



LKL INTERNATIONAL BERHAD (201501014673) (1140005-V)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2024⁽¹⁾

	Note	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
		UNAUDITED CURRENT QUARTER ENDED 30 SEPTEMBER 2024 RM'000	UNAUDITED COMPARATIVE QUARTER ENDED 30 SEPTEMBER 2023 RM'000	UNAUDITED CUMULATIVE PRECEDING PERIOD TO DATE ENDED 30 SEPTEMBER 2024 RM'000	UNAUDITED CUMULATIVE PRECEDING PERIOD TO DATE ENDED 30 SEPTEMBER 2023 RM'000
Revenue	A9	11,166	8,821	30,467	28,638
Cost of sales		(9,635)	(6,795)	(23,879)	(19,289)
Gross profit		1,531	2,026	6,588	9,349
Other income		215	296	2,611	870
Administrative expenses		(3,210)	(3,029)	(9,630)	(8,104)
Selling and distribution expenses		(947)	(352)	(2,025)	(1,219)
Other expenses		(4,418)	2,207	(12,875)	(7,588)
Net loss on impairment of financial assets		(706)	-	(875)	(47)
Share of profit of an associate		-	-	-	-
Profit / (Loss) from operations		(7,535)	1,148	(16,206)	(6,739)
Finance costs		(392)	(103)	(1,191)	(299)
Profit / (Loss) before taxation ("LBT")		(7,927)	1,045	(17,397)	(7,038)
Tax expense	B4	-	-	(136)	-
Profit / (Loss) after taxation ("LAT")		(7,927)	1,045	(17,533)	(7,038)
Other comprehensive income		-	-	-	-
Total comprehensive income/(expense) for the financial period		(7,927)	1,045	(17,533)	(7,038)
Total comprehensive income/(expense) for the financial period attributable to:-					
Owners of the Company		(7,926)	1,058	(17,547)	(7,022)
Non-controlling interests		(1)	(13)	14	(16)
		(7,927)	1,045	(17,533)	(7,038)
Earnings / (Loss) per share (sen)					
- Basic ⁽²⁾	B11	(2.04)	0.54	(4.52)	(2.37)

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 number of ordinary shares in issue.



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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2024⁽¹⁾

	Note	UNAUDITED AS AT 30 SEPTEMBER 2024 RM'000	AUDITED AS AT 31 DECEMBER 2023 RM'000
ASSETS			
Non-current Assets			
Property, plant and equipment		85,688	74,029
Right-of-use assets		3,085	3,832
Goodwill		2,400	-
Investment in quoted shares		31,648	38,015
		<u>122,821</u>	<u>115,876</u>
Current Assets			
Inventories		16,342	16,619
Trade receivables		8,866	11,977
Other receivables, deposits and prepayments		14,423	21,884
Amount owing by a related party		228	228
Fixed deposit with licensed bank		20,884	20,380
Cash and bank balances		4,698	16,190
		<u>65,441</u>	<u>87,278</u>
Assets included in disposal group classified as held for sale		-	11,811
		<u>65,441</u>	<u>99,089</u>
TOTAL ASSETS		<u><u>188,262</u></u>	<u><u>214,965</u></u>
EQUITY AND LIABILITIES			
Equity			
Share capital		240,262	240,262
Merger deficit		(29,580)	(29,580)
Accumulated losses		(56,568)	(39,021)
Equity attributable to owners of the Company		<u>154,114</u>	<u>171,661</u>
Non-controlling interests		(624)	(638)
TOTAL EQUITY		<u>153,490</u>	<u>171,023</u>
Non-current Liabilities			
Lease liabilities	B8	1,449	2,050
Bank borrowings	B8	9,041	6,616
		<u>10,490</u>	<u>8,666</u>
Current Liabilities			
Trade payables		1,519	338
Other payables and accruals		3,381	10,461
Bank borrowings	B8	17,870	22,131
Lease liabilities	B8	961	1,208
Provision for taxation		551	1,138
		<u>24,282</u>	<u>35,276</u>
TOTAL LIABILITIES		<u>34,772</u>	<u>43,942</u>
TOTAL EQUITY AND LIABILITIES		<u><u>188,262</u></u>	<u><u>214,965</u></u>
Net asset per share (RM) ⁽²⁾		<u>0.40</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 30 SEPTEMBER 2024⁽¹⁾

