



LKL INTERNATIONAL BERHAD (1140005-V)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FIRST QUARTER ENDED 31 JULY 2016 ⁽¹⁾

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER 31 JULY 2016 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31 JULY 2015 ⁽²⁾ RM'000	CURRENT YEAR-TO-DATE 31 JULY 2016 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31 JULY 2015 ⁽²⁾ RM'000
Revenue	A9	11,924	N/A	11,924	N/A
Cost of sales		(6,287)	N/A	(6,287)	N/A
Gross profit		5,637	N/A	5,637	N/A
Other income		187	N/A	187	N/A
Administrative expenses		(2,361)	N/A	(2,361)	N/A
Selling and distribution expenses		(729)	N/A	(729)	N/A
Other expenses		(386)	N/A	(386)	N/A
Finance costs		(134)	N/A	(134)	N/A
Profit before taxation		2,214	N/A	2,214	N/A
Income tax expense	B4	(587)	N/A	(587)	N/A
Profit after taxation ("PAT")		1,627	N/A	1,627	N/A
Other comprehensive income		-	N/A	-	N/A
Total comprehensive income for the financial period		1,627	N/A	1,627	N/A
PAT/Total comprehensive income attributable to:-					
Owners of the Company		1,627	N/A	1,627	N/A
Earnings per share (sen)					
- Basic	B11	0.39	N/A	0.39	N/A
- Diluted ⁽³⁾	B11	0.39	N/A	0.39	N/A

Notes:-

(1) The basis of preparation of the Unaudited Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income are detailed in Note A1 and should be read in conjunction with the audited financial statements for the financial year ended 30 April 2016 and the accompanying explanatory notes attached to this interim financial report.

(2) This is the first interim financial report for the first quarter ended 31 July announced in compliance with the ACE Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities"). There are no comparative figures for the preceding year's quarter available as no interim financial report was prepared for the comparative financial period concerned.

(3) Diluted earnings per share of the Company for the individual quarter 31 July 2016 and cumulative quarter 31 July 2016 is equivalent to the basic earnings per share as the Company does not have convertible options at the end of the reporting period.

N/A - Not applicable.



LKL INTERNATIONAL BERHAD (1140005-V)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AT 31 JULY 2016 ⁽¹⁾

	Note	UNAUDITED AT 31 JULY 2016 RM'000	AUDITED AT 30 APRIL 2016 RM'000
ASSETS			
Non-current Asset			
Property, plant and equipment		22,112	22,193
Current Assets			
Inventories		8,622	10,181
Trade receivables		9,890	9,592
Other receivables, deposits and prepayments		699	1,307
Current tax assets		359	496
Fixed deposits with licensed banks		10,659	659
Cash and bank balances		20,923	7,805
		<u>51,152</u>	<u>30,040</u>
TOTAL ASSETS		<u>73,264</u>	<u>52,233</u>
EQUITY AND LIABILITIES			
Equity			
Share capital		42,880	31,580
Share premium		10,419	-
Merger deficit		(29,580)	(29,580)
Retained profits		34,709	33,082
TOTAL EQUITY		<u>58,428</u>	<u>35,082</u>
Non-current Liabilities			
Hire purchase payables	B8	924	928
Term loans	B8	7,345	7,546
Deferred tax liabilities		535	535
		<u>8,804</u>	<u>9,009</u>
Current Liabilities			
Trade payables		2,004	3,379
Other payables and accruals		2,070	3,745
Bankers' acceptance	B8	911	-
Hire purchase payables	B8	290	276
Term loans	B8	757	742
		<u>6,032</u>	<u>8,142</u>
TOTAL LIABILITIES		14,836	17,151
TOTAL EQUITY AND LIABILITIES		<u>73,264</u>	<u>52,233</u>
Net assets per share (RM)		<u>0.14</u>	<u>0.11</u>

Note:-

(1) The basis of preparation of the Unaudited Condensed Consolidated Statements of Financial Position are detailed in Note A1 and should be read in conjunction with the audited financial statements for the financial year ended 30 April 2016 and the accompanying explanatory notes attached to this interim financial report.



