



**LKL INTERNATIONAL BERHAD (201501014673) (1140005-V)**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SECOND QUARTER ENDED 31 MARCH 2022 <sup>(1)</sup>**

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		UNAUDITED CURRENT QUARTER ENDED 31 MAR 2022 RM'000	UNAUDITED COMPARATIVE QUARTER ENDED 31 MAR 2021 RM'000	UNAUDITED CUMULATIVE PERIOD TO DATE 31 MAR 2022 RM'000	AUDITED CUMULATIVE PRECEDING PERIOD TO DATE 31 MAR 2021 RM'000
Revenue	A10	21,475	-	34,031	-
Cost of sales		(18,887)	-	(26,524)	-
Gross profit		2,588	-	7,507	-
Other income		117	-	369	-
Administrative expenses		(4,002)	-	(7,525)	-
Selling and distribution expenses		(747)	-	(1,128)	-
Other expenses		(290)	-	(550)	-
Net gain on impairment of financial assets		1,112	-	1,014	-
Share of losses of in an associate		-	-	(31)	-
Loss from operations		(1,222)	-	(344)	-
Finance costs		(74)	-	(150)	-
Loss before taxation ("LBT")		(1,296)	-	(494)	-
Tax expense	B4	75	-	(350)	-
Loss after taxation ("LAT")		(1,221)	-	(844)	-
Other comprehensive income		-	-	-	-
Loss and other comprehensive income for the financial period		(1,221)	-	(844)	-
Loss and other comprehensive income for the financial period attributable to:-					
Owners of the Company		(1,216)	-	(828)	-
Non-controlling interests		(5)	-	(16)	-
		(1,221)	-	(844)	-
Loss per share (sen)					
- Basic <sup>(2)</sup> / Diluted <sup>(3)</sup>	B11	(0.13)	-	(0.10)	-

**Notes:-**

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statements of Loss and Other Comprehensive Income are detailed in Note A1 and should be read in conjunction with the audited financial statements for the financial period ended ("FPE") 30 September 2021 and the accompanying explanatory notes attached to this interim financial report.
- (2) Basic loss 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 March 2022 are equivalent to the basic loss per share as the Company does not have convertible options at the end of the reporting period.
- (4) 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 March 2022.



**LKL INTERNATIONAL BERHAD (201501014673) (1140005-V)**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2022 <sup>(1)</sup>**

	Note	UNAUDITED AS AT 31 MAR 2022 RM'000	AUDITED AS AT 30 SEP 2021 RM'000
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Property, plant and equipment		53,230	40,267
Right-of-use assets		3,225	3,061
Investment in Quoted Shares		33,244	-
		<u>89,699</u>	<u>43,328</u>
<b>Current Assets</b>			
Inventories		26,365	15,045
Trade receivables		4,039	9,867
Other receivables, deposits and prepayments		24,142	2,395
Amount owing by a joint venture		335	366
Amount owing by a related party		228	228
Current tax assets		2,846	2,322
Fixed deposits with licensed banks		-	15,000
Cash and bank balances		21,772	65,662
		<u>79,727</u>	<u>110,885</u>
<b>TOTAL ASSETS</b>		<u>169,426</u>	<u>154,213</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		192,665	179,167
Merger deficit		(29,580)	(29,580)
Accumulated losses		(14,530)	(13,702)
Equity attributable to owners of the Company		<u>148,555</u>	<u>135,885</u>
Non-controlling interests		(578)	(562)
<b>TOTAL EQUITY</b>		<u>147,977</u>	<u>135,323</u>
<b>Non-current Liabilities</b>			
Lease liabilities	B8	1,551	1,471
Term loans	B8	7,075	4,889
		<u>8,626</u>	<u>6,360</u>
<b>Current Liabilities</b>			
Trade payables		2,032	4,572
Other payables and accruals		8,925	6,085
Amount owing to a joint venture		96	-
Bankers' acceptances	B8	88	238
Lease liabilities	B8	1,239	1,213
Term loans	B8	443	422
		<u>12,823</u>	<u>12,530</u>
<b>TOTAL LIABILITIES</b>		21,449	18,890
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>169,426</u>	<u>154,213</u>
Net assets per share (RM) <sup>(2)</sup>		<u>0.15</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 FPE 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 958,600,600 shares as at 31 March 2022 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 SECOND QUARTER ENDED 31 MARCH 2022 <sup>(1)</sup>**

