



LKL INTERNATIONAL BERHAD (1140005-V)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THIRD QUARTER ENDED 31 JANUARY 2017 ⁽¹⁾

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER 31 JANUARY 2017 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31 JANUARY 2016 RM'000	CURRENT YEAR-TO-DATE 31 JANUARY 2017 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31 JANUARY 2016 RM'000
Revenue	A9	7,341	11,781	27,802	27,838
Cost of sales		(3,212)	(6,310)	(13,615)	(15,424)
Gross profit		<u>4,129</u>	<u>5,471</u>	<u>14,187</u>	<u>12,414</u>
Other income		460	88	1,039	539
Administrative expenses		(1,966)	(1,814)	(6,374)	(4,944)
Selling and distribution expenses		(538)	(507)	(1,798)	(1,602)
Other expenses		(336)	(136)	(915)	(400)
Finance costs		(115)	(108)	(363)	(374)
Profit before taxation		<u>1,634</u>	<u>2,994</u>	<u>5,776</u>	<u>5,633</u>
Income tax expense	B4	(422)	(648)	(1,507)	(1,504)
Profit after taxation ("PAT")		<u>1,212</u>	<u>2,346</u>	<u>4,269</u>	<u>4,129</u>
Other comprehensive income		-	-	-	-
Total comprehensive income for the financial period		<u><u>1,212</u></u>	<u><u>2,346</u></u>	<u><u>4,269</u></u>	<u><u>4,129</u></u>
PAT/Total comprehensive income attributable to:-					
Owners of the Company		<u><u>1,212</u></u>	<u><u>2,346</u></u>	<u><u>4,269</u></u>	<u><u>4,129</u></u>
Earnings per share (sen)					
- Basic ⁽²⁾	B11	<u>0.28</u>	<u>117.30</u>	<u>1.01</u>	<u>206.45</u>
- Diluted ⁽³⁾	B11	<u>0.28</u>	<u>117.30</u>	<u>1.01</u>	<u>206.45</u>

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 ("FYE") 30 April 2016 and the accompanying explanatory notes attached to this interim financial report.

(2) Basic earnings per share for the individual quarter 31 January 2016 and cumulative quarter 31 January 2016 is calculated based on the combined share capital of 2,000,100 ordinary share in issue as at 31 January 2016.

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



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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AT 31 JANUARY 2017 ⁽¹⁾

	Note	UNAUDITED AT 31 JANUARY 2017 RM'000	AUDITED AT 30 APRIL 2016 RM'000
ASSETS			
Non-current Asset			
Property, plant and equipment		23,213	22,193
Current Assets			
Inventories		10,225	10,181
Trade receivables		10,213	9,592
Other receivables, deposits and prepayments		955	1,307
Current tax assets		364	496
Fixed deposits with licensed banks		10,769	659
Cash and bank balances		18,028	7,805
		<u>50,554</u>	<u>30,040</u>
TOTAL ASSETS		<u>73,767</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		37,351	33,082
TOTAL EQUITY		<u>61,070</u>	<u>35,082</u>
Non-current Liabilities			
Hire purchase payables	B8	917	928
Term loans	B8	6,935	7,546
Deferred tax liabilities		535	535
		<u>8,387</u>	<u>9,009</u>
Current Liabilities			
Trade payables		1,445	3,379
Other payables and accruals		1,441	3,745
Bankers' acceptance	B8	310	-
Hire purchase payables	B8	326	276
Term loans	B8	788	742
		<u>4,310</u>	<u>8,142</u>
TOTAL LIABILITIES		12,697	17,151
TOTAL EQUITY AND LIABILITIES		<u>73,767</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 FYE 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 THIRD QUARTER ENDED 31 JANUARY 2017 ⁽¹⁾

