



LKL INTERNATIONAL BERHAD (201501014673) (1140005-V)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT AND OTHER COMPREHENSIVE INCOME FOR THE FOURTH QUARTER ENDED 30 SEPTEMBER 2022⁽¹⁾

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		UNAUDITED CURRENT QUARTER ENDED 30 SEP 2022 RM'000	UNAUDITED COMPARATIVE QUARTER ENDED 30 SEP 2021 RM'000	UNAUDITED CUMULATIVE PERIOD TO DATE 30 SEP 2022 RM'000	AUDITED CUMULATIVE PRECEDING PERIOD TO DATE 30 SEP 2021 RM'000
Revenue	A10	10,087	-	85,362	-
Cost of sales		(7,237)	-	(71,913)	-
Gross profit		2,850	-	13,449	-
Other income		177	-	2,169	-
Administrative expenses		(3,678)	-	(15,098)	-
Selling and distribution expenses		(316)	-	(1,829)	-
Other expenses		(266)	-	(1,070)	-
Net gain on impairment of financial assets		1,587	-	3,012	-
Share of losses of in an associate		(2)	-	(45)	-
Profit from operations		352	-	588	-
Finance costs		(98)	-	(289)	-
Profit before taxation ("PBT")		254	-	299	-
Tax expense	B4	1,207	-	733	-
Profit after taxation ("PAT")		1,461	-	1,032	-
Other comprehensive income		-	-	-	-
Profit and other comprehensive income for the financial period		1,461	-	1,032	-
Profit and other comprehensive income for the financial period attributable to:-					
Owners of the Company		1,508	-	1,137	-
Non-controlling interests		(47)	-	(105)	-
		1,461	-	1,032	-
Earning per share (sen)					
- Basic ⁽²⁾	B11	0.16	-	0.12	-

Notes:-

(1) The basis of preparation of the Unaudited Condensed Consolidated Statements of Profit 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 earning 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 30 September 2022.



LKL INTERNATIONAL BERHAD (201501014673) (1140005-V)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2022 ⁽¹⁾

	Note	UNAUDITED AS AT 30 SEP 2022 RM'000	AUDITED AS AT 30 SEP 2021 RM'000
ASSETS			
Non-current Assets			
Property, plant and equipment		63,333	40,267
Right-of-use assets		3,464	3,061
Investment in Quoted Shares		37,503	-
		<u>104,300</u>	<u>43,328</u>
Current Assets			
Inventories		16,204	15,045
Trade receivables		7,696	9,867
Other receivables, deposits and prepayments		14,211	2,395
Amount owing by a joint venture		321	366
Amount owing by a related party		228	228
Current tax assets		3,930	2,322
Fixed deposits with licensed banks		12,000	15,000
Cash and bank balances		8,300	65,662
		<u>62,890</u>	<u>110,885</u>
TOTAL ASSETS		<u><u>167,190</u></u>	<u><u>154,213</u></u>
EQUITY AND LIABILITIES			
Equity			
Share capital		193,763	179,167
Merger deficit		(29,580)	(29,580)
Accumulated losses		(12,565)	(13,702)
Equity attributable to owners of the Company		<u>151,618</u>	<u>135,885</u>
Non-controlling interests		(667)	(562)
TOTAL EQUITY		<u><u>150,951</u></u>	<u><u>135,323</u></u>
Non-current Liabilities			
Lease liabilities	B8	1,395	1,471
Term loans	B8	6,822	4,889
		<u>8,217</u>	<u>6,360</u>
Current Liabilities			
Trade payables		634	4,572
Other payables and accruals		5,597	6,085
Bankers' acceptances	B8	-	238
Lease liabilities	B8	1,343	1,213
Term loans	B8	448	422
		<u>8,022</u>	<u>12,530</u>
TOTAL LIABILITIES		16,239	18,890
TOTAL EQUITY AND LIABILITIES		<u><u>167,190</u></u>	<u><u>154,213</u></u>
Net assets per share (RM) ⁽²⁾		<u><u>0.16</u></u>	<u><u>0.18</u></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 971,600,600 shares as at 30 September 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 FOURTH QUARTER ENDED 30 SEPTEMBER 2022 ⁽¹⁾

	<----- Non-Distributable ----->		Distributable Retained Loss 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:						
- ESOS	2,922	-	-	2,922	-	2,922
- Transfer from ESOS Reserve upon exercise/lapse of ESOS	416	-	-	416	-	416
- Private placement	11,258	-	-	11,258	-	11,258
	14,596	-	-	14,596	-	14,596
Profit and other comprehensive income for the financial period	-	-	1,137	1,137	(105)	1,032
Balance at 30 September 2022	193,763	(29,580)	(12,565)	151,618	(667)	150,951
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
Loss and other comprehensive loss for the financial period	-	-	(51,630)	(51,630)	(520)	(52,150)
Balance at 30 September 2021	179,167	(29,580)	(13,702)	135,885	(562)	135,323

