



LKL INTERNATIONAL BERHAD (201501014673) (1140005-V)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2024⁽¹⁾

	Note	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
		UNAUDITED CURRENT QUARTER ENDED 31 MARCH 2024 RM'000	UNAUDITED COMPARATIVE QUARTER ENDED 31 MARCH 2023 RM'000	UNAUDITED CUMULATIVE PRECEDING PERIOD TO DATE ENDED 31 MARCH 2024 RM'000	UNAUDITED CUMULATIVE PRECEDING PERIOD TO DATE ENDED 31 MARCH 2023 RM'000
Revenue	A9	9,585	10,366	9,585	10,366
Cost of sales		(7,233)	(6,593)	(7,233)	(6,593)
Gross profit		2,352	3,773	2,352	3,773
Other income		1,164	522	1,164	522
Administrative expenses		(3,188)	(2,481)	(3,188)	(2,481)
Selling and distribution expenses		(466)	(403)	(466)	(403)
Other expenses		(6,338)	(1,792)	(6,338)	(1,792)
Net loss on impairment of financial assets		(336)	(20)	(336)	(20)
Share of profit of an associate		-	-	-	-
Profit/(Loss) from operations		(6,812)	(401)	(6,812)	(401)
Finance costs		(415)	(96)	(415)	(96)
Profit/(Loss) before taxation ("PBT" or "LBT")		(7,227)	(497)	(7,227)	(497)
Tax expense	B4	-	-	-	-
Profit/(Loss) after taxation ("PAT" or "LAT")		(7,227)	(497)	(7,227)	(497)
Other comprehensive income		-	-	-	-
Total comprehensive income/(expense) for the financial period		<u>(7,227)</u>	<u>(497)</u>	<u>(7,227)</u>	<u>(497)</u>
Total comprehensive income/(expense) for the financial period attributable to:-					
Owners of the Company		(7,232)	(496)	(7,232)	(496)
Non-controlling interests		5	(1)	5	(1)
		<u>(7,227)</u>	<u>(497)</u>	<u>(7,227)</u>	<u>(497)</u>
Loss per share (sen)					
- Basic ⁽²⁾	B11	<u>(1.86)</u>	<u>(0.05)</u>	<u>(1.86)</u>	<u>(0.05)</u>

Notes:-

(1) The basis of preparation of the Unaudited Condensed Consolidated Statements of Profit or loss and Other Comprehensive Income is detailed in Note A1 and should be read in conjunction with the audited financial statements for the financial year ended ("FYE") 31 December 2023 and the accompanying explanatory notes attached to this interim financial report.

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



LKL INTERNATIONAL BERHAD (201501014673) (1140005-V)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2024 ⁽¹⁾

	Note	UNAUDITED AS AT 31 MARCH 2024 RM'000	AUDITED AS AT 31 DECEMBER 2023 RM'000
ASSETS			
Non-current Assets			
Property, plant and equipment		82,591	74,029
Right-of-use assets		3,436	3,832
Investment in quoted shares		36,828	38,015
		<u>122,855</u>	<u>115,876</u>
Current Assets			
Inventories		17,782	16,620
Trade receivables		13,406	11,977
Other receivables, deposits and prepayments		12,611	21,884
Amount owing by a related party		228	228
Other investment		-	5,202
Fixed deposit with licensed bank		20,534	20,380
Cash and bank balances		4,480	10,988
		<u>69,041</u>	<u>87,279</u>
Assets included in disposal group classified as held for sale		5,913	11,811
		<u>74,954</u>	<u>99,090</u>
TOTAL ASSETS		<u>197,809</u>	<u>214,966</u>
EQUITY AND LIABILITIES			
Equity			
Share capital		240,262	240,262
Merger deficit		(29,580)	(29,580)
Accumulated losses		(46,253)	(39,021)
Equity attributable to owners of the Company		<u>164,429</u>	<u>171,661</u>
Non-controlling interests		(633)	(638)
TOTAL EQUITY		<u>163,796</u>	<u>171,023</u>
Non-current Liabilities			
Lease liabilities	B8	1,861	2,050
Bank borrowings	B8	6,569	6,616
		<u>8,430</u>	<u>8,666</u>
Current Liabilities			
Trade payables		1,239	338
Other payables and accruals		3,652	10,462
Bank borrowings	B8	18,734	22,131
Lease liabilities	B8	1,059	1,208
Provision for taxation		899	1,138
		<u>25,583</u>	<u>35,277</u>
TOTAL LIABILITIES		<u>34,013</u>	<u>43,943</u>
TOTAL EQUITY AND LIABILITIES		<u>197,809</u>	<u>214,966</u>
Net asset per share (RM) ⁽²⁾		<u>0.42</u>	<u>0.44</u>