	<----- Non-Distributable ----->			Distributable Retained Profits RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Merger Deficit RM'000		
Balance at 1 May 2016	31,580	-	(29,580)	33,082	35,082
PAT/Total comprehensive income for the financial period	-	-	-	4,269	4,269
Contributions by owners of the Company:					
- Issuance of shares	11,300	11,300	-	-	22,600
- Share issuance expenses ⁽²⁾	-	(881)	-	-	(881)
Balance at 31 January 2017	42,880	10,419	(29,580)	37,351	61,070
Balance at 1 May 2015	1,500	-	-	29,810	31,310
PAT/Total comprehensive income for the financial period	-	-	-	4,129	4,129
Contributions by owners of the Company:					
- Issuance of shares	500	-	-	-	500
Balance at 31 January 2016	2,000	-	-	33,939	35,939

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 FYE 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 Berhad shares were written-off against the share premium account under Section 60 of the Companies Act, 1965.



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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE THIRD QUARTER ENDED 31 JANUARY 2017 ⁽¹⁾

	CUMULATIVE QUARTER	
	CURRENT YEAR-TO-DATE 31 JANUARY 2017 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31 JANUARY 2016 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	5,776	5,633
Adjustments for:		
Allowance for impairment losses on trade receivables	138	9
Depreciation of property, plant and equipment	981	846
Interest expense	362	375
Listing expenses	223	-
Gain on disposal of property, plant and equipment	(5)	(4)
Interest income	(330)	(40)
Unrealised gain on foreign exchange	(566)	(293)
Writeback of allowance for impairment losses on trade receivables	(23)	(112)
Operating profit before working capital changes	6,556	6,414
Increase in inventories	(44)	(107)
(Increase)/Decrease in trade and other receivables	(908)	2,011
(Decrease)/Increase in trade and other payables	(3,668)	1,489
CASH FROM OPERATIONS	1,936	9,807
Interest paid	(362)	(375)
Income tax paid	(1,375)	(1,350)
Interest received	330	40
NET CASH FROM OPERATING ACTIVITIES	529	8,122
CASH FLOWS FOR INVESTING ACTIVITIES		
Placement of fixed deposit pledged to a licensed bank	(22)	(40)
Purchase of property, plant and equipment	(1,794)	(733)
Proceeds from disposal of property, plant and equipment	65	29
Repayment from a director	-	58
NET CASH FOR INVESTING ACTIVITIES	(1,751)	(686)
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES		
Proceeds from issuance of shares	22,600	500
Drawdown of term loans	-	3,300
Payment of listing expenses	(1,150)	-
Repayment of hire purchase obligations	(228)	(190)
Drawdown/(Repayment) of bankers' acceptances	310	(638)
Repayment of term loans	(565)	(3,633)
NET CASH FROM/(FOR) FINANCING ACTIVITIES	20,967	(661)
NET INCREASE IN CASH AND CASH EQUIVALENTS	19,745	6,775
EFFECT OF FOREIGN EXCHANGE TRANSLATION	566	344
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	7,805	3,986
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	28,116	11,105
<u>Cash and cash equivalents at end of the financial period comprises the following:</u>		
Cash and bank balances	18,028	11,105
Fixed deposits with licensed banks	10,769	659
	28,797	11,764
Less: Fixed deposit pledged to a licensed bank	(681)	(659)
	28,116	11,105

Note:-

(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 FYE 30 April 2016 and the accompanying explanatory notes attached to this interim financial report.



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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD (3RD) QUARTER ENDED 31 JANUARY 2017

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 subsidiaries, LKL Advance Metaltech Sdn. Bhd. (“**LKLAM**”) and Medik Gen Sdn. Bhd. (“**Medik Gen**”) (collectively “**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.

The interim financial report should be read in conjunction with the audited financial statements for the FYE 30 April 2016. These explanatory notes attached to the interim financial report provide explanation of events and transactions that are significant for the understanding of the changes in the financial position and performance of the Group since the FYE 30 April 2016.

A2. Changes in accounting policies

The Group has adopted those standards and interpretations (including the consequential amendments, if any) that have become effective on 1 January 2016 and such adoptions do not have material impact on the financial position and performance of the Group.

