



LKL INTERNATIONAL BERHAD (1140005-V)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THIRD QUARTER ENDED 31 JANUARY 2018 ⁽¹⁾

| | Note | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|--|------|--|---|--|--|
| | | CURRENT YEAR QUARTER 31 JANUARY 2018 RM'000 | PRECEDING YEAR CORRESPONDING QUARTER 31 JANUARY 2017 RM'000 | CURRENT YEAR-TO-DATE 31 JANUARY 2018 RM'000 | PRECEDING YEAR CORRESPONDING PERIOD 31 JANUARY 2017 RM'000 |
| Revenue | A9 | 10,246 | 7,341 | 22,237 | 27,802 |
| Cost of sales | | (6,086) | (3,212) | (13,019) | (13,615) |
| Gross profit | | 4,160 | 4,129 | 9,218 | 14,187 |
| Other income | | 136 | 460 | 407 | 1,039 |
| Administrative expenses | | (2,258) | (1,966) | (6,704) | (6,374) |
| Selling and distribution expenses | | (445) | (538) | (1,271) | (1,798) |
| Other expenses | | (420) | (336) | (884) | (915) |
| Finance costs | | (109) | (115) | (327) | (363) |
| Profit before taxation | | 1,064 | 1,634 | 439 | 5,776 |
| Income tax expense | B4 | (226) | (422) | (226) | (1,507) |
| Profit after taxation ("PAT") | | 838 | 1,212 | 213 | 4,269 |
| Other comprehensive income | | - | - | - | - |
| Total comprehensive income for the financial period | | 838 | 1,212 | 213 | 4,269 |
| PAT/(LAT)/Total comprehensive income/(expense) attributable to:- | | | | | |
| Owners of the Company | | 893 | 1,212 | 412 | 4,269 |
| Non-controlling interests | | (55) | - | (199) | - |
| | | 838 | 1,212 | 213 | 4,269 |
| Earnings per share (sen) | | | | | |
| Basic/Diluted ⁽²⁾ | B11 | 0.21 | 0.28 | 0.10 | 1.01 |

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 2017 and the accompanying explanatory notes attached to this interim financial report.

(2) 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.



LKL INTERNATIONAL BERHAD (1140005-V)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AT 31 JANUARY 2018 ⁽¹⁾

| | Note | UNAUDITED AT 31 JANUARY 2018 RM'000 | AUDITED AT 30 APRIL 2017 RM'000 |
|--|------|---|---------------------------------------|
| ASSETS | | | |
| Non-current Asset | | | |
| Property, plant and equipment | | 32,854 | 28,158 |
| Current Assets | | | |
| Inventories | | 15,149 | 10,559 |
| Trade receivables | | 6,596 | 7,834 |
| Other receivables, deposits and prepayments | | 1,234 | 1,601 |
| Current tax assets | | 1,666 | 454 |
| Fixed deposits with licensed banks | | 5,828 | 5,681 |
| Cash and bank balances | | 9,485 | 18,015 |
| | | <u>39,958</u> | <u>44,144</u> |
| TOTAL ASSETS | | <u>72,812</u> | <u>72,302</u> |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Share capital | | 42,880 | 42,880 |
| Share premium | | 10,419 | 10,419 |
| Merger deficit | | (29,580) | (29,580) |
| Retained profits | | 36,472 | 36,060 |
| Equity attributable to owners of the Company | | <u>60,191</u> | <u>59,779</u> |
| Non-controlling interests | | 99 | (2) |
| TOTAL EQUITY | | <u>60,290</u> | <u>59,777</u> |
| Non-current Liabilities | | | |
| Hire purchase payables | B8 | 827 | 1,059 |
| Term loans | B8 | 6,050 | 6,701 |
| Deferred tax liabilities | | 535 | 535 |
| | | <u>7,412</u> | <u>8,295</u> |
| Current Liabilities | | | |
| Trade payables | | 1,797 | 1,453 |
| Other payables and accruals | | 1,241 | 1,479 |
| Bankers' acceptance | B8 | 770 | 76 |
| Hire purchase payables | B8 | 418 | 386 |
| Term loans | B8 | 884 | 830 |
| Current tax liabilities | | - | 6 |
| | | <u>5,110</u> | <u>4,230</u> |
| TOTAL LIABILITIES | | 12,522 | 12,525 |
| TOTAL EQUITY AND LIABILITIES | | <u>72,812</u> | <u>72,302</u> |
| Net assets per share (RM) | | <u>0.14</u> | <u>0.14</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 2017 and the accompanying explanatory notes attached to this interim financial report.



