



LKL INTERNATIONAL BERHAD (201501014673) (1140005-V)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FIFTH QUARTER ENDED 31 JULY 2021 ⁽¹⁾

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER 31 JULY 2021 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31 JULY 2020 RM'000	CURRENT YEAR-TO-DATE 31 JULY 2021 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31 JULY 2020 RM'000
Revenue	A9	13,522	-	63,441	-
Cost of sales		(9,214)	-	(46,407)	-
Gross profit		4,308	-	17,034	-
Other income		131	-	1,310	-
Administrative expenses		(5,911)	-	(20,626)	-
Selling and distribution expenses		(197)	-	(1,841)	-
Other expenses		(128)	-	(1,271)	-
Finance costs		(85)	-	(516)	-
Net (Impairment losses)/reversal of impairment losses on financial assets		(15)	-	(48)	-
Share of losses of equity accounted joint venture		-	-	-	-
(Loss)/Profit before taxation ("LBT"/"PBT")		(1,897)	-	(5,958)	-
Income tax expense	B4	-	-	254	-
(Loss)/Profit after taxation ("LAT"/"PAT")		(1,897)	-	(5,704)	-
Other comprehensive income		-	-	-	-
Total comprehensive (loss)/income for the financial year		(1,897)	-	(5,704)	-
(LAT)/PAT/Total comprehensive (loss)/ income attributable to:-					
Owners of the Company		(1,869)	-	(5,370)	-
Non-controlling interests		(28)	-	(334)	-
		(1,897)	-	(5,704)	-
(Loss)/Earnings per share (sen)					
- Basic ⁽²⁾ /Diluted ⁽³⁾	B11	(0.34)	-	(1.13)	-

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) Basic (loss)/earnings per share is calculated based on the weighted average number of ordinary shares in issue.

(3) Diluted loss per share of the Company for the individual and cumulative quarter ended 31 July 2021 are equivalent to the basic loss 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 JULY 2021 ⁽¹⁾

	Note	UNAUDITED AT 31 JULY 2021 RM'000	AUDITED AT 30 APRIL 2020 RM'000
ASSETS			
Non-current Assets			
Investment in a joint venture		40	-
Property, plant and equipment		41,303	30,580
Right-of-use assets		3,242	2,419
		<u>44,585</u>	<u>32,999</u>
Current Assets			
Inventories		18,116	13,256
Trade receivables		5,382	19,031
Other receivables, deposits and prepayments		42,313	6,599
Amount owing by a joint venture		400	-
Amount owing by a related party		228	-
Current tax assets		3,018	1,078
Fixed deposits with licensed banks		15,000	1,000
Cash and bank balances		23,355	5,180
		<u>107,812</u>	<u>46,144</u>
TOTAL ASSETS		<u><u>152,397</u></u>	<u><u>79,143</u></u>
EQUITY AND LIABILITIES			
Equity			
Share capital		135,986	53,299
Merger deficit		(29,580)	(29,580)
Retained profits		32,558	36,761
Equity attributable to owners of the Company		<u>138,964</u>	<u>60,480</u>
Non-controlling interests		(376)	(42)
TOTAL EQUITY		<u>138,588</u>	<u>60,438</u>
Non-current Liabilities			
Lease liabilities	B8	1,647	1,343
Term loans	B8	4,966	3,261
Deferred tax liabilities		574	574
		<u>7,187</u>	<u>5,178</u>
Current Liabilities			
Trade payables		2,704	3,019
Other payables and accruals		1,954	3,809
Bankers' acceptances	B8	288	120
Lease liabilities	B8	1,256	847
Term loans	B8	420	2,324
Trust receipts	B8	-	104
Bank overdrafts	B8	-	3,301
Current tax liabilities		-	3
		<u>6,622</u>	<u>13,527</u>
TOTAL LIABILITIES		13,809	18,705
TOTAL EQUITY AND LIABILITIES		<u><u>152,397</u></u>	<u><u>79,143</u></u>
Net assets per share (RM) ⁽²⁾		<u>0.25</u>	<u>0.14</u>

Notes:-

(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.

(2) Net assets per share is calculated based on the number of ordinary shares in issue of 566,777,400 shares as at 31 July 2021 and 428,800,000 shares as at 30 April 2020.