	<----- Non-Distributable ----->		Distributable Retained Profits RM'000	Attributable to Owners of Company RM'000	Non-controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Merger Deficit RM'000				
<b>Balance at 1 October 2021</b>	179,167	(29,580)	(13,702)	135,885	(562)	135,323
<b>Transaction with owners</b>						
Ordinary shares issued pursuant to:						
- ESOS	1,991	-	-	1,991	-	1,991
- Transfer from ESOS Reserve upon exercise/lapse of ESOS	246	-	-	246	-	246
- Private placement	11,261	-	-	11,261	-	11,261
	13,498	-	-	13,498	-	13,498
Loss and other comprehensive income for the financial period	-	-	(828)	(828)	(16)	(844)
<b>Balance at 31 March 2022</b>	<b>192,665</b>	<b>(29,580)</b>	<b>(14,530)</b>	<b>148,555</b>	<b>(578)</b>	<b>147,977</b>
<b>Balance at 1 May 2020</b>	53,299	(29,580)	36,761	60,480	(42)	60,438
<b>Transaction with owners</b>						
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
Loss and other comprehensive income for the financial period	-	-	(51,630)	(51,630)	(520)	(52,150)
<b>Balance at 30 September 2021</b>	<b>179,167</b>	<b>(29,580)</b>	<b>(13,702)</b>	<b>135,885</b>	<b>(562)</b>	<b>135,323</b>

**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 FPE 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 SECOND QUARTER ENDED 31 MARCH 2022 <sup>(1)</sup>**

	CUMULATIVE QUARTER	
	UNAUDITED CURRENT QUARTER ENDED 31 MAR 2022 RM'000	UNAUDITED COMPARATIVE QUARTER ENDED 31 MAR 2021 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(494)	-
Adjustments for:		
Depreciation of property, plant and equipment	816	-
Gain on disposal of property, plant and equipment	(2)	-
Depreciation of right-of-use assets	663	-
Interest expense	150	-
Interest income	(270)	-
Net reversal of inventories written down	(26)	-
Impairment losses on trade and other receivables	32	-
Reversal of impairment losses on trade receivables	(1,046)	-
Share of losses of equity accounted joint venture	31	-
<b>Operating loss before working capital changes</b>	<b>(146)</b>	<b>-</b>
Increase in inventories	(11,294)	-
Increase in trade and other receivables	(14,904)	-
Increase in trade and other payables	289	-
Increase in amount owing to a joint venture	96	-
<b>CASH USED IN OPERATIONS</b>	<b>(25,959)</b>	<b>-</b>
Income tax paid	(873)	-
Interest paid	(73)	-
Interest received	270	-
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<b>(26,635)</b>	<b>-</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property, plant and equipment	(13,777)	-
Investment in Quoted Shares	(33,243)	-
Acquisition of right-of-use asset	(68)	-
Decrease in pledged fixed deposit with a licensed bank	15,000	-
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(32,088)</b>	<b>-</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of bankers' acceptances	(150)	-
Drawdown of term loans	7,182	-
Proceeds from issuance of ordinary shares	13,498	-
Repayment of lease liabilities	(731)	-
Repayment of term loans	(4,975)	-
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>14,824</b>	<b>-</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(43,899)</b>	<b>-</b>
<b>EFFECTS OF FOREIGN EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES</b>	<b>9</b>	<b>-</b>
<b>CASH AND CASH EQUIVALENTS AT 1 OCTOBER 2021</b>	<b>65,662</b>	<b>-</b>
<b>CASH AND CASH EQUIVALENTS AT 31 MARCH 2022</b>	<b>21,772</b>	<b>-</b>
<b><u>Cash and cash equivalents at end of the financial period comprises the following:</u></b>		
Cash and bank balances	21,772	-
	<b>21,772</b>	<b>-</b>

**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 FPE 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 March 2022.



