



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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FOURTH QUARTER ENDED 30 APRIL 2018 <sup>(1)</sup>**

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER 30 APRIL 2018 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30 APRIL 2017 RM'000	CURRENT YEAR-TO-DATE 30 APRIL 2018 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30 APRIL 2017 RM'000
Revenue	A9	7,479	6,091	29,716	33,893
Cost of sales		(5,814)	(3,388)	(18,833)	(17,003)
Gross profit		1,665	2,703	10,883	16,890
Other income		67	290	474	1,344
Administrative expenses		(2,326)	(1,835)	(9,030)	(8,215)
Selling and distribution expenses		(454)	(539)	(1,725)	(2,337)
Other expenses		(489)	(228)	(1,373)	(1,159)
Finance costs		(104)	(108)	(431)	(471)
(Loss)/Profit before taxation ("LBT")/("PBT")		(1,641)	283	(1,202)	6,052
Income tax expense	B4	99	(68)	(127)	(1,575)
(Loss)/Profit after taxation ("LAT")/("PAT")		(1,542)	215	(1,329)	4,477
Other comprehensive income		-	-	-	-
Total comprehensive (expenses)/ income for the financial year		(1,542)	215	(1,329)	4,477
(LAT)/PAT/Total comprehensive (expenses)/income attributable to:-					
Owners of the Company		(1,510)	215	(1,098)	4,479
Non-controlling interests		(32)	-	(231)	(2)
		(1,542)	215	(1,329)	4,477
(Loss)/Earnings per share (sen)					
- Basic/Diluted <sup>(2)</sup>	B11	(0.35)	0.05	(0.26)	1.05

**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 loss/earnings per share of the Company for the individual quarter and cumulative quarter is equivalent to the basic loss/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 30 APRIL 2018 <sup>(1)</sup>**

	Note	UNAUDITED AT 30 APRIL 2018 RM'000	AUDITED AT 30 APRIL 2017 RM'000
<b>ASSETS</b>			
<b>Non-current Asset</b>			
Property, plant and equipment		32,726	28,158
<b>Current Assets</b>			
Inventories		15,482	10,559
Trade receivables		6,716	7,834
Other receivables, deposits and prepayments		1,351	1,601
Amount owing by a related company		73	-
Current tax assets		1,740	454
Fixed deposits with licensed banks		5,872	5,681
Cash and bank balances		8,438	18,015
		<u>39,672</u>	<u>44,144</u>
<b>TOTAL ASSETS</b>		<u><u>72,398</u></u>	<u><u>72,302</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		53,299	42,880
Share premium		-	10,419
Merger deficit		(29,580)	(29,580)
Retained profits		34,962	36,060
Equity attributable to owners of the Company		<u>58,681</u>	<u>59,779</u>
Non-controlling interests		67	(2)
<b>TOTAL EQUITY</b>		<u>58,748</u>	<u>59,777</u>
<b>Non-current Liabilities</b>			
Hire purchase payables	B8	725	1,059
Term loans	B8	5,926	6,701
Deferred tax liabilities		574	535
		<u>7,225</u>	<u>8,295</u>
<b>Current Liabilities</b>			
Trade payables		2,448	1,453
Other payables and accruals		2,050	1,479
Bankers' acceptance	B8	702	76
Hire purchase payables	B8	416	386
Term loans	B8	798	830
Current tax liabilities		11	6
		<u>6,425</u>	<u>4,230</u>
<b>TOTAL LIABILITIES</b>		13,650	12,525
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>72,398</u></u>	<u><u>72,302</u></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 FOURTH QUARTER ENDED 30 APRIL 2018 <sup>(1)</sup>**

	<----- 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				
<b>Balance at 1 May 2017</b>	42,880	10,419	(29,580)	36,060	59,779	(2)	59,777
Transfer to share capital upon implementation of Companies Act 2016 <sup>(2)</sup>	10,419	(10,419)	-	-	-	-	-
LAT/Total comprehensive expenses for the financial year	-	-	-	(1,098)	(1,098)	(231)	(1,329)
Contributions by owners of the Company:							
- Issuance of shares in a subsidiary	-	-	-	-	-	300	300
<b>Balance at 30 April 2018</b>	<b>53,299</b>	<b>-</b>	<b>(29,580)</b>	<b>34,962</b>	<b>58,681</b>	<b>67</b>	<b>58,748</b>
<b>Balance at 1 May 2016</b>	31,580	-	(29,580)	33,082	35,082	-	35,082
PAT/Total comprehensive income for the financial year	-	-	-	4,479	4,479	(2)	4,477
Contributions by and distributions to owners of the Company:							
- Issuance of shares	11,300	11,300	-	-	22,600	-	22,600
- Share issuance expenses <sup>(3)</sup>	-	(881)	-	-	(881)	-	(881)
- Incorporation of a subsidiary	-	-	-	-	-	^	^
- Dividends	-	-	-	(1,501)	(1,501)	-	(1,501)
<b>Balance at 30 April 2017</b>	<b>42,880</b>	<b>10,419</b>	<b>(29,580)</b>	<b>36,060</b>	<b>59,779</b>	<b>(2)</b>	<b>59,777</b>

