



LKL INTERNATIONAL BERHAD (201501014673) (1140005-V)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SECOND QUARTER ENDED 31 OCTOBER 2020 ⁽¹⁾

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER 31 OCTOBER 2020 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31 OCTOBER 2019 RM'000	CURRENT YEAR-TO-DATE 31 OCTOBER 2020 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31 OCTOBER 2019 RM'000
Revenue	A9	9,620	10,676	28,898	20,028
Cost of sales		(6,563)	(6,379)	(20,031)	(12,157)
Gross profit		3,057	4,297	8,867	7,871
Other income		38	186	130	309
Administrative expenses		(3,671)	(3,174)	(7,156)	(5,731)
Selling and distribution expenses		(202)	(407)	(453)	(911)
Other expenses		(296)	(198)	(583)	(408)
Finance costs		(70)	(99)	(179)	(183)
Net reversal of impairment losses/ (impairment losses) on financial assets		1	166	(54)	177
Share of gain/(loss) of equity accounted joint venture		-	1	-	(36)
(Loss)/Profit before taxation ("LBT"/"PBT")		(1,143)	772	572	1,088
Income tax expense	B4	44	(317)	(549)	(519)
(Loss)/Profit after taxation ("LAT"/"PAT")		(1,099)	455	23	569
Other comprehensive income		-	-	-	-
Total comprehensive (expenses)/income for the financial period		(1,099)	455	23	569
(LAT)/PAT/Total comprehensive (expenses)/income attributable to:-					
Owners of the Company		(1,012)	433	234	557
Non-controlling interests		(87)	22	(211)	12
		(1,099)	455	23	569
(Loss)/Earnings per share (sen)					
- Basic/Diluted ⁽²⁾	B10	(0.24)	0.10	0.05	0.13

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 2020 and the accompanying explanatory notes attached to this interim financial report.

(2) Diluted earnings per share of the Company for the individual quarter 31 October 2020 and cumulative quarter 31 October 2020 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 (201501014673) (1140005-V)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AT 31 OCTOBER 2020 ⁽¹⁾

	Note	UNAUDITED AT 31 OCTOBER 2020 RM'000	AUDITED AT 30 APRIL 2020 RM'000
ASSETS			
Non-current Assets			
Property, plant and equipment		30,197	30,580
Right-of-use assets		2,184	2,419
		<u>32,381</u>	<u>32,999</u>
Current Assets			
Inventories		12,927	13,256
Trade receivables		9,985	19,031
Other receivables, deposits and prepayments		29,813	6,599
Current tax assets		437	1,078
Fixed deposits with licensed banks		1,000	1,000
Cash and bank balances		12,061	5,180
		<u>66,223</u>	<u>46,144</u>
TOTAL ASSETS		<u>98,604</u>	<u>79,143</u>
EQUITY AND LIABILITIES			
Equity			
Share capital		53,299	53,299
Merger deficit		(29,580)	(29,580)
Retained profits		36,995	36,761
Equity attributable to owners of the Company		<u>60,714</u>	<u>60,480</u>
Non-controlling interests		(253)	(42)
TOTAL EQUITY		<u>60,461</u>	<u>60,438</u>
Non-current Liabilities			
Lease liabilities	B7	1,174	1,343
Term loans	B7	3,275	3,261
Deferred tax liabilities		574	574
		<u>5,023</u>	<u>5,178</u>
Current Liabilities			
Trade payables		1,683	3,019
Other payables and accruals		27,875	3,809
Bankers' acceptances	B7	262	120
Lease liabilities	B7	863	847
Term loans	B7	2,317	2,324
Trust receipts	B7	120	104
Bank overdrafts	B7	-	3,301
Current tax liabilities		-	3
		<u>33,120</u>	<u>13,527</u>
TOTAL LIABILITIES		<u>38,143</u>	<u>18,705</u>
TOTAL EQUITY AND LIABILITIES		<u>98,604</u>	<u>79,143</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 2020 and the accompanying explanatory notes attached to this interim financial report.



