor, Sole Underwriter and Placement Agent, Solicitors for the Listing, Principal Bankers, Share Registrar, Issuing House and Company Secretaries for the inclusion in this Prospectus of their names in the form and context in which their names appear in this Prospectus have been given before the issue of this Prospectus, and have not subsequently been withdrawn.
- (ii) The written consent of the External Auditors and Reporting Accountants for the inclusion in this Prospectus of their name, the Accountants' Report and the Reporting Accountants' Report on the Pro Forma Consolidated Statements of Financial Position in the form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus, and has not subsequently been withdrawn.

14. ADDITIONAL INFORMATION (Cont'd)

- (iii) The written consent of the Independent Market Researcher for the inclusion in this Prospectus of its name and Executive Summary of its IMR Report in the form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus, and has not subsequently been withdrawn.

14.12 DOCUMENTS FOR INSPECTION

Copies of the following documents may be inspected at our registered office during office hours for a period of 12 months from the date of this Prospectus:-

- (i) Our Memorandum and Articles of Association;
- (ii) The Accountants' Report and Directors' Report as included in Section 12 and Section 13 of this Prospectus, respectively;
- (iii) The Reporting Accountants' Report relating to the Pro Forma Consolidated Statements of Financial Position of our Group as at 31 October 2015 referred to in Section 11.2 of this Prospectus;
- (iv) The letters of consent referred to in Section 14.11 of this Prospectus;
- (v) The audited financial statements of:-
 - (a) LKL International for the FPE 30 April 2015 and six (6)-month FPE 31 October 2015; and
 - (b) LKL Advance Metaltech for the past three (3) FYE 30 April 2013 to 2015 and six (6)-month FPE 31 October 2015.
- (vi) Notice of outstanding sum and notice of intention to appear as a supporting creditor and other relevant cause papers in relation to the material litigation referred to in Section 14.7 of this Prospectus;
- (vii) The material contracts referred to in Section 14.8 of this Prospectus;
- (viii) The IMR Report; and
- (ix) The Executive Summary of the IMR Report referred to in Section 6 of this Prospectus.

14.13 RESPONSIBILITY STATEMENTS

- (i) AIBB acknowledges that, based on all available information and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts relating to the IPO.
- (ii) This Prospectus has been seen and approved by our Directors and Promoters and they collectively and individually accept full responsibility for the accuracy of the information contained herein and confirm that, after having made all reasonable enquiries, and to the best of their knowledge and belief, there is no false or misleading statement or other facts which if omitted, would make any statement in this Prospectus false or misleading.

15 PROCEDURES FOR APPLICATION AND ACCEPTANCE

15.1 OPENING AND CLOSING OF APPLICATION

Applications will be accepted from 10.00 a.m. on 26 April 2016 and will remain open until 5.00 p.m. on 4 May 2016 or for such further period or periods as our Directors, together with Sole Underwriter in their absolute discretion may mutually decide.

Any extension of the closing date of the applications will be announced by way of advertisement in a widely circulated daily Bahasa Malaysia and English newspaper in Malaysia. **Late Applications will not be accepted.**

15.2 METHODS OF APPLICATIONS

Applications for the Issue Shares may be made using any of the following ways:-

- (a) Application Forms; or
- (b) Electronic Share Applications; or
- (c) Internet Share Applications.

15.3 PROCEDURES FOR APPLICATIONS

The Applications shall be made in connection with and subject to the terms of this Prospectus and our Memorandum and Articles of Association.

FULL INSTRUCTIONS FOR THE APPLICATION OF THE ISSUE SHARES AND THE PROCEDURES TO BE FOLLOWED ARE SET OUT IN THE APPLICATION FORMS. YOU ARE ADVISED TO READ THE APPLICATION FORMS AND THE NOTES AND INSTRUCTIONS THEREIN CAREFULLY.

ALL APPLICATIONS MUST BE FOR 100 ORDINARY SHARES OR MULTIPLES THEREOF.

15.3.1 Applications by the Malaysian Public

Applications for the 8,000,000 Issue Shares made available for application by the Malaysian Public, must be made on the **White Application Forms** provided or by way of Electronic Share Application or Internet Share Application, of which at least 50% is to be set aside strictly for Bumiputera investors. A corporation or institution cannot apply for shares by way of Electronic Share Application or Internet Share Application. The amount payable in full upon application is RM0.20 per Issue Share.

15.3.2 Applications by Eligible Directors, Employees and Persons who have contributed to the success of our Group

Applications for the 13,200,000 Issue Shares made available for eligible Directors, employees and persons who have contributed to the success of our Group must be made on the **Pink Application Forms** provided only and not by way of other Application Forms or by way of Electronic Share Application or Internet Share Application. Applicants using the Pink Application Forms may still apply for the Issue Shares offered to the Malaysian Public using the White Application Form, Electronic Share Application or Internet Share Application. The amount payable in full upon application is RM0.20 per Issue Share.

15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

15.3.3 Applications by way of private placement

Bumiputera investors approved by MITI being allocated 49,600,000 Issue Shares and selected investors being allocated 42,200,000 Issue Shares under this method will be contacted directly by the Placement Agent and are to follow the instructions communicated by the Placement Agent should they wish to accept the Issue Shares offered to them. Bumiputera investors and selected investors may still apply for the Issue Shares offered to the Malaysian Public using the White Application Form, Electronic Share Application or Internet Share Application.

15.4 APPLICATIONS USING APPLICATION FORMS

The following relevant Application Forms issued with their notes and instructions are enclosed with this Prospectus:-

- (a) **White** Application Forms for application by the Malaysian Public; and
- (b) **Pink** Application Forms for application by our eligible Directors, employees and persons who have contributed to the success of our Group.

White Application Forms together with copies of this Prospectus may be obtained at AIBB, participating organisations of Bursa Securities, members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association and MIH, subject to availability.

Pink Application Forms together with copies of this Prospectus will be sent out to eligible Directors, employees and persons who have contributed to the success of our Group.

The submission of an Application Form does not necessarily mean that the application will be successful.

Directors and employees of MIH and their immediate families are strictly prohibited from applying for the Issue Shares.

Only one (1) Application Form from each Applicant will be considered and applications must be for 100 Shares or multiples thereof. Multiple applications will not be accepted. A person who submit multiple applications in his own name or by using the name of others, with or without their consent, commits an offence under Section 179 of the CMSA and if convicted, may be punished with a minimum fine of RM1,000,000 and a jail term of up to ten (10) years under Section 182 of the CMSA.

Persons submitting applications by way of Application Forms or Electronic Share Applications or Internet Share Applications **must have a CDS account**.

The amount payable in full on application is RM0.20 per Share. Persons submitting applications by way of White Application Forms **may not** submit applications by way of Electronic Share Applications or Internet Share Applications and vice versa. A corporation or institution cannot apply for shares by way of Electronic Share Application or Internet Share Application.

IN THE CASE OF AN INDIVIDUAL APPLICANT OTHER THAN A MEMBER OF THE ARMED FORCES OR POLICE, THE NAME AND NATIONAL REGISTRATION IDENTITY CARD ("**NRIC**") NUMBER OF THE APPLICANT MUST BE EXACTLY THE SAME AS STATED IN:-

- (a) (i) THE APPLICANT'S NRIC;
- (ii) ANY VALID TEMPORARY IDENTITY DOCUMENT AS ISSUED BY THE NATIONAL REGISTRATION DEPARTMENT FROM TIME TO TIME; OR

15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (iii) THE APPLICANT'S RESIT PENGENALAN SEMENTARA ("KPPK 09") ISSUED PURSUANT TO PERATURAN 5(5), PERATURAN-PERATURAN PENDAFTARAN NEGARA 1990; AND

- (b) THE RECORDS OF BURSA DEPOSITORY.

WHERE THE APPLICANT IS A MEMBER OF THE ARMED FORCES OR POLICE, THE NAME AND THE ARMED FORCES OR POLICE PERSONNEL NUMBER, AS THE CASE MAY BE, OF THE APPLICANT MUST BE EXACTLY THE SAME AS THAT STATED IN HIS/HER AUTHORITY CARD AND THE APPLICANT ADDRESS MUST BE THE ADDRESS OF HIS/HER RESPECTIVE CAMP, BASE OR STATION.

IN THE CASE OF A CORPORATE OR INSTITUTIONAL APPLICANT, THE NAME AND THE CERTIFICATE OF INCORPORATION NUMBER OF THE APPLICANT MUST BE EXACTLY THE SAME AS THAT STATED IN THE APPLICANT'S CERTIFICATE OF INCORPORATION OR EQUIVALENT DOCUMENTS PROVING ITS CONSTITUTION AND THE ADDRESS MUST BE THE REGISTERED ADDRESS.

No acknowledgement of the receipt of the Application Form or Application monies will be made by us and/or MIH.

15.4.1 Terms and Conditions for Applications using Application Forms

Applications by way of White and Pink Forms shall be made on, and subject to, the following terms and conditions set out below:-

- (a) Applicant who is an individual must be a Malaysian citizen residing in Malaysia, with a CDS account and a Malaysian address (White Application Forms only).

Applicant who is an individual must have a CDS account and a correspondence address in Malaysia (Pink Application Form only).

- (b) Applicant that is a corporation/institution incorporated in Malaysia, must have a CDS account and be subject to the following:-

(i) if the corporation/institution has a share capital, more than half of the issued share capital (excluding preference share capital) is held by Malaysian citizens; and

(ii) there is a majority of Malaysian citizens on the board of Directors/trustee.

Applicant that is a corporation/institution incorporated outside Malaysia must have a CDS account and provide a correspondence address in Malaysia (Pink Application Form only).

- (c) Applicant which is a superannuation, provident or pension fund must be established or operating in Malaysia and must have a CDS account.
- (d) Applications will not be accepted from trustees, any person under 18 years of age, sole proprietorships, partnerships or other incorporated bodies or associations, other than corporations/institutions referred to in **Section 15.4.1(b)** and **(c)** above or the trustees thereof.

15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (e) Applications for the Issue Shares must be made on the respective Application Forms issued together with this Prospectus and must be completed in accordance with the Notes and Instructions printed on the reverse side of the Application Form and this Prospectus. In accordance with Section 232(2) of the CMA, the Application Form together with the Notes and Instructions printed therein is accompanied by this Prospectus. Applications, which **do not STRICTLY** conform to the terms of this Prospectus or Application Form or Notes and Instructions printed therein, or which are illegible will not be accepted.
- (f) EACH COMPLETED APPLICATION FORM MUST BE ACCOMPANIED BY REMITTANCE IN RINGGIT MALAYSIA FOR THE FULL AMOUNT PAYABLE BY EITHER:-
- (i) BANKER'S DRAFT OR CASHIER'S ORDER PURCHASED WITHIN MALAYSIA ONLY AND DRAWN ON A BANK IN KUALA LUMPUR(DIFFERENTIATED BY A SPECIAL RED BAND FOR BUMIPUTERA APPLICANTS); OR
 - (ii) MONEY ORDER OR POSTAL ORDER (FOR APPLICANTS FROM SABAH AND SARAWAK ONLY); OR
 - (iii) GUARANTEED GIRO ORDER ("**GGO**") FROM BANK SIMPANAN NASIONAL MALAYSIA BERHAD (DIFFERENTIATED BY A SPECIAL RED BAND FOR BUMIPUTERA APPLICANTS).

AND MUST BE MADE OUT IN FAVOUR OF "**MIH SHARE ISSUE ACCOUNT NO. 576** AND CROSSED "**A/C PAYEE ONLY**" AND ENDORSED ON THE REVERSE SIDE WITH THE NAME AND ADDRESS OF THE APPLICANT.

APPLICATIONS ACCOMPANIED BY MODE OF PAYMENT OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES OR INAPPROPRIATE BANKER'S DRAFTS/CASHIER'S ORDERS/MONEY ORDERS OR POSTAL ORDER/GGO WILL NOT BE ACCEPTED. DETAILS OF REMITTANCES MUST BE COMPLETED IN THE APPROPRIATE BOXES PROVIDED ON THE APPLICATION FORMS.

- (g) AN APPLICANT SHOULD STATE HIS CDS ACCOUNT NUMBER IN THE SPACE PROVIDED IN THE APPLICATION FORM AND HE SHALL BE DEEMED TO HAVE AUTHORISED BURSA DEPOSITORY TO DISCLOSE INFORMATION PERTAINING TO THE CDS ACCOUNT TO MIH/COMPANY.
- (h) THE NAME AND ADDRESS OF THE APPLICANT MUST BE WRITTEN ON THE REVERSE SIDE OF THE BANKER'S DRAFT, CASHIER'S ORDER, MONEY ORDER OR POSTAL ORDER OR GGO FROM BANK SIMPANAN NASIONAL MALAYSIA BERHAD.
- (i) Our Directors reserve the right to require any successful Applicant to appear in person at the registered office of MIH at anytime within 14 days of the date of the notice issued to him to ascertain the regularity or propriety of the Application. Our Directors shall not be responsible for any loss or non-receipt of the said notice nor shall they be accountable for any expenses incurred or to be incurred by the successful Applicant for the purpose of complying with this provision.
- (j) MIH, acting on the authority of our Directors reserves the right to reject Applications which do not conform to these instructions or which are illegible or which are accompanied by remittances improperly drawn.

