



LKL INTERNATIONAL BERHAD (201501014673) (1140005-V)

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

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER 31 DEC 2021 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31 DEC 2020 RM'000	CURRENT YEAR-TO-DATE 31 DEC 2021 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31 DEC 2020 RM'000
Revenue	A9	12,556	-	12,556	-
Cost of sales		(7,637)	-	(7,637)	-
Gross profit		4,919	-	4,919	-
Other income		252	-	252	-
Administrative expenses		(3,523)	-	(3,523)	-
Selling and distribution expenses		(381)	-	(381)	-
Other expenses		(260)	-	(260)	-
Finance costs		(76)	-	(76)	-
Net (Impairment losses)/reversal of impairment losses on financial assets		(98)	-	(98)	-
Share of losses of equity accounted joint venture		(31)	-	(31)	-
Profit before taxation ("PBT")		802	-	802	-
Income tax expense	B4	(425)	-	(425)	-
Profit after taxation ("PAT")		377	-	377	-
Other comprehensive income		-	-	-	-
Total comprehensive income for the financial year		377	-	377	-
PAT/Total comprehensive income income attributable to:-					
Owners of the Company		389	-	389	-
Non-controlling interests		(12)	-	(12)	-
		377	-	377	-
Earnings per share (sen)					
- Basic ⁽²⁾	B11	0.05	-	0.05	-

Notes:-

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income are detailed in Note A1 and should be read in conjunction with the audited financial statements for the financial year ended ("FYE") 30 September 2021 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) The previous financial period end of the Group has been changed from 30 April to 30 September. As such, there will be no comparative financial information available for the quarter ended 31 December 2021.



LKL INTERNATIONAL BERHAD (201501014673) (1140005-V)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AT 31 DECEMBER 2021 ⁽¹⁾

	Note	UNAUDITED AT 31 DEC 2021 RM'000	AUDITED AT 30 SEP 2021 RM'000
ASSETS			
Non-current Assets			
Property, plant and equipment		46,382	40,267
Right-of-use assets		3,428	3,061
		<u>49,810</u>	<u>43,328</u>
Current Assets			
Inventories		14,501	15,045
Trade receivables		4,812	9,867
Other receivables, deposits and prepayments		27,337	2,395
Amount owing by a joint venture		335	366
Amount owing by a related party		228	228
Current tax assets		2,335	2,322
Fixed deposits with licensed banks		40,000	15,000
Cash and bank balances		9,656	65,662
		<u>99,204</u>	<u>110,885</u>
TOTAL ASSETS		<u><u>149,014</u></u>	<u><u>154,213</u></u>
EQUITY AND LIABILITIES			
Equity			
Share capital		179,853	179,167
Merger deficit		(29,580)	(29,580)
Retained profits /(Accumulated losses)		(13,313)	(13,702)
Equity attributable to owners of the Company		<u>136,960</u>	<u>135,885</u>
Non-controlling interests		(574)	(562)
TOTAL EQUITY		<u><u>136,386</u></u>	<u><u>135,323</u></u>
Non-current Liabilities			
Lease liabilities	B8	1,644	1,471
Term loans	B8	1,072	4,889
		<u>2,716</u>	<u>6,360</u>
Current Liabilities			
Trade payables		2,429	4,572
Other payables and accruals		6,004	6,085
Bankers' acceptances	B8	-	238
Lease liabilities	B8	1,306	1,213
Term loans	B8	173	422
		<u>9,912</u>	<u>12,530</u>
TOTAL LIABILITIES		<u>12,628</u>	<u>18,890</u>
TOTAL EQUITY AND LIABILITIES		<u><u>149,014</u></u>	<u><u>154,213</u></u>
Net assets per share (RM) ⁽²⁾		<u>0.18</u>	<u>0.18</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 September 2021 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 780,600,600 shares as at 31 December 2021 and 773,110,600 shares as at 30 September 2021.



