


LKL INTERNATIONAL BERHAD (201501014673) (1140005-V)
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THIRD QUARTER ENDED 31 JANUARY 2020 ⁽¹⁾

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER 31 JANUARY 2020 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31 JANUARY 2019 RM'000	CURRENT YEAR-TO-DATE 31 JANUARY 2020 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31 JANUARY 2019 RM'000
Revenue	A9	13,469	11,086	33,497	28,336
Cost of sales		(8,863)	(7,459)	(21,020)	(18,450)
Gross profit		4,606	3,627	12,477	9,886
Other income		107	91	416	410
Administrative expenses		(2,619)	(2,684)	(8,363)	(7,070)
Selling and distribution expenses		(749)	(699)	(1,660)	(1,866)
Other expenses		(355)	(217)	(763)	(748)
Finance costs		(108)	(95)	(278)	(304)
Net impairment gain on financial assets		23	-	200	-
Share of loss of a joint venture		-	-	(36)	-
Profit before taxation (" PBT ")		905	23	1,993	308
Income tax expense	B4	(319)	125	(838)	6
Profit after taxation (" PAT ")		586	148	1,155	314
Other comprehensive income		-	-	-	-
Total comprehensive income for the financial period		586	148	1,155	314
PAT/Total comprehensive income attributable to:-					
Owners of the Company		612	112	1,169	253
Non-controlling interests		(26)	36	(14)	61
		586	148	1,155	314
Earnings per share (sen)					
- Basic/Diluted ⁽²⁾	B10	0.14	0.03	0.27	0.06

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 2019 and the accompanying explanatory notes attached to this interim financial report.

(2) Diluted earnings per share of the Company for the individual quarter 31 January 2020 and cumulative quarter 31 January 2020 is equivalent to the basic earnings per share as the Company does not have convertible options at the end of the reporting period.


LKL INTERNATIONAL BERHAD (201501014673) (1140005-V)
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AT 31 JANUARY 2020 ⁽¹⁾

	Note	UNAUDITED AT 31 JANUARY 2020 RM'000	AUDITED AT 30 APRIL 2019 RM'000
ASSETS			
Non-current Asset			
Investment in a joint venture		-	250
Property, plant and equipment		30,663	31,483
Right-of-use assets		2,185	-
		<u>32,848</u>	<u>31,733</u>
Current Assets			
Inventories		13,479	12,781
Trade receivables		6,121	8,127
Other receivables, deposits and prepayments		2,753	2,572
Current tax assets		1,032	2,417
Fixed deposits with licensed banks		1,000	3,749
Cash and bank balances		12,281	8,633
		<u>36,666</u>	<u>38,279</u>
TOTAL ASSETS		<u>69,514</u>	<u>70,012</u>
EQUITY AND LIABILITIES			
Equity			
Share capital		53,299	53,299
Merger deficit		(29,580)	(29,580)
Retained profits		33,633	32,464
Equity attributable to owners of the Company		<u>57,352</u>	<u>56,183</u>
Non-controlling interests		(307)	(293)
TOTAL EQUITY		<u>57,045</u>	<u>55,890</u>
Non-current Liabilities			
Lease Liabilities		285	-
Hire purchase payables	B7	516	432
Term loans	B7	5,080	5,463
Deferred tax liabilities		574	574
		<u>6,455</u>	<u>6,469</u>
Current Liabilities			
Trade payables		2,261	2,338
Other payables and accruals		1,939	4,186
Amount owing to a related party		-	1
Amount owing to a joint venture		-	250
Lease Liabilities		309	-
Bankers' acceptance	B7	440	-
Hire purchase payables	B7	502	346
Term loans	B7	563	532
		<u>6,014</u>	<u>7,653</u>
TOTAL LIABILITIES		<u>12,469</u>	<u>14,122</u>
TOTAL EQUITY AND LIABILITIES		<u>69,514</u>	<u>70,012</u>
Net assets per share (RM)		<u>0.13</u>	<u>0.13</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 2019 and the accompanying explanatory notes attached to this interim financial report.