LKL INTERNATIONAL BERHAD (201501014673) (1140005-V)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FIFTH QUARTER ENDED 31 JULY 2021 ⁽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
LAT/Total comprehensive loss for the financial year	-	-	(5,370)	(5,370)	(334)	(5,704)
Contributions by owners of the Company:						
- Issuance of ordinary shares pursuant to Private Placement	62,176	-	-	62,176	-	62,176
- Issuance of ordinary shares pursuant to ESOS	19,406	-	-	19,406	-	19,406
- Transfer from ESOS Reserve upon exercise/lapse of ESOS	1,105	-	1,167	2,272	-	2,272
Balance at 31 July 2021	135,986	(29,580)	32,558	138,964	(376)	138,588
Balance at 1 May 2019	53,299	(29,580)	32,464	56,183	(293)	55,890
PAT/Total comprehensive income for the financial year	-	-	4,297	4,297	251	4,548
Balance at 30 April 2020	53,299	(29,580)	36,761	60,480	(42)	60,438

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 FIFTH QUARTER ENDED 31 JULY 2021 ⁽¹⁾

	CUMULATIVE QUARTER	
	CURRENT YEAR-TO-DATE 31 JULY 2021 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31 JULY 2020 RM'000
CASH FLOWS FOR OPERATING ACTIVITIES		
(Loss)/Profit before taxation	(4,791)	-
Adjustments for:		
Depreciation of property, plant and equipment	2,108	-
Depreciation of right-of-use assets	1,163	-
Impairment losses on trade receivables	92	-
Interest expense	511	-
Inventories written down	546	-
Gain on disposal of property, plant and equipment	(99)	-
Interest income	(184)	-
Reversal of impairment losses on trade receivables	(44)	-
Reversal of inventories previously written down	(35)	-
Unrealised loss/(gain) on foreign exchange	(2)	-
Operating (loss)/profit before working capital changes	(735)	-
Increase in inventories	(5,371)	-
Increase in trade and other receivables	(22,099)	-
(Decrease)/Increase in trade and other payables	(2,179)	-
Increase in amount owing by a related party	(228)	-
Decrease in amount owing to a joint venture	(400)	-
CASH FOR OPERATIONS	(31,012)	-
Income tax paid	(2,558)	-
Income tax refunded	870	-
Interest paid	(511)	-
Interest received	184	-
NET CASH FOR OPERATING ACTIVITIES	(33,027)	-
CASH FLOWS FOR INVESTING ACTIVITIES		
Investment in a joint venture	(40)	-
Addition of right-of-use assets	(390)	-
(Increase)/Decrease in pledged fixed deposit with a licensed bank	(15,000)	-
Proceeds from disposal of property, plant and equipment	156	-
Purchase of property, plant and equipment	(12,888)	-
NET CASH FOR INVESTING ACTIVITIES	(28,162)	-
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES		
(Repayment)/Drawdown of bankers' acceptances	168	-
Drawdown of term loans	2,240	-
Proceeds from issuance of ordinary shares	82,687	-
Repayment of lease liabilities	(883)	-
Repayment of term loans	(2,438)	-
Repayment of trust receipts	(104)	-
NET CASH FROM/(FOR) FINANCING ACTIVITIES	81,670	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	20,481	-
EFFECT OF FOREIGN EXCHANGE TRANSLATION	(5)	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	2,879	-
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	23,355	-
Cash and cash equivalents at end of the financial year comprises the following:		
Cash and bank balances	23,355	-
Fixed deposit with a licensed bank	15,000	-
Bank overdraft	-	-
	38,355	-
Less: Fixed deposit pledged to a licensed bank	(15,000)	-
	23,355	-

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 FIFTH QUARTER ENDED 31 JULY 2021

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

A1. Basis of preparation

The interim financial report of LKL International Berhad (“**LKL International**” or “**the Company**”) and its subsidiaries (“**the Group**”) 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. Change of financial year end

As announced on 8 July 2021, the Company has changed its financial year end from 30 April to 30 September. As such, there will be no comparative financial information available for the financial period ended 31st July 2021. The next annual audited financial statements of the Group will be covering a 17-month period ending 30 September 2021.