Notes:-

(1) The basis of preparation of the Unaudited Condensed Consolidated Statements of Financial Position is detailed in Note A1 and should be read in conjunction with the audited financial statements for the FYE 31 December 2023 and the accompanying explanatory notes attached to this interim financial report.

(2) Net asset per share is calculated based on the number of ordinary shares in issue of 388,057,256 shares.



LKL INTERNATIONAL BERHAD (201501014673) (1140005-V)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2024 ⁽¹⁾

	<----- Attributable to Equity Holders of the Company ----->					Total Equity RM'000
	<----- Non-Distributable ----->		----->			
	Share Capital RM'000	Merger Deficit RM'000	Accumulated Losses RM'000	Total Attributable to Owners of Company RM'000	Non-controlling Interests RM'000	
Balance at 1 January 2024	240,262	(29,580)	(39,021)	171,661	(638)	171,023
Transactions with owners						
Ordinary shares issued pursuant to:						
- Right issue with warrants	-	-	-	-	-	-
- Share issuance expenses	-	-	-	-	-	-
Disposal of shares to non-controlling interest	-	-	-	-	-	-
Loss and other comprehensive expense for the financial period	-	-	(7,232)	(7,232)	5	(7,227)
Balance at 31 March 2024	240,262	(29,580)	(46,253)	164,429	(633)	163,796

Note:-

(1) The basis of preparation of the Unaudited Condensed Consolidated Statements of Financial Position is detailed in Note A1 and should be read in conjunction with the audited financial statements for the FYE 31 December 2023 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 FINANCIAL PERIOD ENDED 31 MARCH 2024 ⁽¹⁾

	UNAUDITED PERIOD ENDED 31 MARCH 2024 RM'000	UNAUDITED PERIOD ENDED 31 MARCH 2023 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(7,227)	(497)
Adjustments for:		
Depreciation of property, plant and equipment	1,328	489
Gain on disposal of property, plant and equipment	(757)	(15)
Gain on disposal of right of use asset	(7)	-
Depreciation of right-of-use assets	428	245
Interest expense	434	119
Interest income	(166)	(134)
Net reversal of written down on inventories	39	106
Net impairment loss on trade receivables	337	20
Fair value loss on investment in quoted shares	5,186	1,426
Fair value gain on investment in other investment	(26)	-
Unrealised gain on foreign exchange	(45)	(270)
Operating (loss) / profit before working capital changes	(476)	1,489
Increase/decrease in inventories	(1,202)	852
Increase/decrease in trade and other receivables	7,539	(10,306)
Decrease in trade and other payables	(5,909)	(4,216)
CASH USED IN OPERATIONS	(48)	(12,181)
Income tax paid	(265)	(206)
Income tax refunded	26	213
Interest received	167	134
NET CASH USED IN OPERATING ACTIVITIES	(120)	(12,040)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(3,985)	(1,473)
Acquisition of investment in quoted shares	(4,000)	-
Acquisition of investment in other investments	26	-
Proceeds from disposal of property, plant and equipment	751	15
Termination adjustment of right-of-use asset	163	328
NET CASH USED IN INVESTING ACTIVITIES	(7,045)	(1,130)
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of bankers' acceptances	150	1,435
Drawdown of finance leases	-	104
Net proceeds from issuance of ordinary shares via right issue with warrants	-	48,677
Repayment of hire purchase	145	-
Repayment of lease liabilities	(670)	(663)
Repayment of term loans	(348)	(1,609)
Interest paid	(131)	(92)
NET CASH GENERATED FROM FINANCING ACTIVITIES	(854)	47,852



