



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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FIRST QUARTER ENDED 31 JULY 2018 <sup>(1)</sup>**

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER 31 JULY 2018 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31 JULY 2017 RM'000	CURRENT YEAR-TO-DATE 31 JULY 2018 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31 JULY 2017 RM'000
Revenue	A9	7,769	4,825	7,769	4,825
Cost of sales		(4,951)	(2,798)	(4,951)	(2,798)
Gross profit		2,818	2,027	2,818	2,027
Other income		182	105	182	105
Administrative expenses		(2,094)	(2,149)	(2,094)	(2,149)
Selling and distribution expenses		(508)	(549)	(508)	(549)
Other expenses		(222)	(235)	(222)	(235)
Finance costs		(109)	(111)	(109)	(111)
Profit/(Loss) before taxation ("PBT")/("LBT")		67	(912)	67	(912)
Income tax expense	B4	(34)	-	(34)	-
Profit/(Loss) after taxation ("PAT")/("LAT")		33	(912)	33	(912)
Other comprehensive income		-	-	-	-
Total comprehensive income/ (expenses) for the financial period		33	(912)	33	(912)
PAT/(LAT)/Total comprehensive income/(expenses) attributable to:-					
Owners of the Company		28	(859)	28	(859)
Non-controlling interests		5	(53)	5	(53)
		33	(912)	33	(912)
Earnings/(Loss) per share (sen)					
- Basic/Diluted <sup>(2)</sup>	B10	0.01	(0.20)	0.01	(0.20)

**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 2018 and the accompanying explanatory notes attached to this interim financial report.

(2) Diluted earnings/loss per share of the Company for the individual quarter 31 July 2018 and cumulative quarter 31 July 2018 is equivalent to the basic earnings/loss 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 JULY 2018 <sup>(1)</sup>**

	Note	UNAUDITED AT 31 JULY 2018 RM'000	AUDITED AT 30 APRIL 2018 RM'000
<b>ASSETS</b>			
<b>Non-current Asset</b>			
Property, plant and equipment		32,614	32,898
<b>Current Assets</b>			
Inventories		14,774	15,310
Trade receivables		6,478	6,716
Other receivables, deposits and prepayments		1,358	1,352
Amount owing by a related company		-	73
Current tax assets		2,055	1,740
Fixed deposits with licensed banks		5,917	5,872
Cash and bank balances		6,989	8,438
		<u>37,571</u>	<u>39,501</u>
<b>TOTAL ASSETS</b>		<u>70,185</u>	<u>72,399</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		53,299	53,299
Merger deficit		(29,580)	(29,580)
Retained profits		34,990	34,962
Equity attributable to owners of the Company		<u>58,709</u>	<u>58,681</u>
Non-controlling interests		72	67
<b>TOTAL EQUITY</b>		<u>58,781</u>	<u>58,748</u>
<b>Non-current Liabilities</b>			
Hire purchase payables	B7	634	725
Term loans	B8	5,814	5,926
Deferred tax liabilities		574	574
		<u>7,022</u>	<u>7,225</u>
<b>Current Liabilities</b>			
Trade payables		1,540	2,448
Other payables and accruals		613	2,051
Bankers' acceptance	B8	1,096	702
Hire purchase payables	B8	404	416
Term loans	B8	711	798
Current tax liabilities		18	11
		<u>4,382</u>	<u>6,426</u>
<b>TOTAL LIABILITIES</b>		11,404	13,651
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>70,185</u>	<u>72,399</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 2018 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 FIRST QUARTER ENDED 31 JULY 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 2018</b>	53,299	-	(29,580)	34,962	58,681	67	58,748
PAT/Total comprehensive income for the financial period	-	-	-	28	28	5	33
<b>Balance at 31 July 2018</b>	<u>53,299</u>	<u>-</u>	<u>(29,580)</u>	<u>34,990</u>	<u>58,709</u>	<u>72</u>	<u>58,781</u>
<b>Balance at 1 May 2017</b>	42,880	10,419	(29,580)	36,060	59,779	(2)	59,777
LAT/Total comprehensive expenses for the financial period	-	-	-	(859)	(859)	(53)	(912)
<b>Balance at 31 July 2017</b>	<u>42,880</u>	<u>10,419</u>	<u>(29,580)</u>	<u>35,201</u>	<u>58,920</u>	<u>(55)</u>	<u>58,865</u>

**Note:-**

*(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 2018 and the accompanying explanatory notes attached to this interim financial report.*



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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FIRST QUARTER ENDED 31 JULY 2018 <sup>(1)</sup>**

