LKL INTERNATIONAL BERHAD

(Company No. 1140005-V)
(Incorporated in Malaysia under the Companies Act, 1965)

ANNUAL REPORT 2016

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Independent Non-Executive Chairman

Lim Kon Lian
Managing Director

Mok Mei Lan
Executive Director

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Non-Independent Non-Executive Director

Tevanaigam Randy Chitty
Senior Independent Non-Executive Director

Selma Enolil Binti Mustapha Khalil
Independent Non-Executive Director

AUDIT COMMITTEE

Tevanaigam Randy Chitty *(Chairman)*
Tan Sri Datuk Adzmi Bin Abdul Wahab
Selma Enolil Binti Mustapha Khalil
Tan Chuan Hock

REMUNERATION COMMITTEE

Selma Enolil Binti Mustapha Khalil *(Chairman)*
Lim Kon Lian
Tevanaigam Randy Chitty
Tan Chuan Hock

NOMINATION COMMITTEE

Tevanaigam Randy Chitty *(Chairman)*
Selma Enolil Binti Mustapha Khalil
Tan Chuan Hock

COMPANY SECRETARIES

Tea Sor Hua *(MACS 01324)*
Yong Yen Ling *(MAICSA 7044771)*

REGISTERED OFFICE

Third Floor, No.79 (Room A)
Jalan SS21/60
Damansara Utama
47400 Petaling Jaya
Selangor Darul Ehsan
Tel No. : (03) 7725 1777
Fax No. : (03) 7722 3668

HEAD OFFICE

Wisma LKL
No.3, Jalan BS7/18
Kawasan Perindustrian Bukit Serdang
Seksyen 7, 43300 Seri Kembangan
Selangor Darul Ehsan
Tel No. : (03) 8948 2990
Fax No. : (03) 8948 7904
Website : http://www.lklbeds.com/
Email : info@lklbeds.com

AUDITORS

Messrs Crowe Horwath *(AF 1018)*
Level 16, Tower C
Megan Avenue II
12, Jalan Yap Kwan Seng
50450 Kuala Lumpur
Tel No. : (03) 2788 9999
Fax No. : (03) 2788 9998

SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No.8, Jalan Kerinchi
59200 Kuala Lumpur
Tel No. : (03) 2783 9299
Fax No. : (03) 2783 9222

SPONSOR

Alliance Investment Bank Berhad
Level 3, Menara Multi-Purpose
Capital Square
8, Jalan Munshi Abdullah
50100 Kuala Lumpur
Tel No. : (03) 2604 3333
Fax No. : (03) 2691 9028

PRINCIPAL BANKERS

United Overseas Bank (M) Bhd
OCBC Bank (Malaysia) Berhad

STOCK EXCHANGE LISTING

ACE Market of Bursa Malaysia Securities Berhad
Stock Code : 0182
Stock Name : LKL

GROUP STRUCTURE

Healthcare LKL

LKL International Berhad

100%

LKL Advance Metaltech Sdn Bhd

CHAIRMAN'S STATEMENT

Dear Valued Shareholders,

On behalf of the Board of Directors ("Board") of LKL International Berhad ("LKL International" or "the Company") and its subsidiary ("the Group"), it gives me great pleasure to present the Annual Report and the Audited Financial Statements of LKL International for the financial year ended 30 April 2016.

It has been a historic year for the Group as we were successfully listed on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities") on 16 May 2016. Though we have entered a new chapter, we will not rest on our laurels. The Group will remain committed to strive even harder to achieve its vision to be a prominent manufacturer of medical/ healthcare beds, peripherals and accessories.

OVERVIEW

The listing exercise is an important initiative as it enables the Group to gain stronger position within the industry, and to support future business expansions. Coupled with our listing status, we hope to capitalise on many more opportunities by expanding our footprint in the local and global markets through leveraging on our proven track records and established reputation.

To achieve this, we will remain focused on our commitments to maintain high product quality and excellent customer service as well as to continuously innovate and improve our products range.

CHAIRMAN'S STATEMENT
cont'd

INDUSTRY OUTLOOK

Generally, the healthcare services industry in each country varies due to differences in political and social environment. However, much of the growth in global healthcare services is attributed from emerging markets such as Asia Pacific, Middle East and Africa, as rising standards of living, population and urbanisation rates are prevalent in these economies. This clearly indicates a vast potential yet to be explored and a great opportunity for the Group to expand its geographical footprint.

Moving forward, the prospects for growth in the medical bed, peripheral and accessory industry in Malaysia remains positive as we believe it will continue to be driven by growing demand for healthcare services. We believe that the healthcare expenditure will continue to be driven by prevalent diseases, an ageing population, as well as government's active initiatives to support and promote the growth of the healthcare services industry. In addition, as the country progresses, the demand for healthcare services would have a tendency to increase as more hospitals are expected to be built coupled with higher disposable income to attain better healthcare services, particularly in the private sector.

APPRECIATION

I wish to extend my gratitude towards our valued Board of Directors, the senior management and employees for their utmost dedication, hard work and loyalty to the Group.

