


**LKL INTERNATIONAL BERHAD (1140005-V)**
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SECOND QUARTER ENDED 31 OCTOBER 2018 <sup>(1)</sup>**

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER 31 OCTOBER 2018 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31 OCTOBER 2017 RM'000	CURRENT YEAR-TO-DATE 31 OCTOBER 2018 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31 OCTOBER 2017 RM'000
Revenue	A9	9,481	7,166	17,250	11,991
Cost of sales		(6,040)	(4,135)	(10,991)	(6,933)
Gross profit		3,441	3,031	6,259	5,058
Other income		137	166	319	271
Administrative expenses		(2,292)	(2,297)	(4,386)	(4,446)
Selling and distribution expenses		(659)	(277)	(1,167)	(826)
Other expenses		(309)	(229)	(531)	(464)
Finance costs		(100)	(107)	(209)	(218)
Profit/(Loss) before taxation ("PBT")/("LBT")		218	287	285	(625)
Income tax expense	B4	(85)	-	(119)	-
Profit/(Loss) after taxation ("PAT")/("LAT")		133	287	166	(625)
Other comprehensive income		-	-	-	-
Total comprehensive income/ (expenses) for the financial period		133	287	166	(625)
PAT/(LAT)/Total comprehensive income/(expenses) attributable to:-					
Owners of the Company		113	378	141	(481)
Non-controlling interests		20	(91)	25	(144)
		133	287	166	(625)
Earnings/(Loss) per share (sen)					
- Basic/Diluted <sup>(2)</sup>	B10	0.03	0.09	0.03	(0.11)

**Notes:-**

(1) The basis of preparation of the Unaudited Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income are detailed in Note A1 and should be read in conjunction with the audited financial statements for the financial year ended ("FYE") 30 April 2018 and the accompanying explanatory notes attached to this interim financial report.

(2) Diluted earnings/loss per share of the Company for the individual quarter 31 October 2018 and cumulative quarter 31 October 2018 is equivalent to the basic earnings/loss per share as the Company does not have convertible options at the end of the reporting period.


**LKL INTERNATIONAL BERHAD (1140005-V)**
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AT 31 OCTOBER 2018 <sup>(1)</sup>**

		<b>UNAUDITED AT 31 OCTOBER 2018 RM'000</b>	<b>AUDITED AT 30 APRIL 2018 RM'000</b>
	<b>Note</b>		
<b>ASSETS</b>			
<b>Non-current Asset</b>			
Property, plant and equipment		32,220	32,898
<b>Current Assets</b>			
Inventories		14,950	15,310
Trade receivables		7,758	6,716
Other receivables, deposits and prepayments		2,960	1,352
Amount owing by a related company		-	73
Current tax assets		2,381	1,740
Fixed deposits with licensed banks		701	5,872
Cash and bank balances		9,644	8,438
		<u>38,394</u>	<u>39,501</u>
<b>TOTAL ASSETS</b>		<u>70,614</u>	<u>72,399</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		53,299	53,299
Merger deficit		(29,580)	(29,580)
Retained profits		35,103	34,962
Equity attributable to owners of the Company		<u>58,822</u>	<u>58,681</u>
Non-controlling interests		92	67
<b>TOTAL EQUITY</b>		<u>58,914</u>	<u>58,748</u>
<b>Non-current Liabilities</b>			
Hire purchase payables	B7	599	725
Term loans	B7	5,698	5,926
Deferred tax liabilities		574	574
		<u>6,871</u>	<u>7,225</u>
<b>Current Liabilities</b>			
Trade payables		2,354	2,448
Other payables and accruals		909	2,051
Bankers' acceptance	B7	520	702
Hire purchase payables	B7	391	416
Term loans	B7	622	798
Current tax liabilities		33	11
		<u>4,829</u>	<u>6,426</u>
<b>TOTAL LIABILITIES</b>		<u>11,700</u>	<u>13,651</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>70,614</u>	<u>72,399</u>
Net assets per share (RM)		<u>0.14</u>	<u>0.14</u>

**Note:-**

(1) The basis of preparation of the Unaudited Condensed Consolidated Statements of Financial Position are detailed in Note A1 and should be read in conjunction with the audited financial statements for the FYE 30 April 2018 and the accompanying explanatory notes attached to this interim financial report.