	CUMULATIVE QUARTER	
	CURRENT YEAR-TO-DATE 31 JULY 2018 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31 JULY 2017 RM'000
<b>CASH FLOWS FOR OPERATING ACTIVITIES</b>		
Profit/(Loss) before taxation	67	(912)
Adjustments for:		
Depreciation of property, plant and equipment	507	339
Interest expense	109	111
Gain on disposal of property, plant and equipment	-	(19)
Interest income	(54)	(59)
Unrealised (gain)/loss on foreign exchange	(53)	53
Reversal of allowance for impairment losses on trade receivables	(14)	(9)
<b>Operating profit/(loss) before working capital changes</b>	<b>562</b>	<b>(496)</b>
Decrease/(Increase) in inventories	536	(132)
Decrease in trade and other receivables	245	1,660
Decrease in trade and other payables	(2,346)	(813)
Decrease in amount owing by a related company	73	-
<b>CASH (FOR)/FROM OPERATIONS</b>	<b>(930)</b>	<b>219</b>
Income tax paid	(341)	(464)
Interest paid	(109)	(111)
Interest received	54	59
<b>NET CASH FOR OPERATING ACTIVITIES</b>	<b>(1,326)</b>	<b>(297)</b>
<b>CASH FLOWS FOR INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(223)	(4,370)
Proceeds from disposal of property, plant and equipment	-	19
<b>NET CASH FOR INVESTING ACTIVITIES</b>	<b>(223)</b>	<b>(4,351)</b>
<b>CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES</b>		
Repayment of hire purchase obligations	(104)	(96)
Drawdown of bankers' acceptances	394	124
Repayment of term loans	(198)	(197)
<b>NET CASH FROM/(FOR) FINANCING ACTIVITIES</b>	<b>92</b>	<b>(169)</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(1,457)</b>	<b>(4,817)</b>
<b>EFFECT OF FOREIGN EXCHANGE TRANSLATION</b>	<b>53</b>	<b>(53)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD</b>	<b>13,609</b>	<b>23,015</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD</b>	<b>12,205</b>	<b>18,145</b>
<b><u>Cash and cash equivalents at end of the financial period comprises the following:</u></b>		
Cash and bank balances	6,989	13,145
Fixed deposits with licensed banks	5,917	5,681
	12,906	18,826
Less: Fixed deposit pledged to a licensed bank	(701)	(681)
	12,205	18,145

**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 2018 and the accompanying explanatory notes attached to this interim financial report.



## LKL INTERNATIONAL BERHAD (1140005-V)

### NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 JULY 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 2018. 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 2018.

##### 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 2018 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 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 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 References to the Conceptual Framework in MFRS Standards	1 January 2020
Annual Improvements to MFRS Standards 2015 – 2017 Cycles	1 January 2019



## LKL INTERNATIONAL BERHAD (1140005-V)

### NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 JULY 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.

The initial application of MFRS 9 is not expected to have any material impact to the financial statements of the Group for the current financial year and prior periods as the Group will apply the standard retrospectively from 1 May 2018 with the practical expedients permitted under the standard, and that the comparatives (i.e. current period financial information) will not be restated.

Based on the assessments undertaken to date, the Group has determined the impact of its initial application of MFRS 9 as follows:-

##### Classification and Measurement

The Group does not expect a significant impact on its statements of financial position on applying the classification and measurement requirements of MFRS 9.

Loans and receivables financial assets are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The Group analysed the contractual cash flow characteristics of these instruments and concluded that they meet the criteria to be measured at amortised cost under MFRS 9. Therefore, the Group does not expect the standard to affect the measurement of its debt financial assets.

In addition, the Group expects to continue measuring at fair value all financial assets currently held at fair value.

##### Impairment of Financial Assets

MFRS 9 replaces the ‘incurred loss’ model in MFRS 139 with an ‘expected credit loss’ (“ECL”) model. In view of strong creditworthiness of the Group’s receivables, the Group has concluded that the expected impacts of ECL on trade and other receivables (including related party balances) are insignificant upon the initial application of MFRS 9.

The analysis above are based on the assessments undertaken to-date and may be subject to changes arising from further detailed analyses or additional reasonable and supportable information being made available to the Group in the future.

- (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.



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

### **NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 JULY 2018**

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

##### **A2. Changes in accounting policies (Cont’d)**

- (b) Based on the assessments undertaken to-date, the Group has determined that the impact on its financial statements upon the initial application of MFRS 15 is insignificant as the timing and amount of revenue to be recognised for the sale of medical/healthcare beds, peripherals and accessories under the new standard are unlikely to be materially different from its current practice.

The analysis above is based on the assessments undertaken to-date and may be subject to changes arising from further detailed analyses or additional reasonable and supportable information being made available to the Group in the future.