Finally, the Board would also like to express their deepest appreciation and thank all our valued shareholders, bankers, customers, business partners and regulatory authorities for their continued support, guidance and assistance to the Group.

TAN SRI DATUK ADZMI BIN ABDUL WAHAB
Independent Non-Executive Chairman

MANAGING DIRECTOR'S STATEMENT

VISION AND STRATEGY

We are guided by our vision of establishing a prominent Malaysia-based healthcare furniture and equipment provider. Through our core values, we strive to create an ever-lasting value for our customers, employees, business partners and stakeholders by manufacturing value-added products, providing user friendly solutions, keeping abreast with the latest technology and cultivating innovations that foster creativity, teamwork and achievement.

CORPORATE DEVELOPMENT

2016 is a historical year for LKL International Berhad. On 16 May 2016, the Group has successfully completed its listing exercise on the ACE Market of Bursa Securities. The Initial Public Offering ("IPO") exercise had raised RM22.6 million in proceeds, achieving an important milestone for the Group.

The prospects for growth in the medical bed, peripheral and accessory industry in Malaysia remains positive as the industry is expected to be driven by growth in demand for healthcare services locally. As part of the Group's expansion plans, we will continue to seek local and global market opportunities, strengthen our presence in Malaysia and our existing export markets as well as expand our manufacturing plant to accomodate greater automation and larger storage. To achieve greater automation, we have recently entered into a purchasing contract to acquire a fully automated Computer Numeric Control ("CNC") punching machine from TRUMPF Group.

We will also continue to participate in international trade shows and exhibitions as we believe it is the best and effective way to reach out to potential new clients and enhance our brand visibility. In the year 2015, the Group had participated in a number of exhibitions such as "Arab Health 2015" in Dubai, United Arab Emirates and "FIME International Medical Expo" in Miami, United States of America. Such participation also allows us to stay updated on the relevant market trends and expand our network within the industry.

MANAGING DIRECTOR'S STATEMENT
cont'd

FINANCIAL PERFORMANCE

In the financial year ended 30 April 2016, the Group recorded a total revenue of RM37.15 million, a marginal decrease of 4.84% as compared to the previous year of RM39.04 million. Gross profit and profit after tax was reported at RM15.19 million and RM3.27 million respectively.

Revenue from manufacturing of medical/healthcare beds medical peripheral and accessories decreased from RM33.33 million in financial year ended 2015 to RM30.04 million in financial year ended 2016. Revenue from trading of medical peripherals and accessories however, increased by 24.52% to RM7.11 million as compared with the preceding year's revenue of RM5.71 million.

The decrease in total revenue was partially due to poor market sentiments. Nonetheless, the Group will continue to look for opportunities in both local and global markets.

GROUP'S PROSPECTS

For financial year ended 30 April 2016, it was truly an exciting year for the Group. As we move forward for the coming year, the Group will undertake several expansion plans.

At present, the Group has seven (7) units of robotic welding machinery in our production facility and we intend to acquire additional machinery. The acquisition of new CNC machinery is to facilitate our growth plans and strategy which would allow us to increase automation in our manufacturing process. With faster and higher precision, wastages will be minimised and subsequently contribute to lower cost for the Group. Not to mention, the increase in automation will allow us to accept more job orders and manage capacity limitations in the future.

To date, we are currently exporting our products to over thirty (30) countries across six (6) continents. As part of the Group's expansion plans, we will further expand our sales in existing as well as new export markets through various marketing strategies as part of our long-term growth plan.

At the same time, we will continue to seek local market opportunities and strengthen our presence in Malaysia by leveraging on our track record and reputation in Malaysia to capture the growth in the Malaysia healthcare service industry.

We are confident that if we stay true to our vision by delivering only the best, our products would speak for themselves.

Sincerely,

Lim Kon Lian
Managing Director

DIRECTORS' PROFILE

TAN SRI DATUK ADZMI BIN ABDUL WAHAB
Independent Non-Executive Chairman

Tan Sri Datuk Adzmi Bin Abdul Wahab **("Tan Sri Datuk Adzmi")**, Malaysian, Male, aged 73, is our Independent Non-Executive Chairman and was appointed to the Board on 23 July 2015. He is a Member of the Audit Committee.

Tan Sri Datuk Adzmi holds a Master in Business Administration from University of Southern California. He is the Chairman of 4 other public listed companies, namely Magna Prima Berhad, Dataprep Holdings Berhad, Lebtech Berhad and Grand-Flo Berhad, and director for several private companies involved in various industries, such as information technology, construction, property development, manufacturing, trading and tertiary education.

Tan Sri Datuk Adzmi served the Malaysian Administrative and Diplomatic Service in the following capacities from 1967 to 1982: Central Procurement and Contract Management in Ministry of Finance; Investment Promotion in Pahang Tenggara Development Authority; Public Enterprise Management in Implementation Coordination Unit (Prime Minister's Department); and Regional Planning in Klang Valley Planning Secretariat (Prime Minister's Department). From 1982 to 1985, he was a Manager of the Corporate Planning Division of HICOM Holdings Berhad and was responsible for the development of heavy industry projects. From 1985 to 1992, he served in Proton Holdings Berhad and he served his last position there as Director/Corporate General Manager of the Administration and Finance division in 1992.

