



LKL INTERNATIONAL BERHAD (1140005-V)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FIRST QUARTER ENDED 31 JULY 2019 ⁽¹⁾

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER 31 JULY 2019 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31 JULY 2018 RM'000	CURRENT YEAR-TO-DATE 31 JULY 2019 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31 JULY 2018 RM'000
Revenue	A9	9,352	7,769	9,352	7,769
Cost of sales		(5,778)	(4,951)	(5,778)	(4,951)
Gross profit		<u>3,574</u>	<u>2,818</u>	<u>3,574</u>	<u>2,818</u>
Other income		123	182	123	182
Administrative expenses		(2,557)	(2,094)	(2,557)	(2,094)
Selling and distribution expenses		(504)	(508)	(504)	(508)
Other expenses		(210)	(222)	(210)	(222)
Finance costs		(84)	(109)	(84)	(109)
Net impairment gain on financial assets		11	-	11	-
Share of loss of a joint venture		(37)	-	(37)	-
Profit before taxation ("PBT")		<u>316</u>	<u>67</u>	<u>316</u>	<u>67</u>
Income tax expense	B4	(202)	(34)	(202)	(34)
Profit after taxation ("PAT")		<u>114</u>	<u>33</u>	<u>114</u>	<u>33</u>
Other comprehensive income		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the financial period		<u><u>114</u></u>	<u><u>33</u></u>	<u><u>114</u></u>	<u><u>33</u></u>
PAT/Total comprehensive income attributable to:-					
Owners of the Company		124	28	124	28
Non-controlling interests		(10)	5	(10)	5
		<u>114</u>	<u>33</u>	<u>114</u>	<u>33</u>
Earnings per share (sen)					
- Basic/Diluted ⁽²⁾	B10	<u>0.03</u>	<u>0.01</u>	<u>0.03</u>	<u>0.01</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 2019 and the accompanying explanatory notes attached to this interim financial report.

(2) Diluted earnings per share of the Company for the individual quarter 31 July 2019 and cumulative quarter 31 July 2019 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 JULY 2019 ⁽¹⁾

	Note	UNAUDITED AT 31 JULY 2019 RM'000	AUDITED AT 30 APRIL 2019 RM'000
ASSETS			
Non-current Asset			
Investment in a joint venture		213	250
Property, plant and equipment		31,260	31,483
		<u>31,473</u>	<u>31,733</u>
Current Assets			
Inventories		13,945	12,781
Trade receivables		5,980	8,127
Other receivables, deposits and prepayments		2,690	2,572
Current tax assets		2,482	2,417
Fixed deposits with licensed banks		2,722	3,749
Cash and bank balances		9,244	8,633
		<u>37,063</u>	<u>38,279</u>
TOTAL ASSETS		<u><u>68,536</u></u>	<u><u>70,012</u></u>
EQUITY AND LIABILITIES			
Equity			
Share capital		53,299	53,299
Merger deficit		(29,580)	(29,580)
Retained profits		32,588	32,464
Equity attributable to owners of the Company		<u>56,307</u>	<u>56,183</u>
Non-controlling interests		(303)	(293)
TOTAL EQUITY		<u>56,004</u>	<u>55,890</u>
Non-current Liabilities			
Hire purchase payables	B7	347	432
Term loans	B7	5,334	5,463
Deferred tax liabilities		574	574
		<u>6,255</u>	<u>6,469</u>
Current Liabilities			
Trade payables		2,677	2,338
Other payables and accruals		2,409	4,186
Amount owing to a related party		-	1
Amount owing to a joint venture		-	250
Bankers' acceptance	B7	312	-
Hire purchase payables	B7	337	346
Term loans	B7	542	532
		<u>6,277</u>	<u>7,653</u>
TOTAL LIABILITIES		12,532	14,122
TOTAL EQUITY AND LIABILITIES		<u><u>68,536</u></u>	<u><u>70,012</u></u>
Net assets per share (RM)		<u>0.13</u>	<u>0.13</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 2019 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 2019 ⁽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	Merger Deficit RM'000				
Balance at 1 May 2019	53,299	(29,580)	32,464	56,183	(293)	55,890
PAT/Total comprehensive income for the financial period	-	-	124	124	(10)	114
Balance at 31 July 2019	53,299	(29,580)	32,588	56,307	(303)	56,004
Balance at 1 May 2018	53,299	(29,580)	34,962	58,681	67	58,748
PAT/Total comprehensive income for the financial period	-	-	28	28	5	33
Balance at 31 July 2018	53,299	(29,580)	34,990	58,709	72	58,781