15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (k) MIH, acting on the authority of our Directors reserves the right not to accept any Application or accept any Application in part without assigning any reason therefor. Due consideration will be given to the desirability of allotting or allocating the shares to a reasonable number of Applicants with a view to establishing a liquid and adequate market for the shares.
- (l) If an Applicant is unsuccessful/partially successful in his application, MIH will refund his application monies without interest in the following manner:
 - (i) The full amount or the balance of it, as the case may be, will be refunded to the Applicant via the self-addressed and stamped Official "A" envelope he provided by ordinary post (for fully unsuccessful applications) or by crediting into your bank account for purposes of cash dividend/distribution if you have provided such bank account information to Bursa Depository or by registered/ordinary post to address maintained with Bursa Depository (for partially successful applications) if you have not provided such bank account information to Bursa Depository within 10 market days from the date of the final ballot at the Applicants' own risk.
 - (ii) If an Applicant's application was rejected because he did not provide a CDS Account number, his application monies will be sent to the address stated in the NRIC or "Resit Pengenalan Sementara (KPPK 09)" or any valid temporary identity document issued by the National Registration Department from time to time or the Authority Card in the case of armed forces or police personnel at the Applicant's own risk.
 - (iii) A number of applications will be reserved to replace any balloted applications which are rejected. The application monies relating to these applications which subsequently rejected or unsuccessful or only partly successful will be refunded without interest by MIH as per item (i) and (ii) above (as the case may be).
 - (iv) MIH reserves the right to bank in all application monies from unsuccessful Applicants. These monies will be refunded by crediting into your bank account for purposes of cash dividend/distribution if you have provided such bank account information to Bursa Depository or by ordinary/registered post to your address maintained with Bursa Depository if you have not provided such bank account information to Bursa Depository or as per item (ii) above (as the case may be) within 10 Market Days from the date of the final ballot.
- (m) The Applicant shall ensure that his personal particulars stated in the Application Form are identical with the records maintained by Bursa Depository. The Applicant must inform Bursa Depository promptly of any change in address failing which the notification letter of successful allocation will be sent to his/her registered or correspondence address last maintained with Bursa Depository.

15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (n) Each completed Application Form accompanied by the appropriate remittance and legible photocopy of the relevant documents, must be despatched by **ORDINARY POST** in the official envelopes provided, to the following address:-

Malaysian Issuing House Sdn Bhd (258345-X)
 Level 6, Symphony House
 Pusat Dagangan Dana 1
 Jalan PJU 1A/46
 47301 Petaling Jaya
 Selangor Darul Ehsan

or

P.O. Box 8269
 Pejabat Pos Kelana Jaya
 46785 Petaling Jaya
 Selangor Darul Ehsan

or **DELIVERED BY HAND AND DEPOSITED** in the Drop-in Boxes provided at the front portion of Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia, so as to arrive not later than 5.00 p.m. on 4 May 2016, or such other later date or dates as our Directors and AIBB in their absolute discretion may mutually decide.

We will not accept late applications.

- (o) Directors and employees of MIH and their immediate families are strictly prohibited from applying for the Issue Shares.
- (p) **PLEASE DIRECT ALL ENQUIRIES IN RESPECT OF THE WHITE APPLICATION FORM TO MIH.**

15.5 APPLICATIONS USING ELECTRONIC SHARE APPLICATION**15.5.1 Steps for Electronic Share Application through a Participating Financial Institution's ATM**

- (i) Applicant must have an account with a Participating Financial Institution (as detailed in **Section 15.5.1(iv)** below) and an ATM card issued by that Participating Financial Institution to access the account.
- (ii) Applicant **must** have a CDS account.
- (iii) Applicant is to apply for the Issue Shares, via the ATM of the Participating Financial Institution by choosing the Electronic Share Application option. Mandatory statements required in the application are set out in Section 15.5.2 of this Prospectus under the Terms and Conditions for Electronic Share Application. Applicant is to enter at least the following information through the ATM where the instructions on the ATM screen at which he enters his Electronic Share Application requires him to do so:-
- Personal Identification Number ("**PIN**");
 - MIH Share Issue Account No. 576;
 - CDS Account number;
 - Number of Issue Shares applied for and/or the Ringgit Malaysia amount to be debited from the account; and
 - Confirmation of several mandatory statements.

15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**(iv) Participating Financial Institutions**

Electronic Share Applications may be made through an ATM of the following Participating Financial Institutions and their branches:-

- Affin Bank Berhad;
- AmBank (M) Berhad;
- CIMB Bank Berhad;
- HSBC Bank Malaysia Berhad;
- Malayan Banking Berhad;
- Public Bank Berhad;
- RHB Bank Berhad; or
- Standard Chartered Bank Malaysia Berhad (at selected branches only)

The following processing fee per Electronic Share Application will be charged by the respective Participating Financial Institutions:-

- Affin Bank Berhad – No fee will be charged for application by their account holders;
- AmBank (M) Berhad – RM1.00;
- CIMB Bank Berhad – RM2.50;
- HSBC Bank Malaysia Berhad – RM2.50;
- Malayan Banking Berhad – RM1.00;
- Public Bank Berhad – RM2.00;
- RHB Bank Berhad – RM2.50; or
- Standard Chartered Bank Malaysia Berhad (at selected branches only) – RM2.50.

15.5.2 Terms and Conditions for Electronic Share Application

The procedures for Electronic Share Application at ATMs of the Participating Financial Institutions are set out on the ATM screens of the relevant Participating Financial Institutions (the "**Steps**"). For illustration purposes, the procedures for Electronic Share Application at ATMs are set out in "Steps for Electronic Share Application through a Participating Financial Institution's ATMs" in **Section 15.5.1** of this Prospectus. The Steps set out the actions that the Applicant must take at the ATM to complete an Electronic Share Application. Please read carefully the terms of this Prospectus, the Steps and the terms and conditions for Electronic Share Application set out below before making an Electronic Share Application.

Only an Applicant who is an individual with a CDS Account is eligible to utilise the facility and in the case of a joint account, an individual CDS account registered in the Applicant's name which is to be used for the purpose of the application if the Applicant is making the application instead of a CDS account registered in the joint account holder's name.

The Applicant must have an existing bank account with, and be an ATM cardholder of, one (1) of the Participating Financial Institutions before he can make an Electronic Share Application at an ATM of that Participating Financial Institution. An ATM card issued by one (1) of the Participating Financial Institutions cannot be used to apply for the shares at an ATM belonging to other Participating Financial Institutions. Upon completion of his Electronic Share Application transaction, the Applicant will receive a computer-generated transaction slip ("**Transaction Record**"), confirming the details of his Electronic Share Application. The Transaction Record is only a record of the completed transaction at the ATM and not a record of the receipt of the Electronic Share Application or any data relating to such an Electronic Share Application by our Company or MIH. The Transaction Record is for retention by the Applicant and should not be submitted with any Application Form.

15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Upon the closing of the offer for the Application for the Issue Shares, on 4 May 2016 at **5.00 p.m. ("Closing Date and Time")**, the Participating Financial Institution shall submit a magnetic tape containing its respective customers' applications for the Issue Shares to MIH as soon as practicable but not later than **12.00 p.m.** of the second (2nd) business day after the Closing Date and Time.

An Applicant will be allowed to make an Electronic Share Application for the shares via an ATM that accepts the ATM cards of the Participating Financial Institution with which he has an account and its branches, subject to the Applicant making only one (1) Application. An Applicant who has a bank account with a Participating Financial Institution and has been issued an ATM card will be allowed to apply for shares via an ATM of that Participating Financial Institution which is situated in another country or place outside of Malaysia, subject to the Applicant making only one (1) Application.

AN APPLICANT MUST ENSURE THAT HE USES HIS OWN CDS ACCOUNT NUMBER WHEN MAKING AN ELECTRONIC SHARE APPLICATION. AN APPLICANT OPERATING A JOINT ACCOUNT WITH ANY PARTICIPATING FINANCIAL INSTITUTION MUST ENSURE THAT HE ENTERS HIS OWN CDS ACCOUNT NUMBER WHEN USING AN ATM CARD ISSUED TO HIM IN HIS OWN NAME. HIS APPLICATION WILL BE REJECTED IF HE FAILS TO COMPLY WITH THE FOREGOING CONDITIONS.

The Electronic Share Application shall be made on, and subject to, the terms and conditions contained herein as well as the terms and conditions set out below:-

- (a) The Electronic Share Application shall be made in connection with and subject to the terms of this Prospectus and the Memorandum and Articles of Association of our Company.
- (b) The Applicant is required to confirm the following statement (by pressing pre-designated keys or buttons on the ATM keyboard) and undertake that the following information given are true and correct:-
- I have attained 18 years of age as of the Closing Date of the Share Application;
 - I am a Malaysian citizen residing in Malaysia;
 - I have read the relevant Prospectus and understood and agreed with the terms and conditions of this Application;
 - This is the only Application that I am submitting; and
 - I hereby give consent to the Participating Financial Institution and Bursa Depository to disclose information pertaining to myself and my account with the Participating Financial Institution and Bursa Depository to MIH and other relevant authorities.

The Application will not be successfully completed and cannot be recorded as a completed transaction at the ATM unless the Applicant completes all the Steps required by the Participating Financial Institution. By doing so, the Applicant shall be treated as signifying his confirmation of each of the said statements as well as giving consent in accordance with the relevant laws of Malaysia, including Section 133 of Financial Services Act, 2013 and Section 45 of the Securities Industry (Central Depositories) Act, 1991 to the disclosure by the relevant Participating Financial Institution or Bursa Depository, as the case may be, of any of the Applicant's particulars to MIH or any relevant regulatory body.

15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (c) THE APPLICANT CONFIRMS THAT HE IS NOT APPLYING FOR OUR SHARES AS A NOMINEE OF ANY OTHER PERSONS AND THAT ANY ELECTRONIC SHARE APPLICATION THAT HE MAKES IS MADE BY HIM AS BENEFICIAL OWNER. THE APPLICANT SHALL ONLY MAKE ONE (1) ELECTRONIC SHARE APPLICATION AND SHALL NOT MAKE ANY OTHER APPLICATION FOR OUR SHARES, WHETHER AT THE ATMS OF ANY PARTICIPATING FINANCIAL INSTITUTION OR ON THE PRESCRIBED APPLICATION FORMS OR VIA INTERNET.
- (d) The Applicant must have sufficient funds in his account with the relevant Participating Financial Institution at the time he makes his Electronic Share Application, failing which his Electronic Share Application will not be completed. Any Electronic Share Application which does not strictly conform to the instructions set out on the screens of the ATM through which the Electronic Share Application is being made will be rejected.
- (e) The Applicant agrees and undertakes to subscribe for or purchase and to accept the number of Issue Shares applied for as stated on the Transaction Record or any lesser number of Issue Shares that may be allotted or allocated to him in respect of his Electronic Share Application. In the event that our Company decides to allot or allocate any lesser number of the Issue Shares or not to allot or allocate any Issue Shares to the Applicant, the Applicant agrees to accept any such decision as final. If the Applicant's Electronic Share Application is successful, his confirmation (by his action of pressing the designated key or button on the ATM) of the number of Issue Shares applied for shall signify, and shall be treated as, his acceptance of the number of Issue Shares that may be allotted or allocated to him and to be bound by the Memorandum and Articles of Association of our Company.
- (f) MIH, on the authority of the Directors of our Company, reserves the right to reject any Electronic Share Application or accept any Electronic Share Application in part only without assigning any reason therefor. Due consideration will be given to the desirability of allotting or allocating the shares to a reasonable number of applicants with a view to establishing a liquid and adequate market for our Shares.
- (g) Where an Electronic Share Application is not successful or successful in part only, the relevant Participating Financial Institution will be informed of the non-successful or partially successful Applications within two (2) Market Days after the balloting date. Where the Electronic Share Application is not successful, the relevant Participating Financial Institution will credit the full amount of the Application monies or the balance of it, as the case may be, in RM (without interest or any share of revenue or other benefit arising therefrom) into the Applicant's account with that Participating Financial Institution within two (2) market days after the confirmation from MIH. The Applicants may check their accounts on the fifth (5th) market day from the balloting day.