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
IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts	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
Amendments to MFRS 15: Effective Date of MFRS 15	1 January 2018
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
Amendments to MFRS 140 – Transfers of Investment Property	1 January 2018
Annual Improvements to MFRS Standards 2014 – 2016 Cycles:	
• Amendments to MFRS 12: Clarification of the Scope of Standard	1 January 2017
Annual Improvements to MFRS Standards 2014 – 2016 Cycles:	
• Amendments to MFRS 1: Deletion of Short-term Exemptions for First-time Adopters	
• Amendments to MFRS 128: Measuring an Associate or Joint Venture at Fair Value	1 January 2018

* Entities that meet the specific criteria in MFRS 4.20B may choose to defer the application of MFRS 9 until the earlier of the application of the forthcoming insurance contracts standard or annual periods beginning before 1 January 2021.



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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD (3RD) QUARTER ENDED 31 JANUARY 2017

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

A2. Changes in accounting policies (Cont’d)

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the interim financial report of the Group upon their 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. Therefore, it is expected that the Group’s investments in unquoted shares that are currently stated at cost less accumulated impairment losses will be measured at fair value through other comprehensive income upon the adoption of MFRS 9. 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 an 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.

A7. Debts and equity securities

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the current financial quarter under review.

A8. Dividend paid

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



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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD (3RD) QUARTER ENDED 31 JANUARY 2017

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

A9. Segmental information

(a) Analysis of revenue by product categories

	UNAUDITED INDIVIDUAL QUARTER		UNAUDITED CUMULATIVE QUARTER	
	31 JAN 2017	31 JAN 2016	31 JAN 2017	31 JAN 2016
	RM’000	RM’000	RM’000	RM’000
Manufacturing:				
Medical/healthcare beds	2,281	4,349	7,941	10,543
Medical peripherals and accessories	3,378	4,597	13,617	11,612
	<u>5,659</u>	<u>8,946</u>	<u>21,558</u>	<u>22,155</u>
Trading:				
Medical peripherals and accessories	1,682	2,835	6,244	5,683
Total revenue	<u>7,341</u>	<u>11,781</u>	<u>27,802</u>	<u>27,838</u>

(b) Analysis of revenue by geographical areas

	UNAUDITED INDIVIDUAL QUARTER				UNAUDITED CUMULATIVE QUARTER			
	31 JAN 2017		31 JAN 2016		31 JAN 2017		31 JAN 2016	
	RM’000	%	RM’000	%	RM’000	%	RM’000	%
Local:								
Malaysia	5,011	68.26	11,372	96.53	20,322	73.10	23,355	83.90
Export:								
Africa	42	0.57	60	0.51	128	0.46	208	0.75
Asia - other than Malaysia	2,031	27.67	270	2.29	3,858	13.87	3,566	12.81
Europe	-	-	-	-	1,751	6.30	2	0.01
Middle East	257	3.50	16	0.14	1,680	6.04	644	2.31
Central America	-	-	63	0.53	63	0.23	63	0.22
	<u>2,330</u>	<u>31.74</u>	<u>409</u>	<u>3.47</u>	<u>7,480</u>	<u>26.90</u>	<u>4,483</u>	<u>16.10</u>
Total revenue	<u>7,341</u>	<u>100.00</u>	<u>11,781</u>	<u>100.00</u>	<u>27,802</u>	<u>100.00</u>	<u>27,838</u>	<u>100.00</u>



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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD (3RD) QUARTER ENDED 31 JANUARY 2017

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

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 1 March 2017, the Company’s wholly owned subsidiaries, LKLAM and Medik Gen, had entered into a Joint Venture Agreement with T.M.I Solutions (Pvt) Ltd (“TMI”) to form and incorporate a joint venture company, TMI Medik Group Sdn. Bhd. (“JV Company”) solely to carry out the business of distributing selected “Nihon Kohden” branded medical devices in Malaysia. The selected “Nihon Kohden” products are different from the products currently distributed by the Group.