In 1992, Tan Sri Datuk Adzmi was appointed as Managing Director of Edaran Otomobil Nasional Berhad **("EON Berhad")**, where he served until his retirement in 2005, and he is the longest serving Managing Director of EON Berhad. In 2003, he was conferred Malaysia Chief Executive Officer **("CEO")** of the Year by American Express and Business Times and Most PR Savvy CEO by Institute of Public Relations Malaysia.

DIRECTORS' PROFILE
cont'd

LIM KON LIAN
Managing Director

Lim Kon Lian **("Mr. Lim")**, Malaysian, Male, aged 62, is our Co-Founder and Managing Director. He was appointed to our Board on 13 April 2015 and is a Member of the Remuneration Committee. He is responsible for overseeing the strategic business planning, development and operations of our Group.

Mr. Lim began his career in 1969 as an apprentice in a metal fabrication business in Kuala Lumpur. In 1974, he moved to Singapore, and continued to work in metal fabrication as a freelance sub-contractor.

Mr. Lim returned to Malaysia in 1977 and was involved in general trading before he founded Victor Company in 1981, a sole proprietorship involved in the manufacturing of steel and wooden furniture, which included hospital furniture and accessories. He subsequently co-founded Victor Steel Equipment Supplies in 1983, a business partnership set up for the trading and supply of steel and wooden furniture, including hospital furniture and accessories. It was during these years when he fine-tuned his expertise in the manufacturing of healthcare furniture and equipment, as well as acquiring knowledge and understanding of the medical and healthcare industry. In 1993, he co-founded our wholly-owned subsidiary, LKL Advance Metaltech Sdn Bhd together with Executive Director, Mok Mei Lan.

DIRECTORS' PROFILE
cont'd

MOK MEI LAN
Executive Director

Mok Mei Lan **("Ms. Mok")**, Malaysian, Female, aged 61, is our Co-Founder and Executive Director. She was appointed to our Board on 13 April 2015 and is presently responsible for overseeing the procurement functions of our Group.

Ms. Mok began her career in 1973 as an Administrative Clerk, where she managed the administrative functions of an assemblyman in her role as an elected representative of the constituency she served. In 1976, she joined Klinik Thurai, as an Assistant Nurse.

Ms. Mok co-founded Victory Supplies in 1988, a business partnership involved in the trading and supply of hospital furniture, accessories, and steel and wooden furniture and fittings, with Lim Kon Khoon, the brother of Mr. Lim. In 1993, she co-founded our wholly-owned subsidiary, LKL Advance Metaltech Sdn Bhd together with our Managing Director, Mr. Lim.

DIRECTORS' PROFILE
cont'd

TAN CHUAN HOCK
Non-Independent Non-Executive Director

Tan Chuan Hock **("Mr. Tan")**, Malaysian, Male, aged 55, is our Non-Independent Non-Executive Director. He was appointed to our Board on 23 July 2015 and is a Member of the Audit Committee, Remuneration Committee and Nomination Committee.

Mr. Tan is the Executive Proprietor and also the founder of Messrs. William C.H. Tan & Associates, a Chartered Accountants firm based in Selangor in 1989. He is a member of the Malaysian Institute of Accountants, Chartered Tax Institute of Malaysia and is a Fellow member of the Association of Chartered Certified Accountants.

Mr. Tan has more than 30 years of experience particularly in financial reporting, auditing, taxation and planning, company secretarial as well as corporate management and advisory services. Presently, he holds directorships in 3 other public listed companies, namely Grand-Flo Berhad, EITA Resources Berhad and Careplus Group Berhad, as well as several private limited companies. He also sits on the board of Simat Technologies Public Company Limited, a public company listed on the Stock Exchange of Thailand.

DIRECTORS' PROFILE
cont'd

TEVANAIGAM RANDY CHITTY
Senior Independent Non-Executive Director

Tevanaigam Randy Chitty **("Randy")**, Malaysian, Male, aged 48, is our Senior Independent Non-Executive Director. He was appointed to our Board on 23 July 2015 and is the Chairman of both the Audit Committee and Nomination Committee as well as a Member of the Remuneration Committee.

Randy is a member of the Malaysian Institute of Certified Public Accountants. He completed the Malaysian Certified Public Accountants examination and was admitted as a member of Malaysian Institute of Certified Public Accountants. He holds a Capital Markets Services Representative's Licence as governed by the Securities Commission Malaysia since 2008. Randy started his career as an Articled Clerk with Ernst & Young in 1989 and his last position there was as Audit Senior. In 1993, he joined the Corporate Finance division of Arab Malaysian Merchant Bank Berhad as an Officer and was promoted to Manager in 1996. In 1997, he joined TA Securities Berhad as a Senior Manager in the Corporate Finance division. Randy continued his career as Group General Manager for Pancaran Ikrab Berhad in 1999. In 2002, he joined the Finance department of Bukit Kiara Properties Sdn Bhd as General Manager. Following that, in 2003 he joined as the Group General Manager of the Finance department at AWC Facilty Solutions Berhad (now known as AWC Berhad). In 2008, Randy joined the International Corporate Finance Unit of Kenanga Investment Bank Berhad as a Director/Senior Vice President.