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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2024 ⁽¹⁾

	UNAUDITED PERIOD ENDED 31 MARCH 2024 RM'000	UNAUDITED PERIOD ENDED 31 MARCH 2023 RM'000
NET DECREASE IN CASH AND CASH EQUIVALENTS	(8,019)	34,682
EFFECTS OF FOREIGN EXCHANGE RATE CHANGES ON THE BALANCE	12	384
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	16,697	26,708
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	<u>8,690</u>	<u>61,774</u>
<u>Cash and cash equivalents at end of the financial period comprise the following:</u>		
Cash and bank balances	4,480	55,774
Fixed deposit with a licensed bank	20,534	6,000
Bank overdraft	(16,324)	-
	<u>8,690</u>	<u>61,774</u>
Less: Fixed deposit pledged with a licensed bank	-	-
	<u>8,690</u>	<u>61,774</u>

Note:-

(1) *The basis of preparation of the Unaudited Condensed Consolidated Statements of Cash Flows is detailed in Note A1 and should be read in conjunction with the audited financial statements for the FYE 31 December 2023 and the accompanying explanatory notes attached to this interim financial report.*



LKL INTERNATIONAL BERHAD (201501014673) (1140005-V)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2024

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 year ended 31 December 2023 (“**FYE 2023**”). These explanatory notes attached to the interim financial report provide explanation of events and transactions that are significant for the understanding of the changes in the financial position and performance of the Group since the FYE 2023.

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 2023 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 are effective for this interim financial report: -

		Effective Date
Amendments to MFRS 16:	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101:	Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 107 and MFRS 7:	Supplier Finance Arrangement	1 January 2024
Amendments to MFRS 121:	Lack on Exchangeability	1 January 2025
Amendments to MFRS 10 and MFRS 128:	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

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.

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.



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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2024

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

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 period-to-date under review except as disclosed in the unaudited financial statements.

A6. Material changes in estimates

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

A7. Debts and equity securities

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

A8. Dividend paid

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

A9. Segmental information

(a) Analysis of revenue by product categories

	UNAUDITED INDIVIDUAL QUARTER				UNAUDITED CUMULATIVE PERIOD			
	31 MARCH 2024		31 MARCH 2023		31 MARCH 2024		31 MARCH 2023	
	RM’000	%	RM’000	%	RM’000	%	RM’000	%
Manufacturing:								
Medical/healthcare beds	2,213	23.09	2,138	20.63	2,213	23.09	2,138	20.63
Medical peripherals and accessories	3,127	32.63	5,212	50.27	3,127	32.63	5,212	50.27
	5,340	55.72	7,350	70.90	5,340	55.72	7,350	70.90
Trading:								
Medical peripherals and accessories	3,631	37.88	2,943	28.39	3,631	37.88	2,943	28.39
Medical devices	17	0.17	5	0.05	17	0.17	5	0.05
	3,648	38.05	2,948	28.44	3,648	38.05	2,948	28.44
Retail:								
Healthcare and Pharmaceuticals	597	6.23	68	0.66	597	6.23	68	0.66
Total revenue	9,585	100.00	10,366	100.00	9,585	100.00	10,366	100.00



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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2024

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

A9. Segmental information (Cont’d)

(b) Analysis of revenue by geographical areas

	UNAUDITED INDIVIDUAL QUARTER				UNAUDITED CUMULATIVE PERIOD			
	31 MARCH 2024		31 MARCH 2023		31 MARCH 2024		31 MARCH 2023	
	RM’000	%	RM’000	%	RM’000	%	RM’000	%
Local:								
Malaysia	8,391	87.54	9,231	89.05	8,391	87.54	9,231	89.05
Export:								
Africa	880	9.18	167	1.61	880	9.18	167	1.61
Asia - other than								
Malaysia	307	3.21	799	7.70	307	3.21	799	7.70
Europe	1	0.01	55	0.54	1	0.01	55	0.54
Middle East	6	0.06	114	1.10	6	0.06	114	1.10
	1,194	12.46	1,135	10.95	1,194	12.46	1,135	10.95
Total revenue	9,585	100.00	10,366	100.00	9,585	100.00	10,366	100.00