The Group holds 70% shareholding in the JV Company and the remaining 30% is held by TMI.

A12. Changes in composition of the Group

There were no material changes in the composition of the Group for 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 JAN 2017 RM'000	AUDITED AT 30 APRIL 2016 RM'000
<u>Authorised and contracted for</u> Purchase of property, plant and equipment	<u>3,179</u>	<u>-</u>

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.



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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD (3RD) QUARTER ENDED 31 JANUARY 2017

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

B1. Review of performance

The Group recorded revenue of RM7.341 million for the current financial quarter, a decrease of 37.69% or RM4.440 million as compared to the preceding year corresponding quarter's results of RM11.781 million. The decrease was mainly attributed to the lower revenue generated from medical/healthcare beds segment due to slowdown in market conditions generally. Local market continued to contribute a significant portion amounting to RM5.011 million or 68.26% of the Group's total revenue.

For the current financial quarter under review, the Group's overall gross profit declined by RM1.342 million or 24.53% from RM5.471 million in the preceding year corresponding quarter to RM4.129 million in the current financial quarter, which was in line with the decrease in revenue. The Group registered a profit before taxation ("PBT") of RM1.634 million for the current financial quarter under review, representing a RM1.360 million or 45.42% decrease as compared to PBT of approximately RM2.994 million recorded in the preceding year corresponding quarter.

B2. Comparison with preceding quarter's results

	UNAUDITED CURRENT QUARTER 31 JAN 2017 RM'000	UNAUDITED PRECEDING QUARTER 31 OCT 2016 RM'000
Revenue	7,341	8,537
Profit before taxation ("PBT")	1,634	1,928

The Group's revenue for the current financial quarter ended 31 January 2017 decreased by RM1.196 million or 14.01% to RM7.341 million as compared to RM8.537 million in the preceding financial quarter ended 31 October 2016. The decrease in revenue was mainly attributable to lower sales in medical peripherals and accessories due to subdued market conditions.

Export sales to Asia (other than Malaysia) has grown from RM1.134 million in the preceding financial quarter to RM2.031 million in the current financial quarter, representing an increase of RM0.897 million or 79.10% contributed primarily from customers based in Maldives.

The Group recorded a lower PBT by RM0.294 million or 15.25% to RM1.634 million for the current financial quarter as compared to a PBT of RM1.928 million in the preceding financial quarter. The reduction in PBT was primarily due to the decrease in revenue during the financial quarter under review.

B3. Prospects

The Group is fully cognisant of the challenging business and operational environment ahead and will continue to seek for new growth opportunities in both local and export markets.

The Group had recently announced 2 proposals as disclosed below.

- (i) Acquisition of a new fully automated Computer Numeric Control ("CNC") laser tube machine (TruLaser Tube 5000 Fiber). The CNC laser tube machine is expected to be operational in the second quarter of the financial year ending 2018, which will increase the operations efficiency and process accuracy, as well as reduce the dependency on manual labour.



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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD (3RD) QUARTER ENDED 31 JANUARY 2017

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

B3. Prospects (Cont'd)

- (ii) Entered into a joint venture with TMI (“JV”). The JV will complement the Group’s existing business in the healthcare sector. Upon the award of the exclusive distributorship rights by Nihon Kohden Singapore Pte Ltd, the Group will be able to diversify its products offerings to its customers via the distribution of selected “Nihon Kohden” branded medical devices within Malaysia. The selected “Nihon Kohden” products are different from the products currently distributed by the Group. The JV is anticipated to commence its business by the first quarter of the financial year ending 2018.

The expansion plans are expected to contribute positively to the performance of the Group.

B4. Income tax expense

	UNAUDITED INDIVIDUAL QUARTER 31 JAN 2017 RM'000	UNAUDITED CUMULATIVE QUARTER 31 JAN 2017 RM'000
Current tax expense:-		
- for the financial period	422	1,495
- underprovision in the previous financial year	-	12
	<u>422</u>	<u>1,507</u>
Effective tax rate (%)	25.83	26.09

The effective tax rate for both individual and cumulative quarters is higher than the statutory tax rate due to underprovision of taxation in the prior year and 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 are no other corporate proposals announced but not completed as at the date of this report.