##### **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.

##### **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 FIRST QUARTER ENDED 31 JULY 2018**

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

**A9. Segmental information**

(a) Analysis of revenue by product categories

	UNAUDITED INDIVIDUAL QUARTER		UNAUDITED CUMULATIVE QUARTER	
	31 JULY 2018	31 JULY 2017	31 JULY 2018	31 JULY 2017
	RM’000	RM’000	RM’000	RM’000
<b>Manufacturing:</b>				
Medical/healthcare beds	2,599	1,511	2,599	1,511
Medical peripherals and accessories	3,223	2,783	3,223	2,783
	<u>5,822</u>	<u>4,294</u>	<u>5,822</u>	<u>4,294</u>
<b>Trading:</b>				
Medical peripherals and accessories	1,070	420	1,070	420
Medical devices	877	111	877	111
	<u>1,947</u>	<u>531</u>	<u>1,947</u>	<u>531</u>
<b>Total revenue</b>	<b><u>7,769</u></b>	<b><u>4,825</u></b>	<b><u>7,769</u></b>	<b><u>4,825</u></b>

(b) Analysis of revenue by geographical areas

	UNAUDITED INDIVIDUAL QUARTER				UNAUDITED CUMULATIVE QUARTER			
	31 JULY 2018		31 JULY 2017		31 JULY 2018		31 JULY 2017	
	RM’000	%	RM’000	%	RM’000	%	RM’000	%
<b>Local:</b>								
Malaysia	5,572	71.72	3,609	74.80	5,572	71.72	3,609	74.80
<b>Export:</b>								
Africa	1	0.01	2	0.04	1	0.01	2	0.04
Asia - other than Malaysia	1,825	23.49	1,214	25.16	1,825	23.49	1,214	25.16
Middle East	365	4.70	-	-	365	4.70	-	-
Central America	6	0.08	-	-	6	0.08	-	-
	<u>2,197</u>	<u>28.28</u>	<u>1,216</u>	<u>25.20</u>	<u>2,197</u>	<u>28.28</u>	<u>1,216</u>	<u>25.20</u>
<b>Total revenue</b>	<b><u>7,769</u></b>	<b><u>100.00</u></b>	<b><u>4,825</u></b>	<b><u>100.00</u></b>	<b><u>7,769</u></b>	<b><u>100.00</u></b>	<b><u>4,825</u></b>	<b><u>100.00</u></b>





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**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 JULY 2018**

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

**A10. Valuation of property, plant and equipment**

There was no valuation of the property, plant and equipment for 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 FIRST QUARTER ENDED 31 JULY 2018**

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

**B1. Review of performance**

For the current financial quarter under review, Group revenue increased by 61.0% or RM2.944 million to RM7.769 million as compared to RM4.825 million reported in the preceding year corresponding quarter, driven by higher contribution from both the manufacturing and trading segments. The growth in both the manufacturing and trading segments was attributed to higher sales of medical/healthcare beds, peripherals and accessories. Additionally, the Group saw increased sales in medical devices under the trading segment, which commenced business in July 2017.

Geographically, local market contributed 71.7% of the Group’s total revenue as compared to 74.8% in the preceding year corresponding quarter. Contributions from overseas market rose to 28.3% of total revenue as compared to 25.2% in the preceding year corresponding quarter led by higher exports to other Asia countries and the Middle East.

Gross profit for the current financial quarter under review increased by 39.0% or RM0.791 million to RM2.818 million from RM2.027 million in the preceding year corresponding quarter due to the growth in sales of both manufacturing and trading segments. In line with the improvement in gross profit, the Group registered a profit before taxation (“PBT”) of RM0.067 million as compared to a loss before taxation (“LBT”) of RM0.912 million in the preceding year corresponding quarter.

**B2. Comparison with preceding quarter’s results**

	<b>UNAUDITED CURRENT QUARTER 31 JULY 2018 RM'000</b>	<b>UNAUDITED PRECEDING QUARTER 30 APRIL 2018 RM'000</b>
Revenue	7,769	7,479
PBT/(LBT)	67	(1,641)

The Group’s revenue for the current financial quarter under review increased by 3.9% or RM0.290 million to RM7.769 million as compared to RM7.479 million in the preceding financial quarter. The increase in revenue was due to higher contribution from the trading segment, which offset lower revenue contribution from the manufacturing segment.

The manufacturing segment contributed RM5.822 million to the Group’s revenue for the current financial quarter under review, decreasing 4.5% or RM0.276 million from RM6.098 million in the preceding financial quarter. Meanwhile, the trading segment registered revenue of RM1.947 million, rising by 41.0% or RM0.566 million from RM1.381 million in the preceding financial quarter.