	<----- Attributable to Equity Holders of the Company ----->					
	<----- Non-Distributable ----->		Accumulated	Total Attributable to	Non-controlling	Total Equity
	Share Capital	Merger Deficit	Losses	Owners of Company	Interests	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	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	-	-	(17,547)	(17,547)	14	(17,533)
Balance at 30 September 2024	240,262	(29,580)	(56,568)	154,114	(624)	153,490

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 30 SEPTEMBER 2024⁽¹⁾

	UNAUDITED PERIOD ENDED 30 SEPTEMBER 2024 RM'000	UNAUDITED PERIOD ENDED 30 SEPTEMBER 2023 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(17,397)	(7,038)
Adjustments for:		
Depreciation of property, plant and equipment	2,904	1,547
Gain on disposal of property, plant and equipment	(1,747)	(15)
Gain on disposal of right of use asset	(23)	-
Depreciation of right-of-use assets	936	995
Interest expense	1,247	411
Interest income	(464)	(489)
Net reversal of written down on inventories	11	(108)
Net impairment loss on trade receivables	168	47
Net impairment gain on non-trade receivables	707	-
Fair value loss on investment in quoted shares	10,367	6,108
Fair value gain on investment in other investment	(49)	-
Unrealised gain on foreign exchange	-	(46)
Operating loss before working capital changes	(3,340)	1,412
Decrease in inventories	266	(3,979)
Increase / decrease in trade and other receivables	8,943	(23,232)
Decrease in trade and other payables	(5,900)	(2,660)
CASH USED IN OPERATIONS	(31)	(28,459)
Income tax paid	(780)	(17)
Income tax refunded	57	1,468
Interest received	464	489
NET CASH USED IN OPERATING ACTIVITIES	(290)	(26,519)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(11,392)	(6,693)
Acquisition of investment in quoted shares	(4,000)	(15,775)
Acquisition of investment in other investments	(2,350)	-
Acquisition of right-of-use asset	(4)	(517)
Increase in pledged fixed deposit with a licensed bank	(504)	(20,228)
Decrease in short term unit trust investment	-	124
Proceeds from disposal of property, plant and equipment	10,387	15
Proceeds from disposal of investment in subsidiaries	-	40
Termination adjustment of right-of-use asset	351	328
NET CASH USED IN INVESTING ACTIVITIES	(7,512)	(42,706)
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of bankers' acceptances	-	3,327
Net proceeds from issuance of ordinary shares via right issue with warrants	-	48,558
Repayment of hire purchase	428	-
Repayment of lease liabilities	(1,789)	(722)
Repayment of term loans	1,859	(1,703)
Repayment of bankers' acceptances	361	-
Interest paid	(412)	(411)
NET CASH GENERATED FROM FINANCING ACTIVITIES	447	49,049
NET DECREASE IN CASH AND CASH EQUIVALENTS	(7,355)	(20,176)
EFFECTS OF FOREIGN EXCHANGE RATE CHANGES ON THE BALANCE		
OF CASH HELD IN FOREIGN CURRENCIES	753	159
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	(3,682)	26,708
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	(10,284)	6,691
<u>Cash and cash equivalents at end of the financial period comprise the following:</u>		
Cash and bank balances	4,698	19,373
Fixed deposit with a licensed bank	20,884	20,228
Bank overdraft	(14,982)	(12,682)
	10,600	26,919
Less: Fixed deposit pledged with a licensed bank	(20,884)	(20,228)
	(10,284)	6,691

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 30 SEPTEMBER 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 30 SEPTEMBER 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			
	30 SEPTEMBER 2024		30 SEPTEMBER 2023		30 SEPTEMBER 2024		30 SEPTEMBER 2023	
	RM’000	%	RM’000	%	RM’000	%	RM’000	%
Manufacturing:								
Medical/healthcare beds	2,143	19.19	1,763	19.98	5,954	19.54	6,495	22.68
Medical peripherals and accessories	4,740	42.45	4,626	52.45	12,286	40.33	15,059	52.58
	6,883	61.64	6,389	72.43	18,240	59.87	21,554	75.26
Trading:								
Medical peripherals and accessories	2,761	24.73	2,151	24.38	8,779	28.82	6,662	23.26
Medical devices	43	0.39	17	0.19	669	2.19	29	0.10
	2,804	25.12	2,168	24.57	9,448	31.01	6,691	23.36
Retail:								
Healthcare and Pharmaceuticals	1,479	13.24	264	3.00	2,779	9.12	393	1.38
Total revenue	11,166	100.00	8,821	100.00	30,467	100.00	28,638	100.00