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 FOURTH QUARTER ENDED 30 SEPTEMBER 2022 ⁽¹⁾

	CUMULATIVE QUARTER	
	UNAUDITED CURRENT QUARTER ENDED 30 SEP 2022 RM'000	UNAUDITED COMPARATIVE QUARTER ENDED 30 SEP 2021 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	299	-
Adjustments for:		
Depreciation of property, plant and equipment	1,716	-
Gain on disposal of property, plant and equipment	(22)	-
Depreciation of right-of-use assets	1,339	-
Interest expense	289	-
Interest income	(377)	-
Net written down on inventories	1,569	-
Impairment gain on trade and other receivables	(1,847)	-
Reversal of impairment losses on trade receivables	(1,165)	-
Unrealised gain on foreign exchange	(145)	-
Share of losses of equity accounted joint venture	45	-
Operating profit before working capital changes	1,701	-
Increase in inventories	(2,727)	-
Increase in trade and other receivables	(6,629)	-
Decrease in trade and other payables	(4,424)	-
CASH USED IN OPERATIONS	(12,079)	-
Income tax paid	(875)	-
Interest paid	(289)	-
Interest received	377	-
NET CASH USED IN OPERATING ACTIVITIES	(12,866)	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(24,784)	-
Investment in Quoted Shares	(37,503)	-
Acquisition of right-of-use asset	(1,639)	-
Decrease in pledged fixed deposit with a licensed bank	3,000	-
Proceeds from disposal of right-of-use asset	25	-
NET CASH USED IN INVESTING ACTIVITIES	(60,901)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of bankers' acceptances	(238)	-
Drawdown of term loans	7,200	-
Proceed from finance lease	1,194	-
Proceeds from issuance of ordinary shares	14,596	-
Repayment of Finance Lease	(498)	-
Repayment of Operating Lease	(745)	-
Repayment of term loans	(5,240)	-
NET CASH FROM FINANCING ACTIVITIES	16,269	-
NET DECREASE IN CASH AND CASH EQUIVALENTS	(57,498)	-
EFFECTS OF FOREIGN EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	136	-
CASH AND CASH EQUIVALENTS AT 1 OCTOBER 2021	65,662	-
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER 2022	8,300	-
<u>Cash and cash equivalents at end of the financial period comprises the following:</u>		
Cash and bank balances	8,300	-
Fixed deposit with a licensed bank	12,000	-
	20,300	-
Less: Fixed deposit with a licensed bank	(12,000)	-
	8,300	-

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 30 September 2022.



LKL INTERNATIONAL BERHAD (201501014673) (1140005-V)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 30 SEPTEMBER 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.



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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 30 SEPTEMBER 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 period-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

There was no other issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the current financial quarter under review.

A9. 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 FOURTH QUARTER ENDED 30 SEPTEMBER 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			
	30 SEP 2022		30 SEP 2021		30 SEP 2022		30 SEP 2021	
	RM’000	%	RM’000	%	RM’000	%	RM’000	%
Manufacturing:								
Medical/healthcare beds	2,449	24.28	-	-	9,095	10.65	-	-
Medical peripherals and accessories	4,984	49.41	-	-	20,486	24.00	-	-
	7,433	73.69	-	-	29,581	34.65	-	-
Trading:								
Medical peripherals and accessories	2,489	24.68	-	-	55,033	64.47	-	-
Medical devices	94	0.93	-	-	498	0.59	-	-
	2,583	25.61	-	-	55,531	65.06	-	-
Retail:								
Healthcare and Pharmaceuticals	71	0.70	-	-	250	0.29	-	-
Total revenue	10,087	100.00	-	-	85,362	100.00	-	-

(b) Analysis of revenue by geographical areas

	UNAUDITED INDIVIDUAL QUARTER				UNAUDITED CUMULATIVE QUARTER			
	30 SEP 2022		30 SEP 2021		30 SEP 2022		30 SEP 2021	
	RM’000	%	RM’000	%	RM’000	%	RM’000	%
Local:								
Malaysia	9,172	90.92	-	-	79,225	92.81	-	-
Export:								
Africa	598	5.93	-	-	758	0.89	-	-
Asia - other than Malaysia	239	2.37	-	-	4,669	5.47	-	-
Europe	38	0.38	-	-	372	0.43	-	-
Middle East	40	0.40	-	-	338	0.40	-	-
	915	9.08	-	-	6,137	7.19	-	-
Total revenue	10,087	100.00	-	-	85,362	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 FOURTH QUARTER ENDED 30 SEPTEMBER 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

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.