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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE SECOND QUARTER ENDED 31 OCTOBER 2018 <sup>(1)</sup>**

	<----- Non-Distributable ----->			Distributable	Attributable to	Non-controlling	Total Equity
	Share Capital	Share Premium	Merger Deficit	Retained Profits	Owners of Company	Interests	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Balance at 1 May 2018</b>	53,299	-	(29,580)	34,962	58,681	67	58,748
PAT/Total comprehensive income for the financial period	-	-	-	141	141	25	166
<b>Balance at 31 October 2018</b>	<u>53,299</u>	<u>-</u>	<u>(29,580)</u>	<u>35,103</u>	<u>58,822</u>	<u>92</u>	<u>58,914</u>
<b>Balance at 1 May 2017</b>	42,880	10,419	(29,580)	36,060	59,779	(2)	59,777
LAT/Total comprehensive expenses for the financial period	-	-	-	(481)	(481)	(144)	(625)
Contributions by owners of the Company:							
- Issuance of shares in a subsidiary	-	-	-	-	-	300	300
<b>Balance at 31 October 2017</b>	<u>42,880</u>	<u>10,419</u>	<u>(29,580)</u>	<u>35,579</u>	<u>59,298</u>	<u>154</u>	<u>59,452</u>

**Note:-**

*(1) The basis of preparation of the Unaudited Condensed Consolidated Statements of Changes in Equity are detailed in Note A1 and should be read in conjunction with the audited financial statements for the FYE 30 April 2018 and the accompanying explanatory notes attached to this interim financial report.*



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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE SECOND QUARTER ENDED 31 OCTOBER 2018 <sup>(1)</sup>**

	<b>CUMULATIVE QUARTER</b>	
	<b>CURRENT</b>	<b>PRECEDING YEAR</b>
	<b>YEAR-TO-DATE</b>	<b>CORRESPONDING</b>
	<b>31 OCTOBER 2018</b>	<b>31 OCTOBER 2017</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FOR OPERATING ACTIVITIES</b>		
Profit/(Loss) before taxation	285	(625)
Adjustments for:		
Impairment losses on trade receivables	79	-
Depreciation of property, plant and equipment	1,004	788
Interest expense	209	218
Gain on disposal of property, plant and equipment	-	(19)
Interest income	(106)	(174)
Unrealised (gain)/loss on foreign exchange	(53)	82
Reversal of allowance for impairment losses on trade receivables	(14)	(12)
<b>Operating profit before working capital changes</b>	<b>1,404</b>	<b>258</b>
Decrease/(Increase) in inventories	360	(3,816)
(Increase)/Decrease in trade and other receivables	(2,715)	384
(Decrease)/Increase in trade and other payables	(1,236)	715
Decrease in amount owing by a related company	73	-
<b>CASH FOR OPERATIONS</b>	<b>(2,114)</b>	<b>(2,459)</b>
Income tax paid	(738)	(927)
Interest paid	(209)	(218)
Interest received	106	174
<b>NET CASH FOR OPERATING ACTIVITIES</b>	<b>(2,955)</b>	<b>(3,430)</b>
<b>CASH FLOWS FOR INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(268)	(5,740)
Proceeds from disposal of property, plant and equipment	-	19
<b>NET CASH FOR INVESTING ACTIVITIES</b>	<b>(268)</b>	<b>(5,721)</b>
<b>CASH FLOWS FOR FINANCING ACTIVITIES</b>		
Proceeds from issuance of shares by a subsidiary to non-controlling interest	-	300
Repayment of hire purchase obligations	(210)	(196)
(Repayment)/Drawdown of bankers' acceptances	(182)	145
Repayment of term loans	(403)	(396)
<b>NET CASH FOR FINANCING ACTIVITIES</b>	<b>(795)</b>	<b>(147)</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(4,018)</b>	<b>(9,298)</b>
<b>EFFECT OF FOREIGN EXCHANGE TRANSLATION</b>	<b>53</b>	<b>(82)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD</b>	<b>13,609</b>	<b>23,015</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD</b>	<b>9,644</b>	<b>13,635</b>
<b><u>Cash and cash equivalents at end of the financial period comprises the following:</u></b>		
Cash and bank balances	9,644	8,554
Fixed deposits with licensed banks	701	5,762
	10,345	14,316
Less: Fixed deposit pledged to a licensed bank	(701)	(681)
	9,644	13,635

**Note:-**

(1) The basis of preparation of the Unaudited Condensed Consolidated Statements of Cash Flows are detailed in Note A1 and should be read in conjunction with the audited financial statements for the FYE 30 April 2018 and the accompanying explanatory notes attached to this interim financial report.



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

### **NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 31 OCTOBER 2018**

#### **A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS ("MFRS") 134: INTERIM FINANCIAL REPORTING**

##### **A1. Basis of preparation**

The interim financial report 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.

The interim financial report should be read in conjunction with the audited financial statements for the FYE 30 April 2018. 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 30 April 2018.