LKL INTERNATIONAL BERHAD (201501014673) (1140005-V)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FIRST QUARTER ENDED 31 DECEMBER 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 October 2021	179,167	(29,580)	(13,702)	135,885	(562)	135,323
Transaction with owners						
Ordinary shares issued pursuant to:						
- Private placement	686	-	-	686	-	686
PAT/ other comprehensive Income for the financial year	-	-	389	389	(12)	377
Balance at 31 December 2021	<u>179,853</u>	<u>(29,580)</u>	<u>(13,313)</u>	<u>136,960</u>	<u>(574)</u>	<u>136,386</u>
Balance at 1 May 2020	53,299	(29,580)	36,761	60,480	(42)	60,438
Transaction with owners						
Ordinary shares issued pursuant to:						
- ESOS	29,300	-	1,167	30,467	-	30,467
- Private placement	96,568	-	-	96,568	-	96,568
	125,868	-	1,167	127,035	-	127,035
LAT/ other comprehensive loss for the financial period	-	-	(51,630)	(51,630)	(520)	(52,150)
Balance at 30 September 2021	<u>179,167</u>	<u>(29,580)</u>	<u>(13,702)</u>	<u>135,885</u>	<u>(562)</u>	<u>135,323</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 September 2021 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 FIRST QUARTER ENDED 31 DECEMBER 2021 ⁽¹⁾

	CUMULATIVE QUARTER	
	CURRENT YEAR-TO-DATE 31 DEC 2021 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31 DEC 2020 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	802	-
Adjustments for:		
Depreciation of property, plant and equipment	399	-
Gain on disposal of property, plant and equipment	(2)	-
Depreciation of right-of-use assets	297	-
Interest expense	76	-
Interest income	(58)	-
Inventories written down	94	-
Reversal of inventories previously written down	(7)	-
Impairment losses on trade and other receivables	105	-
Reversal of impairment losses on trade receivables	(7)	-
Unrealised loss/(gain) on foreign exchange	2	-
Share of losses of equity accounted joint venture	31	-
Operating (loss)/profit before working capital changes	1,732	-
Decrease/(Increase) in inventories	457	-
Decrease/(Increase) in trade and other receivables	(19,987)	-
(Decrease)/Increase in trade and other payables	(2,229)	-
CASH USED IN OPERATIONS	(20,027)	-
Income tax paid	(438)	-
Interest paid	(76)	-
Interest received	58	-
NET CASH USED IN OPERATING ACTIVITIES	(20,483)	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(6,511)	-
Acquisition of right-of-use asset	(33)	-
(Increase)/Decrease in pledged fixed deposit with a licensed bank	(25,000)	-
NET CASH FROM/(USED IN) INVESTING ACTIVITIES	(31,544)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
(Repayment)/Drawdown of bankers' acceptances	(238)	-
Proceeds from issuance of ordinary shares	686	-
Repayment of lease liabilities	(366)	-
Repayment of term loans	(4,065)	-
NET CASH FROM/(USED IN) FINANCING ACTIVITIES	(3,983)	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(56,010)	-
EFFECTS OF FOREIGN EXCHANGE RATE CHANGES ON THE BALANCE		
OF CASH HELD IN FOREIGN CURRENCIES	4	-
CASH AND CASH EQUIVALENTS AT 1 OCTOBER 2021	65,662	-
CASH AND CASH EQUIVALENTS AT 31 DECEMBER 2021	9,656	-
Cash and cash equivalents at end of the financial year comprises the following:		
Cash and bank balances	9,656	-
Fixed deposit with a licensed bank	40,000	-
Bank overdraft	-	-
	49,656	-
Less: Fixed deposit with a licensed bank	(40,000)	-
	9,656	-

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 September 2021 and the accompanying explanatory notes attached to this interim financial report.

(2) The previous financial period end of the Group has been changed from 30 April to 30 September. As such, there will be no comparative financial information available for the quarter ended 31 December 2021.



LKL INTERNATIONAL BERHAD (201501014673) (1140005-V)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 DECEMBER 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 financial period ended 30 September 2021 (“FPE 2021”). 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 FPE 30 September 2021.