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 2019 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 2019 ⁽¹⁾

	CUMULATIVE QUARTER	
	CURRENT	PRECEDING YEAR
	YEAR-TO-DATE	CORRESPONDING
	31 JULY 2019	PERIOD
	RM'000	31 JULY 2018
		RM'000
CASH FLOWS FOR OPERATING ACTIVITIES		
Profit before taxation	316	67
Adjustments for:		
Depreciation of property, plant and equipment	478	507
Interest expense	84	109
Interest income	(35)	(54)
Unrealised loss/(gain) on foreign exchange	14	(53)
Reversal of allowance for impairment losses on trade receivables	(11)	(14)
Share of loss of a joint venture	37	-
Operating profit before working capital changes	883	562
(Increase)/Decrease in inventories	(1,164)	536
Decrease in trade and other receivables	2,026	245
Decrease in trade and other payables	(1,439)	(2,346)
Decrease in amount owing by a related company	-	73
Decrease in amount owing to a related party	(1)	-
Decrease in amount owing to a joint venture	(250)	-
CASH FROM/(FOR) OPERATIONS	55	(930)
Income tax paid	(267)	(341)
Interest paid	(84)	(109)
Interest received	35	54
NET CASH FOR OPERATING ACTIVITIES	(261)	(1,326)
CASH FLOWS FOR INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(255)	(223)
NET CASH FOR INVESTING ACTIVITIES	(255)	(223)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of hire purchase obligations	(94)	(104)
Drawdown of bankers' acceptances	312	394
Repayment of term loans	(119)	(198)
NET CASH FROM FINANCING ACTIVITIES	99	92
NET DECREASE IN CASH AND CASH EQUIVALENTS	(417)	(1,457)
EFFECT OF FOREIGN EXCHANGE TRANSLATION	1	53
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	11,660	13,609
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	11,244	12,205
<u>Cash and cash equivalents at end of the financial period comprises the following:</u>		
Cash and bank balances	9,244	6,989
Fixed deposits with licensed banks	2,722	5,917
	11,966	12,906
Less: Fixed deposit pledged to a licensed bank	(722)	(701)
	11,244	12,205

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 2019 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 2019

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 (“Bursa Securities”).

The interim financial report should be read in conjunction with the audited financial statements for the FYE 30 April 2019. 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 2019.

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 2019 and such adoptions do not have material impact on the financial position and performance of the Group except as follows:-

MFRS 16 sets out the principles for recognition, measurement, presentation and disclosure of leases and will replace the current guidance on lease accounting when it becomes effective. Under MFRS 16, the classification of leases as either finance leases or operating leases is eliminated for lessees. All lessees are required to recognise their leased assets and the related lease obligations in the statement of financial position (with limited exceptions). The leased assets are subject to depreciation and the interest on lease liabilities are calculated using the effective interest method. The Group is currently assessing the financial impact that may arise from the adoption of this standard.

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 17 Insurance Contracts	1 January 2021
Amendments to MFRS 3: Definition of a Business	1 January 2020
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 101 and MFRS 108: Definition of Material	1 January 2020
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020

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 its initial application.

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.



LKL INTERNATIONAL BERHAD (1140005-V)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 JULY 2019

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

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.