##### **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 2018 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:-

<b>MFRSs and/or IC Interpretations (Including The Consequential Amendments)</b>	<b>Effective Date</b>
MFRS 16 Leases	1 January 2019
MFRS 17 Insurance Contracts	1 January 2021
IC Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019
Amendments to MFRS 9: Prepayment Features with Negative Compensation	1 January 2019
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 119: Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures	1 January 2019
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Annual Improvements to MFRS Standards 2015 – 2017 Cycles	1 January 2019

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 their initial application except as follows:-

- (a) MFRS 9 (IFRS 9 issued by IASB in July 2014) replaces the guidance in MFRS 139 on the classification and measurement of financial assets and financial liabilities, impairment of financial assets, and on hedge accounting.

The initial application of MFRS 9 is not expected to have any material impact to the financial statements of the Group for the current financial year and prior periods as the Group will apply the standard retrospectively from 1 May 2018 with the practical expedients permitted under the standard, and that the comparatives (i.e. current period financial information) will not be restated.



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

### **NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 31 OCTOBER 2018**

#### **A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS ("MFRS") 134: INTERIM FINANCIAL REPORTING (CONT'D)**

##### **A2. Changes in accounting policies (Cont'd)**

Based on the assessments undertaken to date, the Group has determined the impact of its initial application of MFRS 9 as follows:-

##### Classification and Measurement

The Group does not expect a significant impact on its statements of financial position on applying the classification and measurement requirements of MFRS 9.

Loans and receivables financial assets are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The Group analysed the contractual cash flow characteristics of these instruments and concluded that they meet the criteria to be measured at amortised cost under MFRS 9. Therefore, the Group does not expect the standard to affect the measurement of its debt financial assets.

In addition, the Group expects to continue measuring at fair value all financial assets currently held at fair value.

##### Impairment of Financial Assets

MFRS 9 replaces the 'incurred loss' model in MFRS 139 with an 'expected credit loss' ("ECL") model. In view of strong creditworthiness of the Group's receivables, the Group has concluded that the expected impacts of ECL on trade and other receivables (including related party balances) are insignificant upon the initial application of MFRS 9.

The analysis above are based on the assessments undertaken to-date and may be subject to changes arising from further detailed analyses or additional reasonable and supportable information being made available to the Group in the future.

- (b) MFRS 15 establishes a single comprehensive model for revenue recognition and will supersede the current revenue recognition guidance and other related interpretations when it becomes effective. Under MFRS 15, an entity shall recognise revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the distinct promised goods or services underlying the particular performance obligation is transferred to the customers. The amendments to MFRS 15 further clarify the concept of 'distinct' for the purposes of this accounting standard. In addition, extensive disclosures are also required by MFRS 15 about the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

Based on the assessments undertaken to-date, the Group has determined that the impact on its financial statements upon the initial application of MFRS 15 is insignificant as the timing and amount of revenue to be recognised for the sale of medical/healthcare beds, peripherals and accessories under the new standard are unlikely to be materially different from its current practice.

The analysis above is based on the assessments undertaken to-date and may be subject to changes arising from further detailed analyses or additional reasonable and supportable information being made available to the Group in the future.



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

### **NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 31 OCTOBER 2018**

#### **A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS ("MFRS") 134: INTERIM FINANCIAL REPORTING (CONT'D)**

##### **A3. Auditors' report on preceding audited financial statements**

The preceding year's audited financial statements of the Group were not subject to any qualification.

##### **A4. Seasonal or cyclical factors**

The Group's business operations were not materially affected by seasonal or cyclical factors during the current financial quarter under review.

##### **A5. Unusual items affecting assets, liabilities, equity, net income or cash flows**

There were no material unusual items affecting assets, liabilities, equity, net income or cash flows of the Group during the current financial quarter and current year-to-date under review.

##### **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 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.



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

## **NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 31 OCTOBER 2018**

### **A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS ("MFRS") 134: INTERIM FINANCIAL REPORTING (CONT'D)**

#### **A9. Segmental information**

##### **(a) Analysis of revenue by product categories**

	UNAUDITED INDIVIDUAL QUARTER		UNAUDITED CUMULATIVE QUARTER	
	31 OCT 2018 RM'000	31 OCT 2017 RM'000	31 OCT 2018 RM'000	31 OCT 2017 RM'000
<b>Manufacturing:</b>				
Medical/healthcare beds	3,204	2,017	5,803	3,528
Medical peripherals and accessories	3,550	3,907	6,773	6,690
	<u>6,754</u>	<u>5,924</u>	<u>12,576</u>	<u>10,218</u>
<b>Trading:</b>				
Medical peripherals and accessories	1,421	816	2,491	1,236
Medical devices	1,306	426	2,183	537
	<u>2,727</u>	<u>1,242</u>	<u>4,674</u>	<u>1,773</u>
<b>Total revenue</b>	<u><b>9,481</b></u>	<u><b>7,166</b></u>	<u><b>17,250</b></u>	<u><b>11,991</b></u>