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 2021 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 10 and MFRS 128: Sales or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
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
Amendments to MFRS 112: Income Tax – Deferred Tax related to Assets and Liabilities arising from a Single Transaction.	1 January 2023
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 FIRST QUARTER ENDED 31 DECEMBER 2021

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 except as disclosed in the unaudited financial statement.

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

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 2nd Private Placement:

Tranches	Issuance Date	No. of Shares	Issue Price (RM)	Total Proceeds (RM)
Tranche 3	16 November 2021	7,490,000	0.0930	696,570
		7,490,000		696,570

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 DECEMBER 2021

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 DEC 2021		31 DEC 2020		31 DEC 2021		31 DEC 2020	
	RM’000	%	RM’000	%	RM’000	%	RM’000	%
Manufacturing:								
Medical/healthcare beds	2,938	23.40	-	-	2,938	23.40	-	-
Medical peripherals and accessories	6,135	48.86	-	-	6,135	48.86	-	-
	<u>9,073</u>	<u>72.26</u>	<u>-</u>	<u>-</u>	<u>9,073</u>	<u>72.26</u>	<u>-</u>	<u>-</u>
Trading:								
Medical peripherals and accessories	3,396	27.04	-	-	3,396	27.04	-	-
Medical devices	87	0.70	-	-	87	0.70	-	-
	<u>3,483</u>	<u>27.74</u>	<u>-</u>	<u>-</u>	<u>3,483</u>	<u>27.74</u>	<u>-</u>	<u>-</u>
Total revenue	<u>12,556</u>	<u>100.00</u>	<u>-</u>	<u>-</u>	<u>12,556</u>	<u>100.00</u>	<u>-</u>	<u>-</u>

(b) Analysis of revenue by geographical areas

	UNAUDITED INDIVIDUAL QUARTER				UNAUDITED CUMULATIVE QUARTER			
	31 DEC 2021		31 DEC 2020		31 DEC 2021		31 DEC 2020	
	RM’000	%	RM’000	%	RM’000	%	RM’000	%
Local:								
Malaysia	10,746	85.59	-	-	10,746	85.59	-	-
Export:								
Africa	119	0.95	-	-	119	0.95	-	-
Asia - other than Malaysia	1,432	11.40	-	-	1,432	11.40	-	-
Europe	6	0.05	-	-	6	0.05	-	-
Middle East	253	2.01	-	-	253	2.01	-	-
	<u>1,810</u>	<u>14.41</u>	<u>-</u>	<u>-</u>	<u>1,810</u>	<u>14.41</u>	<u>-</u>	<u>-</u>
Total revenue	<u>12,556</u>	<u>100.00</u>	<u>-</u>	<u>-</u>	<u>12,556</u>	<u>100.00</u>	<u>-</u>	<u>-</u>

A10. Valuation of property, plant and equipment

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



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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 DECEMBER 2021

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

A11. Material events subsequent to the end of the current financial quarter

Save as disclosed below and in Note B6, 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 7 January 2022, 28,000,000 of new ordinary shares were issued under the Employees’ Share Option Scheme of the Company (“ESOS”) at the exercise price of RM0.0711 per ordinary share.
- (ii) On 27 January 2022, LKL Advance Metaltech Sdn. Bhd., a wholly-owned subsidiary of the Company had entered into a Sale and Purchase Agreement (“SPA”) with Thirty Keystone Sdn. Bhd. for acquisition of 60,196,966 ordinary shares of Parlo Berhad (“Parlo”), representing approximately 13.78% of the total number of issued shares of Parlo, for a total cash consideration of RM13,243,332 at share price of RM0.22 each. The acquisition has been completed on the same day.

A12. 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 11 October 2021, the Group acquired 100,000 ordinary shares, representing 100% of the total paid-up capital in LKL Medical (Sarawak) Sdn. Bhd., for a cash consideration of RM100,000 and which a wholly owned subsidiary of the Group.