**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) With the Companies Act 2016 ("New Act") coming into effect on 31 January 2017, the concept of authorised share capital and par value of share capital have been abolished. Consequently, the credit standing in the share premium account of RM10.419 million becomes part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the New Act. There is no impact on the number of ordinary share in issue.

Pursuant to subsection 618(3) of the New Act, the Company may exercise its right to use the credit amount being transferred from share premium account within 24 months after the commencement of the New Act.

(3) 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.

^ - Represent RM30.



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**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FOURTH QUARTER ENDED 30 APRIL 2018 <sup>(1)</sup>**

	<b>CUMULATIVE QUARTER</b>	
	<b>CURRENT</b>	<b>PRECEDING YEAR</b>
	<b>YEAR-TO-DATE</b>	<b>CORRESPONDING</b>
	<b>30 APRIL 2018</b>	<b>PERIOD</b>
	<b>RM'000</b>	<b>30 APRIL 2017</b>
		<b>RM'000</b>
<b>CASH FLOWS (FOR)/FROM OPERATING ACTIVITIES</b>		
(Loss)/Profit before taxation	(1,202)	6,052
Adjustments for:		
Impairment losses on trade receivables	86	185
Bad debts written off	14	-
Depreciation of property, plant and equipment	1,783	1,336
Interest expense	431	471
Listing expenses	-	223
(Gain)/Loss on disposal of property, plant and equipment	(24)	14
Interest income	(318)	(547)
Inventories written down	-	152
Reversal of annual leave	-	(158)
Unrealised loss/(gain) on foreign exchange	242	(512)
Reversal of impairment losses:		
- trade receivables	(51)	(180)
- inventories	(105)	-
<b>Operating profit before working capital changes</b>	<b>856</b>	<b>7,036</b>
Increase in inventories	(4,818)	(530)
Decrease in trade and other receivables	1,319	935
Increase/(Decrease) in trade and other payables	1,566	(3,464)
Increase in amount owing by a related company	(73)	-
<b>CASH (FOR)/FROM OPERATIONS</b>	<b>(1,150)</b>	<b>3,977</b>
Income tax paid	(1,369)	(1,527)
Interest paid	(431)	(471)
Interest received	318	547
<b>NET CASH (FOR)/FROM OPERATING ACTIVITIES</b>	<b>(2,632)</b>	<b>2,526</b>
<b>CASH FLOWS FOR INVESTING ACTIVITIES</b>		
Increase in fixed deposit pledged to a licensed bank	(20)	(22)
Purchase of property, plant and equipment	(6,253)	(6,893)
Proceeds from disposal of property, plant and equipment	24	155
<b>NET CASH FOR INVESTING ACTIVITIES</b>	<b>(6,249)</b>	<b>(6,760)</b>
<b>CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES</b>		
Dividend paid	-	(1,501)
Proceeds from issuance of ordinary shares	300	22,600
Payment of listing expenses	-	(1,150)
Repayment of hire purchase obligations	(402)	(335)
Drawdown of bankers' acceptances	626	76
Repayment of term loans	(807)	(758)
<b>NET CASH (FOR)/FROM FINANCING ACTIVITIES</b>	<b>(283)</b>	<b>18,932</b>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(9,164)</b>	<b>14,698</b>
<b>EFFECT OF FOREIGN EXCHANGE TRANSLATION</b>	<b>(242)</b>	<b>512</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR</b>	<b>23,015</b>	<b>7,805</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR</b>	<b>13,609</b>	<b>23,015</b>
<b>Cash and cash equivalents at end of the financial year comprises the following:</b>		
Cash and bank balances	8,438	18,015
Fixed deposits with licensed banks	5,872	5,681
	14,310	23,696
Less: Fixed deposit pledged to a licensed bank	(701)	(681)
	13,609	23,015

**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 FOURTH QUARTER ENDED 30 APRIL 2018

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

##### 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:-

<b>MFRSs and/or IC Interpretations (Including The Consequential Amendments)</b>	<b>Effective Date</b>
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 119: Plan Amendment, Curtailment or Settlement	1 January 2019
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
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
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 FOURTH QUARTER ENDED 30 APRIL 2018**

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

- (a) MFRS 9 (IFRS 9 issued by IASB in July 2014) replaces the guidance in MFRS 139 on the classification and measurement of financial assets and financial liabilities, impairment of financial assets, and on hedge accounting.

MFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which the financial assets are managed and their cash flow characteristics. The new standard contains 3 principal classification categories for financial assets (measured at amortised cost, fair value through profit or loss, fair value through other comprehensive income) and eliminates the existing MFRS 139 categories of held to maturity, loans and receivables and available-for-sale financial assets.

MFRS 9 replaces the ‘incurred loss’ model in MFRS 139 with an ‘expected credit loss’ (“ECL”) model. The new impairment model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised. It involves a 3-stage approach under which financial assets move through the stages as their credit quality changes. This new impairment model applies to financial assets measured at amortised cost, debt instruments measured at fair value through other comprehensive income, contract assets, lease receivables, loan commitments and certain financial guarantee contracts.

The Group is currently assessing the impact of implementing MFRS 9. As a result, the potential impact on the adoption of this standard would only be observable when the assessment is completed later.

- (b) 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 about the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

As at the date of the interim financial report, the assessment of implementing MFRS 15 has not been finalised. Thus, the potential impact of the adoption of this standard cannot be determined and estimated reliably until the assessment is completed later.

##### **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.



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

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 30 APRIL 2018**

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

**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.

**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	
	30 APR 2018 RM’000	30 APR 2017 RM’000	30 APR 2018 RM’000	30 APR 2017 RM’000
<b>Manufacturing:</b>				
Medical/healthcare beds	2,590	1,679	9,744	9,620
Medical peripherals and accessories	3,508	3,327	14,655	16,944
	<u>6,098</u>	<u>5,006</u>	<u>24,399</u>	<u>26,564</u>
<b>Trading:</b>				
Medical peripherals and accessories	851	1,085	3,675	7,329
Medical devices	530	-	1,642	-
	<u>1,381</u>	<u>1,085</u>	<u>5,317</u>	<u>7,329</u>
<b>Total revenue</b>	<u><b>7,479</b></u>	<u><b>6,091</b></u>	<u><b>29,716</b></u>	<u><b>33,893</b></u>



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

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 30 APRIL 2018**

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

**A9. Segmental information (Cont’d)**

(b) Analysis of revenue by geographical areas

	UNAUDITED INDIVIDUAL QUARTER				UNAUDITED CUMULATIVE QUARTER			
	30 APR 2018		30 APR 2017		30 APR 2018		30 APR 2017	
	RM’000	%	RM’000	%	RM’000	%	RM’000	%
<b>Local:</b>								
Malaysia	4,460	59.63	4,083	67.03	20,358	68.51	24,405	72.01
<b>Export:</b>								
Africa	326	4.36	85	1.40	477	1.61	213	0.63
Asia - other than Malaysia	2,113	28.25	1,415	23.23	6,981	23.49	5,273	15.56
Europe	332	4.44	186	3.05	1,240	4.17	1,937	5.71
Middle East	248	3.32	322	5.29	496	1.67	2,002	5.91
Central America	-	-	-	-	164	0.55	63	0.18
	<b>3,019</b>	<b>40.37</b>	<b>2,008</b>	<b>32.97</b>	<b>9,358</b>	<b>31.49</b>	<b>9,488</b>	<b>27.99</b>
<b>Total revenue</b>	<b>7,479</b>	<b>100.00</b>	<b>6,091</b>	<b>100.00</b>	<b>29,716</b>	<b>100.00</b>	<b>33,893</b>	<b>100.00</b>

**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 FOURTH QUARTER ENDED 30 APRIL 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 registered revenue of RM7.479 million, an increase of RM1.388 million or 22.8% compared to RM6.091 million reported in the preceding year corresponding quarter. The increase in revenue was attributed to higher contribution from both the manufacturing and trading operating segments. Local market contributed 59.6% of the Group's total revenue compared to 67.0% in the preceding year corresponding quarter, while contribution from overseas market rose to 40.4% from 33.0% 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 decreased by RM1.038 million or 38.4% to RM1.665 million as compared to RM2.703 million in the preceding year corresponding quarter due to lower gross profit margin resulted from the product mix sold and higher raw material costs. The Group recorded a loss before taxation ("LBT") of RM1.641 million as compared to a profit before taxation ("PBT") of RM0.283 million in the preceding year corresponding quarter which was in line with the lower gross profit and increased operating costs associated with the Group's new subsidiary.