LKL INTERNATIONAL BERHAD (201501014673) (1140005-V)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE THIRD QUARTER ENDED 31 JANUARY 2020 ⁽¹⁾

	<----- Non-Distributable ----->		Distributable	Attributable to	Non-controlling	Total Equity
	Share Capital	Merger Deficit	Retained Profits	Owners of Company	Interests	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance at 1 May 2019	53,299	(29,580)	32,464	56,183	(293)	55,890
PAT/Total comprehensive income for the financial period	-	-	1,169	1,169	(14)	1,155
Balance at 31 January 2020	<u>53,299</u>	<u>(29,580)</u>	<u>33,633</u>	<u>57,352</u>	<u>(307)</u>	<u>57,045</u>
Balance at 1 May 2018	53,299	(29,580)	34,962	58,681	67	58,748
PAT/Total comprehensive income for the financial period	-	-	253	253	61	314
Balance at 31 January 2019	<u>53,299</u>	<u>(29,580)</u>	<u>35,215</u>	<u>58,934</u>	<u>128</u>	<u>59,062</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 2019 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 THIRD QUARTER ENDED 31 JANUARY 2020 ⁽¹⁾

	CUMULATIVE QUARTER	
	CURRENT YEAR-TO-DATE 31 JANUARY 2020 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31 JANUARY 2019 RM'000
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES		
Profit before taxation	1,993	308
Adjustments for:		
Depreciation of property, plant and equipment	1,159	1,318
Depreciation of right-of-use asset	665	-
Impairment losses on trade receivables	36	79
Interest expense	257	304
Interest expense on lease liabilities	33	-
Inventories written down	140	-
Share of loss of a joint venture	36	-
Unrealised loss/(gain) on foreign exchange	61	(34)
(Gain)/Loss on disposal of property, plant and equipment	(77)	2
Interest income	(147)	(138)
Reversal of allowance for impairment losses on trade receivables	(236)	(16)
Operating profit before working capital changes	3,920	1,823
(Increase)/Decrease in inventories	(838)	296
Decrease/(Increase) in trade and other receivables	1,985	(998)
Decrease in trade and other payables	(2,326)	(353)
Decrease in amount owing by a related company	-	73
Decrease in amount owing to a related party	(1)	-
Decrease in amount owing to a joint venture	(250)	-
CASH FROM OPERATIONS	2,490	841
Income tax paid	(954)	(704)
Income tax refunded	1,500	-
Interest paid	(290)	(304)
Interest received	147	138
NET CASH FROM/(FOR) OPERATING ACTIVITIES	2,893	(29)
CASH FLOWS FOR INVESTING ACTIVITIES		
Additions of right-of-use assets	(186)	-
Decrease/(Increase) in pledged fixed deposit with a licensed bank	722	(21)
Proceeds from disposal of a joint venture	214	-
Proceeds from disposal of property, plant and equipment	144	1
Purchase of property, plant and equipment	(1,558)	(234)
NET CASH FOR INVESTING ACTIVITIES	(664)	(254)
CASH FLOWS FOR FINANCING ACTIVITIES		
Repayment of hire purchase obligations	(333)	(317)
Repayment of lease liabilities	(345)	-
Drawdown/(Repayment) of bankers' acceptances	440	(372)
Repayment of term loans	(352)	(622)
NET CASH FOR FINANCING ACTIVITIES	(590)	(1,311)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	1,639	(1,594)
EFFECT OF FOREIGN EXCHANGE TRANSLATION	(18)	40
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	11,660	13,609
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	13,281	12,055
<u>Cash and cash equivalents at end of the financial period comprises the following:</u>		
Cash and bank balances	12,281	9,055
Fixed deposits with licensed banks	1,000	3,722
	13,281	12,777
Less: Fixed deposit pledged to a licensed bank	-	(722)
	13,281	12,055

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 2019 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 THIRD QUARTER ENDED 31 JANUARY 2020

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 ("Bursa Securities").

The interim financial report should be read in conjunction with the audited financial statements for the FYE 30 April 2019. 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 2019.