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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 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			
	30 SEPTEMBER 2024		30 SEPTEMBER 2023		30 SEPTEMBER 2024		30 SEPTEMBER 2023	
	RM’000	%	RM’000	%	RM’000	%	RM’000	%
Local:								
Malaysia	9,953	89.14	7,246	82.14	26,780	87.90	24,934	87.06
Export:								
Africa	198	1.77	871	9.88	1,081	3.55	1,320	4.61
Asia - other than								
Malaysia	770	6.89	648	7.36	1,828	6.00	2,128	7.43
Europe	231	2.07	1	-	756	2.48	56	0.20
Middle East	14	0.13	55	0.62	22	0.07	200	0.70
	1,213	10.86	1,575	17.86	3,687	12.10	3,704	12.94
Total revenue	11,166	100.00	8,821	100.00	30,467	100.00	28,638	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

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.

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 30 SEPTEMBER 2024 RM’000	AUDITED AS AT 31 DECEMBER 2023 RM’000
Bank guarantees given by financial institution to third parties	434	786



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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2024

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

A14. Capital commitments

	UNAUDITED AS AT 30 SEPTEMBER 2024 RM'000	AUDITED AS AT 31 DECEMBER 2023 RM'000
Approved and contracted for:		
Purchase of property, plant and equipment	27,692	39,599

A15. Related party transactions and Recurrent Related Party Transaction

Significant related party transactions and recurrent related party transaction 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	474
- Promotion and marketing fee paid	400
- Manpower related paid	442
- Shoplot sublease rent & utilities related paid	531
- Purchase of pharmaceutical products, medical, healthcare equipment and pharmacy related.	2,274
- Acquisition of new outlets	2,600
- Initial purchase of inventories	1,000

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	96



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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2024

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

B1. Review of performance of 9-month ended 30 September 2024 (“3Q 2024”)

The Group’s performance for the 3Q 2024 is as tabled below:

	UNAUDITED 3Q 2024 RM'000	UNAUDITED 3Q 2023 RM'000
Revenue	30,467	28,638
Gross profit	6,588	9,349
Loss Before Tax (“LBT”)	(17,397)	(7,038)

Q3 FY2024 vs Q3 FY2023

For the current quarter ended 30 September 2024 (Q3FY24), the Group registered a higher revenue of RM30.467 million, a marginal increase of RM1.829 million or 6.39% from the corresponding quarter in the preceding year (Q3FY23).

The Group posted revenue of RM30.467 million, mainly contributed by the orders delivered from the trading and retail segment of medical peripherals and accessories, medical devices, healthcare and pharmaceuticals. Geographically, the local market remains as the largest revenue contributor at RM19.415 million or 63.72% of the group revenue where the remaining revenue of RM11.053 million (Q3FY23 : RM3,704 million) or 36.28% of the group revenue was generated from exports, mainly from another Asian region.

The Group reported a gross profit of RM6.588 million and a gross profit margin of 21.62% for the current financial period. In Q3FY23, the Group reported a gross profit of RM9.349 million and gross profit margin of 32.64%. The reduction of 11.02% in the gross profit margin is primarily attributed to higher material costs and loss from pharmacy operations.

The Group posted a LBT of RM17.397 million (Q3FY23 : RM7.038 million) for the current financial period mainly due to losses in the fair value on investment in quoted shares of RM10.367 million (Q3FY23 : RM6.108 million), depreciation and lease expense of RM3.841 million (Q3FY23 : RM2.542 million), interest expense of RM1.247 million (Q3FY23 : RM0.411 million) and impairment loss on glove inventories of RM1.253 million.

Manufacturing Segment

The manufacturing segment of medical/healthcare beds, medical peripherals and accessories delivered orders totaling RM18.240 million or 59.87% 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 RM6.907 million and a gross profit margin of 37.87% for the current financial period on the back of certain medical beds and peripherals sold at better profit margins. This segment shows a position with positive EBITDA of RM2.543 million.