LKL INTERNATIONAL BERHAD (201501014673) (1140005-V)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE SECOND QUARTER ENDED 31 OCTOBER 2020 ⁽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 2020	53,299	(29,580)	36,761	60,480	(42)	60,438
PAT/Total comprehensive income for the financial period	-	-	234	234	(211)	23
Balance at 31 October 2020	<u>53,299</u>	<u>(29,580)</u>	<u>36,995</u>	<u>60,714</u>	<u>(253)</u>	<u>60,461</u>
Balance at 1 May 2019	53,299	(29,580)	32,464	56,183	(293)	55,890
PAT/Total comprehensive income for the financial period	-	-	557	557	12	569
Balance at 31 October 2019	<u>53,299</u>	<u>(29,580)</u>	<u>33,021</u>	<u>56,740</u>	<u>(281)</u>	<u>56,459</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 2020 and the accompanying explanatory notes attached to this interim financial report.



LKL INTERNATIONAL BERHAD (201501014673) (1140005-V)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE SECOND QUARTER ENDED 31 OCTOBER 2020 ⁽¹⁾

	CUMULATIVE QUARTER	
	CURRENT YEAR-TO-DATE 31 OCTOBER 2020 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31 OCTOBER 2019 RM'000
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES		
Profit before taxation	572	1,088
Adjustments for:		
Depreciation of property, plant and equipment	819	741
Depreciation of right-of-use assets	413	446
Impairment losses on trade receivables	63	36
Interest expense	179	183
Share of losses of equity accounted joint venture	-	36
(Loss)/Gain on disposal of property, plant and equipment	1	(70)
Interest income	(19)	(95)
Reversal of impairment losses on trade receivables	(9)	(213)
Unrealised loss on foreign exchange	59	10
Operating profit before working capital changes	2,078	2,162
Decrease/(Increase) in inventories	329	(1,911)
Increase in trade and other receivables	(14,229)	(916)
Increase/(Decrease) in trade and other payables	22,724	(1,116)
Decrease in amount owing to a related party	-	(1)
Decrease in amount owing to a joint venture	-	(250)
CASH FROM/(FOR) OPERATIONS	10,902	(2,032)
Income tax paid	(781)	(610)
Income tax refunded	870	1,500
Interest paid	(172)	(183)
Interest received	19	95
NET CASH FROM/(FOR) OPERATING ACTIVITIES	10,838	(1,230)
CASH FLOWS FOR INVESTING ACTIVITIES		
Addition of right-of-use assets	(16)	(186)
Proceeds from disposal of property, plant and equipment	25	93
Purchase of property, plant and equipment	(462)	(959)
NET CASH FOR INVESTING ACTIVITIES	(453)	(1,052)
CASH FLOWS FOR FINANCING ACTIVITIES		
Drawdown of bankers' acceptances and trust receipts	158	250
Repayment of lease liabilities	(315)	(428)
Repayment of term loans	-	(233)
NET CASH FOR FINANCING ACTIVITIES	(157)	(411)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	10,228	(2,693)
EFFECT OF FOREIGN EXCHANGE TRANSLATION	(46)	(3)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	2,879	11,660
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	13,061	8,964
<u>Cash and cash equivalents at end of the financial period comprises the following:</u>		
Cash and bank balances	12,061	8,964
Fixed deposit with a licensed bank	1,000	722
	13,061	9,686
Less: Fixed deposit pledged to a licensed bank	-	(722)
	13,061	8,964

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 2020 and the accompanying explanatory notes attached to this interim financial report.



LKL INTERNATIONAL BERHAD (201501014673) (1140005-V)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 31 OCTOBER 2020

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 2020. 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 2020.

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 2020 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 17 Insurance Contracts	1 January 2023
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 4: Extension of the Temporary Exemption from Applying MFRS 9	At issue date of 17 August 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 16: COVID-19-Related Rent Concessions	1 June 2020
Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022

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.



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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 31 OCTOBER 2020

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

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.