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 2019 and such adoptions do not have material impact on the financial position and performance of the Group except as follows:-

MFRS 16 sets out the principles for recognition, measurement, presentation and disclosure of leases and replaced the previous guidance on lease accounting. Under MFRS 16, the classification of leases as either finance leases or operating leases is eliminated for lessees. All lessees are required to recognise their lease assets and the related lease obligations in the statement of financial position (with limited exceptions) as right-of use assets and lease liabilities respectively. The right-of-use assets are subject to depreciation and the interest on lease liabilities are calculated using the effective interest method.

The Group has adopted MFRS 16 using the modified retrospective approach and did not restate comparative amount for the period prior to initial application. The impacts on the financial statements of the Group upon its initial application of MFRS 16 are as follows:-

	AS PREVIOUSLY REPORTED RM'000	IMPACT OF MFRS 16 ADOPTION RM'000	AS RESTATED RM'000
1 MAY 2019			
NON-CURRENT ASSETS			
Property, plant and equipment	31,483	(1,174)	30,309
Right-of-use assets	-	1,704	1,704
	<u>31,483</u>	<u>530</u>	<u>32,013</u>
NON-CURRENT LIABILITIES			
Lease liabilities	-	(144)	(144)
CURRENT LIABILITIES			
Lease liabilities	-	(386)	(386)

**LKL INTERNATIONAL BERHAD (201501014673) (1140005-V)****NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 JANUARY 2020****A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS ("MFRS") 134: INTERIM FINANCIAL REPORTING (CONT'D)****A2. Changes in accounting policies (Cont'd)**

The Group has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the MASB but are not yet effective for this interim financial report:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 17 Insurance Contracts	1 January 2021
Amendments to MFRS 3: Definition of a Business	1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform	1 January 2020
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 101 and MFRS 108: Definition of Material	1 January 2020
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020

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.

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 (201501014673) (1140005-V)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 JANUARY 2020

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 JAN 2020 RM'000	31 JAN 2019 RM'000	31 JAN 2020 RM'000	31 JAN 2019 RM'000
Manufacturing:				
Medical/healthcare beds	3,994	3,384	9,862	9,187
Medical peripherals and accessories	5,261	4,054	13,775	10,827
	<u>9,255</u>	<u>7,438</u>	<u>23,637</u>	<u>20,014</u>
Trading:				
Medical peripherals and accessories	3,218	2,023	6,604	4,514
Medical devices	996	1,625	3,256	3,808
	<u>4,214</u>	<u>3,648</u>	<u>9,860</u>	<u>8,322</u>
Total revenue	<u>13,469</u>	<u>11,086</u>	<u>33,497</u>	<u>28,336</u>

(b) Analysis of revenue by geographical areas

	UNAUDITED INDIVIDUAL QUARTER				UNAUDITED CUMULATIVE QUARTER			
	31 JAN 2020 RM'000	%	31 JAN 2019 RM'000	%	31 JAN 2020 RM'000	%	31 JAN 2019 RM'000	%
Local:								
Malaysia	10,652	79.09	9,710	87.58	25,853	77.18	23,342	82.37
Export:								
Africa	1,164	8.64	4	0.04	2,511	7.49	23	0.08
Asia - other than Malaysia	1,330	9.87	1,016	9.16	3,744	11.18	3,967	14.00
Europe	-	-	75	0.68	800	2.39	76	0.27
Middle East	323	2.40	94	0.85	589	1.76	623	2.20
Central America	-	-	187	1.69	-	-	305	1.08
	<u>2,817</u>	<u>20.91</u>	<u>1,376</u>	<u>12.42</u>	<u>7,644</u>	<u>22.82</u>	<u>4,994</u>	<u>17.63</u>
Total revenue	<u>13,469</u>	<u>100.00</u>	<u>11,086</u>	<u>100.00</u>	<u>33,497</u>	<u>100.00</u>	<u>28,336</u>	<u>100.00</u>



LKL INTERNATIONAL BERHAD (201501014673) (1140005-V)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 JANUARY 2020

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

Save as disclosed below, 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.