##### B2. Comparison with preceding quarter's results

	UNAUDITED CURRENT QUARTER 30 APR 2018 RM'000	UNAUDITED PRECEDING QUARTER 31 JAN 2018 RM'000
Revenue	7,479	10,246
(LBT)/PBT	(1,641)	1,064

The Group's revenue for the current financial quarter ended 30 April 2018 decreased by RM2.767 million or 27.0% to RM7.479 million as compared to RM10.246 million in the preceding financial quarter ended 31 January 2018. The decrease in revenue was mainly attributed to lower sales in medical peripherals and accessories due to sluggish market conditions.

The Group recorded a LBT of RM1.641 million for the current financial quarter as compared to a PBT of RM1.064 million in the preceding financial quarter, which was in tandem with the decrease in revenue. The LBT is further contributed by lower gross profit margin of 22.3% as compared to preceding financial quarter of 40.6%, as a result of the product mix sold and intense market competition with weak demand.

##### B3. Prospects

The healthcare sector in which the Group operates is expected to be resilient in the foreseeable future. Healthcare expenditure is expected to chart a sustainable uptrend in line with population growth, rising affluence, and an ageing population. These are among the key factors that drive investments in healthcare-related facilities and medical equipment.

While we opine that long term prospects remain positive, the operating environment is expected to remain challenging for the near term, mainly attributed to slower capital expenditure by customers, foreign exchange volatility and rising material costs. Meanwhile, we will strive to generate more sales in addition to enhancing our operating efficiency to deliver better performance going forward.

Domestically, the change in Federal Government could lead to changes in market policies. The Group is hopeful that the new government would reassess procurement and competitive policies to prioritise locally sourced and manufactured contents. This would allow local players a conducive environment to invest in expansion, improve their competitiveness, and move up the value chain.



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

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 30 APRIL 2018**

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

**B4. Income tax expense**

	<b>UNAUDITED INDIVIDUAL QUARTER 30 APR 2018 RM'000</b>	<b>UNAUDITED CUMULATIVE QUARTER 30 APR 2018 RM'000</b>
Current tax expense:-		
- for the financial year	(138)	189
- overprovision in the previous financial year	-	(101)
	<u>(138)</u>	<u>88</u>
Deferred tax:-		
- for the financial year	39	39
	<u>(99)</u>	<u>127</u>
Effective tax rate (%)	-	-

The provision for taxation is mainly due to non-deductible expenses for tax incurred 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 FOURTH QUARTER ENDED 30 APRIL 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 30 April 2018 are as follows:

	<b>UNAUDITED AT 30 APR 2018 RM'000</b>	<b>AUDITED AT 30 APR 2017 RM'000</b>
<b>Current:</b>		
Bankers' acceptance	702	76
Hire purchase payables	416	386
Term loans	798	830
	<u>1,916</u>	<u>1,292</u>
<b>Non-current:</b>		
Hire purchase payables	725	1,059
Term loans	5,926	6,701
	<u>6,651</u>	<u>7,760</u>
<b>Total borrowings:</b>		
Bankers' acceptance	702	76
Hire purchase payables	1,141	1,445
Term loans	6,724	7,531
	<u><b>8,567</b></u>	<u><b>9,052</b></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, LKL Advance Metaltech Sdn. Bhd., 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.

There was no progress of the case in the current financial quarter under review, our lawyer will continue to seek updates from the liquidator from time to time.

**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 FOURTH QUARTER ENDED 30 APRIL 2018**

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

**B11. Loss per share ("LPS")**

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

	<b>UNAUDITED INDIVIDUAL QUARTER 30 APR 2018</b>	<b>UNAUDITED CUMULATIVE QUARTER 30 APR 2018</b>
Net loss attributable to ordinary equity holders of the Company (RM'000)	(1,510)	(1,098)
Weighted average number of ordinary shares in issue ('000)	428,800	428,800
Basic/Diluted LPS (sen) <sup>(1)</sup>	(0.35)	(0.26)

**Note:-**

*(1) Diluted LPS of the Company for the individual quarter 30 April 2018 and cumulative quarter 30 April 2018 is equivalent to the basic LPS 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**

LBT is arrived at after charging/(crediting):

	<b>UNAUDITED INDIVIDUAL QUARTER 30 APR 2018 RM'000</b>	<b>UNAUDITED CUMULATIVE QUARTER 30 APR 2018 RM'000</b>
Depreciation of property, plant and equipment	502	1,783
Impairment losses on trade receivables	82	86
Bad debts written off	14	14
Gain on disposal of property, plant and equipment	(5)	(24)
Interest expense	104	431
Interest income	(55)	(318)
Realised loss on foreign exchange	66	252
Unrealised loss on foreign exchange	130	242
Reversal of impairment losses:		
- trade receivables	(15)	(51)
- inventories	(105)	(105)

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