A9. Segmental information

(a) Analysis of revenue by product categories

	UNAUDITED INDIVIDUAL QUARTER		UNAUDITED CUMULATIVE QUARTER	
	31 JULY 2019 RM'000	31 JULY 2018 RM'000	31 JULY 2019 RM'000	31 JULY 2018 RM'000
Manufacturing:				
Medical/healthcare beds	2,663	2,599	2,663	2,599
Medical peripherals and accessories	4,162	3,223	4,162	3,223
	<u>6,825</u>	<u>5,822</u>	<u>6,825</u>	<u>5,822</u>
Trading:				
Medical peripherals and accessories	1,447	1,070	1,447	1,070
Medical devices	1,080	877	1,080	877
	<u>2,527</u>	<u>1,947</u>	<u>2,527</u>	<u>1,947</u>
Total revenue	<u>9,352</u>	<u>7,769</u>	<u>9,352</u>	<u>7,769</u>



LKL INTERNATIONAL BERHAD (1140005-V)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 JULY 2019

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

A9. Segmental information (Cont’d)

(b) Analysis of revenue by geographical areas

	UNAUDITED INDIVIDUAL QUARTER				UNAUDITED CUMULATIVE QUARTER			
	31 JULY 2019		31 JULY 2018		31 JULY 2019		31 JULY 2018	
	RM’000	%	RM’000	%	RM’000	%	RM’000	%
Local:								
Malaysia	7,128	76.22	5,572	71.72	7,128	76.22	5,572	71.72
Export:								
Africa	303	3.24	1	0.01	303	3.24	1	0.01
Asia - other than Malaysia	1,637	17.50	1,825	23.49	1,637	17.50	1,825	23.49
Europe	117	1.25	-	-	117	1.25	-	-
Middle East	167	1.79	365	4.70	167	1.79	365	4.70
Central America	-	-	6	0.08	-	-	6	0.08
	2,224	23.78	2,197	28.28	2,224	23.78	2,197	28.28
Total revenue	9,352	100.00	7,769	100.00	9,352	100.00	7,769	100.00

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 2019

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

B1. Review of performance

For the current financial quarter ended 31 July 2019, the Group’s revenue increased by 20.4% or RM1.583 million to RM9.352 million as compared to RM7.769 million reported in the preceding year corresponding quarter. The increase in revenue was contributed by higher sales in all product segments.

Revenue from the manufacturing segment rose 17.2% or RM1.003 million to RM6.825 million compared to RM5.822 million as reported in the preceding year corresponding quarter, with the most pronounced improvement in revenue displayed in the manufacturing of medical peripherals and accessories. Meanwhile, the trading segment reported 29.8% or RM0.580 million higher revenue to RM2.527 million from RM1.947 million previously from higher sales of distributed medical peripherals and accessories as well as medical devices.

From geographical perspective, local sales in the current financial quarter accounted for a higher portion of the Group’s total revenue at 76.2% compared to 71.7% in the preceding year corresponding quarter. Revenue generated domestically of RM7.128 million represents a 27.9% increase from RM5.572 million in the preceding year corresponding quarter.

Correspondingly, the total contribution of export sales dropped to 23.8% from 28.3% in the preceding year corresponding quarter. Nonetheless, export sales increased by RM0.027 million or 1.2% to RM2.224 million from RM2.197 million as reported in the preceding year corresponding quarter, mainly attributed to the increase in revenue generated from Africa.

As a result, the Group’s gross profit improved 26.8% or RM0.756 million to RM3.574 million from RM2.818 million in the preceding year corresponding quarter due to the product mix sold in the current financial quarter under review. The Group recorded a PBT of RM0.316 million, an increase of 371.6% or RM0.249 million from RM0.067 million in the preceding year corresponding quarter mainly due to higher gross profit margin derived from the product mix sold.