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

	UNAUDITED AS AT 30 SEP 2022 RM'000	AUDITED AS AT 30 SEP 2021 RM'000
Bank guarantee given by financial institution to third party	<u>723</u>	<u>243</u>

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 AS AT 30 SEP 2022 RM'000	AUDITED AS AT 30 SEP 2021 RM'000
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 FOURTH QUARTER ENDED 30 SEPTEMBER 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 third quarter and three months ended September 30, 2022 is as tabled below:

	UNAUDITED CURRENT QUARTER 30 SEPTEMBER 2022 RM'000	UNAUDITED CUMULATIVE QUARTER 30 SEPTEMBER 2022 RM'000
Revenue	10,087	85,362
Profit Before Tax ("PBT")	254	299

QUARTER REVIEW

For the current financial quarter ended September 30, 2022, the Group posted revenue of RM10.087 million. The manufacturing segment contributed RM7.433 million or 73.69% of group revenue and the trading and retail segment constituted RM2.654 million or 26.31% of group revenue.

Geographically, the local market was the larger revenue contributor at RM9.172 million or 90.92% of group revenue. Export sales constituted the remaining RM0.915 million or 9.08%.

The Group recorded PBT of RM0.254 million for the quarter under review, mainly due to gain on reversal of impairment on trade receivables which no longer required as stated in B12.

B2. Comparison with preceding quarter’s results

	UNAUDITED CURRENT QUARTER 30 SEPTEMBER 2022 RM'000	UNAUDITED PRECEDING QUARTER 30 JUNE 2022 RM'000
Revenue	10,087	41,244
Profit Before Tax ("PBT")	254	539

The Group’s revenue for the current financial quarter under review drop 75.54% or RM31.157 million to RM10.087 million, from RM41.244 million in the preceding financial quarter, mainly due to lower trading of medical peripherals & accessories such as Covid-19 test kits.

Segmentally, the manufacturing segment constituted RM7.430 million of Group revenue in the current financial quarter, an increase of 7.68% or RM0.530 million from RM6.900 million in the preceding financial quarter. The trading segment registered revenue of RM2.583 million, decreased 92.44% or RM31.605 million from RM34.191 million in the preceding financial quarter, attributable to lower sales of medical peripherals and accessories. Meanwhile, the retail segment made up RM0.071 million in revenue, drop 53.59% or RM0.082 million from RM0.153 million in the preceding financial quarter.

The Group recorded a PBT of RM0.254 million as compared to a PBT of RM0.539 million in the preceding financial quarter, mainly due to lower sales in trading of medical peripherals & accessories.



LKL INTERNATIONAL BERHAD (201501014673) (1140005-V)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 30 SEPTEMBER 2022

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

B3. Prospects

LKL International's prospects remain positive, on increasing demand for high quality medical and healthcare products, and recovering economic conditions. The higher demand is driven by a growing ageing population in Malaysia and regional countries, improving disposable income levels, medical advancements, and increasing public health awareness.

The Malaysian Government and private entities are expected to increase investments in the medical and healthcare sector to support long term population needs. Also, Malaysia's targeted hospital bed-per-1000 population ratio (BPR) of 2.06 by 2025 from 1.98 in 2019 supports the positive outlook. These factors would contribute to more demand for our medical beds, peripherals and accessories.

To capture more growth opportunities, the Group is expanding our domestic sales and marketing efforts, and increasing participation in overseas trade exhibitions and roadshows as international border restrictions ease further.

While the Group continues to register healthy topline growth, our manufacturing segment faces higher costs for key raw materials, in line with ongoing economic and supply chain challenges faced by countries globally.

To mitigate the rising costs, the Group is enhancing our operating efficiency through investments in manufacturing automation, and implementing cost-control measures. Apart from efficiency improvement initiatives, the Group also seeks to expand enhance our product portfolio to cater to wider range of needs as well as higher-value segments.

The Group's forward strategy involves reinforcing our position as a reliable, one-stop solutions provider to the medical and healthcare industry. To achieve this, we strive to offer a more comprehensive range of products in our manufacturing and trading segments, as well as explore synergistic businesses. In respect of the pharmacy business, the Group will cautiously assess the demand from time to time to capture opportunities in the business-to-consumer segment.