Presently, he is the Director/Principal Consultant of LeadingAdvantage Consulting Sdn Bhd, a position he has held since 2009. Since 2010, he has been an Associate at Sierac Corporate Advisers Sdn Bhd. He has also been the Chief Financial Officer of AWC Berhad since March 2015.

DIRECTORS' PROFILE
cont'd

SELMA ENOLIL BINTI MUSTAPHA KHALIL
Independent Non-Executive Director

Selma Enolil Binti Mustapha Khalil **("Selma")**, Malaysian, Female, aged 45, is our Independent Non-Executive Director. She was appointed to our Board on 23 July 2015 and is the Chairman of the Remuneration Committee as well as a Member of both the Audit Committee and Nomination Committee.

Selma graduated from University of Wales, Aberystwyth with a Bachelor of Laws in 1994. She obtained her Certificate in Legal Practice in 1995 and was called to the Malaysian Bar as an Advocate and Solicitor in 1996. She started her career as an Advocate and Solicitor with Messrs Abu Talib Shahrom & Zahari in 1996. In 1998, she joined TNB Remaco Sdn Bhd as a legal executive. She resumed practicing law as an Advocate and Solicitor with Messrs Raslan Loong in 2000.

In 2003, she co-founded Messrs Enolil Loo, Advocates and Solicitors, in which she is currently a Partner.

Notes:

1. *Except for Mr. Lim who is the spouse of Ms. Mok, none of the other directors has any family relationship with any director and/or major shareholder of the Company.*

2. *None of the directors has any conflict of interest with the Company.*

3. *None of the directors has any conviction for offences, public sanction or penalty imposed by the relevant regulatory bodies within the past 5 years, other than traffic offences.*

KEY SENIOR MANAGEMENT'S PROFILE

LIM PAK HONG
Group General Manager

Lim Pak Hong **("PH Lim")**, Malaysian, Male, aged 30, is our Group General Manager since 1 July 2015 and is also a substantial shareholder of the Company. He assists our Managing Director in managing the overall operations of our Group, with a special focus on Research & Development ("R&D"). He obtained a diploma in Mechatronics Engineering from INTI University College in 2009. In 2013, he graduated with a Bachelor of Engineering in Mechatronic Engineering from Staffordshire University.

Upon graduation, PH Lim joined our Group as a R&D Engineer and was responsible for product design and development, including product customisations as specified by our customers. Among his notable achievements was the design of a Longitudinal Patient Transfer Trolley System, developed for the transferring of patients longitudinally (or lengthwise) as opposed to the conventional lateral (or sideways) transfer, which was useful in narrow hospital corridors and tight spaces. He was promoted to Group General Manager in 2015 and will be an integral part of our Group's future growth and success.

PH Lim is the son to Mr. Lim and Ms. Mok, brother to Elaine, brother-in-law to MC Lim and cousin to KE Lee. He has no conflict of interest with the Company and has no conviction for offences, public sanction or penalty imposed by the relevant regulatory bodies within the past 5 years, other than traffic offences.

LIM MING CHANG
General Manager – Operations

Lim Ming Chang **("MC Lim")**, Malaysian, Male, aged 34, is our General Manager - Operations since 1 July 2015. He attended Asia Pacific Institute of Information Technology in Kuala Lumpur and obtained a Diploma in Computing and Information Technology in 2002, followed by a Higher Diploma in Software Engineering in 2004. In 2005, he obtained a Bachelor of Science in Computing from Staffordshire University, United Kingdom. He joined our Group as an IT and Sales Executive. In 2008, he was promoted to Management Information System Manager and was appointed as the Deputy Quality Management Representative of our Group. In 2011, he was promoted to Quality Management Representative.

In 2015, MC Lim was promoted to his current role as General Manager - Operations. In this role, he oversees our Group's manufacturing operations, IT and telecommunications functions, corporate website maintenance, as well as building and facilities management. MC Lim remains our Quality Management Representative and manages quality control and quality assurance of our operations, as well as operational safety, health and environment.

MC Lim is the spouse of Elaine, son-in-law to Mr. Lim and Ms. Mok and brother-in-law to PH Lim. He has no conflict of interest with the Company and has no conviction for offences, public sanction or penalty imposed by the relevant regulatory bodies within the past 5 years, other than traffic offences.

KEY SENIOR MANAGEMENT'S PROFILE
cont'd

WEE CHUEN LII
Financial Controller

Wee Chuen Lii **("CL Wee")**, a Malaysian, Male, aged 43, is our Financial Controller. He is responsible for overseeing the finance functions of our Group. He obtained a Diploma in Commerce (Financial Accounting) from Tunku Abdul Rahman College in 1996. He is a Fellow member of the Association of Chartered Certified Accountants and a member of the Malaysian Institute of Accountants.