Where an Electronic Share Application is accepted in part only, the relevant Participating Financial Institution will credit the balance of the application monies in Ringgit Malaysia without interest into the Applicant's account with the Participating Financial Institution within two (2) market days after the receipt of confirmation from MIH. A number of Applications will, however, be held in reserve to replace any successfully balloted Applications which are subsequently rejected. For such Applications which are subsequently rejected, the Application monies (without interest or any share of revenue or other benefit arising herefrom) will be refunded to Applicants by crediting into your account with the Participating Financial Institution not later than ten (10) market days from the day of the final ballot.

Should Applicants encounter any problems in their Applications, they may refer to the Participating Financial Institution.

15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (h) The Applicant requests and authorises our Company:-
- to credit the Issue Shares allotted or allocated to the Applicant into the CDS account of the Applicant; and
 - to issue share certificate(s) representing such Issue Shares allotted or allocated in the name of Bursa Malaysia Depository Nominees Sdn Bhd and send the same to Bursa Depository.
- (i) The Applicant, acknowledging that his Electronic Share Application is subject to the risks of electrical, electronic, technical and computer-related faults and breakdowns, fires and other events beyond our control, MIH or the Participating Financial Institution, irrevocably agrees that if:-
- our Company or MIH does not receive the Applicant's Electronic Share Application; or
 - data relating to the Applicant's Electronic Share Application is wholly or partially lost, corrupted or not otherwise accessible, or not transmitted or communicated to our Company or MIH,

the Applicant shall be deemed not to have made an Electronic Share Application and the Applicant shall not claim whatsoever against our Company, MIH or the Participating Financial Institutions or Bursa Depository for the shares applied for or for any compensation, loss or damage.

- (j) All particulars of the Applicant in the records of the relevant Participating Financial Institution at the time he makes his Electronic Share Application shall be deemed to be true and correct and our Company, MIH and the relevant Participating Financial Institution shall be entitled to rely on the accuracy thereof.
- (k) The Applicant shall ensure that his personal particulars as recorded by both Bursa Depository and relevant Participating Financial Institution are correct and identical. Otherwise, his Electronic Share Application is liable to be rejected. The Applicant must inform Bursa Depository promptly of any change in address failing which the notification letter of successful allotment or allocation will be sent to his registered or correspondence address last maintained with Bursa Depository.

By making and completing an Electronic Share Application, the Applicant agrees that:-

- in consideration of our Company agreeing to allow and accept the making of any Application for shares via the Electronic Share Application facility established by the Participating Financial Institutions at their respective ATMs, his Electronic Share Application is irrevocable;
- our Company, the Participating Financial Institutions, Bursa Depository and MIH shall not be liable for any delays, failures or inaccuracies in the processing of data relating to his Electronic Share Application to our Company due to a breakdown or failure of transmission or communication facilities or any cause beyond their control;
- notwithstanding the receipt of any payment by or on behalf of our Company, the acceptance of the offer made by the Applicant to subscribe for and purchase the Issue Shares for which the Applicant's Electronic Share Application has been successfully completed shall be constituted by the issue of notices of successful allotment for prescribed securities, in respect of the said shares;

15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- the Applicant irrevocably authorises Bursa Depository to complete and sign on his behalf as transferee or renounee any instrument of transfer and/or other documents required for the issue or transfer of the Issue Shares allotted or allocated to the Applicant; and
 - our Company agrees that, in relation to any legal action or proceedings arising out of or in connection with the contract between the parties and/or the Electronic Share Application and/or any terms herein, all rights, obligations and liabilities shall be construed and determined in accordance with the laws of Malaysia and with all directives, rules, regulations and notices from regulatory bodies and that our Company irrevocably submit to the jurisdiction of the Courts of Malaysia.
- (l) Our Directors reserve the right to require any successful Applicant to appear in person at the registered office of MIH at anytime within fourteen (14) days of the date of the notice issued to him to ascertain the regularity or propriety of the Application. Our Directors shall not be responsible for any loss or non-receipt of the said notice nor shall they be accountable for any expenses incurred or to be incurred by the successful Applicant for the purpose of complying with this provision.
- (m) MIH, acting on the authority of our Board reserves the right to reject Applications that do not conform to these instructions.

15.6 APPLICATIONS USING INTERNET SHARE APPLICATION**15.6.1 Steps for Internet Share Application**

The exact steps for Internet Share Application in respect of the Issue Shares are as set out on the Internet financial services website of the Internet Participating Financial Institutions.

For illustration purposes only, the steps for an Application for the Issue Shares via Internet Share Application may be as set out below. The steps set out the actions that the Applicant must take at the Internet financial services website of the Internet Participating Financial Institution to complete an Internet Share Application.

PLEASE NOTE THAT THE ACTUAL STEPS FOR INTERNET SHARE APPLICATIONS CONTAINED IN THE INTERNET FINANCIAL SERVICES WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS MAY DIFFER FROM THE STEPS OUTLINED BELOW.

- (a) Connect to the Internet financial services website of the Internet Participating Financial Institution with which the Applicant has an account.
- (b) Log in to the Internet financial services facility by entering the Applicant's user identification and PIN/password.
- (c) Navigate to the section of the website on applications in respect of initial public offerings.
- (d) Select the counter in respect of the Issue Shares to launch the Electronic Prospectus and the terms and conditions of the Internet Share Application.
- (e) Select the designated hyperlink on the screen to accept the abovementioned terms and conditions, having read and understood such terms and conditions.
- (f) At the next screen, complete the online application form.

15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (g) Check that the information contained in the online application form, such as the share counter, NRIC number, CDS account number, number of Issue Shares applied for and the account number to debit are correct, and select the designated hyperlink on the screen to confirm and submit the online application form.
- (h) By confirming such information, the Applicant also undertakes that the following information given are true and correct:-
- the Applicant has attained 18 years of age as at the closing date of the application for the Issue Shares;
 - the Applicant is a Malaysian citizen residing in Malaysia;
 - the Applicant has, prior to making the Internet Share Application, received and/or has had access to a printed/electronic copy of this Prospectus, the contents of which the Applicant has read and understood;
 - the Applicant agrees to all the terms and conditions of the Internet Share Application as set out in this Prospectus and has carefully considered the risk factors set out in this Prospectus, in addition to all other information contained in this Prospectus before making the Internet Share Application for the Issue Shares;
 - the Internet Share Application is the only Application that the Applicant is submitting for the Issue Shares;
 - the Applicant authorises the Authorised Financial Institution to deduct the full amount payable for the Issue Shares from the Applicant's account with the Internet Participating Financial Institution;
 - the Applicant gives express consent in accordance with the relevant laws of Malaysia (including but not limited to Section 133 of Financial Services Act, 2013 and Section 45 of the Securities Industry (Central Depositories) Act, 1991) to the disclosure by the Internet Participating Financial Institution, the Authorised Financial Institution and/or Bursa Depository, as the case may be, of information pertaining to the Applicant, the Internet Share Application made by the Applicant or the Applicant's account with the Internet Participating Financial Institution, to the MIH and the Authorised Financial Institution, the SC and any other relevant authority;
 - the Applicant is not applying for the Issue Shares as a nominee of any other person and the application is made in the Applicant's own name, as beneficial owner and subject to the risks referred to in this Prospectus; and
 - the Applicant authorises the Internet Participating Financial Institution to disclose and transfer to any person, including any government or regulatory authority in any jurisdiction, our Company, Bursa Securities or other relevant parties in connection with the Public Issue, all information relating to the Applicant if required by any law, regulation, court order or any government or regulatory authority in any jurisdiction or if such disclosure and transfer is, in the reasonable opinion of the Internet Participating Financial Institution, necessary for the provision of the Internet Share Application services or if such disclosure is requested or required in connection with the Public Issue. Further, the Internet Participating Financial Institution will take reasonable precautions to preserve the confidentiality of information relating to the Applicant furnished by the Applicant to the Internet Participating Financial Institution in connection with the use of the Internet Share Application services.

15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (i) Upon submission of the online application form, the Applicant will be linked to the website of the Authorised Financial Institution to effect the online payment of the application money for the Issue Shares.
- (j) As soon as the transaction is completed, a message from the Authorised Financial Institution pertaining to the payment status will appear on the screen of the website through which the online payment of the application money is being made.
- (k) Subsequent to the above, the Internet Participating Financial Institution shall confirm that the Internet Share Application has been completed, via the Confirmation Screen on its website.
- (l) The Applicant is advised to print out the Confirmation Screen for reference and retention.

15.6.2 Terms and Conditions for Internet Share Application

Applications for the Issue Shares may be made through the Internet financial services website of the Internet Participating Financial Institutions.

APPLICANTS ARE ADVISED NOT TO APPLY FOR THE ISSUE SHARES THROUGH ANY WEBSITE OTHER THAN THE INTERNET FINANCIAL SERVICES WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS.

Internet Participating Financial Institution

Internet Share Applications may be made through the Internet financial services websites of the following Internet Participating Financial Institutions:-

- Affin Bank Berhad at www.affinOnline.com (via hyperlink to Bursa Securities' website at www.bursamalaysia.com); or
- Affin Hwang Investment Bank Berhad at trade.affinhwang.com (via hyperlink to Bursa Securities' website at www.bursamalaysia.com); or
- CIMB Bank Berhad at www.cimbclicks.com.my (via hyperlink to Bursa Securities' website at www.bursamalaysia.com); or
- CIMB Investment Bank Berhad at www.eipocimb.com; or
- Malayan Banking Berhad at www.maybank2u.com.my (via hyperlink to Bursa Securities' website at www.bursamalaysia.com); or
- Public Bank Berhad at www.pbebank.com (via hyperlink to Bursa Securities' website at www.bursamalaysia.com); or
- RHB Bank Berhad at www.rhbgroup.com (via hyperlink to Bursa Securities' website at www.bursamalaysia.com).

PLEASE READ THE TERMS OF THIS PROSPECTUS, THE TERMS AND CONDITIONS FOR INTERNET SHARE APPLICATIONS SET OUT HEREIN AND THE STEPS FOR INTERNET SHARE APPLICATIONS SET OUT HEREIN CAREFULLY PRIOR TO MAKING AN INTERNET SHARE APPLICATION.

THE EXACT TERMS AND CONDITIONS AND ITS SEQUENCE FOR INTERNET SHARE APPLICATIONS IN RESPECT OF THE ISSUE SHARES ARE AS SET OUT ON THE INTERNET FINANCIAL SERVICES WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS.

15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

PLEASE NOTE THAT THE ACTUAL TERMS AND CONDITIONS OUTLINED BELOW SUPPLEMENT THE ADDITIONAL TERMS AND CONDITIONS FOR INTERNET SHARE APPLICATION CONTAINED IN THE INTERNET FINANCIAL SERVICES WEBSITES OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS.

An Internet Share Application shall be made on and shall be subject to the terms and conditions as set out herein:-

(a) An Applicant making an Internet Share Application shall:-

- be an individual with a CDS account and in the case of joint account an individual CDS account registered in the Applicant's name which is to be used for the purpose of the Application if the Applicant is making the Application instead of a CDS account registered in the joint account holder's name;
- have an existing account with access to Internet financial services facilities with an Internet Participating Financial Institution. Applicant must have ready their user identification ("**User ID**") and Personal Identification Numbers ("**PIN**")/password for the relevant Internet financial services facilities; and
- be a Malaysian citizen and have a mailing address in Malaysia.

Applicants are advised to note that a User ID and PIN/password issued by one of the Internet Participating Financial Institutions cannot be used to apply for the Issue Shares at Internet financial service websites of other Internet Participating Financial Institutions.

(b) An Internet Share Application shall be made on and shall be subject to the terms of this Prospectus and our Company's Memorandum and Articles of Association.