##### **(b) Analysis of revenue by geographical areas**

	UNAUDITED INDIVIDUAL QUARTER				UNAUDITED CUMULATIVE QUARTER			
	31 OCT 2018 RM'000	%	31 OCT 2017 RM'000	%	31 OCT 2018 RM'000	%	31 OCT 2017 RM'000	%
<b>Local:</b>								
Malaysia	8,060	85.01	5,441	75.92	13,632	79.03	9,050	75.47
<b>Export:</b>								
Africa	18	0.19	128	1.79	19	0.11	130	1.09
Asia - other than Malaysia	1,126	11.88	912	12.73	2,951	17.11	2,126	17.73
Europe	1	0.01	675	9.42	1	-	675	5.63
Middle East	164	1.73	10	0.14	529	3.07	10	0.08
Central America	112	1.18	-	-	118	0.68	-	-
	<u>1,421</u>	<u>14.99</u>	<u>1,725</u>	<u>24.08</u>	<u>3,618</u>	<u>20.97</u>	<u>2,941</u>	<u>24.53</u>
<b>Total revenue</b>	<u><b>9,481</b></u>	<u><b>100.00</b></u>	<u><b>7,166</b></u>	<u><b>100.00</b></u>	<u><b>17,250</b></u>	<u><b>100.00</b></u>	<u><b>11,991</b></u>	<u><b>100.00</b></u>



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

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 31 OCTOBER 2018**

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

**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 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 contingent assets and contingent liabilities as at the date of this report.

**A14. Capital commitments**

There were no material capital commitments in respect of property, plant and equipment as at the date of this report.

**A15. Related party transactions**

During the current financial quarter, the Board of Directors is of the opinion that there were no material related party transactions which would have a significant impact on the financial position and business of the Group.

**LKL INTERNATIONAL BERHAD (1140005-V)****NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 31 OCTOBER 2018****B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES****B1. Review of performance**

For the current financial quarter under review, Group revenue increased by 32.3% or RM2.315 million to RM9.481 million as compared to RM7.166 million reported in the preceding year corresponding quarter, driven by higher sales from both the manufacturing and trading segments. The growth in both the manufacturing and trading segments was mainly attributed to higher sales of medical/healthcare beds, peripherals and accessories. Additionally, the Group saw significant increase in medical devices sales under the trading segment as compared to preceding year corresponding quarter.

Geographically, local market contributed 85.0% of the Group's total revenue as compared to 75.9% in the preceding year corresponding quarter. Contributions from overseas markets dipped to 15.0% of total revenue as compared to 24.1% in the preceding year corresponding quarter mainly due to lower exports to Europe countries, partially offset by higher exports to other Asia countries.

Gross profit for the current financial quarter under review increased by 13.5% or RM0.410 million to RM3.441 million from RM3.031 million in the preceding year corresponding quarter, which was in tandem with the increase in revenue. However, the Group registered a slight decrease in PBT of RM0.218 million as compared to RM0.287 million in the preceding year corresponding quarter mainly due to lower gross profit margin and increase in certain selling and distribution expenses.

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

	<b>UNAUDITED CURRENT QUARTER 31 OCT 2018 RM'000</b>	<b>UNAUDITED PRECEDING QUARTER 31 JULY 2018 RM'000</b>
Revenue	9,481	7,769
PBT	218	67

The Group's revenue for the current financial quarter under review rose by 22.0% or RM1.712 million to RM9.481 million as compared to RM7.769 million in the preceding financial quarter. The increase in revenue was attributed to higher contribution from both the manufacturing and trading segments.

The manufacturing segment contributed RM6.754 million to the Group's revenue for the current financial quarter under review, increasing by 16.0% or RM0.932 million from RM5.822 million in the preceding financial quarter. Meanwhile, the trading segment registered revenue of RM2.727 million, rising by 40.1% or RM0.780 million from RM1.947 million in the preceding financial quarter.

The Group posted a PBT of RM0.218 million for the current financial quarter as compared to a PBT of RM0.067 million in the preceding financial quarter, which was in line with the higher revenue recorded.