CL Wee started his career as an Accounts Executive with Tasja Sdn Bhd (a wholly-owned subsidiary of Astral Asia Bhd) in 1997. He joined EA Consulting Asia Pacific Sdn Bhd as an Accountant in 2000 and continued his career as an Accountant with Axon Solutions Sdn Bhd in 2006. In 2009, he joined DSC Systems (M) Sdn Bhd (a wholly-owned subsidiary of DSC Solutions Bhd) as their Group Finance Manager. Subsequently, he joined Huawei Technologies (M) Sdn Bhd as their Business Financial Controller in 2012. On 9 February 2015, he joined our Group as Financial Controller.

CL Wee has no family relationship with any director or major shareholder of the Company. He has no conflict of interest with the Company and has no conviction for offences, public sanction or penalty imposed by the relevant regulatory bodies within the past 5 years, other than traffic offences.

LEE KAH EARNG
Chief Marketing Officer

Lee Kah Earng **("KE Lee")**, Malaysian, Male, aged 46, is our Chief Marketing Officer. He is responsible for managing overall sales and marketing and business development activities of our Group. In 1996, he joined our Group as a Sales Executive and has been an instrumental part of our Group's success and growth to-date. He was promoted to Sales Manager in 2003 and subsequently to Senior Sales Manager in 2012. He assumed his present position as our Chief Marketing Officer on 1 May 2014.

Over the years, he has been instrumental in the delivery of our products to public hospitals and also been responsible for leading our Group's sales initiatives in the private hospitals.

KE Lee is the nephew of Ms. Mok and cousin to Elaine and PH Lim. He has no conflict of interest with the Company and has no conviction for offences, public sanction or penalty imposed by the relevant regulatory bodies within the past 5 years, other than traffic offences

KEY SENIOR MANAGEMENT'S PROFILE
cont'd

ELAINE LIM SIN YEE
Human Resource and Administration Manager

Elaine Lim Sin Yee **("Elaine")**, Malaysian, Female, aged 35, is our Human Resource ("HR") and Administration ("Admin") Manager and a substantial shareholder of the Company. She is responsible for overseeing the HR and Admin functions of our Group. She graduated from Royal Melbourne Institute of Technology University in Melbourne, Australia with a Bachelor of Business (Accountancy) in 2005. Upon graduation, she joined our Group as a Personal Assistant to the Managing Director and was promoted to her present position as the HR and Admin Manager on 2 January 2006.

As HR and Admin Manager, Elaine ensures the smooth running and operations of our Group. She manages our Group's employment and payroll functions, and oversees security, transportation, dispatch, office management, and the maintenance and upkeep of motor vehicles. She is also responsible for the renewal of all relevant licenses and certifications.

Elaine is the spouse of MC Lim, daughter to Mr. Lim and Ms. Mok, sister to PH Lim and cousin to KE Lee. She has no conflict of interest with the Company and has no conviction for offences, public sanction or penalty imposed by the relevant regulatory bodies within the past 5 years, other than traffic offences.

LEE KAM WENG
Export Manager

Lee Kam Weng **("KW Lee")**, Malaysian, Male, aged 28, is our Export Manager. He graduated from INTI International University with a Bachelor of International Business in 2012 and was awarded a Bachelor of Arts from University of Hertfordshire in the same year.

KW Lee joined our Group in 2012 as a Sales and Marketing Executive and was promoted to Export Manager on 1 April 2014. He oversees all sales and marketing activities relating to our overseas agents, distributors and hospitals. He is extensively involved in client relationship building and international sales development, as he maintains regular communications with all our overseas stakeholders. Further, he is our Group's key liaison personnel at international trade shows and exhibitions. KW Lee's international sales experience will be vital to our Group's plans to expand our export business.

KW Lee has no family relationship with any director or major shareholder of the Company. He has no conflict of interest with the Company and has no conviction for offences, public sanction or penalty imposed by the relevant regulatory bodies within the past 5 years, other than traffic offences.

CORPORATE GOVERNANCE STATEMENT

INTRODUCTION

The Board of LKL International is committed towards ensuring good corporate governance practices are implemented and maintained throughout the Group as a fundamental part of discharging its duties to enhance shareholders' value consistent with the principles and best practices as set out in the Malaysian Code on Corporate Governance 2012 ("**Code**").

The Board is pleased to set out below the Corporate Governance Statement which describes the manner in which the Group has applied the principles of the Code and its corresponding recommendations during the financial year ended 30 April 2016. The Company was listed on the ACE Market of Bursa Securities on 16 May 2016.

A. THE BOARD

i. Composition and balance of the Board

The Board currently has six (6) members, comprising two (2) Executive Directors, one (1) Non-Independent Non-Executive Director, one (1) Senior Independent Non-Executive Director and two (2) Independent Non-Executive Directors. This composition ensures that at least one third (1/3) of the Board comprises of Independent Directors in compliance with Rule 15.02 of the ACE Market Listing Requirements of Bursa Securities.

The size and composition of the Board is well balanced in its current constituted state to address any business challenges and to drive the business of the Group to greater heights. The Board comprises of a mixture of Executive and Non-Executive Directors from diverse professional backgrounds with a wealth of experience, skills and expertise to meet the Group's needs. The size and composition of the Board are reviewed from time to time to ensure its appropriateness.