## LKL INTERNATIONAL BERHAD (201501014673) (1140005-V)

### NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 31 MARCH 2022

#### 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 2021.

##### A2. Change of financial year end

As announced on 22 April 2022, the Company has changed its financial year end from 30 September to 31 December. As a result, the next annual audited financial statements of the Group will be covering a 15-month period ending 31 December 2022.

##### 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 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 17: Insurance Contracts – Initial Application of MFRS 17 and MFRS 9	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.



**LKL INTERNATIONAL BERHAD (201501014673) (1140005-V)**

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 31 MARCH 2022**

**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 except as disclosed in the unaudited financial statement.

**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 3<sup>rd</sup> Private Placement:

<b>Tranches</b>	<b>Issuance Date</b>	<b>No. of Shares</b>	<b>Issue Price (RM)</b>	<b>Total Proceeds (RM)</b>
Tranche 1	13 January 2022	150,000,000	0.0713	10,695,000
		<b>150,000,000</b>		<b>10,695,000</b>

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

	<b>UNAUDITED INDIVIDUAL QUARTER 31 MAR 2022</b>		<b>UNAUDITED CUMULATIVE QUARTER 31 MAR 2022</b>	
	<b>No. of Shares ‘000</b>	<b>RM ‘000</b>	<b>No. of Shares ‘000</b>	<b>RM ‘000</b>
Exercise of share options	28,000	1,991	116,517	29,649

**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 SECOND QUARTER ENDED 31 MARCH 2022**

**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 MAR 2022		31 MAR 2021		31 MAR 2022		31 MAR 2021	
	RM’000	%	RM’000	%	RM’000	%	RM’000	%
<b>Manufacturing:</b>								
Medical/healthcare beds	1,627	7.58	-	-	4,565	13.41	-	-
Medical peripherals and accessories	4,548	21.17	-	-	10,683	31.39	-	-
	<u>6,175</u>	<u>28.75</u>	<u>-</u>	<u>-</u>	<u>15,248</u>	<u>44.80</u>	<u>-</u>	<u>-</u>
<b>Trading:</b>								
Medical peripherals and accessories	15,213	70.84	-	-	18,609	54.68	-	-
Medical devices	60	0.28	-	-	147	0.44	-	-
	<u>15,273</u>	<u>71.12</u>	<u>-</u>	<u>-</u>	<u>18,756</u>	<u>55.12</u>	<u>-</u>	<u>-</u>
<b>Retail:</b>								
Healthcare and Pharmaceuticals	27	0.13	-	-	27	0.08	-	-
<b>Total revenue</b>	<b><u>21,475</u></b>	<b><u>100.00</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>34,031</u></b>	<b><u>100.00</u></b>	<b><u>-</u></b>	<b><u>-</u></b>

(b) Analysis of revenue by geographical areas

	UNAUDITED INDIVIDUAL QUARTER				UNAUDITED CUMULATIVE QUARTER			
	31 MAR 2022		31 MAR 2021		31 MAR 2022		31 MAR 2021	
	RM’000	%	RM’000	%	RM’000	%	RM’000	%
<b>Local:</b>								
Malaysia	19,220	89.50	-	-	29,966	88.06	-	-
<b>Export:</b>								
Africa	3	0.01	-	-	122	0.36	-	-
Asia - other than Malaysia	1,921	8.95	-	-	3,353	9.85	-	-
Europe	328	1.53	-	-	334	0.98	-	-
Middle East	3	0.01	-	-	256	0.75	-	-
	<u>2,255</u>	<u>10.50</u>	<u>-</u>	<u>-</u>	<u>4,065</u>	<u>11.94</u>	<u>-</u>	<u>-</u>
<b>Total revenue</b>	<b><u>21,475</u></b>	<b><u>100.00</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>34,031</u></b>	<b><u>100.00</u></b>	<b><u>-</u></b>	<b><u>-</u></b>

**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 SECOND QUARTER ENDED 31 MARCH 2022**

**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 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 5 April 2022, 13,000,000 of new ordinary shares were issued under the Employees’ Share Option Scheme of the Company (“ESOS”) at the exercise price of RM0.0716 per ordinary share.