A10. Valuation of property, plant and equipment

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

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

On 5 April 2024, the Board of Directors of LKL wishes to announce that Aluxcare Wellness Sdn. Bhd., a wholly-owned subsidiary of the Company entered into a Sale and Purchase Agreement with Mediconstant Pharmacy (Ampang) Sdn. Bhd. for the acquisition of the business of three (3) pharmacy outlets including associated rights, properties, assets and inventory for a total purchase consideration of RM4,800,000.

Save for the above, 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.

A12. Changes in composition of the Group

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



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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2024

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

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:

a) Contingent liabilities

	UNAUDITED AS AT 31 MARCH 2024 RM'000	AUDITED AS AT 31 DECEMBER 2023 RM'000
Bank guarantees given by financial institution to third parties	478	786

A14. Capital commitments

	UNAUDITED AS AT 31 MARCH 2024 RM'000	AUDITED AS AT 31 DECEMBER 2023 RM'000
Approved and contracted for:		
Purchase of property, plant and equipment	32,530	39,599

A15. Related party transactions

Significant related party transactions for the financial period to date are as follows :

	RM'000
Transactions with a company in which the major shareholder of the Company, Bioalpha Holding Berhad has substantial interests:	
Mediconstant Pharmacy Sdn. Bhd.	
- Outlets management fee paid	126
- Promotion and marketing fee paid	-
- Manpower related paid	152
- Shoplot sublease rent & utilities related paid	147
- Purchase of pharmaceutical products, medical, healthcare equipment and pharmacy related.	583

Transactions with a company in which a director of the Company, Datuk Chong Loong Men has substantial interests:

Parlo Tours Sdn. Bhd.	
- Purchase of travel services including airline ticket and hotel bookings	20



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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2024

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

B1. Review of performance of 3-month ended 31 March 2024 (“1Q 2024”)

The Group’s performance for the 1Q 2024 is as tabled below:

	UNAUDITED 1Q 2024 RM'000
Revenue	9,585
Gross profit	3,773
Loss Before Tax (“LBT”)	<u>(7,227)</u>

For 1Q 2024, the Group posted revenue of RM9.585 million mainly contributed by the orders delivered from the manufacturing segment of medical/ healthcare beds, medical peripherals and accessories. Geographically, the local market remains as the largest revenue contributor at RM8.391 million or 87.54% of the group revenue where the remaining revenue of RM1.194 million or 12.46% of the group revenue was generated from exports, mainly from other Asian region for the 1Q 2024.

The Group reported a gross profit of RM3.773 million and gross profit margin of 24.54% for the current financial period.

The Group posted a LBT of RM7.227 million for the current financial period mainly due to losses in the fair value on investment in quoted shares of RM5.186 million, depreciation and lease expense of RM1.755 million and interest expense of RM0.414 million. In addition, the pharmacy operations incurred a loss before tax in the current quarter of approximately RM0.937 million. However, excluding the effects of losses incurred by the pharmacy business and the fair value loss of quoted investments, the Group generated positive EBITDA of approximately RM1.065 million for the current quarter.

Manufacturing Segment

The manufacturing segment of medical/ healthcare beds, medical peripherals and accessories delivered orders totaling RM5.340 million or 55.71% of the group revenue for the current financial period mainly to the orders received from the government and private healthcare centers.

This segment posted a gross profit of RM2.161 million and a gross profit margin of 40.49% for the current financial period on the back of certain medical beds and peripherals sold at better profit margins. Consequently, this segment registered an operating loss of RM 0.502 million due to higher depreciation and interest expense as disclosed above.