(c) The Applicant is required to confirm the following statements (by selecting the designated hyperlink on the relevant screen of the Internet financial services website of the Internet Participating Financial Institution) and to undertake that the following information given are true and correct:-

- the Applicant has attained 18 years of age as at the date of the application for the Issue Shares;
- the Applicant is a Malaysian citizen residing in Malaysia;
- the Applicant has, prior to making the Internet Share Application, received and/or has had access to a printed/electronic copy of this Prospectus, the contents of which the Applicant has read and understood;
- the Applicant agrees to all the terms and conditions of the Internet Share Application as set out in this Prospectus and has carefully considered the risk factors set out in this Prospectus, in addition to all other information contained in this Prospectus before making the Internet Share Application for the Issue Shares;
- the Internet Share Application is the only Application that the Applicant is submitting for the Issue Shares;
- the Applicant authorises the Internet Participating Financial Institution or the Authorised Financial Institution to deduct the full amount payable for the Issue Shares from the Applicant's account with the Internet Participating Financial Institution or the Authorised Financial Institution;

15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- the Applicant gives express consent in accordance with the relevant laws of Malaysia (including but not limited to Section 133 of Financial Services Act, 2013 and Section 45 of the Securities Industry (Central Depositories) Act, 1991) to the disclosure by the Internet Participating Financial Institution, the Authorised Financial Institution and/or Bursa Depository, as the case may be, of information pertaining to the Applicant, the Internet Share Application made by the Applicant or the Applicant's account with the Internet Participating Financial Institution, to the MIH and the Authorised Financial Institution, the SC and any other relevant authority;
 - the Applicant is not applying for the Issue Shares as a nominee of any other person and the application is made in the Applicant's own name, as beneficial owner and subject to the risks referred to in this Prospectus; and
 - the Applicant authorises the Internet Participating Financial Institution to disclose or transfer to any person, including any government or regulatory authority in any jurisdiction, our Company or other relevant parties in connection with the IPO, all information relating to the Applicant if required by any law, regulation, court order or any government or regulatory authority in any jurisdiction or if such disclosure and transfer is, in the reasonable opinion of the Internet Participating Financial Institution, necessary for the provision of the Internet Share Application services or if such disclosure is requested or required in connection with the IPO. Further, the Internet Participating Financial Institution will take reasonable precautions to preserve the confidentiality of information relating to the Applicant furnished by the Applicant to the Internet Participating Financial Institution in connection with the use of the Internet Share Application services.
- (d) The Application will not be successfully completed and cannot be recorded as a completed application unless the Applicant has completed all relevant application steps and procedures for the Internet Share Application which would result in the Internet financial services website displaying the Confirmation Screen.
- For the purposes of this Prospectus, "Confirmation Screen" shall mean the screen which appears or is displayed on the Internet financial services website, which confirms that the Internet Share Application has been completed and states the details of the Applicant's Internet Share Application, including the number of Issue Shares applied, for which can be printed out by the Applicant for his records.
- Upon the display of the Confirmation Screen, the Applicant shall be deemed to have confirmed the truth of the statements set out in **Section 15.6.2(c)** of this Prospectus.
- (e) The Applicant must have sufficient funds in the Applicant's account with the Internet Participating Financial Institution or the Authorised Financial Institution at the time of making the Internet Share Application, to cover and pay for the Issue Shares and the related processing fees, charges and expenses, if any, to be incurred, failing which the Internet Share Application will not be deemed complete, notwithstanding the display of the Confirmation Screen. Any Internet Share Application which does not conform strictly to the instructions set out in this Prospectus or any instructions displayed on the screens of the Internet financial services website through which the Internet Share Application is made shall be rejected.

15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (f) The Applicant irrevocably agrees and undertakes to subscribe for and to accept the number of Issue Shares applied for as stated on the Confirmation Screen or any lesser number of Issue Shares that may be allotted to the Applicant in respect of the Internet Share Application. In the event that our Company decides to allot any lesser number of such Issue Shares or not to allot any Issue Shares to the Applicant, the Applicant agrees to accept any such decision of our Company as final.

In the course of completing the Internet Share Application on the website of the Internet Participating Financial Institution, the confirmation by the Applicant of the number of Issue Shares applied for (by way of the Applicant's action of clicking the designated hyperlink on the relevant screen of the website) shall be deemed to signify and shall be treated as:-

- acceptance by the Applicant of the number of Issue Shares that may be allotted or allocated to the Applicant in the event that the Applicant's Internet Share Application is successful or successful in part, as the case may be; and
 - the Applicant's agreement to be bound by the Memorandum and Articles of Association of our Company.
- (g) The Applicant is fully aware that multiple or suspected multiple Internet Share Applications for the Issue Shares of our Company will be rejected. The Company reserves the right to reject any Internet Share Application or accept any Internet Share Application in whole or in part without assigning any reason therefor. Due consideration will be given to the desirability of allotting or allocating the Issue Shares to a reasonable number of Applicants with a view to establishing a liquid and adequate market for the shares.
- (h) Where an Internet Share Application is unsuccessful or successful in part only, the Internet Participating Financial Institution will be informed of the unsuccessful or partially successful Internet Share Application. Where an Internet Share Application is unsuccessful, the Internet Participating Financial Institution will credit or arrange with the Authorised Financial Institution to credit the full amount of the application monies or in balance of it (as the case may be) in Ringgit Malaysia (without interest or any share of revenue or other benefit arising therefrom) into the Applicant's account with the Internet Participating Financial Institution or the Authorised Financial Institution within two (2) Market Days after receipt of written confirmation from MIH.

The Applicant may check their account on the fifth Market Days from the balloting day.

Where the Internet Share Application is accepted in part only, the relevant Internet Participating Financial Institution will credit the balance of the Application monies in Ringgit Malaysia (without interest or any share of revenue or other benefit arising therefrom) into the Applicant's account with the Internet Participating Financial Institution within two (2) Market Days after receipt of written confirmation from MIH.

15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

A number of Applications will however be held in reserve to replace any successfully balloted Applications that are subsequently rejected. In respect of such Applications that are subsequently rejected, the Application monies (without interest or any share of revenue or other benefit arising therefrom) will be refunded to Applicants by MIH by crediting into the Applicants' account with the Participating Financial Institution to the Applicants within ten (10) Market Days from the day of the final ballot of the Application list.

For Applications that are held in reserve and are subsequently unsuccessful (or only partly successful), the Internet Participating Financial Institution will credit the Application monies (or any part thereof but without interest or any share of revenue or other benefit arising therefrom) into the Applicant's account within two (2) Market Days after receiving confirmation from MIH.

Except where MIH is required to refund application monies, it is the sole responsibility of the Internet Participating Financial Institution to ensure the timely refund of Application monies from unsuccessful or partially successful Internet Share Applications. Therefore, Applicants are strongly advised to consult the Internet Participating Financial Institution through which the Application was made in respect of the mode or procedure of enquiring on the status of an Applicant's Internet Share Application in order to determine the status or exact number of Issue Shares allotted, if any, before trading the Issue Shares on Bursa Securities.

- (i) Internet Share Applications will be closed at 5.00 p.m. on 4 May 2016 or such other date(s) as our Directors may in their absolute discretion mutually decide. An Internet Share Application is deemed to be received only upon its completion that is when the Confirmation Screen is displayed on the Internet financial services website. Applicants are advised to print out and retain a copy of the Confirmation Screen for record purposes. Late Internet Share Applications will not be accepted.
- (j) The Applicant irrevocably agrees and acknowledges that the Internet Share Application is subject to risk of electrical, electronic, technical and computer-related faults and breakdowns, faults with computer software, problems occurring during data transmission, computer security threats such as viruses, hackers and crackers, fires, acts of God and other events beyond the control of the Internet Participating Financial Institution, the Authorised Financial Institution and our Company. If, in any such event, our Company, MIH and/or the Internet Participating Financial Institution and/or the Authorised Financial Institution do not receive the Applicant's Internet Share Application and/or the payment therefor, or in the event that any data relating to the Internet Share Application or the tape or any other devices containing such data is lost, corrupted, destroyed or otherwise not accessible, whether wholly or partially and for any reason whatsoever, the Applicant shall be deemed not to have made an Internet Share Application and the Applicant shall have no claim whatsoever against our Company, MIH or the Internet Participating Financial Institution and the Authorised Financial Institution in relation to the Issue Shares applied for or for any compensation, loss or damage whatsoever, as a consequence thereof or arising therefrom.

15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (k) All particulars of the Applicant in the records of the relevant Internet Participating Financial Institution at the time of the Internet Share Application shall be deemed to be true and correct, and our Company, the Internet Participating Financial Institutions, MIH and all other persons who, are entitled or allowed under the law to such information or where the Applicant expressly consent to the provision of such information shall be entitled to rely on the accuracy thereof.

The Applicant shall ensure that the personal particulars of the Applicant as recorded by both Bursa Depository and the Internet Participating Financial Institution are correct and identical, otherwise the Applicant's Internet Share Application is liable to be rejected. The notification letter on successful allotment will be sent to the Applicant's address last registered with Bursa Depository. It is the responsibility of the Applicant to notify the Internet Participating Financial Institution and Bursa Depository of any changes in the Applicant's personal particulars that may occur from time to time.

- (l) By making and completing an Internet Share Application, the Applicant is deemed to have agreed that:-
- in consideration of our Company making available the Internet Share Application facility to the Applicant, through the Internet Participating Financial Institution acting as agents of our Company, the Internet Share Application is irrevocable;
 - the Applicant has irrevocably requested and authorised our Company to register the Issue Shares allotted to the Applicant for deposit into the Applicant's CDS account;
 - neither our Company nor the Internet Participating Financial Institution shall be liable for any delay, failure or inaccuracy in the recording, storage or transmission or delivery of data relating to the Internet Share Application to MIH or Bursa Depository due to any breakdown or failure of transmission, delivery or communication facilities or any cause beyond their control;
 - the Applicant shall hold the Internet Participating Financial Institution harmless from any damages, claims or losses whatsoever, as a consequence of or arising from any rejection of the Applicant's Internet Share Application by MIH, us and/or the Internet Participating Financial Institution for reasons of multiple Application, suspected multiple application, inaccurate and/or incomplete details provided by the Applicant, or any other cause beyond the control of the Internet Participating Financial Institution;
 - the acceptance of the offer made by the Applicant to subscribe for the Issue Shares for which the Applicant's Internet Share Application has been successfully completed shall be constituted by written notification in the form of the issue of a notice of allotment by or on behalf of our Company and not otherwise, notwithstanding the receipt of any payment by or on behalf of our Company;
 - the Applicant is not entitled to exercise any remedy of rescission for misrepresentation at any time after acceptance of the Applicant's Internet Share Application by our Company;

15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- in making the Internet Share Application, the Applicant has relied solely on the information contained in this Prospectus. Our Company, the Sole Underwriter, the Principal Adviser and any other person involved in the Public Issue shall not be liable for any information not contained in this Prospectus which may have been relied on by the Applicant in making the Internet Share Application; and
 - the acceptance of an Applicant's Internet Share Application by our Company and the contract resulting therefrom under the IPO shall be governed by and construed in accordance with the laws of Malaysia, and the Applicant irrevocably submits to the jurisdiction of the courts of Malaysia.
- (m) The following processing fee per Internet Share Application will be charged by the respective Internet Participating Financial Institution:-
- Affin Bank Berhad (www.affinOnline.com) via hyperlink to Bursa Securities' website at www.bursamalaysia.com – No fee will be charged for application by their account holders;
 - Affin Hwang Investment Bank Berhad (trade.affinhwang.com) via hyperlink to Bursa Securities' website at www.bursamalaysia.com – No fee will be charged for application by their account holders;
 - CIMB Bank Berhad (www.cimbclicks.com.my) via hyperlink to Bursa Securities' website at www.bursamalaysia.com – RM2.00 for applicants with CDS accounts held with CIMB Investment Bank Berhad and RM2.50 for applicants with CDS accounts with other ADAs;
 - CIMB Investment Bank Berhad (www.eipocimb.com) – RM2.00 for payment via CIMB Bank or Malayan Banking Berhad;
 - Malayan Banking Berhad (www.maybank2u.com.my) via hyperlink to Bursa Securities' website at www.bursamalaysia.com – RM1.00;
 - Public Bank Berhad (www.pbebank.com) via hyperlink to Bursa Securities' website at www.bursamalaysia.com – RM2.00; and
 - RHB Bank Berhad (www.rhbgroup.com) via hyperlink to Bursa Securities' website at www.bursamalaysia.com – RM2.50.

15.7 OVER/UNDER-SUBSCRIPTION

In the event of an over-subscription, acceptance of Applications shall be subject to ballot to be conducted in the manner approved by our Directors and on a fair and equitable basis. Due consideration will be given to the desirability of distributing the Issue Shares, to a reasonable number of Applicants with a view to broadening the shareholding base of our company to meet the public spread requirements and to establish a liquid and adequate market in our Shares. Pursuant to the Listing Requirements, at least 25% of the enlarged issued and paid-up share capital of our Company must be held by a minimum number of 200 public shareholders holding not less than 100 shares each upon completion of the IPO and at the point of Listing. In the event that the above requirement is not met pursuant to the IPO, the Company may not be allowed to proceed with the Listing. In the event thereof, monies paid in respect of all Applications will be returned without interest if the said permission for listing and quotation is not granted. Applicants will be selected in a manner to be determined by our Directors.

15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

In the event of an under-subscription of Shares by Malaysian Public and/or eligible Directors, employees and persons who have contributed to the success of our Group, subject to the underwriting arrangements and reallocation as set out in Section 3.5.2 of this Prospectus, any aforementioned Shares not applied for will then be subscribed by our Sole Underwriter based on the terms of the Underwriting Agreement.

15.8 CDS ACCOUNTS

Pursuant to Section 14(1) of the Securities Industry (Central Depositories) Act, 1991, Bursa Securities has prescribed the shares as Prescribed Securities. In consequence thereof, the share issued/offered through this Prospectus will be deposited directly with Bursa Depository and any dealings in these shares will be carried out in accordance with the Securities Industry (Central Depository) Act, 1991 and Rules of Bursa Depository.