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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FIRST QUARTER ENDED 31 JULY 2016 ⁽¹⁾

	<----- Non-Distributable ----->			Distributable	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Merger Deficit RM'000	Retained Profits RM'000	
Balance at 1 May 2016	31,580	-	(29,580)	33,082	35,082
PAT/Total comprehensive income for the financial period	-	-	-	1,627	1,627
Contributions by owners of the Company:					
- Issuance of shares	11,300	11,300	-	-	22,600
- Share issuance expenses ⁽²⁾	-	(881)	-	-	(881)
Balance at 31 July 2016 ⁽³⁾	42,880	10,419	(29,580)	34,709	58,428

Notes:-

(1) The basis of preparation of the Unaudited Condensed Consolidated Statements of Changes in Equity are detailed in Note A1 and should be read in conjunction with the audited financial statements for the financial year ended 30 April 2016 and the accompanying explanatory notes attached to this interim financial report.

(2) Share issuance expenses of approximately RM0.881 million for the issuance of new LKL International shares were written-off against the share premium account under Section 60 of the Companies Act, 1965.

(3) This is the first interim financial report for the first quarter ended 31 July announced in compliance with the Listing Requirements Bursa Securities. There are no comparative figures for the preceding year's quarter available as no interim financial report was prepared for the comparative financial period concerned.



LKL INTERNATIONAL BERHAD (1140005-V)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FIRST QUARTER ENDED 31 JULY 2016 ⁽¹⁾

	CUMULATIVE QUARTER	
	CURRENT YEAR-TO-DATE 31 JULY 2016 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31 JULY 2015 ⁽²⁾ RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	2,214	N/A
Adjustments for:		
Depreciation of property, plant and equipment	309	N/A
Allowance for impairment losses on trade receivables	8	N/A
Interest expense	134	N/A
Interest income	(116)	N/A
Listing expenses	223	N/A
Unrealised gain on foreign exchange	(39)	N/A
Operating profit before working capital changes	2,733	N/A
Decrease in inventories	1,559	N/A
Increase in trade and other receivables	(222)	N/A
Decrease in trade and other payables	(2,480)	N/A
CASH FROM OPERATIONS	1,590	N/A
Interest paid	(134)	N/A
Income tax paid	(450)	N/A
Interest received	116	N/A
NET CASH FROM OPERATING ACTIVITIES	1,122	N/A
NET CASH FOR INVESTING ACTIVITY		
Purchase of property, plant and equipment	(148)	N/A
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares	22,600	N/A
Payment of listing expenses	(1,150)	N/A
Repayment of hire purchase obligations	(70)	N/A
Drawdown of bankers' acceptances	911	N/A
Repayment of term loans	(186)	N/A
NET CASH FROM FINANCING ACTIVITIES	22,105	N/A
NET INCREASE IN CASH AND CASH EQUIVALENTS	23,079	N/A
EFFECT OF FOREIGN EXCHANGE TRANSLATION	39	N/A
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	7,805	N/A
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	30,923	N/A
<u>Cash and cash equivalents at end of the financial period comprises the following:</u>		
Cash and bank balances	20,923	N/A
Fixed deposits with licensed banks	10,659	N/A
	31,582	N/A
Less: Fixed deposit pledged to a licensed bank	(659)	N/A
	30,923	N/A

Notes:-

(1) The basis of preparation of the Unaudited Condensed Consolidated Statements of Cash Flows are detailed in Note A1 and should be read in conjunction with the audited financial statements for the year ended 30 April 2016 and the accompanying explanatory notes attached to this interim financial report.

(2) This is the first interim financial report for the first quarter ended 31 July announced in compliance with the Listing Requirements of Bursa Securities. There are no comparative figures for the preceding year's quarter available as no interim financial report was prepared for the comparative financial period concerned.