The Group posted a PBT of RM0.067 million for the current financial quarter as compared to a LBT of RM1.641 million in the preceding financial quarter, which was in tandem with the improvement in gross profit margin from 22.3% in the preceding financial quarter to 36.3% in the current financial quarter as a result of the product mix sold.

**B3. Prospects**

The Group aims to reinforce its position as one of the leading suppliers of medical/healthcare beds, peripherals, accessories and medical devices, and targets to support the growing requirements of both the public and private healthcare sectors worldwide.

We remain committed to broadening our product range by introducing new higher value products to our customers to better meet their increasingly complex requirements. This is in line with our strategy to enhance our position as an integrated and preferred supplier of medical/healthcare beds, peripherals, accessories and medical devices.



## LKL INTERNATIONAL BERHAD (1140005-V)

### NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 JULY 2018

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

##### B3. Prospects (*cont'd*)

Meanwhile, the Group is conscious of the prevailing challenges in its operating environment such as higher costs for imported components, which is further compounded by the weakening Malaysian Ringgit against the U.S. Dollar.

Additionally, Sales and Service Tax will be levied from 1 September 2018 onwards on inputs used in our manufacturing process resulting in higher cost of sales for the Group, thereby affecting our gross profit margin.

In order to minimise the impact of higher input prices, the Group will continue to enhance its operating efficiency by increasing automation and streamlining manufacturing processes to improve productivity.

Moving forward, we aim to expand our medical devices business not only through broadening our clientele, but also increasing the range of medical devices and solutions to include a wider suite of reputable brands.

The Group also targets to strengthen its global network of agents and distributors as well as participate in more international trade exhibitions to expand customer base and facilitate export sales.

##### B4. Income tax expense

	UNAUDITED INDIVIDUAL QUARTER 31 JULY 2018 RM'000	UNAUDITED CUMULATIVE QUARTER 31 JULY 2018 RM'000
Current tax expense:- - for the financial year	<u>34</u>	<u>34</u>
Effective tax rate (%)	50.75	50.75

The effective tax rate for individual quarter and cumulative quarter is higher than the statutory tax rate 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.



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

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 JULY 2018**

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

**B7. Group's borrowings and debt securities**

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

	<b>UNAUDITED AT 31 JULY 2018 RM'000</b>	<b>AUDITED AT 30 APRIL 2018 RM'000</b>
<b>Current:</b>		
Bankers' acceptance	1,096	702
Hire purchase payables	404	416
Term loans	711	798
	<u>2,211</u>	<u>1,916</u>
<b>Non-current:</b>		
Hire purchase payables	634	725
Term loans	5,814	5,926
	<u>6,448</u>	<u>6,651</u>
<b>Total borrowings:</b>		
Bankers' acceptance	1,096	702
Hire purchase payables	1,038	1,141
Term loans	6,525	6,724
	<u><u>8,659</u></u>	<u><u>8,567</u></u>

All the borrowings are secured and denominated in Ringgit Malaysia.

**B8. 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.

The liquidator had initiated legal action to summon and examine the directors and officers under oath to provide information and all books and records of KHC to facilitate in recovery of the assets of the company. The liquidator's counsel is currently in the process of effecting the service of the order.

**B9. 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 FIRST QUARTER ENDED 31 JULY 2018**

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

**B10. Earnings per share ("EPS")**

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

	<b>UNAUDITED INDIVIDUAL QUARTER 31 JULY 2018</b>	<b>UNAUDITED CUMULATIVE QUARTER 31 JULY 2018</b>
Net profit attributable to ordinary equity holders of the Company (RM'000)	28	28
Weighted average number of ordinary shares in issue ('000)	428,800	428,800
Basic/Diluted EPS (sen) <sup>(1)</sup>	0.01	0.01

**Note:-**

*(1) Diluted EPS of the Company for the individual quarter 31 July 2018 and cumulative quarter 31 July 2018 is equivalent to the basic EPS as the Company does not have convertible options at the end of the reporting period.*

**B11. Notes to the Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income**

PBT is arrived at after charging/(crediting):

	<b>UNAUDITED INDIVIDUAL QUARTER 31 JULY 2018 RM'000</b>	<b>UNAUDITED CUMULATIVE QUARTER 31 JULY 2018 RM'000</b>
Depreciation of property, plant and equipment	507	507
Interest expense	109	109
Interest income	(54)	(54)
Realised loss on foreign exchange	43	43
Unrealised gain on foreign exchange	(53)	(53)
Reversal of allowance for impairment losses on trade receivables	(14)	(14)

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