B4. Tax expense

	UNAUDITED INDIVIDUAL QUARTER 30 SEP 2022 RM'000	UNAUDITED CUMULATIVE QUARTER 30 SEP 2022 RM'000
Current tax expense	(251)	223
Overprovision in prior financial period	(956)	(956)
	<u>(1,207)</u>	<u>(733)</u>

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



LKL INTERNATIONAL BERHAD (201501014673) (1140005-V)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 30 SEPTEMBER 2022

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 17 June 2022, TA Securities had announced on behalf of the Board that LKL International proposed to undertake the following:
- (a) proposed consolidation of every 10 ordinary shares in LKL ("LKL Shares" or "Shares") into 1 LKL Share ("Consolidated Share") ("Proposed Share Consolidation");
 - (b) proposed diversification of the principal activities of LKL and its subsidiaries ("LKL Group") to include the operation of pharmacies including retailing of pharmaceutical, healthcare and personal care products ("Proposed Diversification");
 - (c) proposed renounceable rights issue of up to 291,480,180 LKL Shares ("Rights Shares") together with up to 194,320,120 free detachable warrants in LKL ("Warrants") on the basis of 3 Rights Shares together with 2 free Warrants for every 1 Consolidated Share held by the entitled shareholders of LKL on an entitlement date to be determined ("Proposed Rights Issue with Warrants"); and
 - (d) proposed establishment of a share issuance scheme of up to 30% of the total number of issued Shares of LKL (excluding treasury shares, if any) to the eligible directors and eligible employees of LKL Group ("Proposed SIS").

On 18 August 2022, TA Securities had announced the approval had been granted for the above by Bursa Securities.

On 20 September 2022, The Board of Directors of LKL International Berhad had announced all proposed exercise mentioned above were duly passed by the shareholders of the Company by voting at the EGM of the Company.

On 17 October 2022, TA Securities had announced that the Share Consolidation has been completed following the listing and quotation of 97,160,054 Consolidated Shares on the ACE Market of Bursa Securities.



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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 30 SEPTEMBER 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 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	12,010	-	14,490	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 ⁽¹⁾	-	Within 1 month
Total	62,840	48,350	-	14,490	

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 FOURTH QUARTER ENDED 30 SEPTEMBER 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 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	86	3,058	Within 24 months
(b) Setting Up new storage facilities	2,000	238	-	1,762	Within 24 months
(c) Estimated expenses in relation to the Proposals	600	514	(86)	-	Within 1 month
Total	35,553	30,733	-	4,820	

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

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.



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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 30 SEPTEMBER 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 30 September 2022 were as follows:

	UNAUDITED AS AT 30 SEP 2022 RM'000	AUDITED AS AT 30 SEP 2021 RM'000
Current:		
Bankers' acceptances	-	238
Lease liabilities	1,343	1,213
Term loans	448	422
	<u>1,791</u>	<u>1,873</u>
Non-current:		
Lease liabilities	1,395	1,471
Term loans	6,822	4,889
	<u>8,217</u>	<u>6,360</u>
Total borrowings:		
Bankers' acceptances	-	238
Lease liabilities	2,738	2,684
Term loans	7,270	5,311
	<u>10,008</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 FOURTH QUARTER ENDED 30 SEPTEMBER 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 26 July 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.



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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 30 SEPTEMBER 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.

Pursuant to a winding up order dated 13 July 2022, the Court has ordered the Respondent to be wound up and a cost of RM5,000 is to be paid up from the assets of the Respondent to the Petitioner. The Court has also appointed a liquidator of the Respondent and Petitioner is in the midst of filing their proof of debt to the liquidator.

(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.

On 19 August 2021, the Edge has filed a striking out application to strike out LKL's claim, and the High Court has on 17 May 2022 dismissed The Edge's striking application with costs in the cause. The Court has further fixed the Suit for trial on 15 to 17 January 2024.

B10. Dividend proposed

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



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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 30 SEPTEMBER 2022

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

B11. Earning per share ("EPS")

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

	UNAUDITED INDIVIDUAL QUARTER 30 SEPTEMBER 2022	UNAUDITED CUMULATIVE QUARTER 30 SEPTEMBER 2022
Net profit attributable to ordinary equity holders of the Company (RM'000)	1,508	1,137
Weighted average number of ordinary shares in issue ('000)	971,601	913,774
Basic EPS (sen)	0.16	0.12

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

PBT is arrived at after charging/(crediting):

	UNAUDITED INDIVIDUAL QUARTER		UNAUDITED CUMULATIVE QUARTER	
	30 SEP 2022 RM'000	30 SEP 2021 RM'000	30 SEP 2022 RM'000	30 SEP 2021 RM'000
Depreciation of property, plant and equipment	452	-	1,716	-
Gain on disposal of property, plant and Equipment	(20)	-	(22)	-
Depreciation of right-of-use assets	343	-	1,339	-
Interest expense	98	-	289	-
Interest income	(81)	-	(377)	-
Net written down on inventories	321	-	1,569	-
Impairment gain on trade receivables	(1,513)	-	(1,847)	-
Reversal of impairment losses on trade receivables which no longer required	(75)	-	(1,165)	-
Realised gain on foreign exchange	7	-	(34)	-
Unrealised gain on foreign exchange	(71)	-	(145)	-

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