Trading Segment

The trading segment of medical peripherals, accessories and medical devices contributed RM3.085 million or 32.18% of group revenue and the sales of medical gloves contributed RM0.563 million or 5.87% for the current financial period. This segment posted a gross profit of RM0.687 million and a gross profit margin of 18.81%.



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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2024

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

B1. Review of performance of 3-month ended 31 March 2024 (“1Q 2024”) (Cont'd)

Pharmacy Retail Segment

The revenue contributed from the pharmacy retail segment improved to RM0.597 million for the current financial period with seven pharmacy outlets located in the major cities in Klang Valley, represent 6.23% of the group revenue for the current financial period.

Due to the lower sales volume resulting from poor pricing power and stiff competition, this segment registered a gross loss of RM0.496 million for the current financial period, and consequently, this segment posted an operating loss of RM0.937 million before interest and tax mainly due to reasons stated above.

Investment Holding Segment

This segment continues to register a loss of RM5.348 million for the current financial period due to the loss on the fair value of quoted investments of RM5.186 million.

B2. Comparison with preceding quarter’s results

	UNAUDITED CURRENT QUARTER ENDED 31 MARCH 2024 RM'000	UNAUDITED PRECEDING QUARTER ENDED 31 DECEMBER 2023 RM'000
Revenue	9,585	15,940
Gross profit	3,773	6,570
(Loss) / Profit Before Tax	(7,227)	4,147

The Group’s revenue for the current financial quarter under review decreased as compared to preceding quarter, from RM15.940 million to RM9.585 million, due to lower sales of medical peripherals and accessories due to lower project sales in the current quarter.

The Group registered a loss before tax of RM7.227 million in the current financial quarter as compared to profit before tax of RM4.147 million in 4Q 2023 which was mainly due to fair value loss on investment in quoted shares of RM5.186 million. On the contrary, the preceding quarter recorded a fair value gain on investment of RM3.769 million.



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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2024

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

B3. Prospects

The seasonally adjusted S&P Global Malaysia manufacturing purchasing managers' index (PMI) rose to 49.0 in April, up from 48.4 in March, to indicate a softer downturn in the Malaysian manufacturing sector. The latest PMI data suggests that gross domestic product growth is running at a slightly improved rate than that seen at the end of 2023, as well as pointing to modest year-on-year improvements in official manufacturing production data.

Improvements in export performance and a revitalised domestic demand powered up Malaysia's economy in the Q1 2024 by 4.2% (Q4 2023: 2.9%). With the Q1 2024 growth exceeding Bloomberg consensus forecast of 3.9%, the Government is optimistic that Malaysia's gross domestic product is well placed to expand within the official forecast range of 4% to 5%.

Furthermore, the recent tariff hike by the United States on imports from China may divert trade and increase foreign direct investment in Malaysia benefiting our economy. HLIB Research pointed out that imports from Malaysia to the US grew at a five-year compound annual growth rate of 7.7% during the US enacting tariffs on China, whereby the foreign composition of total approved investments rose from 26% to 59% over the trade war period.

While anticipating gradual growth in Malaysia's overall industrial production and forecasting a rise in the sales volume in the year 2024, the Group remains vigilant to the uncertainty and continues to take active steps to mitigate any foreseeable risks on the business. With the evolving trends of businesses, we will continue to focus on our core competencies, seize new opportunities through innovation and exploring new markets by diversifying our products and services.

The Group believes that diversification into the pharmacy business, which has a favourable outlook due to the increased public health awareness, will spur the business segment and subsequently contribute to long-term stable income streams. The Group has a total of seven pharmacy outlets including six new pharmacy outlets, namely Constant Pharmacy to serve the community of the major areas in Klang Valley. Looking forward, the Group is also in the process of acquiring an additional 3 strategic pharmacy outlets. This expansion plan will improve our pricing power immediately as a result of more volumes generated from more outlets.