LKL INTERNATIONAL BERHAD (1140005-V)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE THIRD QUARTER ENDED 31 JANUARY 2018 ⁽¹⁾

| | <----- Non-Distributable -----> | | | Distributable Retained Profits RM'000 | Attributable to Owners of Company RM'000 | Non-controlling Interests RM'000 | Total Equity RM'000 |
|---|---------------------------------|-------------------------|--------------------------|---|--|--|------------------------|
| | Share Capital RM'000 | Share Premium RM'000 | Merger Deficit RM'000 | | | | |
| Balance at 1 May 2017 | 42,880 | 10,419 | (29,580) | 36,060 | 59,779 | (2) | 59,777 |
| PAT/Total comprehensive income for the financial period | - | - | - | 412 | 412 | (199) | 213 |
| Contributions by owners of the Company: | | | | | | | |
| - Issuance of shares in a subsidiary | - | - | - | - | - | 300 | 300 |
| Balance at 31 January 2018 | 42,880 | 10,419 | (29,580) | 36,472 | 60,191 | 99 | 60,290 |
| Balance at 1 May 2016 | 31,580 | - | (29,580) | 33,082 | 35,082 | - | 35,082 |
| PAT/Total comprehensive income for the financial period | - | - | - | 4,269 | 4,269 | - | 4,269 |
| Contributions by owners of the Company: | | | | | | | |
| - Issuance of shares | 11,300 | 11,300 | - | - | 22,600 | - | 22,600 |
| - Share issuance expenses ⁽²⁾ | - | (881) | - | - | (881) | - | (881) |
| Balance at 31 January 2017 | 42,880 | 10,419 | (29,580) | 37,351 | 61,070 | - | 61,070 |

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 2017 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.



LKL INTERNATIONAL BERHAD (1140005-V)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE THIRD QUARTER ENDED 31 JANUARY 2018 ⁽¹⁾

| | CUMULATIVE QUARTER | |
|---|--|---|
| | CURRENT YEAR-TO-DATE 31 JANUARY 2018 RM'000 | PRECEDING YEAR CORRESPONDING PERIOD 31 JANUARY 2017 RM'000 |
| CASH FLOWS (FOR)/FROM OPERATING ACTIVITIES | | |
| Profit before taxation | 439 | 5,776 |
| Adjustments for: | | |
| Allowance for impairment losses on trade receivables | 4 | 138 |
| Bad debts written off | 14 | - |
| Depreciation of property, plant and equipment | 1,281 | 981 |
| Interest expense | 327 | 362 |
| Listing expenses | - | 223 |
| Gain on disposal of property, plant and equipment | (19) | (5) |
| Interest income | (263) | (330) |
| Unrealised loss/(gain) on foreign exchange | 112 | (566) |
| Writeback of allowance for impairment losses on trade receivables | (36) | (23) |
| Operating profit before working capital changes | 1,859 | 6,556 |
| Increase in inventories | (4,590) | (44) |
| Decrease/(Increase) in trade and other receivables | 1,623 | (908) |
| Increase/(Decrease) in trade and other payables | 106 | (3,668) |
| CASH (FOR)/FROM OPERATIONS | (1,002) | 1,936 |
| Income tax paid | (1,444) | (1,375) |
| Interest paid | (327) | (362) |
| Interest received | 263 | 330 |
| NET CASH (FOR)/FROM OPERATING ACTIVITIES | (2,510) | 529 |
| CASH FLOWS FOR INVESTING ACTIVITIES | | |
| Placement of fixed deposit pledged to a licensed bank | (20) | (22) |
| Purchase of property, plant and equipment | (5,879) | (1,794) |
| Proceeds from disposal of property, plant and equipment | 19 | 65 |
| NET CASH FOR INVESTING ACTIVITIES | (5,880) | (1,751) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from issuance of shares | 300 | 22,600 |
| Payment of listing expenses | - | (1,150) |
| Repayment of hire purchase obligations | (298) | (228) |
| Drawdown of bankers' acceptances | 694 | 310 |
| Repayment of term loans | (597) | (565) |
| NET CASH FROM FINANCING ACTIVITIES | 99 | 20,967 |
| NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS | (8,291) | 19,745 |
| EFFECT OF FOREIGN EXCHANGE TRANSLATION | (112) | 566 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD | 23,015 | 7,805 |
| CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD | 14,612 | 28,116 |
| <u>Cash and cash equivalents at end of the financial period comprises the following:</u> | | |
| Cash and bank balances | 9,485 | 18,028 |
| Fixed deposits with licensed banks | 5,828 | 10,769 |
| | 15,313 | 28,797 |
| Less: Fixed deposit pledged to a licensed bank | (701) | (681) |
| | 14,612 | 28,116 |