A9. Segmental information

(a) Analysis of revenue by product categories

	UNAUDITED INDIVIDUAL QUARTER		UNAUDITED CUMULATIVE QUARTER	
	31 OCT 2020 RM’000	31 OCT 2019 RM’000	31 OCT 2020 RM’000	31 OCT 2019 RM’000
Manufacturing:				
Medical/healthcare beds	2,973	3,205	6,107	5,868
Medical peripherals and accessories	4,234	4,352	9,792	8,514
	<u>7,207</u>	<u>7,557</u>	<u>15,899</u>	<u>14,382</u>
Trading:				
Medical peripherals and accessories	2,273	1,939	12,672	3,386
Medical devices	140	1,180	327	2,260
	<u>2,413</u>	<u>3,119</u>	<u>12,999</u>	<u>5,646</u>
Total revenue	<u>9,620</u>	<u>10,676</u>	<u>28,898</u>	<u>20,028</u>



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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 31 OCTOBER 2020

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			
	31 OCT 2020		31 OCT 2019		31 OCT 2020		31 OCT 2019	
	RM’000	%	RM’000	%	RM’000	%	RM’000	%
Local:								
Malaysia	6,554	68.13	8,073	75.62	24,033	83.16	15,201	75.90
Export:								
Africa	194	2.02	1,044	9.78	225	0.78	1,347	6.73
Asia - other than Malaysia	2,848	29.60	777	7.28	4,446	15.39	2,414	12.05
Europe	19	0.20	683	6.40	182	0.63	800	3.99
Middle East	5	0.05	99	0.92	12	0.04	266	1.33
	3,066	31.87	2,603	24.38	4,865	16.84	4,827	24.10
Total revenue	9,620	100.00	10,676	100.00	28,898	100.00	20,028	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

Save as disclosed below, there were no other material events subsequent to the end of the current financial quarter that have not been reflected in this interim financial report.

(i) On 27 November 2020, the Company has completed the first tranche of the listing of and quotation for 44,540,000 Placement Shares on the ACE Market of Bursa Securities pursuant to the Private Placement of up to 85,760,000 new ordinary shares in LKL International.

(ii) On 30 November 2020, LKL Advance Metaltech Sdn. Bhd., a wholly-owned subsidiary of the Company was awarded a sales contract for the supply of nitrile examination gloves by Shang Hong International (Hong Kong) Limited for a contract value sum of approximately RM163.209 million.

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.



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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 31 OCTOBER 2020

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

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 (201501014673) (1140005-V)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 31 OCTOBER 2020

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

B1. Review of performance

For the current financial quarter ended 31 October 2020, the Group recorded revenue of RM9.620 million, a 9.9% or RM1.056 million dip from RM10.676 million in the preceding year corresponding quarter. The decrease in revenue was mainly due to lower contributions from the Group’s manufacturing and trading segments.

Segmentally, manufacturing revenue moderated 4.6% or RM0.350 million to RM7.207 million from RM7.557 million as reported in the preceding year corresponding quarter on lower sales of medical beds, while contributions from manufactured medical peripherals and accessories remained relatively stable. The trading segment posted a 22.6% or RM0.706 million drop in revenue to RM2.413 million from RM3.119 million in the preceding year corresponding quarter, mainly due to weaker performance of medical devices partially offset by stronger sales of the distributed medical peripherals and accessories.

Geographically, local sales contracted 18.8% or RM1.519 million to RM6.554 million from RM8.073 million, accounted for 68.1% of the Group’s total revenue compared to 75.6% in the preceding year corresponding quarter. On the other hand, export sales made up 31.9% of the Group’s total revenue compared to 24.4% in the preceding year corresponding quarter, with a significant increase in revenue contributions from other Asian countries. Accordingly, export sales grew 17.8% or RM0.463 million to RM3.066 million from RM2.603 million in the preceding year corresponding quarter.

In line with the decrease in Group’s total revenue, gross profit dropped by 28.9% or RM1.240 million to RM3.057 million compared to RM4.297 million in the preceding year corresponding quarter. The Group recorded a loss before taxation (“LBT”) of RM1.143 million in the current financial quarter under review compared to a profit before taxation (“PBT”) of RM0.772 million in the preceding year corresponding quarter, due to lower gross profit margin and increase in certain administrative expenses.

B2. Comparison with preceding quarter’s results

	UNAUDITED CURRENT QUARTER 31 OCT 2020 RM'000	UNAUDITED PRECEDING QUARTER 31 JULY 2020 RM'000
Revenue	9,620	19,278
(LBT)/PBT	(1,143)	1,715

The Group’s total revenue for the current financial quarter declined by 50.1% or RM9.658 million to RM9.620 million from RM19.278 million in the preceding financial quarter. The decrease in revenue was attributed to a downtrend in sales witnessed across both the manufacturing and trading segments.