LKL INTERNATIONAL BERHAD (1140005-V)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED 31 JULY 2016

A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134: INTERIM FINANCIAL REPORT

A1. Basis of preparation

The interim financial report of LKL International Berhad (“LKL International” or “the Company”) and its subsidiary, LKL Advance Metaltech Sdn. Bhd. (“LKLAM”) (“the Group”) are unaudited and have been prepared in accordance with the requirements of MFRS 134 - Interim Financial Reporting issued by the Malaysian Accounting Standard Board (“MASB”), paragraph 9.22 and Appendix 9B of the Listing Requirements of Bursa Securities.

This is the first interim financial report on the consolidated results for the first (1st) quarter ended 31 July 2016 announced by the Company in compliance with the Listing Requirements of Bursa Securities and as such, there are no comparative figures for the preceding year’s corresponding period.

The interim financial report should be read in conjunction with the audited financial statements for the financial year ended 30 April 2016 and the accompanying explanatory notes attached to this interim financial report.

A2. Changes in accounting policies

During this interim financial report, the Group has adopted the following new accounting standards and interpretations (including the consequential amendments, if any):-

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

MFRS 14 Regulatory Deferral Accounts

Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations

Amendments to MFRS 10, MFRS12 and MFRS 128: Investment Entities – Applying the Consolidation Exception

Amendments to MFRS 101: Disclosure Initiative

Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation

Amendments to MFRS 116 and MFRS 141: Agriculture – Bearer Plants

Amendments to MFRS 127: Entity Method in Separate Financial Statements

Annual Improvements to MFRSs 2012 – 2014 Cycle

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on this interim financial report.

The Group has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the MASB but are not yet effective for this interim financial report:-

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

1 January 2018

MFRS 16 Leases

1 January 2019

Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions

1 January 2018

Amendments to MFRS 15: Effective Date of MFRS 15

1 January 2018

Amendments to MFRS 10 and MFRS 128: Sales or Contribution of Assets between an investor and its Associate or Joint Venture

Deferred until further notice



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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED 31 JULY 2016

A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134: INTERIM FINANCIAL REPORT (CONT’D)

A2. Changes in accounting policies (Cont’d)

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
Amendments to MFRS 15: Clarifications to MFRS 15 ‘Revenue from Contracts with Customers’	1 January 2018
Amendments to MFRS 107: Disclosure Initiative	1 January 2017
Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on this interim financial report upon its initial application except as follows:-

MFRS 9 (IFRS 9 issued by IASB in July 2014) replaces the existing guidance in MFRS 139 and introduces a revised guidance on the classification and measurement of financial instruments, including a single forward-looking ‘expected loss’ impairment model for calculating impairment on financial assets, and a new approach to hedge accounting. Under this MFRS 9, the classification of financial assets is driven by cash flow characteristics and the business model in which a financial asset is held. The Group is currently assessing the financial impact of adopting MFRS 9.

MFRS 15 establishes a single comprehensive model for revenue recognition and will supersede the current revenue recognition guidance and other related interpretations when it becomes effective. Under MFRS 15, an entity shall recognise revenue when (or as) a performance obligation is satisfied, i.e. when ‘control’ of the distinct promised goods or services underlying the particular performance obligation is transferred to the customers. The amendments to MFRS 15 further clarify the concept of ‘distinct’ for the purposes of this accounting standard. In addition, extensive disclosures are also required by MFRS 15. The Group anticipates that the application of MFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the financial statements. However, it is not practicable to provide a reasonable estimate of the financial impacts of MFRS 15 until the Group performs a detailed review.

A3. Auditors’ report on preceding audited financial statements

The preceding year’s audited financial statements of the Group were not subject to any qualification.

A4. Seasonal or cyclical factors

The Group’s business operations were not materially affected by seasonal or cyclical factors during the current financial quarter under review.

A5. Unusual items affecting assets, liabilities, equity, net income or cash flows

There were no material unusual items affecting assets, liabilities, equity, net income or cash flows of the Group during the current financial quarter and current year-to-date under review.

A6. Material changes in estimates

There were no changes in estimates that have had a material effect in the current financial quarter under review.