Following the above, in accordance with Section 29 of the Securities Industry (Central Depositories) Act 1991, all dealings in our Shares will be by book entries through CDS accounts. No share certificates will be issued to successful Applicants.

Only an Applicant who has a CDS account can make an Application by way of an Application Form. An Applicant should state his CDS account number in the space provided on the Application Form and he/she shall be deemed to have authorised Bursa Depository to disclose information pertaining to the CDS account to MIH or us. Where an Applicant does not presently have a CDS account, he/she should open a CDS account at an ADA prior to making an Application for the Issue Shares. Failure to comply with these specific instructions as the Application Form requires or inaccuracy in the CDS account number arising from use of invalid, third party or nominee account may result in your application being rejected. If successful Applicants fails to state his/her CDS account number, MIH under the instruction of our Company, will reject the Application.

In the case of an Application by way of Electronic Share Application, only an Applicant who has a CDS Account can make an Electronic Share Application. The Applicant shall furnish his CDS account number to the Participating Financial Institution by way of keying in his CDS account number if the instructions on the ATM screen at which he enters his Electronic Share Application require him to do so. Failure to comply with these specific instructions as the Electronic Share Application requires or inaccuracy in the CDS account number arising from use of invalid, third party or nominees account, may result in your application being rejected.

In the case of an application by way of Internet Share Application, only an Applicant who has a CDS Account can make an Internet Share Application. In certain cases, only an Applicant who has a CDS account opened with the Internet Participating Financial Institution can make an Internet Share Application. Arising therewith, the Applicant's CDS account number would automatically appear in the e-IPO online application form.

MIH, acting on the authority of our Directors also reserves the right to reject any incomplete and inaccurate Application. Applications may also be rejected if the Applicants' particulars provided in the Application Forms, or in the case of Electronic Share Application or Internet Share Application, if the records of the Participating Financial Institutions at the time of making the Electronic Share Application or Internet Share Application, differ from those in Bursa Depository's records, such as the identity card number, name and nationality.

15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

15.9 NOTICE OF ALLOTMENT

Our Shares allotted to all successful or partially successful Applicants will be credited to their respective CDS accounts. A notice of allotment will be despatched to the successful or partially successful Applicant at his address last maintained with Bursa Depository at the Applicant's own risk prior to our Listing. For Electronic Share Applications or Internet Share Applications, the notice of allotment will be despatched to the successful or partially successful Applicant at his address last maintained with Bursa Depository at the Applicant's own risk prior to our Listing. This is the only acknowledgement of acceptance of the Application.

All Applicants must inform Bursa Depository of his/her updated address promptly by adhering to certain rules and regulation of Bursa Depository, failing which, the notification letter on successful allotment shall be sent to the Applicant's address last maintained with Bursa Depository.

Applicants may also check the status of their application by calling their respective ADAs at the telephone number as stated in Section 15.10 of this Prospectus or the MIH Enquiry Services Telephone at (03) 7841 8289, within five (5) to ten (10) Market Days (during office hours only) after the balloting date.

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15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**15.10 LIST OF ADAs**

The list of ADAs and their respective Broker Codes are as follows:-

Name, Address and Telephone Number	Broker Code	Name, Address and Telephone Number	Broker Code
<u>KUALA LUMPUR</u>			
AFFIN HWANG INVESTMENT BANK BERHAD Ground, Mezzanine & 3 rd Floor Chulan Tower No. 3, Jalan Conlay 50450 Kuala Lumpur Tel No : 03-21438668	068-018	HONG LEONG INVESTMENT BANK BERHAD Level 7, Menara HLA No. 3, Jalan Kia Peng 50450 Kuala Lumpur Tel No : 03-21681168	066-001
AFFIN HWANG INVESTMENT BANK BERHAD 38A & 40A Jalan Midah 1, Taman Midah 56000 Cheras, Kuala Lumpur Tel No : 03-91308803	068-021	HONG LEONG INVESTMENT BANK BERHAD Level 18, Menara Raja Laut 288, Jalan Raja Laut 50350 Kuala Lumpur Tel No : 03-26910200	066-006
HONG LEONG INVESTMENT BANK BERHAD Level 25 & 26 Menara LGB No 1, Jalan Wan Kadir 60000 Taman Tun Dr Ismail Kuala Lumpur Tel No: 03-77236300	066-007	ALLIANCE INVESTMENT BANK BERHAD 17 th Floor, Menara Multi Purpose Capital Square 8, Jalan Munshi Abdullah 50100 Kuala Lumpur Tel No : 03-26043333	076-001
AFFIN HWANG INVESTMENT BANK BERHAD 2 nd Floor, Bangunan AHP No. 2, Jalan Tun Mohd Fuad 3 Taman Tun Dr. Ismail 60000 Kuala Lumpur Tel No : 03-77106688	068-009	AMINVESTMENT BANK BERHAD 15 th Floor, Bangunan AmBank Group 55, Jalan Raja Chulan 50200 Kuala Lumpur Tel No : 03-20782788	086-001
BIMB SECURITIES SDN BHD 32 nd Floor Menara Multi-Purpose Capital Square No. 8, Jalan Munshi Abdullah 50100 Kuala Lumpur Tel No : 03-26918887	024-001	INTER-PACIFIC SECURITIES SDN BHD West Wing, Level 13 Berjaya Times Square No. 1, Jalan Imbi 55100 Kuala Lumpur Tel No : 03-21171888	054-001
CIMB INVESTMENT BANK BERHAD Level 17, Menara CIMB Jalan Stesen Sentral 2 Kuala Lumpur Sentral 50470 Kuala Lumpur Tel No : 03-22618888	065-001	INTER-PACIFIC SECURITIES SDN BHD Ground Floor, 7-0-8 Jalan 3/109F Danau Business Centre, Danau Desa 58100 Kuala Lumpur Tel No : 03-79847796	054-003
FA SECURITIES SDN BHD A-10-1 & A-10-17 Level 10, Menara UOA Bangsar No. 5, Jalan Bangsar Utama 1 59000 Kuala Lumpur Tel No : 03-2288 1676	021-002	INTER-PACIFIC SECURITIES SDN BHD No. 33-1 (First Floor) Jalan Radin Bagus Bandar Baru Seri Petaling 57000 Kuala Lumpur Tel No : 03-90562921	054-007

15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name, Address and Telephone Number	Broker Code	Name, Address and Telephone Number	Broker Code
JUPITER SECURITIES SDN BHD Level 8 & 9, Menara Olympia 8, Jalan Raja Chulan 50200 Kuala Lumpur Tel No : 03-20341888	055-001	MALACCA SECURITIES SDN BHD 55-1, Jalan Metro Predana Barat 1 Taman Usahawan Kepong 52100 Kuala Lumpur Tel No : 03-62418595	012-009
MALACCA SECURITIES SDN BHD No 76-1, Jalan Wangsa Delima 6 Pusat Bandar Wangsa Maju (KLSC) Setapak, 53300 Kuala Lumpur Tel No: 03-41442565	012-012	KAF-SEAGROATT & CAMPBELL SECURITIES SDN BHD 11 th -14 th Floor, Chulan Tower No. 3, Jalan Conlay 50450 Kuala Lumpur Tel No : 03-21710228	053-001
MAYBANK INVESTMENT BANK BERHAD Level 5-13, MaybanLife Tower Dataran Maybank No.1 Jalan Maarof 59000 Kuala Lumpur Tel No : 03-22978888	098-001	KENANGA INVESTMENT BANK BERHAD Level 8, Kenanga International Jalan Sultan Ismail 50250 Kuala Lumpur Tel No : 03-21649080	073-001
MERCURY SECURITIES SDN BHD L-7-2, No.2 Jalan Solaris Solaris Mont' Kiara 50480 Kuala Lumpur Tel No : 03-62037227	093-002	KENANGA INVESTMENT BANK BERHAD M3-A-7 & M3-A-8 Jalan Pandan Indah 4/3A Pandan Indah 55100 Kuala Lumpur Tel No : 03-42978806	073-020
MIDF AMANAH INVESTMENT BANK BERHAD Level 9, 10, 11 & 12, Menara MIDF 82 Jalan Raja Chulan 50200 Kuala Lumpur Tel No : 03-21738888	026-001	KENANGA INVESTMENT BANK BERHAD 1 st Floor West Wing Bangunan ECM Libra 8 Jalan Damansara Endah Damansara Heights 50490 Kuala Lumpur Tel No : 03-20892888	073-021
PM SECURITIES SDN BHD Mezzanine, 1st Floor Menara PMI No. 2, Jalan Changkat Ceylon 50200 Kuala Lumpur Tel No : 03-21463000	064-001	KENANGA INVESTMENT BANK BERHAD 1 st Floor, Wisma Genting Jalan Sultan Ismail 50250 Kuala Lumpur Tel No : 03-21781133	073-029
PUBLIC INVESTMENT BANK BERHAD 27 th Floor, Public Bank Building No. 6, Jalan Sultan Sulaiman 50000 Kuala Lumpur Tel No : 03-22683000	051-001	M & A SECURITIES SDN BHD Level 1-3, No. 45 & 47 The Boulevard, Mid Valley City Lingkaran Syed Putra 59200 Kuala Lumpur Tel No : 03-22821820	057-002
RHB INVESTMENT BANK BERHAD Level 1, Tower 3 RHB Centre, Jalan Tun Razak 50400 Kuala Lumpur Tel No : 03-92873888	087-001	M & A SECURITIES SDN BHD 22A-1 Jalan Kuchai Maju 1 Kuchai Entrepreneurs' Park Off Jalan Kuchai Lama 58200 Kuala Lumpur Tel No : 03-79839890	057-004

15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name, Address and Telephone Number	Broker Code	Name, Address and Telephone Number	Broker Code
RHB INVESTMENT BANK BERHAD 4th Floor, Plaza OSK Jalan Ampang 50450 Kuala Lumpur Tel No : 03-23338333	087-018	RHB INVESTMENT BANK BERHAD No. 62 & 64, Vista Magna Jalan Prima, Metro Prima 52100 Kuala Lumpur Tel No : 03-62575869	087-028
UOB KAY HIAN SECURITIES (M) SDN BHD N-1-3, Plaza Damas 60, Jalan Sri Hartamas 1 Sri Hartamas 50480 Kuala Lumpur Tel No : 03-62056000	078-004	RHB INVESTMENT BANK BERHAD No. 5 & 7 Jalan Pandan Indah 4/33 Pandan Indah 55100 Kuala Lumpur Tel No : 03-42804798	087-054
UOB KAY HIAN SECURITIES (M) SDN BHD Ground & 19 th Floor Menara Keck Seng 203 Jalan Bukit Bintang 55100 Kuala Lumpur Tel No : 03-2147 1888	078-010	RHB INVESTMENT BANK BERHAD Ground, 1st, 2nd & 3rd Floor No. 55, Zone J4 Jalan Radin Anum Bandar Baru Seri Petaling 57000 Kuala Lumpur Tel No : 03-90587222	087-058
TA SECURITIES HOLDINGS BERHAD Menara TA One No. 22, Jalan P. Ramlee 50250 Kuala Lumpur Tel No : 03-20721277	058-003		
<u>SELANGOR DARUL EHSAN</u>			
AFFIN HWANG INVESTMENT BANK BERHAD 3 rd & 4 th Floor Wisma Meru No. 1, Lintang Pekan Baru Off Jalan Meru 41050 Klang Selangor Darul Ehsan Tel No : 03-33439999	068-019	HONG LEONG INVESTMENT BANK BERHAD Level 10, 1 First Avenue Bandar Utama 47800 Petaling Jaya Selangor Darul Ehsan Tel No : 03-77246888	066-002
AFFIN HWANG INVESTMENT BANK BERHAD Lot 229, 2 nd Floor, The Curve No. 6, Jalan PJU 7/3 Mutiara Damansara 47800 Petaling Jaya Selangor Darul Ehsan Tel No : 03-77298016	068-020	AFFIN HWANG INVESTMENT BANK BERHAD 16 th , 18 th -20 th Floor, Plaza Masalam No. 2, Jalan Tengku Ampuan Zabedah E9/E Section 9 40100 Shah Alam Selangor Darul Ehsan Tel No : 03-55133288	068-002
AFFIN HWANG INVESTMENT BANK BERHAD No.79-1 & 79-2 Jalan Batu Nilam 5 Bandar Bukit Tinggi 41200 Klang Selangor Darul Ehsan Tel No : 03-33221999	068-023	AFFIN HWANG INVESTMENT BANK BERHAD East Wing & Centre Link Floor 3A, Wisma Consplant 2 No. 7, Jalan SS 16/1 47500 Subang Jaya Selangor Darul Ehsan Tel No : 03-56356688	068-010