Approaching Q2 of 2024, the exchange rate between the MYR and the USD remains unfavourable in which the MYR has depreciated by 2.4% against the USD from the beginning of the year until May 2024. This factor, coupled with the rising price of diesel potentially affecting the costs of raw materials and components, could potentially impact our financial performance. The Group will proactively manage this risk by regularly monitoring the volatility of foreign exchange rates as part of our risk mitigation plan.

In the early month of May 2024, the Monetary Policy Committee of Bank Negara Malaysia (BNM) has decided to maintain the Overnight Policy Rate at 3.00%. BNM reports the headline and core inflation averaged 1.7% and 1.8% in the first quarter of 2024 respectively. BNM forecasted that the inflation in 2024 is expected to remain moderate, broadly reflecting stable demand conditions and contained cost pressures. Nevertheless, consumers are still wary and cautious about expenditure as the overall purchasing power remains mild.

Despite all the challenges and difficulties faced by the Group, we are committed to ensuring the Group's long-term growth by continuously exploring and pursuing available opportunities that are prospective in increasing shareholders' value. Looking ahead, the Group strives to improve the sales volume by expanding and offering a wider variety of medical devices to our customers.

The Group continues to leverage its long-term strategic relationships with the existing and potential business associates and partners that would improve the business process efficiency and cost-effectiveness. The Group also continues to pursue progress in its joint venture arrangements to meet its objectives.

Broadening our distributorship scope, we believe the existing engagement with SECA and MEDITOP's products enables us to further introduce more medical devices to the market. We strive to build a more resilient organisation, upholding operational efficiencies and sustainable initiatives to navigate through business challenges, thereby reinforcing our position as a reliable, one-stop solutions provider to the medical and healthcare industry.



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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2024

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

B4. Tax expense

	UNAUDITED INDIVIDUAL QUARTER ENDED 31 MARCH 2024 RM'000	UNAUDITED INDIVIDUAL QUARTER ENDED 31 MARCH 2023 RM'000	UNAUDITED CUMULATIVE PERIOD ENDED 31 MARCH 2024 RM'000	UNAUDITED CUMULATIVE PERIOD ENDED 31 MARCH 2023 RM'000
Current tax expense	-	-	-	-
Under provision in prior financial period	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

There was no tax expense during the quarter in view of the unabsorbed tax losses.

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

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

B7. Utilisations of proceeds from corporate exercises

- a) Pursuant to the Right Issue with Warrants, the details of the issuance of Right Shares as at the date of this report are as follows:

Issuance Date	No. of Shares	Issue Price (RM)	Total Proceeds (RM)
28 March 2023	290,897,202	0.17	49,452,524

The status of utilisation of proceeds as at 31 March 2024:

Purposes	Proceeds raised RM'000	Actual utilisation RM'000	Deviation RM'000	Unutilised proceeds RM'000	Estimated timeframe for utilisation
(a) Expansion of the pharmacy business	48,353	24,132	206	24,427	Within 24 months
(b) Estimated expenses in relation to the Proposals	1,100	894	(206)	-	Immediate
Total	<u>49,453</u>	<u>25,027</u>	<u>-</u>	<u>24,427</u>	

Note:-

(1) In view that the actual listing expenses were less than estimated, the surplus has been re-allocated for expansion of the pharmacy business.



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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2024

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 2024 were as follows:

	UNAUDITED AS AT 31 MARCH 2024 RM'000	AUDITED AS AT 31 DECEMBER 2023 RM'000
Current:		
Bank overdraft	16,324	19,873
Bankers' acceptance	2,211	2,061
Lease liabilities	1,059	1,208
Term loans	199	197
	19,793	23,339
Non-current:		
Lease liabilities	1,861	2,050
Term loans	6,569	6,616
	8,430	8,666
Total borrowings:		
Bank overdraft	16,324	19,873
Bankers' acceptance	2,211	2,061
Lease liabilities	2,920	3,258
Term loans	6,768	6,813
	28,223	32,005

All the borrowings were secured and denominated in Ringgit Malaysia.

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. ("LKLAM") had through its solicitors, Messrs. Chong + Kheng Hoe, filed an Originating Summons in the High Court in Kuala Lumpur bearing registration number: WA24NCC(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 RM12,542,784 after hearing all parties involved.