There is a clear separation of functions between the Board and senior management. The role of the Chairman and the Managing Director ("**MD**") are distinct and separate to ensure there is a balance of power and authority.

The Chairman, an Independent Non-Executive Director, is responsible for the leadership, effectiveness, conduct and governance of the Board while the MD has overall responsibility for the day-to-day management of the business and implementation of the Board's policies and decisions. The MD is accountable to the Board for the overall organisation, management, and staffing of the Company and/or Group, and for the procedures in financial and other matters, including conduct and discipline.

The Company has not implemented gender diversity policies and/or measures to meet the targets as both genders are given fair and equal treatment. The Board, through its Nomination Committee, believes that candidature to the Board should be based on a candidate's merits, capability, experience, skill-sets and integrity.

Furthermore, in view of the gained attention of boardroom diversity as an important element of a well functioned organisation, the Board shall also accord due consideration to inculcate diversity policy in boardroom and workplace which encapsulates not only to gender, but also age and ethnicity. The Board currently have two (2) female representations and the Board's composition is also diversed in terms of ethnicity and age.

ii. Board responsibilities

The Board collectively leads and is responsible for the performance and affairs of the Group, including practicing a high level of good governance. All Board members are expected to show good stewardship and act in a professional manner as well as upholding the core values of integrity and enterprise with due regard to their fiduciary duties and responsibilities.

The Board has the responsibility in leading and directing the Group towards realising long term corporate objectives and increasing shareholders' value. The Board retains full and effective control of the Group's strategic plans, implements an appropriate system of risk management and ensures the adequacy and integrity of the Group's system of internal control.

CORPORATE GOVERNANCE STATEMENT
cont'd

A. THE BOARD *cont'd*

ii. Board responsibilities *cont'd*

Broadly, the Board assumes the following principal responsibilities in discharging its fiduciary and leadership functions:

- Reviewing and adopting a strategic plan for the Group, including addressing the Group's business strategies on promoting sustainability;
- Overseeing the conduct of the Group's business and evaluating whether or not its businesses are being properly managed;
- Identifying principal business risks faced by the Group and ensuring the implementation of appropriate internal controls and mitigating measures to address such risks;
- Ensuring that all candidates appointed to the Board are of sufficient caliber, including having in place a process to provide for the orderly succession of the members of the Board; and
- Reviewing the adequacy and integrity of the Group's internal control and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

The Board has also delegated certain responsibilities to the following Board Committees to assist in the execution of its responsibilities:

a. Audit Committee
b. Nomination Committee
c. Remuneration Committee

The role of the Board Committees is to advise and make recommendations to the Board. However, the ultimate responsibility for the final decision on all matters lies with the Board. The Chairman of these Committees will provide a verbal report on the outcome of their respective Committee meetings to the Board, and any further deliberation is made at the Board level, if required.

Each Committee operates in accordance with respective terms of reference approved by the Board. The Board appoints the members and Chairman of each Committee.

iii. Board charter

A Board Charter was formalised on 9 May 2016. The Board Charter is intended to identify the role, structure and processes related to key governance activities of the Board. It also serves as a reference point for Board activities. It is designed to provide guidance and clarity to Directors and senior management with regard to the roles of the Board and its Committees, the role of the Chairman and MD. The requirements of Directors in carrying out their roles and in discharging their duties towards the Company as well as the Board's operating practices.

A copy of the Board Charter is published on the corporate website of the Company at www.lklbeds.com/Investor Relations/Corporate Governance Disclosures/Board Charter.

The Board has also adopted a whistle blowing policy to provide an avenue for all employees of the Group and members of the public to raise concerns and disclose any improper conduct within the Group so that it can take appropriate action to resolve them effectively. The Board has also adopted a Code of Ethics and Conduct which is incorporated in the Board Charter of the Company.

CORPORATE GOVERNANCE STATEMENT
cont'd

A. THE BOARD *cont'd*

iv. Board meetings

There was no Board meeting convened during the financial year ended 30 April 2016 as all resolutions were passed by way of circular resolution. Moving forward, the Board shall have at least four (4) scheduled quarterly Board meetings with additional meetings to be convened when necessary.

The Directors are to receive notices of meetings, typically at least five (5) working days prior to the date of the meeting, setting out the agenda for the meeting, complete with a full set of Board papers. The Board papers provide sufficient details of matters to be deliberated during the meeting and the information provided therein is not confined to financial data but also includes non-financial information, both quantitative and qualitative, which is deemed critical for the Directors' knowledge and information in arriving at sound and informed decisions.

Where necessary, senior management and/or external professionals may be invited to attend these meetings to clarify and/or explain matters being tabled.

Minutes of Board meetings together with decisions made by way of circular resolution passed are duly recorded and properly kept by the Company Secretaries.

v. Access to information and independent advice

The Directors have unrestricted access to the advice and services of the Company Secretaries and senior management to enable them to discharge their duties effectively. The Directors also have access to the Internal and External Auditors of the Group, with or without senior management present to seek explanations or additional information.

The Directors, collectively or individually, may seek independent professional advice and information in the furtherance of their duties at the Company's expense, so as to ensure the Directors are able to make independent and informed decisions.