A3. 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 9, MFRS 139, MFRS 7, MFRS 4 AND MFRS16: Interest Rate Benchmark Reform – Phase 2	1 January 2021
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 fo MFRS 16: COVID-19-Related Rent Concessions Beyond 30 June 2021	1 April 2021
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 101: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	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.



LKL INTERNATIONAL BERHAD (201501014673) (1140005-V)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIFTH QUARTER ENDED 31 JULY 2021

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

A4. Auditors’ report on preceding audited financial statements

The preceding year’s audited financial statements of the Group were not subject to any qualification.

A5. 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.

A6. 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.

A7. Material changes in estimates

There were no changes in estimates that have had a material effect in the current financial quarter under review.

A8. Debts and equity securities

Save as disclosed below, there were no other issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the current financial quarter under review: -

(i) Issuance of new ordinary shares pursuant to the exercise of Employees’ Share Option Scheme:

	INDIVIDUAL QUARTER 3 MONTHS ENDED 31 JUL 2021		CUMULATIVE QUARTER 15 MONTHS ENDED 31 JUL 2021	
	No. of Shares ‘000	RM ‘000	No. of Shares ‘000	RM ‘000
Exercise of share options	<u>52,217</u>	<u>19,491</u>	<u>52,217</u>	<u>19,491</u>

A9. Dividend paid

There was no dividend paid during the current financial quarter under review.



LKL INTERNATIONAL BERHAD (201501014673) (1140005-V)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIFTH QUARTER ENDED 31 JULY 2021

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

A10. Segmental information

(a) Analysis of revenue by product categories

	UNAUDITED INDIVIDUAL QUARTER				UNAUDITED CUMULATIVE QUARTER			
	31 JUL 2021		31 JUL 2020		31 JUL 2021		31 JUL 2020	
	RM’000	%	RM’000	%	RM’000	%	RM’000	%
Manufacturing:								
Medical/healthcare beds	4,619	34.17	-	-	15,567	24.54	-	-
Medical peripherals and accessories	4,022	29.73	-	-	23,139	36.47	-	-
	<u>8,641</u>	<u>63.90</u>	<u>-</u>	<u>-</u>	<u>38,706</u>	<u>61.01</u>	<u>-</u>	<u>-</u>
Trading:								
Medical peripherals and accessories	4,712	34.85	-	-	24,130	38.04	-	-
Medical devices	169	1.25	-	-	605	0.95	-	-
	<u>4,881</u>	<u>36.10</u>	<u>-</u>	<u>-</u>	<u>24,735</u>	<u>38.99</u>	<u>-</u>	<u>-</u>
Total revenue	13,522	100.00	-	-	63,441	100.00	-	-

(b) Analysis of revenue by geographical areas

	UNAUDITED INDIVIDUAL QUARTER				UNAUDITED CUMULATIVE QUARTER			
	31 JULY 2021		31 JULY 2020		31 JULY 2021		31 JULY 2020	
	RM’000	%	RM’000	%	RM’000	%	RM’000	%
Local:								
Malaysia	12,549	92.80	-	-	48,146	75.90	-	-
Export:								
Africa	-	-	-	-	401	0.63	-	-
Asia - other than Malaysia	955	7.06	-	-	12,486	19.68	-	-
Europe	-	-	-	-	2,221	3.50	-	-
Middle East	18	0.14	-	-	187	0.29	-	-
	<u>973</u>	<u>7.20</u>	<u>-</u>	<u>-</u>	<u>15,295</u>	<u>24.10</u>	<u>-</u>	<u>-</u>
Total revenue	13,522	100.00	-	-	63,441	100.00	-	-

A11. Valuation of property, plant and equipment

There was no valuation of the property, plant and equipment for the current financial quarter under review.



LKL INTERNATIONAL BERHAD (201501014673) (1140005-V)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIFTH QUARTER ENDED 31 JULY 2021

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

A12. 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 6 Sep 2021, the Company had completed the listing of and quotation for 170,033,200 Placement Shares on the ACE Market of Bursa Securities pursuant to the Private Placement of up to 177,523,200 new ordinary shares in LKL International.
- (ii) On 13 Sep 2021, 36,300,000 new ordinary shares were issued under the employees’ share option scheme of the Company (“ESOS”) at the exercise price of RM0.225 per ordinary share.