15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name, Address and Telephone Number	Broker Code	Name, Address and Telephone Number	Broker Code
CIMB INVESTMENT BANK BERHAD Level G & Level 1 Tropicana City Office Tower No. 3, Jalan SS 20/27 47400 Petaling Jaya Selangor Darul Ehsan Tel No : 03-77173388	065-009	AMINVESTMENT BANK BERHAD 4 th Floor, Plaza Damansara Utama No. 2, Jalan SS21/60 47400 Petaling Jaya Selangor Darul Ehsan Tel No : 03-77106613	086-003
JF APEX SECURITIES BERHAD Block J-6-3A, Setia Walk PSN Wawasan Pusat Bandar Puchong 47160 Puchong Selangor Darul Ehsan Tel No : 03-5879 0163	079-004	KENANGA INVESTMENT BANK BERHAD Level 1 East Wing Wisma Consplant 2 No. 7 Jalan SS 16/1 47500 Subang Jaya Selangor Darul Ehsan Tel No : 03-56212118	073-030
JF APEX SECURITIES BERHAD 16 th Floor Menara Choy Fook On No. 1B, Jalan Yong Shook Lin 46050 Petaling Jaya Selangor Darul Ehsan Tel No : 03-76201118	079-002	KENANGA INVESTMENT BANK BERHAD 35 (Ground & 1 st Floor) Jalan Tiara 3 Bandar Baru Klang 41150 Klang Selangor Darul Ehsan Tel No : 03-33488080	073-035
JF APEX SECURITIES BERHAD 6 th Floor, Menara Apex Off Jalan Semenyih, Bukit Mewah 43000 Kajang Selangor Darul Ehsan Tel No : 03-87361118	079-001	MALACCA SECURITIES SDN BHD No. 58 & 60, 1 st Floor Jalan SS2/67 47300 Petaling Jaya Selangor Darul Ehsan Tel No : 03-78761533	012-003
MALACCA SECURITIES SDN BHD No 39-2, Jalan Temenggung 21/9 Seksyen 9, Bandar Mahkota Cheras 43200 Cheras Selangor Darul Ehsan Tel No: 03-90115913	012-011	JUPITER SECURITIES SDN BHD No. 42-46, 3rd Floor Jalan SS19/D 47500 Subang Jaya Selangor Darul Ehsan Tel No : 03-5632 4838	055-004
MAYBANK INVESTMENT BANK BERHAD Suite 8.02, Level 8, Menara Trend Intan Millennium Square No. 68, Jalan Batai Laut, Taman Intan 41300 Klang Selangor Darul Ehsan Tel No : 03-30508888	098-003	KENANGA INVESTMENT BANK BERHAD Ground – Fifth Floor East Wing, Quattro West No. 4, Lorong Persiaran Barat 46200 Petaling Jaya Selangor Darul Ehsan Tel No : 03-78626200	073-005
MAYBANK INVESTMENT BANK BERHAD Wisma Bentley Music Level 1, No. 3, Jalan PJU 7/2 Mutiara Damansara 47800 Petaling Jaya Selangor Darul Ehsan Tel No : 03-77188888	098-004	KENANGA INVESTMENT BANK BERHAD 55C (2 nd Floor) Jalan USJ 10/1F 47610 Subang Jaya Selangor Darul Ehsan Tel No : 03-80241773	073-006

15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name, Address and Telephone Number	Broker Code	Name, Address and Telephone Number	Broker Code
PM SECURITIES SDN BHD No. 157, Jalan Kenari 23A Bandar Puchong Jaya 47100 Puchong Selangor Darul Ehsan Tel No : 03-80700773	064-003	KENANGA INVESTMENT BANK BERHAD Lot 240, 2nd Floor, The Curve No. 6, Jalan PJU 7/3 Mutiara Damansara 47800 Petaling Jaya Selangor Darul Ehsan Tel No : 03-77259095	073-016
MALACCA SECURITIES SDN BHD No. 16, Jalan SS15/4B 47500 Subang Jaya Selangor Darul Ehsan Tel No : 03-56361533	012-002	PM SECURITIES SDN BHD No. 18 & 20, Jalan Tiara 2 Bandar Baru Klang 41150 Klang Selangor Darul Ehsan Tel No : 03-33415300	064-007
RHB INVESTMENT BANK BERHAD No. 37, Jalan Semenyih 43000 Kajang Selangor Darul Ehsan Tel No : 03-87363378	087-045	RHB INVESTMENT BANK BERHAD First Floor 10 & 11, Jalan Maxwell 48000 Rawang Selangor Darul Ehsan Tel No : 03-60928916	087-047
SJ SECURITIES SDN BHD Ground Floor, Podium Block Wisma Synergy Lot 72, Persiaran Jubli Perak Section 22 40200 Shah Alam Selangor Darul Ehsan Tel No : 03-5190202	096-001	RHB INVESTMENT BANK BERHAD Ground & Mezzanine Floor No. 87 & 89, Jalan Susur Pusat Perniagaan NBC Batu 1½, Jalan Meru 41050 Klang Selangor Darul Ehsan Tel No : 03-33439180	087-048
SJ SECURITIES SDN BHD 101B, Jalan SS15/5A 47500 Subang Jaya Selangor Darul Ehsan Tel No : 03-56317888	096-002	SJ SECURITIES SDN BHD No. 47-2 Jalan Batu Nilam 5 Bandar Bukit Tinggi 41200 Klang Selangor Darul Ehsan Tel No : 03-33221915	096-004
SJ SECURITIES SDN BHD No. A-3-11 Block Alamanda 10 Boulevard Lebuhraya Sprint, PJU 6A 47400 Petaling Jaya Selangor Darul Ehsan Tel No : 03-77323862	096-005	RHB INVESTMENT BANK BERHAD Unit 1B, 2B & 3B Jalan USJ 10/1J 47610 UEP Subang Jaya Selangor Darul Ehsan Tel No : 03-80221888	087-059
TA SECURITIES HOLDINGS BERHAD No. 2-1, 2-2, 2-3 & 4-2 Jalan USJ 9/5T Subang Business Centre 47620 UEP Subang Jaya Selangor Darul Ehsan Tel No : 03-80251880	058-005	RHB INVESTMENT BANK BERHAD 24, 24M, 24A, 26M, 28M, 28A & 30 Jalan SS 2/63 47300 Petaling Jaya Selangor Darul Ehsan Tel No : 03-78736366	087-011
TA SECURITIES HOLDINGS BERHAD 2 nd Floor, Wisma TA No. 1A, Jalan SS20/1 Damansara Utama 47400 Petaling Jaya Selangor Darul Ehsan Tel No : 03-77295713	058-007		

15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name, Address and Telephone Number	Broker Code	Name, Address and Telephone Number	Broker Code
<u>MELAKA</u>			
CIMB INVESTMENT BANK BERHAD Ground, 1 st & 2 nd Floor No. 191, Taman Melaka Raya Off Jalan Parameswara 75000 Melaka Tel No : 06-2898800	065-006	KENANGA INVESTMENT BANK BERHAD 22A & 22A-1 and 26 & 26-1 Jalan MP10 Taman Merdeka Permai 75350 Batu Berendam Melaka Tel No : 06-3372550	073-034
KENANGA INVESTMENT BANK BERHAD 71(A&B) & 73(A&B), Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel No : 06-2881720	073-028	MALACCA SECURITIES SDN BHD No. 1, 3 & 5, Jalan PPM9 Plaza Pandan Malim (Business Park) Balai Panjang, 75250 Melaka Tel No : 06-3371533	012-001
MERCURY SECURITIES SDN BHD No. 81, 81A & 81B, Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel No : 06-2921898	093-003	RHB INVESTMENT BANK BERHAD 579, 580 & 581 Taman Melaka Raya 75000 Melaka Tel No : 06-2825211	087-026
PM SECURITIES SDN BHD No 6-1, Jalan Lagenda 2 Taman 1 Lagenda 75400 Melaka Tel No : 06-2880050	064-006	TA SECURITIES HOLDINGS BERHAD 59, 59A, 59B Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel No : 06-2862618	058-008
RHB INVESTMENT BANK BERHAD No. 19, 21 & 23 Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel No : 06-2833622	087-002	UOB KAY HIAN SECURITIES (M) SDN BHD 7-2 Jalan PPM8 Malim Business Park 75250 Melaka Tel No : 06-3352511	078-014
<u>PERAK DARUL RIDZUAN</u>			
CIMB INVESTMENT BANK BERHAD Ground, 1 st , 2 nd & 3 rd Floor No 8, 8A-8C Persiaran Greentown 4C Greentown Business Centre 30450 Ipoh Perak Darul Ridzuan Tel No : 05-2088688	065-010	KENANGA INVESTMENT BANK BERHAD Ground, 1 st , 2 nd & 4 th Floor No. 63 Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel No : 05-2422828	073-022
HONG LEONG INVESTMENT BANK BERHAD 51-53, Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel No : 05-2530888	066-003	KENANGA INVESTMENT BANK BERHAD No. 7B-1, Jalan Laman Intan Bandar Baru Teluk Intan 36000 Teluk Intan Perak Darul Ridzuan Tel No : 05-6222828	073-026
AFFIN HWANG INVESTMENT BANK BERHAD 21, Jalan Stesen 34000 Taiping Perak Darul Ridzuan Tel No : 05-8066688	068-003	KENANGA INVESTMENT BANK BERHAD Ground Floor, No.25 & 25A Jalan Jaya 2, Medan Jaya 32000 Sitiawan Perak Darul Ridzuan Tel No : 05-6939828	073-031

15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name, Address and Telephone Number	Broker Code	Name, Address and Telephone Number	Broker Code
AFFIN HWANG INVESTMENT BANK BERHAD 2 nd & 3 rd Floor No. 22, Persiaran Greentown 1 Greentown Business Centre 30450 Ipoh Perak Darul Ridzuan Tel No : 05-2559988	068-015	MAYBANK INVESTMENT BANK BERHAD B-G-04 (Ground Floor), Level 1 & 2 No. 42 Persiaran Greentown 1 Pusat Perdagangan Greentown 30450 Ipoh Perak Darul Ridzuan Tel No : 05-2453400	098-002
M & A SECURITIES SDN BHD M & A Building 52A, Jalan Sultan Idris Shah 30000 Ipoh Perak Darul Ridzuan Tel No : 05-2419800	057-001	RHB INVESTMENT BANK BERHAD 72, Ground Floor Jalan Idris 31900 Kampar Perak Darul Ridzuan Tel No : 05-4651261	087-044
MALACCA SECURITIES SDN BHD No 3, 1st Floor Persiaran Greenhill 30450, Ipoh Perak Darul Ridzuan Tel No: 05-2541533	012-013	RHB INVESTMENT BANK BERHAD Ground & 1 st Floor No. 17, Jalan Intan 2 Bandar Baru 36000 Teluk Intan Perak Darul Ridzuan Tel No : 05-6236498	087-014
RHB INVESTMENT BANK BERHAD No 1 & 3, 1 st Floor Jalan Wawasan Satu Taman Wawasan Jaya 34200 Parit Buntar Perak Darul Ridzuan Tel No : 05-7170888	087-052	RHB INVESTMENT BANK BERHAD Ground & 1 st Floor No. 23 & 25 Jalan Lumut 32000 Sitiawan Perak Darul Ridzuan Tel No : 05-6921228	087-016
TA SECURITIES HOLDINGS BERHAD Ground, 1 st & 2 nd Floor Plaza Teh Teng Seng No. 227, Jalan Raja Permaisuri Bainun 30250 Ipoh Perak Darul Ridzuan Tel No : 05-2531313	058-001	RHB INVESTMENT BANK BERHAD 21-25, Jalan Seenivasagam Greentown 30450 Ipoh Perak Darul Ridzuan Tel No : 05-2415100	087-023
UOB KAY HIAN SECURITIES (M) SDN BHD 27-1, Jalan Intan 2 Bandar Baru 36000 Teluk Intan Perak Darul Ridzuan Tel No : 05-6216010	078-009	RHB INVESTMENT BANK BERHAD Ground Floor No. 40, 42 & 44 Jalan Berek 34000 Taiping Perak Darul Ridzuan Tel No : 05-8088229	087-034
UOB KAY HIAN SECURITIES (M) SDN BHD 153A Jalan Raja Musa Aziz 30303 Ipoh Perak Darul Ridzuan Tel No : 05-2411290	078-013		