**B3. Prospects**

The Group is committed to strengthening its position as a comprehensive supplier of medical/healthcare beds, peripherals, accessories, and medical devices. To this end, we remain committed to broadening our product offerings to include more high quality and innovative solutions for our customers. In September 2018, we have added dermaPACE® by Sanuwave Health Inc., an advanced medical device used for treating acute and chronic wounds, to our product portfolio. Together with Nihon Kohden products, the inclusion of dermaPACE® will expand the Group's medical device portfolio further.

Additionally, the Group will continue to leverage on its extensive domestic sales network as well as identify opportunities to increase its overseas distributors and agents to grow its market presence.

**LKL INTERNATIONAL BERHAD (1140005-V)****NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 31 OCTOBER 2018****B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES****B3. Prospects (*cont'd*)**

While the Group is making progress towards achieving better performance, the Group continues to face cost pressure from higher prices for manufacturing components, which is further exacerbated by the Sales and Services Tax levied on the manufacturing inputs. In order to minimise the impact of higher input prices, the Group will remain dedicated to enhance its operating efficiency by increasing automation and streamlining manufacturing processes to improve productivity.

Overall, we remain positive of the significant opportunities in the global healthcare sector, with higher spending expected by industry players to cater to increasing medical requirements in line with population growth, rising affluence, as well as ageing populations.

**B4. Income tax expense**

	UNAUDITED INDIVIDUAL QUARTER 31 OCT 2018 RM'000	UNAUDITED CUMULATIVE QUARTER 31 OCT 2018 RM'000
Current tax expense: - for the financial year	<u>85</u>	<u>119</u>
Effective tax rate (%)	38.99	41.75

The effective tax rate for individual quarter and cumulative quarter is higher than the statutory tax rate mainly due to deferred tax assets not recognised for business losses incurred by certain subsidiary and non-deductible expenses in certain subsidiaries of the Group.

**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.



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

## **NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 31 OCTOBER 2018**

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

#### **B7. Group's borrowings and debt securities**

The Group's borrowings as at 31 October 2018 are as follows:

	<b>UNAUDITED AT 31 OCT 2018 RM'000</b>	<b>AUDITED AT 30 APRIL 2018 RM'000</b>
<b>Current:</b>		
Bankers' acceptance	520	702
Hire purchase payables	391	416
Term loans	622	798
	<u>1,533</u>	<u>1,916</u>
<b>Non-current:</b>		
Hire purchase payables	599	725
Term loans	5,698	5,926
	<u>6,297</u>	<u>6,651</u>
<b>Total borrowings:</b>		
Bankers' acceptance	520	702
Hire purchase payables	990	1,141
Term loans	6,320	6,724
	<u><b>7,830</b></u>	<u><b>8,567</b></u>

All the borrowings are secured and denominated in Ringgit Malaysia.

#### **B8. 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 interim financial report.

The Company's subsidiary, LKL Advance Metaltech Sdn. Bhd., had on 21 January 2016 issued a notice of outstanding sum to Kluang Health Care Sdn. Bhd. ("KHC") and filed a notice of intention to appear as a supporting creditor in the winding-up petition by Lee Yong Beng (trading as Yong Seng Construction Work) against KHC for a principal sum of RM279,089 as at 24 February 2012 in respect of supply of products.

The case remains status quo as per disclosed in the previous financial quarter. Our lawyer will continue to seek updates from the liquidator on regular basis.

#### **B9. Dividend proposed**

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



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

## **NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 31 OCTOBER 2018**

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

#### **B10. Earnings per share ("EPS")**

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

	UNAUDITED INDIVIDUAL QUARTER 31 OCT 2018	UNAUDITED CUMULATIVE QUARTER 31 OCT 2018
Net profit attributable to ordinary equity holders of the Company (RM'000)	113	141
Weighted average number of ordinary shares in issue ('000)	428,800	428,800
Basic/Diluted EPS (sen) <sup>(1)</sup>	0.03	0.03

**Note:-**

(1) Diluted EPS of the Company for the individual quarter 31 October 2018 and cumulative quarter 31 October 2018 is equivalent to the basic EPS as the Company does not have convertible options at the end of the reporting period.

#### **B11. Notes to the Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income**

PBT is arrived at after charging/(crediting):

	UNAUDITED INDIVIDUAL QUARTER 31 OCT 2018 RM'000	UNAUDITED CUMULATIVE QUARTER 31 OCT 2018 RM'000
Depreciation of property, plant and equipment	497	1004
Impairment losses on trade receivables	79	79
Interest expense	100	209
Interest income	(52)	(106)
Realised gain on foreign exchange	(47)	(90)
Unrealised gain on foreign exchange	-	(53)
Reversal of allowance for impairment losses on trade receivables	-	(14)

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