A13. Changes in composition of the Group

Save as disclosed below, there were no material changes in the composition of the Group for the current financial quarter under review:

- (i) On 20 May 2021, Carelife Center Sdn. Bhd., a wholly-owned subsidiary of the Company had entered into a Joint Venture and Shareholders’ Agreement with Focus Medicare Sdn. Bhd. to jointly form a joint venture company named as Focus Carelife Sdn. Bhd. to carry on the business of setting up pharmacies in Malaysia and trading, supplying, wholesaling and/or manufacturing of medical and healthcare equipment, products and services.

A14. Contingent assets or contingent liabilities

The Group has no contingent assets and contingent liabilities as at the date of this report.

A15. Capital commitments

There were no other material capital commitments in respect of property, plant and equipment as at the date of this report except for the following:

	UNAUDITED AT 31 JULY 2021 RM'000	AUDITED AT 30 APRIL 2020 RM'000
Purchase of property, plant and equipment	<u>1,200</u>	<u>21</u>

A16. 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 FIFTH QUARTER ENDED 31 JULY 2021

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

B1. Review of performance

No comparative figures are presented due to the change in the financial year end as stated in Note A2.

The Group's performance for the current quarter and fifteen months ended July 31, 2021 is as tabled below:

	UNAUDITED CURRENT QUARTER 31 JULY 2021 RM'000	UNAUDITED CUMULATIVE QUARTER 31 JULY 2021 RM'000
Revenue	13,522	63,441
Profit/(Loss) Before Tax ("PBT" / "(LBT)")	<u>(1,897)</u>	<u>(5,958)</u>

QUARTER REVIEW

For the current financial quarter ended July 31, 2021, the Group recorded revenue of RM13.522 million. Segmentally, manufacturing contributed RM8.641 million or 63.90% of group revenue, comprising sales of medical/healthcare beds and medical peripherals and accessories. Meanwhile, trading contributed RM4.881 million or 36.10% of group revenue, comprising sales of medical/healthcare beds, medical peripherals and accessories, and medical devices.

Geographically, local sales amounted to RM12.549 million or 92.8% of group revenue. Export sales made up the balance RM0.973 million or 7.2% of group revenue.

The Group recorded LBT of RM1.897 million for the quarter under review, due to expenses related to the Group's employee share option scheme ("ESOS").

FIFTEEN MONTHS REVIEW

The Group registered revenue of RM63.441 million for the fifteen months ended July 31, 2021. Segmentally, manufacturing contributed RM38.706 million or 61.01% of group revenue. Meanwhile, trading made up RM24.735 million or 38.99% of group revenue.

Geographically, local sales amounted to RM48.146 million or 75.90% of group revenue. Export sales made up the balance RM15.295 million or 24.10% of group revenue.

The Group recorded LBT of RM5.958 million for the fifteen months ended July 31, 2021, due to less favourable product mix, increased administrative expenses, and ESOS expenses.



LKL INTERNATIONAL BERHAD (201501014673) (1140005-V)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIFTH QUARTER ENDED 31 JULY 2021

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

B2. Comparison with preceding quarter's results

	UNAUDITED CURRENT QUARTER 31 JULY 2021 RM'000	UNAUDITED PRECEDING QUARTER 30 APRIL 2021 RM'000
Revenue	13,522	9,433
LBT	<u>(1,897)</u>	<u>(4,514)</u>

The Group's revenue for the current financial quarter ended 31 July 2021 increased by 43.3% or RM4.089 million from RM9.433 million in the preceding financial quarter to RM13.522 million. This was mainly due to increase in sales from the manufacturing of medical/healthcare beds, and trading of medical peripherals and accessories as well as medical devices.

The revenue contribution from the manufacturing segment made up RM8.641 million of total group revenue, increasing 25.3% from RM6.898 million in the preceding quarter. Meanwhile, the trading segment registered a growth of 92.5% to RM4.881 million of total group revenue, as compared to RM2.535 million in the preceding financial quarter.

The group recorded LBT of RM1.897 million as compared to LBT of RM4.514 million in the preceding financial quarter. The continued loss was attributable to ESOS expenses.

B3. Prospects

Despite the challenging market environment posed by the COVID-19 pandemic, the Group has seen largely resilient demand for medical/healthcare beds, peripherals and accessories, as medical and healthcare services remain essential to the population. The Group also recorded healthy orders for medical/healthcare beds to be delivered in the calendar year 2021.