A13. Contingent assets or contingent liabilities

The Group has no other contingent assets and contingent liabilities as at the date of this report except for the following:

- (i) Contingent liabilities

	UNAUDITED AT 31 DEC 2021 RM'000	AUDITED AT 30 SEP 2021 RM'000
Bank guarantee given by financial institution to third party	314	243

- (ii) Sales agreement with customers

On 1 September 2020 and 30 November 2020, the subsidiary has entered into sales agreement with Wei Hai Textile Group Import and Export Co., Ltd (“Wei Hai”) and Shang Hong International (Hong Kong) Limited (“Shang Hong”) for the supply of 6.618 million boxes of nitrile gloves amounted to USD59,031,000, approximately RM245,016,770. According to the contract of Wei Hai, the gloves shall be delivered within 4 months from 1 September 2020. As for Shang Hong, the gloves shall be delivered by December 2021. However, as of the financial period ended 30 December the subsidiary has not fulfilled the delivery of the contract. The Director has assessed that possibility of liabilities arise from the contracts is remote.



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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 DECEMBER 2021

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

A14. 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 DEC 2021 RM'000	AUDITED AT 30 SEP 2021 RM'000
Purchase of property, plant and equipment	<u>600</u>	<u>12,129</u>

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 FIRST QUARTER ENDED 31 DECEMBER 2021

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

B1. Review of performance

No comparative figures are presented due to the previous financial year end of the Group has been changed from 30 April to 30 September.

The Group's performance for the first quarter and three months ended December 31, 2021 is as tabled below:

	UNAUDITED CURRENT QUARTER 31 DECEMBER 2021 RM'000	UNAUDITED CUMULATIVE QUARTER 31 DECEMBER 2021 RM'000
Revenue	12,556	12,556
Profit Before Tax ("PBT")	802	802

QUARTER REVIEW

For the current financial quarter ended December 31, 2021, the Group registered revenue of RM12.556 million. Segmentally, manufacturing constituted the majority of group revenue with RM9.073 million or 72.26%, comprising sales of medical/ healthcare beds and medical peripherals and accessories. Meanwhile, trading contributed the remaining revenue at RM3.483 million or 27.74%, comprising sales of medical peripherals and accessories, and medical devices.

Geographically, domestic sales made up the majority RM10.746 million or 85.59 % of group revenue. Export sales contributed the remaining RM1.810 million or 14.41%.

The Group recorded PBT of RM0.802 million for the quarter under review.

B2. Comparison with preceding quarter's results

Due to the change in the financial year end, the performance of the current quarter is not comparable against the preceding period of two months (6th period ended September 30, 2021).



LKL INTERNATIONAL BERHAD (201501014673) (1140005-V)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 DECEMBER 2021

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

B3. Prospects

The rise in Covid-19 infection rates in Malaysia since January 2022, and the spread of the Omicron variant globally, continues to pose market uncertainties and challenges. Furthermore, resulting supply chain disruptions have led to higher costs for key raw materials of the Group's manufacturing/trading segment, such as steel sheets, electrical components and hydraulic pumps.

Despite these challenges, demand for the Group's medical/healthcare beds, peripherals and accessories remain resilient, due to their essential nature to support the population's growing requirements. The Group expects to continue recording healthy orders in 2022.

Under the 12th Malaysia Plan (12MP), the Government has targeted to increase the hospital bed-per-1000 population ratio to 2.06 by 2025 from 1.98 in 2019, to ensure readiness of hospitals to cater to citizens' health, which would support demand for the Group's comprehensive range of medical and healthcare related products. The Group opines that our mid-to-long term prospects remain positive, driven by population growth, rising affluence, and ageing population.

Furthermore, the Group is expecting to launch our first pharmacy outlet under our LKL Pharmacy retail chain brand in the first quarter of 2022. The new venture will enable the Group to capture opportunities in the business-to-consumer segment, in line with increasing community awareness and demand for a greater range of personalised wellness services and products.