The manufacturing segment’s revenue contribution of RM7.207 million was 17.1% or RM1.485 million lower compared to RM8.692 million in the preceding financial quarter. Meanwhile, topline contributions from the trading segment fell by 77.2% or RM8.173 million to RM2.413 million from RM10.586 million in the preceding financial quarter.

Despite gross profit decreased by RM2.753 million or 47.4% to RM3.057 million from RM5.810 million in the preceding financial quarter, the gross profit margin of 31.8% was an improvement over the 30.1% achieved in the preceding financial quarter mainly driven by better product mix sold. In tandem with the decrease in revenue and gross profit, the Group posted a LBT of RM1.143 million in the current financial quarter as compared to a PBT of RM1.715 million in the preceding financial quarter.



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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 31 OCTOBER 2020

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

B3. Prospects

Despite the current financial quarter's weaker financial performance, the Group's six-month to date revenue outperformed last year's corresponding period as both manufacturing and trading segments posted higher sales in the first half of the current financial year.

In supporting the country's COVID-19 response, the Group has supplied more than 40 units of medical beds and various medical peripherals worth more than RM150,000 in value to government healthcare providers in Sabah from October to November 2020. This underscores the Group's competitive edge in delivering critical medical equipment at quick notice.

In extending its support to other countries, the Group had in September 2020 secured a glove supply contract of USD18.960 million (approximately RM78.494 million) from Weihai Textile Group Import and Export Co., Ltd., which the delivery has commenced in November 2020 and to be completed progressively. Further to this, the Group signed a USD40.071 million (approximately RM163.209 million) sales contract with Shang Hong International (Hong Kong) Limited for the supply of nitrile examination gloves, which will commence in December 2020.

It is expected that medical expenditure by the public and private sectors will continue being ramped up to effectively combat the COVID-19 pandemic and other illnesses. In addition, ageing demography and more affluent society would also reinforce the demand uptrend for high-quality healthcare.

B4. Income tax expense

	UNAUDITED INDIVIDUAL QUARTER 31 OCT 2020 RM'000	UNAUDITED CUMULATIVE QUARTER 31 OCT 2020 RM'000
Current tax expense: - for the financial year	<u>(44)</u>	<u>549</u>
Effective tax rate (%)	-	96.0

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 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.



LKL INTERNATIONAL BERHAD (201501014673) (1140005-V)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 31 OCTOBER 2020

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

B6. Status of corporate proposals

Save as disclosed below, there were no other corporate proposals announced but not completed as at the date of this report.

- (a) On 17 July 2020, MIDF Amanah Investment Bank Berhad ("**MIDF Investment**") had announced on behalf of the Board of Directors ("**Board**") that LKL International Berhad ("**LKL International**" or "**the Company**") proposed to undertake the following proposals:
- (i) Proposed private placement of up to 85,760,000 new ordinary shares in LKL International ("**LKL International Shares**" or "**Shares**"), representing not more than 20% of the total number of issued LKL International Shares to parties to be identified at a later date ("**Proposed Private Placement**"); and
 - (ii) Proposed establishment of an employees' share option scheme of up to 15% of the total number of issued LKL International Shares (excluding treasury shares, if any) at any point in time to the eligible employees and directors of the Company and its subsidiaries ("**Proposed ESOS**").

The Proposed Private Placement and Proposed ESOS are collectively referred to as "**the Proposals**".

On 22 September 2020, Bursa Securities has approved the listing of and quotation for the new shares to be issued pursuant to the Company's Proposals.

The Proposals were approved by the shareholders at the Company's Extraordinary General Meeting held on 13 October 2020.

Accordingly, the effective date for the implementation of the ESOS is 26 October 2020, being the date on which the Company is in full compliance with Rule 6.44(1) of the Listing Requirements.

As disclosed in Note A11(i), the Company has completed the first tranche of the listing of and quotation for 44,540,000 Placement Shares on the ACE Market of Bursa Securities pursuant to the Private Placement on 27 November 2020.