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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2024

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

B1. Review of performance of 9-month ended 30 September 2024 (“3Q 2024”) (Cont’d)

Trading Segment

The trading segment of medical peripherals, accessories and medical devices contributed improved to RM7.717 million or 25.33% of revenue for the current financial period. This segment posted a gross profit of RM1.731 million and a gross profit margin of 22.43%. This segment shows a position with positive EBITDA of RM0.667 million.

Pharmacy Retail Segment

The revenue contributed from the pharmacy retail segment improved to RM2.779 million for the current financial period with nine pharmacy outlets located in the major cities in Klang Valley, represent 9.12% of the group revenue for the current financial period.

Due to the lower sales volume resulting from stiff competition, this segment registered a gross loss of RM1.243 million for the current financial period, and consequently, this segment posted an operating loss of RM2.893 million before interest and tax.

Investment Holding Segment

This segment continues to register a loss on fair value of the quoted investments of RM10.367 million.

B2. Comparison with preceding quarter’s results

	UNAUDITED CURRENT QUARTER ENDED 30 SEPTEMBER 2024 RM'000	UNAUDITED PRECEDING QUARTER ENDED 30 JUNE 2024 RM'000
Revenue	11,166	9,716
Gross profit	1,531	2,704
Loss Before Tax (“LBT”)	<u>(7,927)</u>	<u>(2,243)</u>

Q3 FY2024 vs Q2 FY2024

Revenue for the current quarter increased by RM1.450 million or 14.94% as compared to the preceding quarter (Q2FY24) mainly due to increased sales of medical peripherals and accessories, medical devices, healthcare and pharmaceuticals in the current quarter.

The Group registered a loss before tax of RM7.927 million in the current financial quarter as compared to a loss before tax of RM2.243 million in Q2 2024 mainly due to higher impairment loss on trade receivables of RM0.706 million (Q2FY24 : RM0.169 million), losses in the fair value on investment in quoted shares of RM3.582 million (Q2FY24 : RM2.058 million) and impairment on glove inventories of RM1.253 million. The current quarter’s losses in the pharmacy segment were RM1.305 million. Excluding losses of the pharmacy business, the EBITDA for the medical/healthcare beds, medical peripherals and accessories was positive at RM1.463 million.



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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2024

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

B3. Prospects

As one of Southeast Asia's rapidly developing economies, Malaysia's Gross Domestic Product (GDP) serves as a vital indicator of its economic health. Malaysia's GDP grew by approximately 5.3% in Q3 2024, underpinned by strong domestic consumption, increased exports, and a resurgence in foreign direct investment (FDI) [Source : BERNAMA - Strong Investments, Exports Drive Malaysia's Third Quarter GDP Growth To 5.3 Pct, 15 Nov 2024].

In Q3 2024, the manufacturing sector experienced a notable expansion, accounting for around 22% of the GDP. The healthcare sector has seen exponential growth in recent years, and this trend continued in Q3 2024. This shift has fuelled growth in pharmaceuticals, medical devices, and wellness services [Source : The Sun - Malaysian private healthcare, medical tourism sector to take in RM2.2 billion revenue this year, 14 October 2024].

The exchange rate of the Ringgit Malaysia (RM) against the US Dollar (USD) showed slight improvement. At the end of Q2 2024, the RM was trading at approximately RM4.72 to 1 USD. This exchange rate reflected pressures from global inflation and changes in commodity prices that influenced the Malaysian economy. By the end of Q3 2024, the RM appreciated to approximately RM4.13 to 1 USD [Source : BNM USD/MYR Interbank Intraday Rate]. This stability is significant, as it represents a recovery in investor confidence and a more favourable economic outlook.

BNM decided to maintain the Overnight Policy Rate (OPR) at 3.00% to support economic recovery [Source : BNM Monetary Policy Statement, 5 Sep 2024]. This decision underscores the central bank's commitment to balancing the need for growth with the necessity of controlling inflation, which has remained a concern in the face of rising global prices.