B2. Comparison with preceding quarter’s results

	UNAUDITED CURRENT QUARTER 31 JULY 2019 RM'000	UNAUDITED PRECEDING QUARTER 30 APRIL 2019 RM'000
Revenue	9,352	8,844
PBT/(LBT)	316	(3,196)

In the current financial quarter under review, the Group’s revenue rose 5.7% or RM0.508 million to RM9.352 million compared to RM8.844 million in the preceding financial quarter, due to increase sales in both the manufacturing and trading segments.

In the manufacturing segment, revenue increased to RM6.825 million from RM6.408 million in the preceding financial quarter, representing a 6.5% or RM0.417 million increase. Meanwhile, the trading segment contributed to a revenue of RM2.527 million in the current financial quarter under review, a 3.7% or RM0.091 million increase compared to RM2.436 million in the preceding financial quarter.

The Group posted a PBT of RM0.316 million for the current financial quarter under review as compared to a LBT of RM3.196 million in the preceding financial quarter, which was in tandem with the improvement in the gross profit margin from 8.0% in the preceding financial quarter to 38.2% in the current financial quarter as a result of the product mix sold.



LKL INTERNATIONAL BERHAD (1140005-V)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 JULY 2019

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

B3. Prospects

The improved financial performance recorded in the opening quarter of the Group's current financial year is mainly attributed to the better financial performance recorded across all revenue segments. The Group remains optimistic of staying on the right trajectory for the rest of the financial year by better cost management as well as continuous business expansion.

The Group's ongoing strategy of gradually expanding its portfolio of manufactured and distributed products has definitely proven its credentials, with growth witnessed in the manufacturing and trading segments. The Group will continuously looking for high-quality and innovative products as well as strategically market its current products according to demand. In addition, the Group will actively participating in healthcare conferences and exhibitions in order to expand its clientele in Malaysia and export markets.

Overall, the Group remains positive of the opportunities in the healthcare sector both locally and globally due to the increasing trend of the ageing demography, rising affluence and robust demand for its diverse range of manufactured and distributed products.

B4. Income tax expense

	UNAUDITED INDIVIDUAL QUARTER 31 JULY 2019 RM'000	UNAUDITED CUMULATIVE QUARTER 31 JULY 2019 RM'000
Current tax expense:		
- for the financial year	162	162
- underprovision in the previous financial year	40	40
	202	202
Effective tax rate (%)	63.9	63.9

The effective tax rate 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 for tax in certain subsidiaries of the Group, as well as underprovision of taxation in the prior financial year.

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 2019

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 2019 are as follows:

	UNAUDITED AT 31 JULY 2019 RM'000	AUDITED AT 30 APRIL 2019 RM'000
Current:		
Bankers' acceptance	312	-
Hire purchase payables	337	346
Term loans	542	532
	1,191	878
Non-current:		
Hire purchase payables	347	432
Term loans	5,334	5,463
	5,681	5,895
Total borrowings:		
Bankers' acceptance	312	-
Hire purchase payables	684	778
Term loans	5,876	5,995
	6,872	6,773

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 case remains status quo and the Company's appointed lawyer will continue to seek updates from the liquidator on regular basis.

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 2019

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:

	UNAUDITED INDIVIDUAL QUARTER 31 JULY 2019	UNAUDITED CUMULATIVE QUARTER 31 JULY 2019
Net profit attributable to ordinary equity holders of the Company (RM'000)	124	124
Weighted average number of ordinary shares in issue ('000)	428,800	428,800
Basic/Diluted EPS (sen) ⁽¹⁾	0.03	0.03

Note:-

(1) Diluted EPS of the Company for the individual quarter 31 July 2019 and cumulative quarter 31 July 2019 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):

	UNAUDITED INDIVIDUAL QUARTER 31 JULY 2019 RM'000	UNAUDITED CUMULATIVE QUARTER 31 JULY 2019 RM'000
Depreciation of property, plant and equipment	478	478
Interest expense	84	84
Interest income	(35)	(35)
Realised gain on foreign exchange	(22)	(22)
Unrealised loss on foreign exchange	14	14
Reversal of allowance for impairment losses on trade receivables	(11)	(11)

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