Presently, the Group's strategy involves strengthening its existing business segments, by increasing its suite of products and solutions in the manufacturing and trading of medical/healthcare beds, peripherals and accessories, as well as marketing and distribution of medical devices, targeting the domestic and overseas markets.

The Group is also pursuing new growth opportunities in the healthcare sector through its joint venture in a new lifestyle pharmacy business. The Group had, in May 2021, entered a joint venture with Focus Medicare Sdn. Bhd. to set up several lifestyle pharmacies in the Klang Valley, with the first outlet expected commence operations in the fourth quarter of calendar year 2021.

The new venture will enable the Group to expand its presence to the direct-to-consumer healthcare and wellness market, complementing its existing coverage of healthcare institutions. The Group can leverage its knowledge in serving medical and healthcare institutions, and bring value to end-consumers through evidence-based, high quality and innovative products and services, as well as the use of digital healthcare solutions.

LKL International remains optimistic that its future prospects will be complemented by robust levels of healthcare expenditure. Key demand drivers include population growth, rising affluence, ageing population as well as increased spending among healthcare institutions. Furthermore, the upcoming Malaysian Budget 2022 is expected to see increased allocations to strengthen the public healthcare system, to prepare for future pandemics as well as the requirements of an ageing population.

Going forward, LKL International strives to improve its competitiveness by continuously exploring opportunities to expand its product portfolio, as well as explore synergistic businesses that would enhance long-term sustainability.



LKL INTERNATIONAL BERHAD (201501014673) (1140005-V)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIFTH QUARTER ENDED 31 JULY 2021

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

B4. Income tax expense

	UNAUDITED INDIVIDUAL QUARTER 31 JULY 2021 RM'000	UNAUDITED CUMULATIVE QUARTER 31 JULY 2021 RM'000
Current tax expense:		
- for the financial year	-	-
- overprovision in the previous financial year	-	(254)
	<u>-</u>	<u>(254)</u>
Effective tax rate (%)	-	-

The favourable tax expense for the cumulative quarter was mainly due to overprovision for taxation in the respective periods, now written back.

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 FIFTH QUARTER ENDED 31 JULY 2021

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.

- (i) On 23 March 2021, TA Securities had on behalf of the Board of Directors announced that the Company proposes to undertake the bonus issue of up to 591,744,000 new ordinary shares in the Company (“**LKL Share**” or “**Share**”) (“**Bonus Shares**”) on the basis of 1 Bonus Share for every 1 existing LKL Share held on the entitlement date to be determined later (“**Proposed Bonus Issue**”).

On 30 August 2021, TA Securities had on behalf of the Board of Directors announced that the Company has decided not to proceed with the Proposed Bonus Issue.

- (ii) On 10 May 2021, TA Securities had on behalf of the Board of Directors announced that the Company proposes to undertake the following:
- (a) Proposed Diversification of the existing principal activities of the Company and its subsidiaries to include trading of rubber gloves and personal protective equipment; and
 - (b) Proposed Private Placement of up to 355,046,400 new ordinary shares in LKL International, representing up to 30% of the total issued shares to independent third-party investors to be identified later and at an issue price to be determined later.

The Proposed Diversification and Proposed Private Placement are collectively referred to as “**the Proposals**”.

On 17 June 2021, LKL International had announced that it will implement the Proposed Private Placement ahead of the Proposed Bonus Issue in view of the impending need for LKL International to secure the necessary funds expeditiously for the new businesses.

As such, the maximum number of the Placement Shares has been revised from 355,046,400 Placement Shares to 177,523,200 Placement Shares. The 177,523,200 Placement Shares would represent up to 30% of the enlarged total number of issued shares, prior to the Proposed Bonus Issue.

On 23 June 2021, Bursa Securities had conditionally approved the listing of and quotation for up to 177,523,200 new ordinary shares to be issued pursuant to the Proposed Private Placement.

The Proposals were approved by the shareholders at the Company’s Extraordinary General Meeting held on 19 July 2021.

As at the date of this report, the Company had completed the listing and quotation for 170,033,200 Placement Shares on the ACE Market of Bursa Securities pursuant to the Private Placement on 6 September 2021.