LKL INTERNATIONAL BERHAD (1140005-V)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED 31 JULY 2016

A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134: INTERIM FINANCIAL REPORT (CONT’D)

A7. Debts and equity securities

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current financial quarter and current year-to-date under review, except for the issuance of 113,000,000 ordinary shares of RM0.10 each at an issue price of RM0.20 per share by LKL International pursuant to its listing on the ACE Market of Bursa Securities.

A8. Dividend paid

There was no dividend paid during the current financial quarter under review.

A9. Segmental information

(a) Analysis of revenue by product categories

	UNAUDITED INDIVIDUAL QUARTER		UNAUDITED CUMULATIVE QUARTER	
	31 JULY 2016 RM’000	31 JULY 2015 ⁽¹⁾ RM’000	31 JULY 2016 RM’000	31 JULY 2015 ⁽¹⁾ RM’000
Manufacturing:				
Medical/healthcare beds	3,280	N/A	3,280	N/A
Medical peripherals and accessories	5,969	N/A	5,969	N/A
	<u>9,249</u>	<u>N/A</u>	<u>9,249</u>	<u>N/A</u>
Trading:				
Medical peripherals and accessories	2,675	N/A	2,675	N/A
Total revenue	<u>11,924</u>	<u>N/A</u>	<u>11,924</u>	<u>N/A</u>

(b) Analysis of revenue by geographical areas

	UNAUDITED INDIVIDUAL QUARTER				UNAUDITED CUMULATIVE QUARTER			
	31 JULY 2016 RM’000	%	31 JULY 2015 ⁽¹⁾ RM’000	%	31 JULY 2016 RM’000	%	31 JULY 2015 ⁽¹⁾ RM’000	%
Local:								
Malaysia	9,191	77.08	N/A	N/A	9,191	77.08	N/A	N/A
Export:								
Africa	57	0.48	N/A	N/A	57	0.48	N/A	N/A
Asia - other than Malaysia	693	5.81	N/A	N/A	693	5.81	N/A	N/A
Europe	1,584	13.28	N/A	N/A	1,584	13.28	N/A	N/A
Middle East	399	3.35	N/A	N/A	399	3.35	N/A	N/A
	<u>2,733</u>	<u>22.92</u>	<u>N/A</u>	<u>N/A</u>	<u>2,733</u>	<u>22.92</u>	<u>N/A</u>	<u>N/A</u>
Total revenue	<u>11,924</u>	<u>100.00</u>	<u>N/A</u>	<u>N/A</u>	<u>11,924</u>	<u>100.00</u>	<u>N/A</u>	<u>N/A</u>



LKL INTERNATIONAL BERHAD (1140005-V)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED 31 JULY 2016

A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134: INTERIM FINANCIAL REPORT (CONT’D)

A9. Segmental information (Cont’d)

Note:-

(1) This is the first interim financial report for the first quarter ended 31 July announced in compliance with the Listing Requirements of Bursa Securities. There are no comparative figures for the preceding year’s quarter available as no interim financial report was prepared for the comparative financial period concerned.

N/A – Not applicable.

A10. Valuation of property, plant and equipment

There was no valuation of the property, plant and equipment in the current financial quarter under review.

A11. Material events subsequent to the end of the current financial quarter

Save as disclosed below, there were no material events subsequent to the end of the current financial quarter that have not been reflected in this interim financial report:

(i) On 6 August 2016, the Company’s subsidiary LKLAM entered into a purchase contract with TRUMPF Malaysia Sdn. Bhd. to acquire a fully automated Computer Numeric Control (“CNC”) punching machine (TruPunch2000) for EUR318,000 (approximately RM1.44 million).

A12. Changes in composition of the Group

There were no material changes in the composition of the Group during the current financial quarter under review.

A13. Contingent assets or contingent liabilities

The Group has no contingent assets and contingent liabilities as at the date of this report.

A14. Capital commitments

The capital commitments of the Group are as follows:

	UNAUDITED AT 31 JULY 2016 RM'000	AUDITED AT 30 APRIL 2016 RM'000
<u>Authorised but not contracted for</u> Purchase of plant and equipment	1,440	-

A15. Related party transactions

During the current financial quarter, the Board of Directors is of the opinion that there were no material related party transactions which would have a significant impact on the financial position and business of the Group.