For information purpose, on 21 Feb 2017, the Company had completed the acquisition of a piece of freehold land together with a one and a half storey semi-detached factory.



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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD (3RD) QUARTER ENDED 31 JANUARY 2017

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

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

The gross proceeds arising from the IPO 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	6,000	2,257	-	3,743	Within 18 months
(b) Acquisition of factory and related renovation works	6,495	4,950	-	1,545	Within 18 months
(c) Working capital	7,605	7,450	155	-	-
(d) Estimated listing expenses	2,500	2,655	(155)*	-	-
Total	22,600	17,312	-	5,288	

Note:-

* In view that the actual listing expenses were 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 January 2017 are as follows:

	UNAUDITED AT 31 JAN 2017 RM'000	AUDITED AT 30 APRIL 2016 RM'000
Current:		
Bankers’ acceptance	310	-
Hire purchase payables	326	276
Term loans	788	742
	<u>1,424</u>	<u>1,018</u>
Non-current:		
Hire purchase payables	917	928
Term loans	6,935	7,546
	<u>7,852</u>	<u>8,474</u>
Total borrowings:		
Bankers’ acceptance	310	-
Hire purchase payables	1,243	1,204
Term loans	7,723	8,288
	<u>9,276</u>	<u>9,492</u>

All the borrowings are secured and denominated in Ringgit Malaysia.



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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD (3RD) QUARTER ENDED 31 JANUARY 2017

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

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.

Subsequent creditors' meeting was held at the Insolvency Office on 19 December 2016, whereby the meeting resolved to appoint a private liquidator. The Official Receiver, Malaysia ("OR") is to file an application in the High Court, Kuala Lumpur ("Court") to appoint a private liquidator. The creditors will have a chance to submit their views to the Court before the Court decides on appointing a private liquidator. The OR will notify the creditors once there is a decision by the Court.

B10. Dividend proposed

On 20 March 2017, the Board has approved the declaration and payment of first interim single-tier dividend of 0.35 sen per ordinary share totalling RM1,500,800 in respect of the financial year ending 30 April 2017. The entitlement date and the payment date of the first interim dividend have been fixed on 5 April 2017 and 28 April 2017 respectively.

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 JAN 2017	UNAUDITED CUMULATIVE QUARTER 31 JAN 2017
Net profit attributable to ordinary equity holders of the Company (RM'000)	1,212	4,269
Weighted average number of ordinary shares in issue ('000)	428,800	424,296
Basic EPS (sen)	0.28	1.01
Diluted EPS (sen) ⁽¹⁾	0.28	1.01

Note:-

(1) Diluted EPS of the Company for the individual quarter 31 January 2017 and cumulative quarter 31 January 2017 is equivalent to the basic EPS as the Company does not have convertible options at the end of the reporting period.



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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD (3RD) QUARTER ENDED 31 JANUARY 2017

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

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

PBT is arrived at after charging/(crediting):

	UNAUDITED INDIVIDUAL QUARTER 31 JAN 2017 RM'000	UNAUDITED CUMULATIVE QUARTER 31 JAN 2017 RM'000
Allowance for impairment losses on trade receivables	121	138
Depreciation of property, plant and equipment	352	981
Interest expense	114	362
Listing expenses	-	223
Gain on disposal of property, plant and equipment	(5)	(5)
Interest income	(59)	(330)
Realised loss on foreign exchange	53	25
Unrealised gain on foreign exchange	(336)	(566)
Writeback of allowance for impairment losses on trade receivables	(16)	(23)

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 profits or losses of the Group are analysed as follows:

	UNAUDITED AT 31 JAN 2017 RM'000	AUDITED AT 30 APRIL 2016 RM'000
Retained profits of the Group		
- Realised	37,066	33,363
- Unrealised	285	(281)
	37,351	33,082