**A13. Changes in composition of the Group**

There were no material changes in the composition of the Group for the current financial quarter under review.

**A14. 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

	<b>UNAUDITED AS AT 31 MAR 2022 RM'000</b>	<b>AUDITED AS AT 30 SEP 2021 RM'000</b>
Bank guarantee given by financial institution to third party	<u>758</u>	<u>243</u>

- (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, the subsidiary has not fulfilled the delivery of the contract as at the date of this report. The Director has assessed that possibility of liabilities arise from the contracts is remote.

**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:

	<b>UNAUDITED AS AT 31 MAR 2022 RM'000</b>	<b>AUDITED AS AT 30 SEP 2021 RM'000</b>
Purchase of property, plant and equipment	<u>600</u>	<u>12,129</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 SECOND QUARTER ENDED 31 MARCH 2022**

**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 period end of the Group has been changed from 30 April to 30 September.

The Group's performance for the second quarter and three months ended March 31, 2022 is as tabled below:

	<b>UNAUDITED CURRENT QUARTER 31 MARCH 2022 RM'000</b>	<b>UNAUDITED CUMULATIVE QUARTER 31 MARCH 2022 RM'000</b>
Revenue	21,475	34,031
Loss Before Tax ("LBT")	(1,296)	(494)

**QUARTER REVIEW**

For the current financial quarter ended March 31, 2022, the Group posted revenue of RM21.475 million. The manufacturing segment contributed RM6.175 million or 28.75% of group revenue, comprising sales of medical/healthcare beds and medical peripherals and accessories. Meanwhile, the trading segment constituted RM15.273 million or 71.12% of group revenue, comprising sales of medical peripherals and accessories, and medical devices. Additionally, the newly established retail segment which 1<sup>st</sup> outlet launched in March 2022, involving sales of healthcare and pharmaceuticals, made up the remaining RM0.027 million or 0.13% of group revenue.

Geographically, the local market was the larger revenue contributor at RM19.220 million or 89.50% of group revenue. Export sales constituted the remaining RM2.255 million or 10.50%.

The Group recorded LBT of RM1.296 million for the quarter under review, mainly due to less favourable product mix and higher in Administrative and Selling and Distribution expenses.

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

	<b>UNAUDITED CURRENT QUARTER 31 MARCH 2022 RM'000</b>	<b>UNAUDITED PRECEDING QUARTER 31 DEC 2021 RM'000</b>
Revenue	21,475	12,556
Profit/(Loss) Before Tax ("PBT"/ "(LBT)")	(1,296)	802

The Group's revenue for the current financial quarter under review amounted to RM21.475 million, growing 71.03% or RM8.919 million from RM12.556 million in the preceding financial quarter, mainly attributable to higher sales of medical peripherals and accessories in the trading segment, in addition to maiden contribution from the healthcare and pharmaceuticals services in the retail segment.



## **LKL INTERNATIONAL BERHAD (201501014673) (1140005-V)**

### **NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 31 MARCH 2022**

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

##### **B2. Comparison with preceding quarter's results (Cont'd)**

Segmentally, the manufacturing segment constituted RM6.175 million of Group revenue in the current financial quarter, a decline of 31.94% or RM2.898 million from RM9.073 million in the preceding financial quarter. Meanwhile, the trading segment registered revenue of RM15.273 million, jumping 338.50% or RM11.790 million from RM3.483 million in the preceding financial quarter, attributable to higher sales of medical peripherals and accessories.

Despite the improved revenue, the Group incurred a LBT of RM1.296 million as compared to a PBT of RM0.802 million in the preceding financial quarter, mainly attributable to less favourable product mix and higher in Administrative and Selling and Distribution expenses.