Going forward, the Group endeavours to continue serving the local and international healthcare markets by expanding our product portfolio, and entering into synergistic businesses that would ensure our business sustainability. These efforts will allow us to play a greater role in transforming community health, by leveraging on our extensive experience in serving medical and healthcare institutions.

B4. Income tax expense

	UNAUDITED INDIVIDUAL QUARTER 31 DEC 2021 RM'000	UNAUDITED CUMULATIVE QUARTER 31 DEC 2021 RM'000
Current tax expense: - for the financial year	425	425
Effective tax rate (%)	53%	53%

The effective tax rate of the Group for current quarter was higher than the statutory rate mainly based on the provision for tax by a profitable subsidiary and hence, no tax provision was provided for loss position subsidiaries.



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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 DECEMBER 2021

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

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

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

- (i) On 23 November 2021, TA Securities had announced on behalf of the Board that LKL International proposed to undertake a private placement of up to 150,000,000 new ordinary shares in LKL International to third party investor(s) to be identified later and at an issue price to be determined later.

On 3 January 2022, Bursa Securities had approved the proposed private placement.

On 13 January 2022, the Company had completed all listing and quotation for 150,000,000 Placement Shares at issue price of RM0.0713 on the ACE Market of Bursa Securities pursuant to the Private Placement.



LKL INTERNATIONAL BERHAD (201501014673) (1140005-V)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 DECEMBER 2021

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

B7. Utilisation of proceeds from the Private Placement

(i) Pursuant to the 1st 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	11,963	-	14,537	Within 24 months
(b) Future investments or projects	6,000	6,000	-	-	Within 24 months
(c) Repayment of bank borrowings	5,561	4,723	-	838	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	47,465	-	15,375	

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 FIRST QUARTER ENDED 31 DECEMBER 2021

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

B7. Utilisation of proceeds from the Private Placement (Cont'd)

(ii) Pursuant to the 2nd 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	3 September 2021	144,000,000	0.2050	29,520,000
Tranche 2	3 September 2021	26,033,200	0.2050	5,336,806
Tranche 3	15 November 2021	7,490,000	0.0930	696,570
		177,523,200		35,553,376

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) Trading of rubber gloves and PPE	32,953	29,981	-	2,972	Within 24 months
(b) Setting Up new storage facilities	2,000	112	-	1,888	Within 24 months
(c) Estimated expenses in relation to the Proposals	600	514	-	86	Within 1 month
Total	35,553	30,607	-	4,946	

(iii) Pursuant to the 3rd 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	13 January 2022	150,000,000	0.0713	10,695,000
		150,000,000		10,695,000

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) Purchase of raw materials and ancillary goods	10,545	6,388	-	4,158	Within 18 months
(b) Estimated expenses in relation to the Proposals	150	135	-	15	Within 1 month
Total	10,695	6,523	-	4,172	



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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 DECEMBER 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 December 2021 were as follows:

	UNAUDITED AT 31 DECEMBER 2021 RM'000	AUDITED AT 30 SEP 2021 RM'000
Current:		
Bankers' acceptances	-	238
Lease liabilities	1,306	1,213
Term loans	173	422
	<u>1,479</u>	<u>1,873</u>
Non-current:		
Lease liabilities	1,644	1,471
Term loans	1,072	4,889
	<u>2,716</u>	<u>6,360</u>
Total borrowings:		
Bankers' acceptances	-	238
Lease liabilities	2,950	2,684
Term loans	1,245	5,311
	<u>4,195</u>	<u>8,233</u>

All the borrowings were secured and denominated in Ringgit Malaysia.



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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 DECEMBER 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, LKL Advance Metaltech Sdn. Bhd. had through its solicitors, Messrs. Chong + Kheng Hoe, filed an Originating Summons in the High Court in Kuala Lumpur bearing registration number: WA-24NCC(ARB)-37-12/2020 ("OS") against Crecom Burj Gloves Sdn. Bhd. ("Defendant").