The Company's subsidiary, TMI Medik Group Sdn. Bhd., had on 3 March 2020 entered into a mutual termination of distributorship agreement with Nihon Kohden Singapore Pte Ltd to terminate the distribution of selected "Nihon Kohden" branded medical devices within Malaysia.

A12. Changes in composition of the Group

Save as disclosed below, there were no other material changes in the composition of the Group for the current financial quarter under review.

The Company's subsidiary, Medik Gen Sdn. Bhd. ("**MGen**"), had on 21 January 2020 entered into a Mutual Termination Agreement with Agrow Corporation Sdn. Bhd. ("**Agrow**") to mutually agree to terminate the Shareholders' Agreement dated 10 April 2019 and the transfer of 50% equity interest comprising 250,000 ordinary shares in LKL Agrow Healthtech Sdn. Bhd. held by MGen to Agrow for a total consideration of RM213,833.40 only.

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 (201501014673) (1140005-V)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 JANUARY 2020

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

B1. Review of performance

For the current financial quarter ended 31 January 2020, the Group's revenue increased 21.5% or RM2.383 million to RM13.469 million from RM11.086 million in the preceding year corresponding quarter. This was mainly contributed by higher sales recorded in medical/healthcare beds as well as medical peripherals and accessories.

Revenue from manufacturing segment grew 24.4% or RM1.817 million to RM9.255 million from RM7.438 million as reported in the preceding year corresponding quarter due to stronger sales recorded in manufactured medical/healthcare beds and medical peripherals and accessories. As for the trading segment, revenue increased 15.5% or RM0.566 million to RM4.214 million from RM3.648 million in the preceding year corresponding quarter, mainly attributed to better sales performance of distributed medical peripherals and accessories.

From a geographical standpoint, revenue from the local market made up 79.1% of the Group's total revenue in comparison with 87.6% in the preceding year corresponding quarter as the Group focused on diversifying into export markets. Local sales rose 9.7% or RM0.942 million to RM10.652 million from RM9.710 million in the preceding year corresponding quarter.

Export sales to overseas markets accounted for 20.9% of the Group's total revenue, an improvement from 12.4% posted in the preceding year corresponding quarter as the Group continued to capture new market opportunities abroad. Export revenue increased by 104.7% or RM1.441 million to RM2.817 million compared to RM1.376 million reported in the preceding year corresponding quarter mainly due to an increase in demand for the Group's products from Africa.

The Group's gross profit rose 27.0% or RM0.979 million to RM4.606 million from RM3.627 million in the preceding year corresponding quarter. The Group posted a PBT of RM0.905 million, an increase of RM0.882 million as compared to RM0.023 million in the preceding year corresponding quarter. This was in line with the increase in revenue and higher gross profit margin derived from favourable product mix sold.

B2. Comparison with preceding quarter's results

	UNAUDITED CURRENT QUARTER 31 JAN 2020 RM'000	UNAUDITED PRECEDING QUARTER 31 OCT 2019 RM'000
Revenue	13,469	10,676
PBT	905	772

In the current financial quarter under review, the Group's revenue increased by 26.2% or RM2.793 million to RM13.469 million compared to RM10.676 million in the preceding financial quarter, due to improved sales in both the manufacturing and trading segments.

In the manufacturing segment, revenue rose 22.5% or RM1.698 million to RM9.255 million from RM7.557 million in the preceding financial quarter. The trading segment contributed to a revenue of RM4.214 million in the current financial quarter under review, an increase of 35.1% or RM1.095 million compared to RM3.119 million in the preceding financial quarter.

The Group posted a PBT of RM0.905 million in the current financial quarter under review as compared to RM0.772 million in the preceding financial quarter representing an improvement of 17.2% or RM0.133 million, which was in tandem with higher revenue recorded in the current financial quarter.



LKL INTERNATIONAL BERHAD (201501014673) (1140005-V)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 JANUARY 2020

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

B3. Prospects

The nine-month to date of the current financial year has been encouraging, mainly attributed to the higher sales across product segments and geographical markets.