LKL INTERNATIONAL BERHAD (201501014673) (1140005-V)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIFTH QUARTER ENDED 31 JULY 2021

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

B7. Utilisation of proceeds from the Private Placement

Pursuant to the Private Placement, the details of the issuance of Placement Shares as at the date of this report are as follows:

Tranches	Issuance Date	No. of Shares	Issue Price (RM)	Total Proceeds (RM)
Tranche 1	26 November 2020	44,540,000	0.8600	38,304,400
Tranche 2	6 January 2021	12,570,000	0.8300	10,433,100
Tranche 3	18 January 2021	10,000,000	0.8466	8,466,000
Tranche 4	10 March 2021	1,000,000	0.4030	403,000
Tranche 5	15 March 2021	1,000,000	0.3840	384,000
Tranche 6	17 March 2021	3,500,000	0.3750	1,312,500
Tranche 7	9 April 2021	13,150,000	0.2690	3,537,350
		85,760,000		62,840,350

The status of utilisation of proceeds as at the date of this report is as follows:

Purposes	Proceeds Raised RM'000	Actual Utilisation RM'000	Deviation RM'000	Unutilised Proceeds RM'000	Estimated timeframe for Utilisation
(a) Capital expenditure and expansion	26,500	10,904	-	15,596	Within 24 months
(b) Future investments or projects	6,000	1,265	-	4,735	Within 24 months
(c) Repayment of bank borrowings	5,561	456	-	5,105	Within 6 months
(d) Working capital	23,779	23,896	(117)	-	Within 12 months
(e) Estimated expenses in relation to the Proposals	1,000	883	117 ⁽¹⁾	-	Within 1 month
Total	62,840	37,404	-	25,436	

Note:-

(1) In view that the actual listing expenses were lesser than estimated, the surplus has been re-allocated for working capital purposes.



LKL INTERNATIONAL BERHAD (201501014673) (1140005-V)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIFTH QUARTER ENDED 31 JULY 2021

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

B8. Group's borrowings and debt securities

The Group's borrowings as at 31 July 2021 were as follows:

	UNAUDITED AT 31 JULY 2021 RM'000	AUDITED AT 30 APRIL 2020 RM'000
Current:		
Bankers' acceptances	288	120
Lease liabilities	1,257	847
Term loans	420	2,324
Trust receipts	-	104
Bank overdrafts	-	3,301
	<u>1,964</u>	<u>6,696</u>
Non-current:		
Lease liabilities	1,647	1,343
Term loans	4,966	3,261
	<u>6,613</u>	<u>4,604</u>
Total borrowings:		
Bankers' acceptances	288	120
Lease liabilities	2,904	2,190
Term loans	5,386	5,585
Trust receipts	-	104
Bank overdrafts	-	3,301
	<u>8,578</u>	<u>11,300</u>

All the borrowings were secured and denominated in Ringgit Malaysia.



LKL INTERNATIONAL BERHAD (201501014673) (1140005-V)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIFTH QUARTER ENDED 31 JULY 2021

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 report.

(i) LKL Advance Metaltech Sdn. Bhd. vs Crecom Burj Gloves Sdn. Bhd. (WA-24NCC(ARB)-37-12/2020)

On 16 December 2020, the Company's wholly-owned subsidiary, LKLAM ("Plaintiff"), had filed an Originating Summons ("OS") in the High Court in Kuala Lumpur against Crecom Burj Gloves Sdn. Bhd. ("Defendant"). The High Court had on 5 March 2021 granted a Mareva injunction to freeze the Defendant's assets up to the amount of RM12,542,783.60 after hearing all parties involved. On 9 April 2021, the Defendant filed an affidavit to declare and list out all the necessary details of its assets and current locations of the same. The Defendant had filed an appeal bearing appeal no. W-02(NCC)(A)-719-04/2021 to the Court of Appeal, Putrajaya to appeal against the injunction granted by the High Court in Kuala Lumpur to the Plaintiff. The case management date for the appeal has been fixed on 29 July 2021.

In line with the OS, the Plaintiff had also filed a Notice of Arbitration dated 11 January 2021 ("Arbitration") against the Defendant. The Plaintiff claims against the Defendant for breach of the Purchase Agreement dated 2 October 2020 which was entered into by both parties for the purchase of gloves from the Defendant. In the Arbitration, the Plaintiff is seeking from the Defendant the sum of RM12,542,783.60, general damages, interest, costs and any further relief that the arbitral tribunal thinks fit and just. The Defendant filed a Response to the Arbitration dated 16 February 2021 counterclaiming for the sum of RM20,374,500.00 for the purported balance amount due to the Defendant. The Arbitration is currently pending appointment of arbitrator by the director of Asian International Arbitration Centre.