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 2017 and the accompanying explanatory notes attached to this interim financial report.



LKL INTERNATIONAL BERHAD (1140005-V)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD (3RD) QUARTER ENDED 31 JANUARY 2018

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

A1. Basis of preparation

The interim financial report is unaudited and has 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 ACE Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial report should be read in conjunction with the audited financial statements for the FYE 30 April 2017. 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 2017.

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 2017 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 |
| MFRS 17 Insurance Contracts | 1 January 2021 |
| IC Interpretation 22 Foreign Currency Transactions and Advance Consideration | 1 January 2018 |
| IC Interpretation 23 Uncertainty over Income Tax Treatments | 1 January 2019 |
| 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 9: Prepayment Features with Negative Compensation | 1 January 2019 |
| Amendments to MFRS 10 and MFRS 128: Sales or Contribution of Assets between an Investor and its Associate or Joint Venture | Deferred |
| 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 128: Long-term Interests in Associates and Joint Ventures | 1 January 2019 |
| Amendments to MFRS 140 – Transfers of Investment Property | 1 January 2018 |
| 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 |
| Annual Improvements to MFRS Standards 2015 – 2017 Cycles | 1 January 2019 |



LKL INTERNATIONAL BERHAD (1140005-V)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD (3RD) QUARTER ENDED 31 JANUARY 2018

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



LKL INTERNATIONAL BERHAD (1140005-V)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD (3RD) QUARTER ENDED 31 JANUARY 2018

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

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 JAN 2018 RM’000 | 31 JAN 2017 RM’000 | 31 JAN 2018 RM’000 | 31 JAN 2017 RM’000 |
| Manufacturing: | | | | |
| Medical/healthcare beds | 3,626 | 2,281 | 7,154 | 7,941 |
| Medical peripherals and accessories | 4,457 | 3,378 | 11,147 | 13,617 |
| | <u>8,083</u> | <u>5,659</u> | <u>18,301</u> | <u>21,558</u> |
| Trading: | | | | |
| Medical peripherals and accessories | 1,588 | 1,682 | 2,824 | 6,244 |
| Medical devices | 575 | - | 1,112 | - |
| | <u>2,163</u> | <u>1,682</u> | <u>3,936</u> | <u>6,244</u> |
| Total revenue | <u>10,246</u> | <u>7,341</u> | <u>22,237</u> | <u>27,802</u> |