The Board appoints the Company Secretaries, who play an important advisory role, and ensures that the Company Secretaries fulfills the functions for which they have been appointed. The Company Secretaries, who are qualified, experienced and competent, advise the Board and its Committees on issues relating to compliance with laws, rules, procedures and regulations affecting the Company.

The Board recognises that the Company Secretaries are suitably qualified and capable of carrying out the duties required. The Board is satisfied with the service and support rendered by the Company Secretaries to the Board in the discharge of their functions.

vi. Appointment to the Board and re-election of Directors

The members of the Board are to be appointed in a formal and transparent practice as endorsed by the Code. The Nomination Committee will scrutinise the candidates and recommend the same for the Board's approval. In discharging this duty, the Nomination Committee will assess the suitability of an individual by taking into account the individual's mix of skill, functional knowledge, expertise, experience, professionalism, integrity and/or other commitments that the candidate can bring to complement the Board.

All Board members shall notify the Chairman of the Board before accepting any new directorships in other public listed companies. The notification shall include an indication of time that will be spent on the new appointment. The Chairman shall also notify the Board if he has any new directorships or significant commitments outside the Company.

In accordance with the Company's Articles of Association, one third (1/3) of the Directors for the time being, or if their number is not three (3) or multiple of three (3), then the number nearest to one third (1/3) are required to retire from office by rotation annually and shall be eligible for re-election at each Annual General Meeting ("**AGM**") provided always that all Directors shall retire from office at least once in every three (3) years but shall be eligible for re-election. All Directors newly appointed by the Board are subject to re-election by the shareholders at the AGM of the Company following their appointment.

CORPORATE GOVERNANCE STATEMENT
cont'd

A. THE BOARD *cont'd*

vi. Appointment to the Board and re-election of Directors *cont'd*

Directors who are over seventy (70) years of age are required to submit themselves for annual re-appointment in accordance with Section 129(6) of the Companies Act, 1965.

vii. Independent Directors

The presence of one (1) Senior Independent Non-Executive Director and two (2) Independent Non-Executive Directors ensures that views, consideration, judgment and discretion exercised by the Board in decision making remains objective and independent whilst assuring the interest of other parties such as minority shareholders are fully addressed and adequately protected as well as being accorded with due consideration.

The Senior Independent Non-Executive Director will also attend to any query or concern raised by shareholders.

viii. Tenure of Independent Director

The Board is fully aware that the tenure of an Independent Director shall not exceed a cumulative term of nine (9) years. However, upon completion of the nine (9) years, the Independent Director may continue to serve the Board subject to the Director's re-designation as a Non-Independent Director. In the event the Director is to remain designated as an Independent Director, the Board shall first justify and obtain shareholders' approval on a yearly basis.

ix. Annual assessment of Independence

The Board is satisfied with the level of independence demonstrated by the Independent Directors and their ability to act in the best interest of the Company and/or the Group as all of the Independent Directors have satisfactorily demonstrated that they are independent from senior management and free from any business or other relationship with the Group that could materially affect or interfere with the exercise of objective, unfettered or independent judgement to act in the best interest of the Group.

The Company was listed on ACE Market of Bursa Securities on 16 May 2016, hence there was no assessment on independence carried out for the Independent Directors during the financial year ended 30 April 2016. The Board will conduct an evaluation on the level of independence of all the Independent Directors for each financial year.

x. Evaluation of the performance of the Directors and the Board's as a whole

The Board recognises the importance of assessing the effectiveness of individual Directors, the Board as a whole and its Board Committees. The Nomination Committee is given the task to review and evaluate the individual Director's performance and the effectiveness of the Board and the Board Committees on an annual basis.

The Nomination Committee is required to report annually to the Board an assessment of the performance of the Board and the Board Committees. This will be discussed with the Board. The Nomination Committee will also evaluate each individual Director's contributions to the effectiveness of the Board and the relevant Board Committees.

Given the Company was listed in May 2016, there was no evaluation of Directors' performance carried out for the financial year ended 30 April 2016.

CORPORATE GOVERNANCE STATEMENT
cont'd

A. THE BOARD *cont'd*

xi. Directors' training

The Directors are encouraged to attend relevant seminars and training programmes to equip themselves with the knowledge to effectively discharge their duties as Directors. In addition, individual Directors are responsible for determining their continuous training needs to keep abreast of changes in both the regulatory and business environments as well as with new developments within the industry in which the Group operates.

The Nomination Committee will assess the training needs of the Directors and ensure Directors have access to continuing education programmes.

All six (6) Directors have attended and successfully completed the Mandatory Accreditation Programme as required by Bursa Securities and will continue to attend other relevant training programmes as appropriate to enhance their skills and knowledge. The Board was also briefed on the Code and "Post Listing Obligations of a Public Listed Company and Directors of a Listed Company" prior to the listing of the Company.

xii. Directors' remuneration

The Board, through the Remuneration Committee, establishes formal and transparent remuneration policies and procedures to attract and retain Directors. The Directors' remuneration is structured so as to link rewards to their corporate and individual performance. The Board recognises that levels of remuneration must be sufficient to attract, retain and motivate the Directors with the quality required to manage the business of the Group and to align the interest of the Directors with those of the shareholders.