There was no progress in the case as reported in the preceding financial quarter, our lawyer will continue to update on regular basis.

(ii) LKL International Berhad vs The Edge Communications Sdn. Bhd. (WA-23NCvC-50-05/2021)

On 25 May 2021, the Company had through its solicitors, Messrs. Wong Kian Kheong, filed a Writ and Statement of Claim in the High Court in Kuala Lumpur against The Edge Communications Sdn. Bhd. ("The Edge"). The suit was initiated against The Edge for the article published at pages 62 to 64 of "The Edge Malaysia" on 12 April 2021 entitled "Hidden hands behind penny stock surge under scrutiny" ("Article"), of which the Company alleged that certain words in the Article were defamatory of LKL International.

LKL International is seeking from The Edge, amongst others, damages and an injunction to restrain The Edge whether by itself, its agents or servants or otherwise from publishing or causing to be published the same or similar words defamatory of the LKL International.

The Edge has filed a striking out application and it is fixed for hearing on 17 November 2021.



LKL INTERNATIONAL BERHAD (201501014673) (1140005-V)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIFTH QUARTER ENDED 31 JULY 2021

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

B9. Material litigation (Cont'd)

(iii) LKL Advance Metaltech Sdn. Bhd. vs Crecom Burj Gloves Sdn. Bhd. and 6 others (WA-22NCC-331-07/2021)

On 13 September 2021, the Company's wholly-owned subsidiary, LKLAM ("Plaintiff"), had through its solicitors, Messrs Chong + Kheng Hoe, filed a Writ and Statement of Claim in the High Court in Kuala Lumpur against Crecom Burj Gloves Sdn. Bhd., Crecom Burj Group Sdn. Bhd., Datin Roslinda Binti Jaafar, Khairil Anuar Bin A Rahman, Nurul Ashikin Binti Muhammad Muhiyuddin, Chew Seng Ker and Nurul Balqis Binti Khairil Anuar ("Defendants").

The Plaintiff claiming against Defendants for the return of RM12,540,757.20 which being payment made by the Plaintiff for the purchase of gloves from Crecom Burj Gloves Sdn. Bhd. pursuant to the Purchase Agreement dated 2 October 2020.

The Suit is fixed for trial on 23 to 27 May 2022.

B10. Dividend proposed

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

B11. Loss per share ("LPS")

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

	UNAUDITED INDIVIDUAL QUARTER 31 JULY 2021	UNAUDITED CUMULATIVE QUARTER 31 JULY 2021
Net loss attributable to ordinary equity holders of the Company (RM'000)	<u>(1,868)</u>	<u>(5,370)</u>
Weighted average number of ordinary shares in issue ('000)	<u>552,766</u>	<u>475,571</u>
Basic/Diluted LPS (sen) ⁽¹⁾	<u>(0.34)</u>	<u>(1.13)</u>

Note:

(1) Diluted LPS of the Company for the individual and cumulative quarter ended 31 July 2021 are equivalent to the basic LPS as the Company does not have convertible options at the end of the reporting period.



LKL INTERNATIONAL BERHAD (201501014673) (1140005-V)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIFTH QUARTER ENDED 31 JULY 2021

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 JUL 2021	31 JUL 2020	31 JUL 2021	31 JUL 2020
	RM'000	RM'000	RM'000	RM'000
Depreciation of property, plant and equipment	430	-	2,108	-
Depreciation of right-of-use assets	237	-	1,163	-
Impairment losses on trade receivables	15	-	92	-
Interest expense	82	-	511	-
Interest income	(70)	-	(183)	-
Inventories written down	-	-	546	-
Gain on disposal of property, plant and equipment	-	-	(99)	-
Realised gain on foreign exchange	(41)	-	(406)	-
Unrealised loss/(gain) on foreign exchange	(109)	-	(2)	-
Reversal of impairment losses:				
- inventories	-	-	(35)	-
- trade receivables	-	-	(44)	-

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