##### **B3. Prospects**

The Group continues to note market uncertainties and challenges, attributed to rising inflation and supply chain disruptions globally, further exacerbated by the Russia-Ukraine geopolitical conflict, as well as lockdowns in China. As a result, the Group also faced higher costs for key raw materials in the manufacturing segment, such as steel sheets, electrical components, and hydraulic pumps.

While market challenges remain, the Group opines that our mid- to longer-term outlook remains positive, given the recovering Malaysian economy and anticipated Government investments into the medical and healthcare sector, with a targeted hospital bed-per-1000 population ratio (BPR) of 2.06 by 2025 versus BPR of 1.98 in 2019. The private healthcare sector is also likely to increase investments to fuel the higher demand for hospital beds. Hence, the Group expects to register healthy orders of medical beds in 2022.

Additionally, the Group has seen improved foreign sales, particularly to the Asian markets, on the back of recovering regional economies and increasing emphasis on building resiliency of healthcare systems. With the reopening of international borders, the Group will increase our participation in international trade exhibitions and roadshows to capture the overseas demand.

The Group will also continue to enhance operating efficiency through investments in manufacturing automation to reduce dependency on manual labour. In addition to efficiency initiatives, the Group will seek to enhance our product mix and cost control measures to mitigate higher production costs.

Furthermore, in March 2022, the Group had launched our first lifestyle pharmacy outlet at Publika Shopping Gallery in Kuala Lumpur, representing our maiden venture into the direct-to consumer business. The new consumer-centric venture complements our established track record of serving medical and healthcare providers, and allows us to play a greater role in community healthcare. The Group will continue to expand our product and services portfolio, increase our marketing efforts, as well as plan more new outlet launches going forward.

To achieve long-term profitability and sustainable growth, the Group will continue to reinforce our position as a reliable one-stop solutions provider to the medical and healthcare industry, by enhancing the comprehensiveness of our products portfolio across our manufacturing and trading segments, as well as explore synergistic businesses that will contribute positively to our performance.



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**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 31 MARCH 2022**

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

**B4. Tax expense**

	<b>UNAUDITED INDIVIDUAL QUARTER 31 MAR 2022 RM'000</b>	<b>UNAUDITED CUMULATIVE QUARTER 31 MAR 2022 RM'000</b>
Current tax expense	<u>(75)</u>	<u>350</u>

The provision for tax payable was made for profitable subsidiaries and certain expenses of the group were disallowed for tax purpose.

**B5. Variance of actual loss from profit forecast and profit guarantee**

The Group has not issued any profit forecast or profit guarantee in any form of public documentation and announcement during the current financial quarter under review.

**B6. Status of corporate proposals**

There were no other corporate proposals announced but not completed as at the date of this report.



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**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 31 MARCH 2022**

**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 1<sup>st</sup> 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
		<b>85,760,000</b>		<b>62,840,350</b>

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	11,980	-	14,520	Within 24 months
(b) Future investments or projects	6,000	6,000	-	-	Within 24 months
(c) Repayment of bank borrowings	5,561	5,561	-	-	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 <sup>(1)</sup>	-	Within 1 month
<b>Total</b>	<b>62,840</b>	<b>48,320</b>	<b>-</b>	<b>14,520</b>	

**Note:-**

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



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**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 31 MARCH 2022**

**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 2<sup>nd</sup> 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
		<b>177,523,200</b>		<b>35,553,376</b>

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	154	-	1,846	Within 24 months
(c) Estimated expenses in relation to the Proposals	600	514	-	86	Within 1 month
<b>Total</b>	<b>35,553</b>	<b>30,649</b>	<b>-</b>	<b>4,904</b>	

(iii) Pursuant to the 3<sup>rd</sup> 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
		<b>150,000,000</b>		<b>10,695,000</b>

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	10,560	(15)	-	Within 18 months
(b) Estimated expenses in relation to the Proposals	150	135	15 <sup>(1)</sup>	-	Within 1 month
<b>Total</b>	<b>10,695</b>	<b>10,695</b>	<b>-</b>	<b>-</b>	

**Note:-**

(1) In view that the actual listing expenses were lesser than estimated, the surplus has been re-allocated for purchase of raw materials and ancillary goods.