On the same date, the High Court had granted a Mareva injunction to freeze the Defendant's asset up to the amount of RM12,542,783 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. However, the Defendant has withdrawn its appeal No. W-02(NCC)(A)-719-04/2021 at the Court of Appeal on 9 September 2021.

In line with the OS, the Plaintiff had also filed a Notice of Arbitration ("Arbitration") against the Defendant. The Plaintiff's claim against the Defendant in the Arbitration arose from the Purchase Agreement dated 2 October 2020 ("PA"). The Plaintiff had paid RM12,673,500 to the Defendant to purchase gloves from the Defendant pursuant to the PA, in which was breached by the latter. In the Arbitration, the Plaintiff is seeking from the Defendant RM12,542,783, 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 pending appointment of arbitrator by the director of Asian International Arbitration Centre.

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

On 13 September 2021, LKLAM had through its solicitors, Messrs Chong + Kheng Hoe, filed a Writ and Statement of Claim in the High Court in Kuala Lumpur bearing suit number: WA-22NCC-331-07/2021 ("Suit") against the 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 Khairul Anuar ("Defendant"). for the return of RM12,540,757 being payment made by the Plaintiff for the purchase of gloves from Crecom pursuant to the Purchase Agreement dated 2 October 2020. and the suit is fixed for trial on 23 to 27 May 2022.



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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 DECEMBER 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 Genesis Gateway Sdn. Bhd. (WA-28NCC-800-11/2021)

On 8 November 2021, LKLAM has had through its solicitors, Messrs. Chong + Kheng Hoe, presented a Winding Up Petition at the Kuala Lumpur High Court registered under Companies (Winding-Up) No. WA-28NCC-800-11/2021 against Genesis Gateway Sdn Bhd [Registration No.: 200801030164 (831493-D)] ("Respondent") for the sum of RM13,311,960, indebted by the Respondent to the Petitioner wherein the Petitioner is seeking inter alia for the Respondent to be wound up by the Court and the incidental reliefs related thereto.

The Court had fixed the aforesaid matter for case management on 8 December 2021 and the hearing of the Petition on 8 March 2022.

On 8 December 2021, the solicitors, Messrs. Chong + Kheng Hoe has informed Court that Genesis Gateway Sdn. Bhd. has complied with the winding up procedures and wait for the hearing of Petition on 8 March 2022.

(iv) 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. The Court had vacated the hearing dates and further fixed a case management on 10 December 2021. The hearing of The Edge's striking out application and the case management of the main suit is fixed on 8 March 2022.

B10. Dividend proposed

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

B11. Earning per share ("EPS")

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

	UNAUDITED INDIVIDUAL QUARTER 31 DECEMBER 2021	UNAUDITED CUMULATIVE QUARTER 31 DECEMBER 2021
Net profit attributable to ordinary equity holders of the Company (RM'000)	389	389
Weighted average number of ordinary shares in issue ('000)	776,856	776,856
Basic EPS (sen) ⁽¹⁾	0.05	0.05

Note:

(1) Basic EPS of the Company for the individual and cumulative quarter ended 31 December 2021 are equivalent to the basic 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 FIRST QUARTER ENDED 31 DECEMBER 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

PBT is arrived at after charging/(crediting):

	UNAUDITED		UNAUDITED	
	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	31 DEC 2021	31 DEC 2020	31 DEC 2021	31 DEC 2020
	RM'000	RM'000	RM'000	RM'000
Depreciation of property, plant and equipment	399	-	399	-
Gain on disposal of property, plant and equipment	(2)	-	(2)	-
Depreciation of right-of-use assets	297	-	297	-
Interest expense	76	-	76	-
Interest income	(58)	-	(58)	-
Inventories written down	94	-	94	-
Reversal of inventories previously written down	(7)	-	(7)	-
Impairment losses on trade receivables	105	-	105	-
Reversal of impairment losses on trade receivables which no longer required	(7)	-	(7)	-
Realised gain on foreign exchange	(11)	-	(11)	-
Unrealised loss/(gain) on foreign exchange	2	-	2	-

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