LKL INTERNATIONAL BERHAD (1140005-V)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED 31 JULY 2016

B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES

B1. Review of performance

For the current financial quarter under review, the Group recorded revenue of RM11.924 million. The Group's revenue was mainly derived from manufacturing of medical/healthcare beds and manufacturing of medical peripherals and accessories sales amounting to RM3.28 million and RM5.969 million respectively. Local market continued to contribute significant portion of revenue amounting to RM9.191 million or 77.08% of the Group's total revenue.

The Group registered a profit before taxation of RM2.214 million for the current financial quarter under review.

There are no comparative figures for the preceding year corresponding quarter's results as this is the first interim financial report for the first quarter ended 31 July announced by the Company in compliance with the Listing Requirements of Bursa Securities.

B2. Comparison with preceding quarter's results

	UNAUDITED CURRENT QUARTER 31 JULY 2016 RM'000	UNAUDITED PRECEDING QUARTER 30 APRIL 2016 RM'000
Revenue	11,924	9,311
Profit/(Loss) before taxation ("PBT")/("LBT")	2,214	(498)

The Group's revenue for the current financial quarter ended 31 July 2016 increased by RM2.613 million or 28.06% to RM11.924 million as compared to RM9.311 million in the preceding financial quarter ended 30 April 2016. The increase in revenue was mainly attributable to a few large orders secured from a local customer for a new public hospital in Kuala Lumpur.

In tandem with the increase in revenue, the Group recorded a PBT of RM2.214 million for the current financial quarter as compared to a LBT of RM0.498 million in the preceding financial quarter. There were listing expenses amounting to approximately RM0.857 million incurred in the immediate preceding financial quarter which contributed to the losses incurred in that quarter.

The increase in PBT is also as a result of higher gross profit margin of 47.27% registered for the current financial quarter as compared to preceding financial quarter of 32.24%. The higher gross profit margin was due to the product mix sold in the current financial quarter under review.

B3. Prospects

The Group continues to execute its business strategies and put in place a series of business plans that are focused in expanding its presence and market share both in the local and export markets.

The Company's subsidiary LKLAM has recently entered into a purchase contract with TRUMPF Malaysia Sdn. Bhd. to acquire a fully automated CNC punching machine (TruPunch 2000) for EUR318,000 (approximately RM1.44 million). The delivery and installation of the punching machine is estimated to be completed in the third (3rd) quarter of the financial year 2017. The acquisition of this machine is in line with the Group's expansion plans to increase automation in the manufacturing processes, and increase the operating efficiency and process accuracy. With the acquisition of the punching machine, the Group expects it to improve production efficiency and reduce wastages.



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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED 31 JULY 2016

B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES (CONT'D)

B3. Prospects (Cont'd)

The Group's performance is expected to remain favourable, in tandem with the Group's expansion in production plans and overseas market, and the resilient market in healthcare services industry.

B4. Income tax expense

	UNAUDITED INDIVIDUAL QUARTER 31 JULY 2016 RM'000	UNAUDITED CUMULATIVE QUARTER 31 JULY 2016 RM'000
Income tax expense for the period	587	587
Effective tax rate (%)	26.51	26.51

The effective tax rate for the current period is higher than the statutory tax rate of 24% mainly due to listing expenses which is non-deductible expenses for tax.

B5. Variance of actual profit from profit forecast and profit guarantee

The Group has not issued any profit forecast or profit guarantee in any form of public documentation and announcement during the current financial quarter under review.

B6. Status of corporate proposals

There were no other corporate proposals announced but not completed as at the date of this report.