The pharmaceutical industry experienced robust growth, with increased demand for both essential medications and advanced therapies. Local manufacturers ramped up production capacities to meet both domestic and export needs, reflecting a commitment to self-sufficiency in healthcare.

In recent years, the healthcare landscape in Malaysia has undergone significant changes, driven largely by the increased demand for medical equipment, particularly hospital beds. According to the Ministry of Health Malaysia, the country aims to enhance its healthcare capabilities to ensure that hospitals can effectively manage both routine and emergency cases [Source : World Health Organization - Malaysia's commitment to the right to health, 7 April 2024].

This demand is not just confined to Malaysia; there is a global uptick in the need for hospital beds and associated medical equipment, driven by similar trends in healthcare systems worldwide. Internationally, countries are investing heavily in upgrading their healthcare facilities, which creates opportunities for Malaysian manufacturers to export their products.

As a local manufacturer of medical beds and peripherals, we are uniquely positioned to address both local and international demands. We offer a range of hospital equipment tailored to meet the specific needs of various healthcare settings. Our products incorporate ergonomic designs, adjustable features, and advanced technology, ensuring they meet the highest standards of patient care.

Moreover, local manufacturing allows us to maintain competitive pricing while ensuring quick delivery times—an essential factor in meeting the urgent needs of healthcare facilities. By collaborating with hospitals and healthcare providers, we gather feedback that drives innovation and helps us develop products that are not only functional but also aligned with the evolving needs of the healthcare system.

The Manufacturing Purchasing Managers' Index (PMI) for Malaysia in Q3 2024 indicated a decline, dropping to 49.5, down from 50.2 in Q2 [Source : Trading Economics - Malaysia Manufacturing PMI]. Ongoing global supply chain challenges, stemming from geopolitical tensions and lingering post-pandemic effects, have created bottlenecks in production. Manufacturers faced difficulties in sourcing raw materials and components, which affected their ability to meet production targets.



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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2024

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

B3. Prospects (Cont'd)

Economic uncertainties in key export markets, particularly in Europe and the US, led to fluctuations in demand. Many manufacturers experienced reduced orders, prompting adjustments in production schedules and workforce management.

Uncertainty in the manufacturing outlook has prompted many firms to delay or reduce capital expenditures. Companies are focusing on efficiency improvements rather than expansion.

By strategically navigating these challenges, we can contribute to enhancing the healthcare infrastructure in Malaysia and potentially expand our reach into international markets. As we move towards the end of 2024, embracing innovation and maintaining a customer-centric approach will be key to our success.

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.

Malaysia's Budget 2025 was delivered on October 2024 as the country's third Madani budget, also being Malaysia's largest budget ever at RM421 billion [Source : Portal Rasmi Jabatan Penerangan Malaysia - THIRD MADANI BUDGET 2025 SPEECH]. The Budget strikes a strategic balance, reinforcing the nation's commitment to fiscal resilience while navigating the challenges of the global and regional economic landscape and setting the foundation for long-term growth. Tax reforms were introduced to enhance revenue while ensuring a fair distribution of the tax burden. This could include measures to improve compliance and reduce the informal economy's size.

Analysts forecast a growth on the GDP to be between 4.5% - 5.5% in year 2025, driven by continued recovery in consumer spending, infrastructure investment, and a rebound in the services sector [Source : The Edge Malaysia - Malaysia's economy to expand steadily after 2024 forecast revised up — MOF report, 18 Oct 2024]. Strong domestic consumption is expected to play a pivotal role in maintaining growth momentum. While anticipating gradual growth in Malaysia's overall industrial production and forecasting a rise in the sales volume come Q4 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.



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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2024

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

B4. Tax expense

	UNAUDITED INDIVIDUAL QUARTER ENDED 30 SEPTEMBER 2024 RM'000	UNAUDITED INDIVIDUAL QUARTER ENDED 30 SEPTEMBER 2023 RM'000	UNAUDITED CUMULATIVE PERIOD ENDED 30 SEPTEMBER 2024 RM'000	UNAUDITED CUMULATIVE PERIOD ENDED 30 SEPTEMBER 2023 RM'000
Current tax expense	-	-	136	-
Under provision in prior financial period	-	-	-	-
	<u>-</u>	<u>-</u>	<u>136</u>	<u>-</u>