- (b) On 28 September 2020, MIDF Investment had announced on behalf of the Board that LKL International had proposed to acquire 60% equity interest in Tahmaz Meditech Sdn. Bhd. for a total purchase consideration of RM12,000,000.00 to be satisfy entirely via issuance of 12,000,000 new ordinary shares in LKL International at an issue price of RM1.00 per LKL International share.



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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 31 OCTOBER 2020

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

B7. Utilisation of proceeds from the Private Placement

Purposes	Proposed	Actual	Deviation	Estimated timeframe for Utilisation
	Utilisation	Utilisation		
	RM'000	RM'000	RM'000	
(a) Capital expenditure and expansion	26,500	-	-	Within 24 months
(b) Repayment of bank borrowings	6,000	-	-	Within 24 months
(c) Future investments or projects	5,561	-	-	Within 6 months
(d) Working capital	55,275	-	-	Within 12 months
(e) Estimated expenses in relation to the Proposals	1,000	-	-	Within 1 month
Total	94,336	-	-	

The utilisation of the proceeds as disclosed above should be read in conjunction with the Circular of the Company dated 28 September 2020.

As at the date of this report, the Private Placement is pending completion and hence there was no utilisation of proceeds.

B8. Group's borrowings and debt securities

The Group's borrowings as at 31 October 2020 are as follows:

	UNAUDITED AT 31 OCT 2020 RM'000	AUDITED AT 30 APRIL 2020 RM'000
Current:		
Bankers' acceptances	262	120
Lease liabilities	863	847
Term loans	2,317	2,324
Trust receipts	120	104
Bank overdrafts	-	3,301
	<u>3,562</u>	<u>6,696</u>
Non-current:		
Lease liabilities	1,174	1,343
Term loans	3,275	3,261
	<u>4,449</u>	<u>4,604</u>
Total borrowings:		
Bankers' acceptances	262	120
Lease liabilities	2,037	2,190
Term loans	5,592	5,585
Trust receipts	120	104
Bank overdrafts	-	3,301
	<u>8,011</u>	<u>11,300</u>

All the borrowings are secured and denominated in Ringgit Malaysia.



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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 31 OCTOBER 2020

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

B9. Material litigation

Save as disclosed below, there is no litigation or arbitration which has a material effect on the financial position of the Group and the Board of Directors is not aware of any proceedings pending or threatened, or of any fact likely to give rise to any proceedings as at the date of this interim financial report.

The Company's subsidiary, 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 in the case as reported in the preceding financial quarter, our lawyer will continue to update on regular basis.

B10. Dividend proposed

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

B11. (Loss)/Earnings per share ("LPS"/"EPS")

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

	UNAUDITED INDIVIDUAL QUARTER 31 OCT 2020	UNAUDITED CUMULATIVE QUARTER 31 OCT 2020
Net (loss)/profit attributable to ordinary equity holders of the Company (RM'000)	<u>(1,012)</u>	<u>234</u>
Weighted average number of ordinary shares in issue ('000)	<u>428,800</u>	<u>428,800</u>
Basic/Diluted (LPS)/EPS (sen) ⁽¹⁾	<u>(0.24)</u>	<u>0.05</u>

Note:-

(1) Diluted LPS/EPS of the Company for the individual quarter 31 October 2020 and cumulative quarter 31 October 2020 is equivalent to the basic LPS/EPS as the Company does not have convertible options at the end of the reporting period.



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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 31 OCTOBER 2020

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

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

(LBT)/PBT is arrived at after charging/(crediting):

	UNAUDITED		UNAUDITED	
	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	31 OCT 2020	31 OCT 2019	31 OCT 2020	31 OCT 2019
	RM'000	RM'000	RM'000	RM'000
Depreciation of property, plant and equipment	414	263	819	741
Depreciation of right-of-use assets	211	446	413	446
Impairment losses on trade receivables	-	36	63	36
Interest expense	70	99	179	183
Interest income	(12)	(60)	(19)	(95)
Loss on disposal of property, plant and equipment	2	(70)	1	(70)
Realised gain on foreign exchange	(39)	(18)	(79)	(40)
Unrealised loss/(gain) on foreign exchange	35	(4)	59	10
Reversal of impairment losses on trade receivables	(1)	(202)	(9)	(213)

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