**LKL INTERNATIONAL BERHAD (201501014673) (1140005-V)**

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 31 MARCH 2022**

**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 March 2022 were as follows:

	<b>UNAUDITED AS AT 31 MARCH 2022 RM'000</b>	<b>AUDITED AS AT 30 SEP 2021 RM'000</b>
<b>Current:</b>		
Bankers' acceptances	88	238
Lease liabilities	1,239	1,213
Term loans	443	422
	<u>1,770</u>	<u>1,873</u>
<b>Non-current:</b>		
Lease liabilities	1,551	1,471
Term loans	7,075	4,889
	<u>8,626</u>	<u>6,360</u>
<b>Total borrowings:</b>		
Bankers' acceptances	88	238
Lease liabilities	2,790	2,684
Term loans	7,518	5,311
	<u><b>10,396</b></u>	<u><b>8,233</b></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 SECOND QUARTER ENDED 31 MARCH 2022**

#### **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").

The High Court had on 5 March 2021 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 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 pending appointment of arbitrator by the director of Asian International Arbitration Centre. There was no progress in the case as at the date of this report.

##### **(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")

The Plaintiff claiming against Defendants for the return of RM12,540,757.20 being payment made by the Plaintiff for the purchase of gloves from Crecom Burj Group Sdn Bhd pursuant to the Purchase Agreement dated 2 October 2020. The Suit is fixed for trial on 27 Feb to 3 March 2023.



**LKL INTERNATIONAL BERHAD (201501014673) (1140005-V)**

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 31 MARCH 2022**

**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 ("Petitioner") 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 ("Respondent") for the sum of RM13,311,960.96, 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 hearing of the Petition is fixed on 31 May 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. The hearing of The Edge's striking out application and the case management of the main suit was both fixed on 8 March 2022. During the hearing on The Edge's striking out application, the learned judge did not rule in favor of the striking out application but also did not make any order for the striking out application. The learned judge instead instructed the parties to first determine the preliminary issue of law whereby whether the words contained in The Edge's Article are capable of being defamatory ("Order 33 Issue"). The learned judge has fixed the case management for the Order 33 Issue on 30 March 2022. After deciding on Order 33 Issue, the hearing for the striking out application is fixed on 17 May 2022. The next case management is fixed on 17 May 2023.

**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 period-to-date are computed as follows:

	<b>UNAUDITED INDIVIDUAL QUARTER 31 MARCH 2022</b>	<b>UNAUDITED CUMULATIVE QUARTER 31 MARCH 2022</b>
Net loss attributable to ordinary equity holders of the Company (RM'000)	(1,216)	(828)
Weighted average number of ordinary shares in issue ('000)	936,734	855,916
Basic LPS (sen) / Diluted LPS (sen) <sup>(1)</sup>	(0.13)	(0.10)

**Note:**

(1) Diluted LPS of the Company for the individual and cumulative quarter ended 31 March 2022 are equivalent to the basic LPS 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 MARCH 2022**

**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 is arrived at after charging/(crediting):

	UNAUDITED INDIVIDUAL QUARTER		UNAUDITED CUMULATIVE QUARTER	
	31 MAR 2022 RM'000	31 MAR 2021 RM'000	31 MAR 2022 RM'000	31 MAR 2021 RM'000
Depreciation of property, plant and equipment	417	-	816	-
Gain on disposal of property, plant and Equipment	-	-	(2)	-
Depreciation of right-of-use assets	366	-	663	-
Interest expense	74	-	150	-
Interest income	(212)	-	(270)	-
Net reversal of inventories written down	(113)	-	(26)	-
Impairment losses/(gain) on trade receivables	(73)	-	32	-
Reversal of impairment losses on trade receivables which no longer required	(1,039)	-	(1,046)	-
Realised loss/(gain) on foreign exchange	2	-	(9)	-
Unrealised loss/(gain) on foreign exchange	(2)	-	-	-

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