(b) Analysis of revenue by geographical areas

| | UNAUDITED INDIVIDUAL QUARTER | | | | UNAUDITED CUMULATIVE QUARTER | | | |
|----------------------------|---------------------------------|----------------------|---------------------|----------------------|---------------------------------|----------------------|----------------------|----------------------|
| | 31 JAN 2018 | | 31 JAN 2017 | | 31 JAN 2018 | | 31 JAN 2017 | |
| | RM’000 | % | RM’000 | % | RM’000 | % | RM’000 | % |
| Local: | | | | | | | | |
| Malaysia | 6,848 | 66.84 | 5,011 | 68.26 | 15,898 | 71.49 | 20,322 | 73.10 |
| Export: | | | | | | | | |
| Africa | 21 | 0.21 | 42 | 0.57 | 151 | 0.68 | 128 | 0.46 |
| Asia - other than Malaysia | 2,742 | 26.76 | 2,031 | 27.67 | 4,868 | 21.89 | 3,858 | 13.87 |
| Europe | 233 | 2.27 | - | - | 908 | 4.08 | 1,751 | 6.30 |
| Middle East | 238 | 2.32 | 257 | 3.50 | 248 | 1.12 | 1,680 | 6.04 |
| Central America | 164 | 1.60 | - | - | 164 | 0.74 | 63 | 0.23 |
| | <u>3,398</u> | <u>33.16</u> | <u>2,330</u> | <u>31.74</u> | <u>6,339</u> | <u>28.51</u> | <u>7,480</u> | <u>26.90</u> |
| Total revenue | <u>10,246</u> | <u>100.00</u> | <u>7,341</u> | <u>100.00</u> | <u>22,237</u> | <u>100.00</u> | <u>27,802</u> | <u>100.00</u> |



LKL INTERNATIONAL BERHAD (1140005-V)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD (3RD) QUARTER ENDED 31 JANUARY 2018

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

There were no material events subsequent to the end of the current financial quarter that have not been reflected in this interim financial report.

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

There were no material capital commitments in respect of property, plant and equipment as at the date of this report.

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 THIRD (3RD) QUARTER ENDED 31 JANUARY 2018

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 RM10.246 million, an increase of 39.6% or RM2.905 million compared to RM7.341 million registered in the preceding year corresponding quarter. The strengthened Group’s revenue was attributed to higher contribution from both the manufacturing and trading operating segments. Local market contributed 66.8% of the Group’s total revenue compared to 68.3% in the preceding year corresponding quarter, while contribution from overseas market rose to 33.2% from 31.7% in the preceding year corresponding quarter due to higher exports to other Asia countries.

Despite registering higher revenue, gross profit for the current financial quarter under review was largely unchanged at RM4.160 million as compared to RM4.129 million in the preceding year corresponding quarter due to lower gross profit margin resulted from the product mix sold in the current financial quarter, apart from the rising raw material costs. The Group’s profit before taxation (“PBT”) decreased by 34.9% to RM1.064 million from RM1.634 million in the preceding year corresponding quarter mainly due to the increase operating costs associated with the Group’s new subsidiary.

B2. Comparison with preceding quarter’s results

| | UNAUDITED CURRENT QUARTER 31 JAN 2018 RM'000 | UNAUDITED PRECEDING QUARTER 31 OCT 2017 RM'000 |
|---------|---|---|
| Revenue | 10,246 | 7,166 |
| PBT | 1,064 | 287 |

The Group’s revenue for the current financial quarter ended 31 January 2018 increased by RM3.080 million or 43.0% to RM10.246 million as compared to RM7.166 million in the preceding financial quarter ended 31 October 2017. The increase in revenue was mainly attributed to a few large orders for medical/healthcare beds secured from overseas customers.

The Group recorded a PBT of RM1.064 million for the current financial quarter as compared to a PBT of RM0.287 million in the preceding financial quarter, which was in tandem with the increase in revenue.

B3. Prospects

The Group is optimistic on the long term prospects and growth opportunities in the healthcare sector in which it operates. The growth drivers include expanding population and demand for healthcare services, in addition to increasing quality of life and consumer spending.

In this regard, the Group will continue to focus on strengthening its competitive edge in delivering comprehensive solutions to healthcare providers in Malaysia and abroad. We constantly strive to broaden and enhance our product portfolio comprising of high quality medical and healthcare beds, peripherals and accessories, to ensure that we are able to cater to customers’ demand for latest technologies and advancements.

Additionally, we look forward to strengthening the performance of our newly established medical devices distribution segment. This segment has commenced its operations since July 2017 with the exclusive rights to distribute selected Nihon Kohden medical devices in Malaysia, and would strive to further expand its product portfolio to include more high value medical devices.

The Group’s performance is expected to be challenging, despite the improvements in local and overseas orders arising from the increase in capital expenditure by various clients to meet their expansion requirements.