15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name, Address and Telephone Number	Broker Code	Name, Address and Telephone Number	Broker Code
<u>PULAU PINANG</u>			
ALLIANCE INVESTMENT BANK BERHAD Ground & Mezzanine Floor Bangunan Barkath 21, Lebuhr Pantai 10300 Georgetown Pulau Pinang Tel No : 04-2611688	076-015	AMINVESTMENT BANK BERHAD 3 rd Floor, Menara Liang Court No. 37, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No : 04-2261818	086-004
AFFIN HWANG INVESTMENT BANK BERHAD Level 2, 3, 4, 5, 7 & 8 Wisma Sri Pinang 60, Green Hall 10200 Pulau Pinang Tel No : 04-2636996	068-001	M & A SECURITIES SDN BHD 216, 216A, 218 and 218A Pengkalan Weld Lebuhr Macallum 10300 Pulau Pinang Tel No : 04-2617 611	057-008
AFFIN HWANG INVESTMENT BANK BERHAD No. 2 & 4 Jalan Perda Barat Bandar Perda 14000 Bukit Mertajam Pulau Pinang Tel No : 04-5372882	068-006	CIMB INVESTMENT BANK BERHAD Ground Floor Suite 1.01, Menara Boustead Penang 39, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No : 04-2385900	065-001
INTER-PACIFIC SECURITIES SDN BHD Canton Square Level 2 (Unit 1) & Level 3 No 56 Cantontment Road 10250, Penang Tel No: 04-2268288	054-002	MALACCA SECURITIES SDN BHD No 39-1, Jalan Lenggong Vantax Point 11600 Jelutong, Penang Tel No : 04-8981525	012-004
JF APEX SECURITIES BERHAD 368-2-5 Jalan Burmah Belissa Row 10350 Pulau Tikus Pulau Pinang Tel No : 04-2289118	079-005	MALACCA SECURITIES SDN BHD 48 Jalan Todak 2 13700 Seberang Jaya Pulau Pinang Tel No : 04-3905669	012-006
JUPITER SECURITIES SDN BHD 20-1, Persiaran Bayan Indah Bayan Bay Sungai Nibong 11900 Bayan Lepas Penang Tel No : 04-641 2881	055-003	MALACCA SECURITIES SDN BHD No 17, 1 st Floor Persiaran Bayan Indah Taman Bayan Indah 11900 Bayan Lepas Pulau Pinang Tel No : 04-6421533	012-007
KENANGA INVESTMENT BANK BERHAD 7 th , 8 th & 16 th Floor Menara Boustead Penang 39, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No : 04-2283355	073-023	MAYBANK INVESTMENT BANK BERHAD Lot 1.02, 1st Floor Bangunan KWSP Jalan Sultan Ahmad Shah 10500 Georgetown Pulau Pinang Tel No : 04-2196 888	098-006

15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name, Address and Telephone Number	Broker Code	Name, Address and Telephone Number	Broker Code
M & A SECURITIES SDN BHD 332H-1 & 332G-2 Harmony Square Jalan Perak 11600 Georgetown Pulau Pinang Tel No : 04-2817611	057-005	MERCURY SECURITIES SDN BHD D'Piazza Mall 70-1-22 Jalan Mahsun 11900 Bandar Bayan Baru Penang Tel No : 04-6400 822	093-006
MERCURY SECURITIES SDN BHD Ground, 1 st , 2 nd & 3 rd Floor Wisma UMNO Lorong Bagan Luar Dua 12000 Butterworth Pulau Pinang Tel No : 04-3322123	093-001	RHB INVESTMENT BANK BERHAD 834, Ground & 1 st Floor, 835, 1 st Floor Jalan Besar, Sungai Bakap 14200 Sungai Jawi Seberang Perai Selatan Pulau Pinang Tel No : 04-5831888	087-032
MERCURY SECURITIES SDN BHD 2 nd Floor Standard Chartered Bank Chambers 2 Lebuh Pantai 10300 Pulau Pinang Tel No : 04-2639118	093-004	RHB INVESTMENT BANK BERHAD Ground & 1 st Floor No. 15-G-5, 15-G-6, 15-1-5, 15-1-6, 15-2-5, 15-2-6 & 15-2-24 Medan Kampung Relau (Bayan Point) 11950 Pulau Pinang Tel No : 04-6404888	087-042
PM SECURITIES SDN BHD Level 3, Wisma Wang 251-A, Jalan Burmah 10350 Pulau Pinang Tel No: 04-2273000	064-004	SJ SECURITIES SDN BHD 12 th Floor, Office Tower Hotel Royal Penang No 3 Jalan Larut 10050 Georgetown Pulau Pinang Tel No: 04-2289836	096-003
RHB INVESTMENT BANK BERHAD 64 & 64-D Lebuh Bishop Ground-3 rd Floor & 5 th -8 th Floor 10200 Pulau Pinang Tel No : 04-2634222	087-033	TA SECURITIES HOLDINGS BERHAD 3 rd Floor, Bangunan Heng Guan No 171, Jalan Burmah 10050 Pulau Pinang Tel No : 04-2272339	058-010
UOB KAY HIAN SECURITIES (M) SDN BHD 1 st Floor Bangunan Heng Guan 171 Jalan Burmah 10050 Pulau Pinang Tel No : 04-2299318	078-002	RHB INVESTMENT BANK BERHAD Ground, 1 st & 2 nd Floor No. 11A, Jalan Keranji Off Jalan Padang Lallang 14000 Bukit Mertajam Pulau Pinang Tel No : 04-5402888	087-015
UOB KAY HIAN SECURITIES (M) SDN BHD Ground & 1 st Floor No. 2, Jalan Perniagaan 2 Pusat Perniagaan Alma 14000 Bukit Mertajam Pulau Pinang Tel No : 04-5541388	078-003	RHB INVESTMENT BANK BERHAD Ground, 1st & 2nd Floor No. 2677, Jalan Chain Ferry Taman Inderawasih 13600 Seberang Prai Pulau Pinang Tel No : 04-3900022	087-005

15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name, Address and Telephone Number	Broker Code	Name, Address and Telephone Number	Broker Code
<u>PERLIS INDRA KAYANGAN</u>			
RHB INVESTMENT BANK BERHAD Ground & 1 st Floor No. 39, Taman Suriani Persiaran Jubli Emas 01000 Kangsar Perlis Indra Kayangan Tel No : 04-9793888	087-060		
<u>KEDAH DARUL AMAN</u>			
ALLIANCE INVESTMENT BANK BERHAD Lot T-30, 2nd Floor, Wisma PKNK Jalan Sultan Badlishah 05000 Alor Setar Kedah Darul Aman Tel No : 04-7317088	076-004	RHB INVESTMENT BANK BERHAD 35, Ground Floor Jalan Suria 1, Jalan Bayu 09000 Kulim Kedah Darul Aman Tel No : 04-4964888	087-019
AFFIN HWANG INVESTMENT BANK BERHAD No. 70 A, B, C, Jalan Mawar 1 Taman Pekan Baru 08000 Sungai Petani Kedah Darul Aman Tel No : 04-4256666	068-011	RHB INVESTMENT BANK BERHAD Ground & 1 st Floor 214-A, 214-B, 215-A & 215-B Medan Putra, Jalan Putra 05150 Alor Setar Kedah Darul Aman Tel No : 04-7209888	087-021
RHB INVESTMENT BANK BERHAD No. 112, Jalan Pengkalan Taman Pekan Baru 08000 Sungai Petani Kedah Darul Aman Tel No : 04-4204888	087-017	UOB KAY HIAN SECURITIES (M) SDN BHD Lot 4,5 & 5A, 1 st Floor EMUM 55 No. 55, Jalan Gangsa Kawasan Perusahaan Mergong 2 Seberang Jalan Putra 05150 Alor Setar Kedah Darul Aman Tel No : 04-7322111	078-007
<u>NEGERI SEMBILAN DARUL KHUSUS</u>			
AFFIN HWANG INVESTMENT BANK BERHAD 1 st Floor, 105, 107 & 109, Jalan Yam Tuan 70000 Seremban Negeri Sembilan Darul Khusus Tel No : 06-7612288	068-007	AFFIN HWANG INVESTMENT BANK BERHAD No. 6, Upper Level Jalan Mahligai 72100 Bahau Negeri Sembilan Darul Khusus Tel No : 06-4553188	068-013
KENANGA INVESTMENT BANK BERHAD 1C & 1D, Ground & 1 st Floor Jalan Tunku Munawir 70000 Seremban Negeri Sembilan Darul Khusus Tel No : 06-7655998	073-033	MAYBANK INVESTMENT BANK BERHAD Wisma HM No. 43, Jalan Dr Krishnan 70000 Seremban Negeri Sembilan Darul Khusus Tel No : 06-7669555	098-005
PM SECURITIES SDN BHD 1 st -3 rd Floor 19-21, Jalan Kong Sang 70000 Seremban Negeri Sembilan Darul Khusus Tel No : 06-7623131	064-002	RHB INVESTMENT BANK BERHAD Ground & Mezzanine Floor No. 346 & 347, Batu ½, Jalan Pantai 71000 Port Dickson Negeri Sembilan Darul Khusus Tel No : 06-6461234	087-046

15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name, Address and Telephone Number	Broker Code	Name, Address and Telephone Number	Broker Code
RHB INVESTMENT BANK BERHAD Ground, 1 st & 2 nd Floor, No. 32 & 33 Jalan Dato' Bandar Tunggal 70000 Seremban Negeri Sembilan Darul Khusus Tel No : 06-7641641	087-024		
<u>JOHOR DARUL TAKZIM</u>			
ALLIANCE INVESTMENT BANK BERHAD No. 73, Ground & 1 st Floor Jalan Rambutan 86000 Kluang Johor Darul Takzim Tel No : 07-7717922	076-006	AMINVESTMENT BANK BERHAD 3 rd Floor, Penggaram Complex 1, Jalan Abdul Rahman 83000 Batu Pahat Johor Darul Takzim Tel No : 07-4342282	086-002
AMINVESTMENT BANK BERHAD 18 th Floor, Selesa Tower Jalan Dato' Abdullah Tahir 80300 Johor Bahru Johor Darul Takzim Tel No : 07-3343855	086-006	AFFIN HWANG INVESTMENT BANK BERHAD Level 7, Johor Bahru City Square (Office Tower) 106-108 Jalan Wong Ah Fook 80000 Johor Bahru Johor Darul Takzim Tel No : 07-2222692	068-004
CIMB INVESTMENT BANK BERHAD No 73, Ground Floor No 73A & 79A First Floor Jalan Kuning Dua 80400 Johor Bahru Johor Darul Takzim Tel No : 07-3405888	065-011	INTER-PACIFIC SECURITIES SDN BHD 95, Jalan Tun Abdul Razak 80000 Johor Bahru Johor Darul Takzim Tel No : 07-2231211	054-004
KENANGA INVESTMENT BANK BERHAD No. 57, 59 & 61, Jalan Ali 84000 Muar Johor Darul Takzim Tel No : 06-9531222	073-024	JUPITER SECURITIES SDN BHD 30-1 Jalan Molek 1/10 Taman Molek 81100 Johor Bahru Johor Darul Takzim Tel No : 07-3538 878	055-002
KENANGA INVESTMENT BANK BERHAD Ground Floor No. 234, Jalan Besar Taman Semberong Baru 83700 Yong Peng Johor Darul Takzim Tel No : 07-4678885	073-025	KENANGA INVESTMENT BANK BERHAD Level 2, Menara Pelangi Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No : 07-3333600	073-004
KENANGA INVESTMENT BANK BERHAD Suite 16-02, 16-03 & 16-03A Level 16 Menara MSC Cyberport No. 5 Jalan Bukit Meldrum 80300 Johor Bahru Johor Darul Takzim Tel No : 07-2237423	073-019	KENANGA INVESTMENT BANK BERHAD Ground & Mezzanine Floor No. 34 Jalan Genuang 85000 Segamat Johor Darul Takzim Tel No : 07-9333515	073-009

15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name, Address and Telephone Number	Broker Code	Name, Address and Telephone Number	Broker Code
KENANGA INVESTMENT BANK BERHAD No. 33 & 35 (A & B), Ground Floor Jalan Syed Abdul Hamid Sagaff 86000 Kluang Johor Darul Takzim Tel No : 07-7771161	073-010	KENANGA INVESTMENT BANK BERHAD 57, 59 & 61, Jalan Ali 84000 Muar Johor Darul Takzim Tel No: 06-9531222	073-024
KENANGA INVESTMENT BANK BERHAD Ground Floor No. 4, Jalan Dataran 1 Taman Bandar Tangkak 84900 Tangkak Johor Darul Takzim Tel No : 06-9782292	073-011	M & A SECURITIES SDN BHD Suite 5.3A, Level 5 Menara Pelangi Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No : 07-3381233	057-003
KENANGA INVESTMENT BANK BERHAD 24, 24A & 24B Jalan Penjaja 3 Kim Park Centre 83000 Batu Pahat Johor Darul Takzim Tel No : 07-4326963	073-017	MALACCA SECURITIES SDN BHD 74 Jalan Serampang Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No : 07-3351 533	012-005
MALACCA SECURITIES SDN BHD 1735-B Jalan Sri Putri 4 Taman Putri Kulai 81000, Kulaijaya Johor Darul Takzim Tel No: 07-6638877	012-010	M & A SECURITIES SDN BHD No. 27, 27A & 27B Jalan Molek 3/10, Taman Molek 81100 Johor Bharu Tel No : 07-3551 988	057-007
MERCURY SECURITIES SDN BHD Suite 17.1, Level 17, Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No : 07-3316992	093-005	PM SECURITIES SDN BHD Ground & 1 st Floor No. 43 & 43A, Jalan Penjaja 3 Taman Kim's Park, Business Centre 83000 Batu Pahat Johor Darul Takzim Tel No : 07-4333608	064-008
RHB INVESTMENT BANK BERHAD 6 th Floor, Wisma Tiong-Hua 8, Jalan Keris, Taman Sri Tebrau 80050 Johor Bahru Johor Darul Takzim Tel No : 07-2788821	087-006	RHB INVESTMENT BANK BERHAD Ground, 1 st & 2 nd Floor No. 10, Jalan Anggerik 1 Taman Kulai Utama 81000 Kulai Johor Darul Takzim Tel No : 07-6626288	087-035
RHB INVESTMENT BANK BERHAD 53, 53-A & 53-B, Jalan Sultanah 83000 Batu Pahat Johor Darul Takzim Tel No : 07-4380288	087-009	RHB INVESTMENT BANK BERHAD Ground, 1 st & 2 nd Floor No. 343, Jalan Muar 84900 Tangkak Johor Darul Takzim Tel No : 06-9787180	087-038
RHB INVESTMENT BANK BERHAD No. 33-1, 1 st & 2 nd Floor Jalan Ali 84000 Muar Johor Darul Takzim Tel No : 06-9538262	087-025	RHB INVESTMENT BANK BERHAD No. 2, 1 st Floor, Jalan Makmur Taman Sri Aman 85300 Labis Johor Darul Takzim Tel No : 07-9256881	087-039