The Defendant has been wound up on 29 September 2022. The Defendant's liquidator had on 20 September 2023 filed an application to set aside the Mareva injunction. Parties had on 6 November 2023 recorded a consent order to set aside the Mareva injunction on the condition that, amongst others, the Defendant's liquidator accept and admit the Plaintiff's Proof of Debt lodged with the Defendant's liquidator.



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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2024

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

B9. Material litigation (Cont'd)

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. (Cont'd)

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

In line with the OS, LKLAM had also filed a Notice of Arbitration dated 11 January 2021 ("Arbitration") against the Defendant. LKLAM 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, LKLAM is seeking from the Defendant the sum of RM12,542,784, 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 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 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").

LKLAM is claiming against Defendants for the return of RM12,540,757 being payment made by LKLAM for the purchase of gloves from Crecom Burj Group Sdn. Bhd. pursuant to the purchase agreement dated 2 October 2020.

On 23 August 2022, the second Defendant, Crecom Burj Group Sdn. Bhd. has been wound up by the Kuala Lumpur High Court. LKLAM has filed a post-winding up suit no. WA-28PW-620-12/2022 to obtain leave from the Kuala Lumpur High Court to continue the proceeding against the second Defendant, Crecom Burj Group Sdn. Bhd. in suit WA-22NCC-331-07/2021.

On 29 September 2022, the first Defendant, Crecom Burj Gloves Sdn. Bhd. has been wound up by the Shah Alam High Court. LKLAM has filed a post-winding up suit no. BA-28PW-314-12/2022 to obtain leave from the Shah Alam High Court to continue the proceeding against the first Defendant, Crecom Burj Gloves Sdn. Bhd. in suit WA-22NCC-331-07/2021.

The initial trial dates on 20 to 24 May 2024 has been vacated. The new trial dates are fixed on 28 July to 1 August 2025.

(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 Court has also appointed a liquidator of the Respondent and Petitioner has filed their proof of debt to the liquidator on 31 October 2022.



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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2024

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

B9. Material litigation (Cont'd)

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 (Cont'd)

(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 Berhad.

The Company 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 filed a striking out application to strike out the Company'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 vacated the trial scheduled on 15 to 17 January 2024. The matter is fixed for trial on 18 November 2024 and 19 November 2024.

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:

	UNAUDITED INDIVIDUAL QUARTER ENDED 31 MARCH 2024	UNAUDITED INDIVIDUAL QUARTER ENDED 31 MARCH 2023	UNAUDITED CUMULATIVE PERIOD ENDED 31 MARCH 2024	UNAUDITED CUMULATIVE PERIOD ENDED 31 MARCH 2023
Net profit/(loss) attributable to ordinary equity holders of the Company (RM'000)	(7,227)	(496)	(7,227)	(496)
Weighted average number of ordinary shares in issue ('000)	388,057	984,248	388,057	984,248
Basic LPS (Sen)	(1.86)	(0.05)	(1.86)	(0.05)



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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2024

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

	UNAUDITED		UNAUDITED	
	INDIVIDUAL QUARTER ENDED		CUMULATIVE PERIOD ENDED	
	31 MARCH 2024 RM'000	31 MARCH 2023 RM'000	31 MARCH 2024 RM'000	31 MARCH 2023 RM'000
Depreciation of property, plant and equipment	1,328	489	1,328	489
Gain on disposal of property, plant and equipment	(757)	(15)	(757)	(15)
Depreciation of right-of-use assets	428	245	428	245
Interest expense	415	119	415	119
Interest income	(166)	(134)	(166)	(134)
Net written down on inventories	-	106	-	106
Impairment loss on trade receivables	336	20	336	20
Fair value (gain)/loss on investment in quoted shares	5,186	1,426	5,186	1,426
Unrealised Gain on foreign exchange	(44)	(270)	(44)	(270)

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

B13. Authorisation for Issue

The interim financial report was authorised for issue by the Board of Directors on 30 May 2024.