LKL INTERNATIONAL BERHAD (1140005-V)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD (3RD) QUARTER ENDED 31 JANUARY 2018

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

B4. Income tax expense

| | UNAUDITED INDIVIDUAL QUARTER 31 JAN 2018 RM'000 | UNAUDITED CUMULATIVE QUARTER 31 JAN 2018 RM'000 |
|--|--|--|
| Current tax expense:- | | |
| - for the financial year | 327 | 327 |
| - overprovision in the previous financial year | (101) | (101) |
| | <u>226</u> | <u>226</u> |
| Effective tax rate (%) | 21.24 | 51.48 |

The effective tax rate for the individual quarter is lower than the statutory tax rate due to overprovision of taxation in the prior year, whereas the higher effective tax rate for the cumulative quarter are mainly due to deferred tax assets not recognised for business losses incurred by certain subsidiary and non-deductible expenses in certain subsidiaries of the Group.

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 corporate proposals announced but not completed as at the date of this report.

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

The Company was listed on the ACE Market of Bursa Securities on 16 May 2016, raising gross proceeds of RM22.6 million from the Public Issue.

The Public Issue proceeds have been fully utilised in the previous financial quarter.



LKL INTERNATIONAL BERHAD (1140005-V)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD (3RD) QUARTER ENDED 31 JANUARY 2018

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

B8. Group's borrowings and debt securities

The Group's borrowings as at 31 January 2018 are as follows:

| | UNAUDITED AT 31 JAN 2018 RM'000 | AUDITED AT 30 APRIL 2017 RM'000 |
|--------------------------|--|--|
| Current: | | |
| Bankers' acceptance | 770 | 76 |
| Hire purchase payables | 418 | 386 |
| Term loans | 884 | 830 |
| | <u>2,072</u> | <u>1,292</u> |
| Non-current: | | |
| Hire purchase payables | 827 | 1,059 |
| Term loans | 6,050 | 6,701 |
| | <u>6,877</u> | <u>7,760</u> |
| Total borrowings: | | |
| Bankers' acceptance | 770 | 76 |
| Hire purchase payables | 1,245 | 1,445 |
| Term loans | 6,934 | 7,531 |
| | <u><u>8,949</u></u> | <u><u>9,052</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.

The case remains status quo as disclosed in the previous financial quarter. Our lawyer will seek updates from the liquidator on regular intervals basis.

B10. Dividend proposed

There was no dividend proposed for the current financial quarter under review.



LKL INTERNATIONAL BERHAD (1140005-V)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD (3RD) QUARTER ENDED 31 JANUARY 2018

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 JAN 2018 | UNAUDITED CUMULATIVE QUARTER 31 JAN 2018 |
|--|---|---|
| Net profit attributable to ordinary equity holders of the Company (RM'000) | 893 | 412 |
| Weighted average number of ordinary shares in issue ('000) | 428,800 | 428,800 |
| Basic/Diluted EPS (sen) ⁽¹⁾ | 0.21 | 0.10 |

Note:-

(1) Diluted EPS of the Company for the individual quarter 31 January 2018 and cumulative quarter 31 January 2018 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

PBT is arrived at after charging/(crediting):

| | UNAUDITED INDIVIDUAL QUARTER 31 JAN 2018 RM'000 | UNAUDITED CUMULATIVE QUARTER 31 JAN 2018 RM'000 |
|---|--|--|
| Depreciation of property, plant and equipment | 493 | 1,281 |
| Allowance for impairment losses on trade receivables | 4 | 4 |
| Interest expense | 109 | 327 |
| Gain on disposal of property, plant and equipment | - | (19) |
| Interest income | (89) | (263) |
| Realised (gain)/loss on foreign exchange | 183 | 186 |
| Unrealised loss on foreign exchange | 30 | 112 |
| Writeback of allowance for impairment losses on trade receivables | (24) | (36) |

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



LKL INTERNATIONAL BERHAD (1140005-V)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD (3RD) QUARTER ENDED 31 JANUARY 2018

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

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 2018 RM'000 | AUDITED AT 30 APRIL 2017 RM'000 |
|-------------------------------|--|--|
| Retained profits of the Group | | |
| - Realised | 36,342 | 35,829 |
| - Unrealised | 130 | 231 |
| | <u>36,472</u> | <u>36,060</u> |