15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name, Address and Telephone Number	Broker Code	Name, Address and Telephone Number	Broker Code
RHB INVESTMENT BANK BERHAD Ground & 1 st Floor, No.119 &121 Jalan Sutera Tanjung 8/2 Taman Sutera Utama 81300 Skudai Johor Darul Takzim Tel No : 07-5577628	087-029	RHB INVESTMENT BANK BERHAD Ground, 1 st & 2 nd Floor Nos. 21 & 23 Jalan Molek 1/30 Taman Molek 81100 Johor Bahru Johor Darul Takzim Tel No : 07-3522293	087-043
RHB INVESTMENT BANK BERHAD Ground, 1 st & 2 nd Floor No. 3, Jalan Susur Utama 2/1 Taman Utama 85000 Segamat Johor Darul Takzim Tel No : 07-9321543	087-030	TA SECURITIES HOLDINGS BHD 7A Jalan Genuang Perdana Taman Genuang Perdana 85000 Segamat Johor Darul Takzim Tel No : 07-9435 278	058-009
RHB INVESTMENT BANK BERHAD Ground & 1 st Floor No. 40 Jalan Haji Manan 86000 Kluang Johor Darul Takzim Tel No : 07-7769655	087-031	UOB KAY HIAN SECURITIES (M) SDN BHD Level 6 & 7, Menara MSC Cyberport No. 5, Jalan Bukit Meldrum 80300 Johor Bahru Johor Darul Takzim Tel No : 07-3332000	078-001
UOB KAY HIAN SECURITIES (M) SDN BHD 42-8, Main Road Kulai Besar 81000 Kulai Johor Darul Takzim Tel No : 07-6635651	078-005	UOB KAY HIAN SECURITIES (M) SDN BHD No. 171 (Ground Floor) Jalan Bestari 1/5 Taman Nusa Bestari 81300 Skudai Johor Darul Takzim Tel No : 07-5121633	078-008
UOB KAY HIAN SECURITIES (M) SDN BHD No. 70, Jalan Rosmerah 2/17 Taman Johor Jaya 81100 Johor Bahru Johor Darul Takzim Tel No : 07-3513218	078-006		
<u>PAHANG DARUL MAKMUR</u>			
ALLIANCE INVESTMENT BANK BERHAD Ground, Mezzanine & 1 st Floor B-400, Jalan Beserah 25300 Kuantan Pahang Darul Makmur Tel No : 09-5660800	076-002	JUPITER SECURITIES SDN BHD 2 nd Floor, Lot No. 25 Jalan Chui Yin 28700 Bentong Pahang Darul Makmur Tel No : 09-2234 136	055-005
CIMB INVESTMENT BANK BERHAD Ground, 1 st & 2 nd Floor No. A-27 Jalan Dato' Lim Hoe Lek 25200 Kuantan Pahang Darul Makmur Tel No : 09-5057800	065-007	KENANGA INVESTMENT BANK BERHAD A15, A17 & A19, Ground Floor Jalan Tun Ismail 2 Sri Dagangan 2 25000 Kuantan Pahang Darul Makmur Tel No : 09-5171698	073-027

15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name, Address and Telephone Number	Broker Code	Name, Address and Telephone Number	Broker Code
MALACCA SECURITIES (M) SDN BHD P11-3, Jalan Chui Yin 28700 Bentong Pahang Darul Makmur Tel No : 09-220993	012-008	RHB INVESTMENT BANK BERHAD Ground & 1 st Floor 98 Jalan Pasdec 28700 Bentong Pahang Darul Makmur Tel No : 09-2234943	087-022
RHB INVESTMENT BANK BERHAD B32 & B34, Lorong Tun Ismail 8 Seri Dagangan II 25000 Kuantan Pahang Darul Makmur Tel No : 09-5173811	087-007	RHB INVESTMENT BANK BERHAD Ground & 1 st Floor No. 76-A, Persiaran Camelia 4 Tanah Rata 39000 Cameron Highlands Pahang Darul Makmur Tel No : 05-4914913	087-041
<u>KELANTAN DARUL NAIM</u>			
RHB INVESTMENT BANK BERHAD Ground & 1 st Floor No. 3953-H, Jalan Kebun Sultan 15350 Kota Bharu Kelantan Darul Naim Tel No : 09-7430077	087-020	TA SECURITIES HOLDINGS BERHAD 298, Jalan Tok Hakim 15000 Kota Bharu Kelantan Darul Naim Tel No : 09-7432288	058-004
UOB KAY HIAN SECURITIES (M) SDN BHD Ground & 1 st Floor Lot 712, Sek 9 PT 62 Jalan Tok Hakim 15000 Kota Bharu Kelantan Darul Naim Tel No : 09-7473906	078-015		
<u>TERENGGANU DARUL IMAN</u>			
ALLIANCE INVESTMENT BANK BERHAD Ground & Mezzanine Floor Wisma Kam Choon 101, Jalan Kampung Tiong 20100 Kuala Terengganu Terengganu Darul Iman Tel No : 09-6317922	076-009	RHB INVESTMENT BANK BERHAD Ground & 1 st Floor 9651, Cukai Utama Jalan Kubang Kurus 24000 Kemaman Terengganu Darul Iman Tel No : 09-8583109	087-027
FA SECURITIES SDN BHD No. 51 & 51A Ground, Mezzanine & 1 st Floor Jalan Tok Lam 20100 Kuala Terengganu Terengganu Darul Iman Tel No : 09-6238128	021-001	RHB INVESTMENT BANK BERHAD 1 st Floor 59, Jalan Sultan Ismail 20200 Kuala Terengganu Terengganu Darul Iman Tel No : 09-6261816	087-055
UOB KAY HIAN SECURITIES (M) SDN BHD 37-B, 1st Floor Jalan Sultan Ismail 20200 Kuala Terengganu Terengganu Tel No: 09-6224766	078-016		

15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name, Address and Telephone Number	Broker Code	Name, Address and Telephone Number	Broker Code
SARAWAK			
AMINVESTMENT BANK BERHAD No. 164, 166 & 168 1 st Floor, Jalan Abell 93100 Kuching Sarawak Tel No : 082-244791	086-001	KENANGA INVESTMENT BANK BERHAD No. 11-12, Ground & 1 st Floor Lorong Kampung Datu 3 96000 Sibul Sarawak Tel No : 084-313855	073-012
CIMB INVESTMENT BANK BERHAD Level 1, Wisma STA 26 Jalan Datuk Abang Abdul Rahim 93450 Kuching Sarawak Tel No : 082-358606	065-001	KENANGA INVESTMENT BANK BERHAD Lot 2465, Jalan Boulevard Utama Boulevard Commercial Centre 98000 Miri Sarawak Tel No : 085-435577	073-002
CIMB INVESTMENT BANK BERHAD No. 6A, Ground Floor Jalan Bako, Off Brooke Drive 96000 Sibul Sarawak Tel No : 084-367700	065-001	KENANGA INVESTMENT BANK BERHAD Level 2-4, Wisma Mahmud Jalan Sungai Sarawak 93100 Kuching Sarawak Tel No : 082-338000	073-003
AFFIN HWANG INVESTMENT BANK BERHAD Ground Floor & 1 st Floor No. 1, Jalan Pending 93450 Kuching Sarawak Tel No : 082-341999	068-005	KENANGA INVESTMENT BANK BERHAD Ground Floor of Survey Lot No. 4203 Parkcity Commerce Square Phase 6, Jalan Diwarta 97000 Bintulu Sarawak Tel No : 086-337 588	073-018
KENANGA INVESTMENT BANK BERHAD Suites 9&10, 3rd Floor, Yung Kong Abell Lot 365 Abell Road 93100 Kuching Sarawak Tel No: 082-248877	073-036	AFFIN HWANG INVESTMENT BANK BERHAD No. 282, 1 st Floor Park City Commercial Centre Phase 4, Jalan Tun Ahmad Zaidi 97000 Bintulu Sarawak Tel No : 086-330008	068-016
MERCURY SECURITIES SDN BHD 1 st Floor 16, Jalan Getah 96100 Sarikei Sarawak Tel No : 084-659019	093-007	RHB INVESTMENT BANK BERHAD No. 102, Pusat Pedada Jalan Pedada 96000 Sibul Sarawak Tel No : 084-329100	087-013
RHB INVESTMENT BANK BERHAD Yung Kong Abell Units No. 1-10, 2 nd Floor Lot 365, Section 50, Jalan Abell 93100 Kuching Sarawak Tel : 082- 250888	087-008	RHB INVESTMENT BANK BERHAD 2 nd Floor, Lot 1268 & Lot 1269 Centre Point Commercial Centre Jalan Melayu 98000 Miri Sarawak Tel No : 085-422788	087-012

15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name, Address and Telephone Number	Broker Code	Name, Address and Telephone Number	Broker Code
RHB INVESTMENT BANK BERHAD Ground Floor & 1 st Floor No. 221, Parkcity Commerce Square Phase III, Jalan Tun Ahmad Zaidi 97000 Bintulu Sarawak Tel No : 086-311770	087-053	TA SECURITIES HOLDINGS BERHAD 12G, H & I, Jalan Kampong Datu 96000 Sibul Sarawak Tel No : 084-319998	058-002
TA SECURITIES HOLDINGS BERHAD 2 nd Floor, Bangunan Binamas Lot 138, Section 54, Jalan Padungan 93100 Kuching Sarawak Tel No : 082-236333	058-006	UOB KAY HIAN SECURITIES (M) SDN BHD Lot 1265, 1st Floor Centre Point Commercial Centre Jalan Melayu 98000, Miri Sarawak Tel No: 085-324128	078-017
<u>SABAH</u>			
CIMB INVESTMENT BANK BERHAD 1 st & 2 nd Floor Central Building No. 28, Jalan Sagunting 88000 Kota Kinabalu Sabah Tel No : 088-328878	065-001	RHB INVESTMENT BANK BERHAD Lot 14-0, Ground Floor Lorong Lintas Plaza 2 Lintas Plaza, Off Jalan Lintas 88300 Kota Kinabalu Sabah Tel No : 088-258618	087-036
AFFIN HWANG INVESTMENT BANK BERHAD Suite 1-9-E1, 9 th Floor CPS Tower Centre Point Sabah No. 1, Jalan Centre Point 88000 Kota Kinabalu Sabah Tel No : 088-311688	068-008	RHB INVESTMENT BANK BERHAD Ground Floor, Block 2 Lot 4 & Lot 5, Bandar Indah, Mile 4 North Road 91000 Sandakan Sabah Tel No : 089-229286	087-057
KENANGA INVESTMENT BANK BERHAD Level 8, Wisma Great Eastern 68, Jalan Gaya 88000 Kota Kinabalu Sabah Tel No : 088-236188	073-032	UOB KAY HIAN SECURITIES (M) SDN BHD 11, Equity House, Block K Sadong Jaya, Karamunsing 88100 Kota Kinabalu Sabah Tel No : 088-234090	078-011
RHB INVESTMENT BANK BERHAD 2 nd Floor, 81 & 83 Jalan Gaya 88000 Kota Kinabalu Sabah Tel No : 088-269788	087-010	UOB KAY HIAN SECURITIES (M) SDN BHD Lot 177 & 178, Ground Floor Block 17, Phase 2, Prima Square Mile 4 North Road 90000 Sandakan Sabah Tel No: 089-218681	078-012