B7. Utilisation of proceeds from the Initial Public Offering ("IPO")

The gross proceeds arising from the Public Issue amounting to RM22.6 million and the status of the utilisation of the proceeds as at the date of this report is as follows:

Purposes	Proposed utilisation RM'000	Actual utilisation RM'000	Deviation RM'000	Balance RM'000	Estimated timeframe for utilisation
(a) Capital expenditure #	8,500	-	(2,500)	6,000	Within 18 months
(b) Repayment of bank borrowing #	3,995	-	(3,995)	-	-
(c) Acquisition of factory and related renovation works #	-	-	6,495	6,495	Within 18 months
(d) Working capital	7,605	7,450	155	-	-
(e) Estimated listing expenses	2,500	2,655	(155)*	-	-
Total	22,600	10,105	-	12,495	

Notes:-

The Board of Directors of LKL International had approved for the proceeds allocated for capital expenditure and repayment of bank borrowing be varied to fund the acquisition of factory including related renovation works. For further information, please refer to the announcement dated 27 September 2016 for details of the variation.



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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED 31 JULY 2016

B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES (CONT'D)

B7. Utilisation of proceeds from the Initial Public Offering (“IPO”) (Cont'd)

* *In view that the actual listing expenses are higher than estimated, the deficit has been funded out of the portion allocated for working capital.*

B8. Group’s borrowings and debt securities

The Group’s borrowings as at 31 July 2016 are as follows:

	UNAUDITED AT 31 JULY 2016 RM'000	AUDITED AT 30 APRIL 2016 RM'000
Current:		
Bankers' acceptance	911	-
Hire purchase payables	290	276
Term loans	757	742
	<u>1,958</u>	<u>1,018</u>
Non-current:		
Hire purchase payables	924	928
Term loans	7,345	7,546
	<u>8,269</u>	<u>8,474</u>
Total borrowings:		
Bankers' acceptance	911	-
Hire purchase payables	1,214	1,204
Term loans	8,102	8,288
	<u><u>10,227</u></u>	<u><u>9,492</u></u>

All the borrowings are secured and denominated in Ringgit Malaysia.

B9. Material litigation

Save as disclosed below, there is no litigation or arbitration which has a material effect on the financial position of the Group and the Board of Directors is not aware of any proceedings pending or threatened, or of any fact likely to give rise to any proceedings as at the date of this interim financial report.

The Company’s subsidiary LKLAM 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 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 LKLAM is likely to exceed RM300,000.

As at the date of this interim financial report, the matter is fixed for hearing on 11 October 2016.

B10. Dividend

The Board of Directors does not recommend any dividend for the current financial quarter under review.



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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED 31 JULY 2016

B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES (CONT'D)

B11. Earnings per share ("EPS")

The basic EPS for the current financial quarter and financial year-to-date are computed as follows:

	UNAUDITED INDIVIDUAL QUARTER 31 JULY 2016	UNAUDITED CUMULATIVE QUARTER 31 JULY 2016
Net profit attributable to ordinary equity holders of the Company (RM'000)	1,627	1,627
Weighted average number of ordinary shares in issue ('000)	415,289	415,289
Basic EPS (sen)	0.39	0.39
Diluted EPS (sen) ⁽¹⁾	0.39	0.39

Note:-

(1) Diluted EPS of the Company for the individual quarter 31 July 2016 and cumulative quarter 31 July 2016 is equivalent to the basic EPS as the Company does not have convertible options at the end of the reporting period.

B12. Notes to the Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income

Profit before taxation is arrived at after charging/(crediting):

	UNAUDITED INDIVIDUAL QUARTER 31 JULY 2016 RM'000	UNAUDITED CUMULATIVE QUARTER 31 JULY 2016 RM'000
Depreciation of property, plant and equipment	309	309
Allowance for impairment losses on trade receivables	8	8
Interest expense	134	134
Interest income	(116)	(116)
Listing expenses	223	223
Realised loss on foreign exchange	22	22
Unrealised gain on foreign exchange	(39)	(39)

Other disclosure items pursuant to Appendix 9B Note 16 of the Listing Requirements of Bursa Securities are not applicable.

B13. Disclosure of realised and unrealised profits or losses

The realised and unrealised retained profits of the Group are analysed as follows:

	UNAUDITED AT 31 JULY 2016 RM'000	AUDITED AT 30 APRIL 2016 RM'000
Retained profits of the Group		
- Realised	34,951	33,363
- Unrealised	(242)	(281)
	<u>34,709</u>	<u>33,082</u>