The positive trajectory of revenue contributions from both manufacturing and trading segments points to the robustness of the Group's product portfolio. Thus, the Group will continue exploring high-quality medical products which can be suitably added to complement our current product offerings while maintaining a good relationship with our existing and new customers locally and abroad to further strengthen and broaden our clientele.

The Group is strategically positioned to capture new market opportunities on the back of the coronavirus disease (COVID-19) outbreak which has prioritised the need for quality healthcare services. Governments from many countries have been developing economic stimulus packages to cope with the pressures of this outbreak by investing in quality medical equipment. This creates an uptrend in medical related expenditure from various markets, which we hope to tap into.

Overall, the Group remains positive to sustain profitability going forward.

B4. Income tax expense

	UNAUDITED INDIVIDUAL QUARTER 31 JAN 2020 RM'000	UNAUDITED CUMULATIVE QUARTER 31 JAN 2020 RM'000
Current tax expense:		
- for the financial year	319	798
- underprovision in the previous financial year	-	40
	<u>319</u>	<u>838</u>
Effective tax rate (%)	35.2	42.0

The effective tax rate is higher than the statutory tax rate mainly due to deferred tax assets not recognised for business losses incurred by certain subsidiaries and non-deductible expenses for tax in certain subsidiaries of the Group, as well as underprovision of taxation in the prior financial year.

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 (201501014673) (1140005-V)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 JANUARY 2020

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 January 2020 are as follows:

	UNAUDITED AT 31 JAN 2020 RM'000	AUDITED AT 30 APRIL 2019 RM'000
Current:		
Bankers' acceptance	440	-
Hire purchase payables	502	346
Term loans	563	532
	<u>1,505</u>	<u>878</u>
Non-current:		
Hire purchase payables	516	432
Term loans	5,080	5,463
	<u>5,596</u>	<u>5,895</u>
Total borrowings:		
Bankers' acceptance	440	-
Hire purchase payables	1,018	778
Term loans	5,643	5,995
	<u><u>7,101</u></u>	<u><u>6,773</u></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 Liquidator, upon advice from their counsel, is seeking a court suit against KHC's present and/or former directors to determine if the said directors are liable to KHC for any misappropriation of KHC's monies. The estimated legal costs and Liquidator's professional fees in respect thereof is between RM235,000 and RM335,000, to be apportioned between the respective creditors who are agreeable to fund the said court suit.

The advice from the Company's appointed lawyer is however to consider pursuing all other recourse in order to cut loss but preserve the possibility of recovery. The lawyer will continue to update the progress from time to time.

B9. Dividend proposed

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



LKL INTERNATIONAL BERHAD (201501014673) (1140005-V)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 JANUARY 2020

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 JAN 2020	UNAUDITED CUMULATIVE QUARTER 31 JAN 2020
Net profit attributable to ordinary equity holders of the Company (RM'000)	612	1,169
Weighted average number of ordinary shares in issue ('000)	428,800	428,800
Basic/Diluted EPS (sen) ⁽¹⁾	0.14	0.27

Note:-

(1) Diluted EPS of the Company for the individual quarter 31 January 2020 and cumulative quarter 31 January 2020 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		UNAUDITED CUMULATIVE QUARTER	
	31 JAN 2020	31 JAN 2019	31 JAN 2020	31 JAN 2019
	RM'000	RM'000	RM'000	RM'000
Depreciation of property, plant and equipment	418	314	1,159	1,318
Depreciation right-of-use asset	219	-	665	-
Impairment losses on trade receivables	-	-	36	79
Interest expense	95	95	257	304
Interest expenses on lease liabilities	12	-	33	-
Interest income	(52)	(32)	(147)	(138)
Inventories written down	140	-	140	-
(Gain)/Loss on disposal of property, plant and equipment	(7)	2	(77)	2
Realised loss/(gain) on foreign exchange	20	(16)	(20)	(106)
Unrealised loss/(gain) on foreign exchange	51	19	61	(34)
Reversal of allowance for impairment losses on trade receivables	(23)	(2)	(236)	(16)

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