There was no material 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 30 September 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	30,446	206	18,113	Within 24 months
(b) Estimated expenses in relation to the Proposals	1,100	894	(206)	-	Immediate
Total	49,453	31,340	-	18,113	

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 30 SEPTEMBER 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 30 September 2024 were as follows:

	UNAUDITED AS AT 30 SEPTEMBER 2024 RM'000	AUDITED AS AT 31 DECEMBER 2023 RM'000
Current:		
Bank overdraft	14,982	19,873
Bankers' acceptance	2,422	2,061
Lease liabilities	961	1,208
Term loans	466	197
	<u>18,831</u>	<u>23,339</u>
Non-current:		
Lease liabilities	1,449	2,050
Term loans	9,041	6,616
	<u>10,490</u>	<u>8,666</u>
Total borrowings:		
Bank overdraft	14,982	19,873
Bankers' acceptance	2,422	2,061
Lease liabilities	2,410	3,258
Term loans	9,507	6,813
	<u>29,321</u>	<u>32,005</u>

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.

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.



LKL INTERNATIONAL BERHAD (201501014673) (1140005-V)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 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)

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 WA22NCC-331-07/2021.

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

On 17 November 2023, Consent Judgment was entered between LKLAM and the first Defendant, Crecom Burj Gloves Sdn. Bhd. whereby the official receiver for the first Defendant had admitted its debt against LKLAM for RM12,542,783.60. Proof of debt against the first Defendant was filed.

On 19 September 2024, the High Court has granted direction for LKLAM to file its proof of debt against the second Defendant, Crecom Burj Group Sdn. Bhd. for RM12,542,783.60, as the official receiver for the second Defendant had no objections on the same. Proof of debt against the second Defendant was filed.

During the last case management on 4.11.2024, the Court recorded that the claims against the 3rd to 7th Defendants are withdrawn with liberty to file afresh and no order as to costs. The trial dates fixed from 28 July to 1 August 2025 are thereby vacated. There will be no further progress for this Suit.



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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 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)

(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-28NCC800-11/2021 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.

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

On 24 May 2021, the Company had through its solicitors, Messrs. Wong Kian Kheong, filed a Writ and Statement of Claim in the High Court of Malaya at Kuala Lumpur against The Edge Communications Sdn. Bhd. (“The Edge”). The suit was initiated against The Edge in respect of an 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 contended that certain words in the Article were defamatory of the Company.

The Company is claiming 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 Company.

On 19 August 2021, the Edge filed an application to strike out the Company’s claim, and the High Court, on 17 May 2022, dismissed The Edge’s striking application with costs in the cause. The matter is fixed for trial on 21 and 24 February 2025.

B10. Dividend proposed

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

B11. Earnings /(Loss) per share

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

	UNAUDITED INDIVIDUAL QUARTER ENDED 30 SEPTEMBER 2024	UNAUDITED INDIVIDUAL QUARTER ENDED 30 SEPTEMBER 2023	UNAUDITED CUMULATIVE PERIOD ENDED 30 SEPTEMBER 2024	UNAUDITED CUMULATIVE PERIOD ENDED 30 SEPTEMBER 2023
Net profit/(loss) attributable to ordinary equity holders of the Company (RM'000)	(7,926)	1,058	(17,547)	(7,022)
Weighted average number of ordinary shares in issue ('000)	388,057	195,191	388,057	296,419
Basic LPS (Sen)	(2.04)	0.54	(4.52)	(2.37)



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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 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	
	30 SEPTEMBER 2024 RM'000	30 SEPTEMBER 2023 RM'000	30 SEPTEMBER 2024 RM'000	30 SEPTEMBER 2023 RM'000
Depreciation of property, plant and equipment	796	568	2,904	1,547
Gain on disposal of property, plant and equipment	(1)	-	(1,747)	(15)
Depreciation of right-of-use assets	368	419	936	995
Interest expense	392	155	1,191	411
Interest income	(144)	(112)	(464)	(489)
Net written down on inventories	(20)	160	11	(108)
Impairment loss/(gain) on trade receivables	(1)	-	168	47
Fair value loss /(gain) on investment in quoted shares	3,582	(2,892)	10,367	6,108
Unrealised loss/(gain) on foreign exchange	336	(43)	290	(46)

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 26 November 2024.