The Board will determine the level of remuneration of Board Members, taking into consideration the recommendations of the Remuneration Committee for the MD and/or Executive Director.

Non-Executive Directors will be paid a basic fee as ordinary remuneration and will be paid a sum based on their responsibilities in Committees and the Board, their attendance, and/or special skills and expertise they bring to the Board. The fee shall be fixed in sum and not by a commission on or percentage of profits or turnover.

The remuneration of the Directors for the financial year under review is as follows:

Directors	Fees (RM)	Salaries & Benefits in Kind (RM)	Meeting allowance (RM)	Total (RM)
Executive Directors received from:				
- Company	-	-	-	-
- Subsidiary	-	1,104,320	-	1,104,320
Non-Executive Directors:	-	-	-	-
- Company	20,000	-	-	20,000
- Subsidiary	-	-	-	-
TOTAL	**20,000**	**1,104,320**	**-**	**1,124,320**

Range of Remuneration	Executive	Non-Executive
Below RM50,000	-	4
RM350,001 to RM400,000	1	-
RM700,001 to RM750,000	1	-

The Board determines the fees of all Directors, including the Non-Executive Directors. The Directors' fees are endorsed by the Board for approval by the shareholders of the Company at the AGM. Directors do not participate in the decisions regarding their own remuneration packages.

CORPORATE GOVERNANCE STATEMENT
cont'd

A. THE BOARD *cont'd*

xiii. Investor relations and shareholders communication

The Board values the importance of dissemination of information on major developments of the Group to the shareholders, potential investors and the general public in a timely and equitable manner. Quarterly results, announcements, annual reports and circulars serve as the primary means of dissemination of information so that the shareholders are constantly kept abreast of the Group's progress and development. The Company's corporate website at www.lklbeds.com serves as one of the most convenient ways for shareholders and members of the public to gain access to corporate information, news and events relating to the Group.

The Board will ensure that the general meetings of the Company are conducted in an efficient manner and serve as a mode in shareholders communication. These include the supply of comprehensive and timely information to shareholders and encouraging active participation at the general meetings.

The AGM remains a principal forum used by the Group for communication with its shareholders. During the AGM, shareholders are accorded time and opportunity to query the Board on the resolutions being proposed and also matters relating to the performance, developments within and the future direction of the Group. Shareholders are also invited to convey and share their inputs with the Board. Where applicable, the Board will also ensure that each item of special business that is included in the notice of meeting is accompanied by a full written explanation of that resolution and its effects to facilitate its understanding and evaluation.

All resolutions set out in the Notice of the AGM are put to vote by poll.

xiv. Corporate disclosure policy

The Board is committed to provide effective communication to its shareholders and general public regarding the business, operations and financial performance of the Group and where necessary, information filed with regulators is in accordance with all applicable legal and regulatory requirements.

A Corporate Disclosure Policy was formalised on 9 May 2016 to promote comprehensive, accurate and timely disclosures pertaining to the Company and the Group to regulators, shareholders and stakeholders.

B. BOARD COMMITTEES

The Board has delegated certain responsibilities to the Board Committees that operates under clearly defined terms of reference approved by the Board. These Committees are:

i. Audit Committee

The Audit Committee's objectives are, among others, providing an additional assurance to the Board by giving an objective and independent review of financial, operational and administrative controls and procedures, and establishing and maintaining internal controls.

The members of Audit Committee and the activities carried out during the financial year ended 30 April 2016 are set forth in the Audit Committee Report in this Annual Report.

CORPORATE GOVERNANCE STATEMENT
cont'd

B. BOARD COMMITTEES *cont'd*

ii. Nomination Committee

The Nomination Committee is responsible for overseeing the selection and assessment of Directors. The Nomination Committee will assess the candidates and recommend to the Board who will thereon assess the shortlisted candidates and arrive at a decision on the appointment of the director.

The Nomination Committee comprises of the following members, all being Non-Executive Directors with the Chairman being the Senior Independent Non-Executive Director identified by the Board:

Name of Committee Members	Designation
Tevanaigam Randy Chitty	Chairman, Senior Independent Non-Executive
Selma Enolil Binti Mustapha Khalil	Member, Independent Non-Executive
Tan Chuan Hock	Member, Non-Independent Non-Executive

The Nomination Committee meets as and when required. As the Company was listed on ACE Market of Bursa Securities on 16 May 2016, there was no meeting carried out during the financial year under review.

iii. Remuneration Committee

The Remuneration Committee is principally responsible for assessing and reviewing the remuneration policy and packages for the Directors of the Company. The Remuneration Committee also seeks to ensure that the remuneration packages commensurate with the expected responsibility and contribution by the Directors and subsequently recommending to the Board for adoption.

The Remuneration Committee comprises of the following members:

Name of Committee Members	Designation
Selma Enolil Binti Mustapha Khalil	Chairman, Independent Non-Executive
Lim Kon Lian	Member, Managing Director
Tevanaigam Randy Chitty	Member, Senior Independent Non-Executive
Tan Chuan Hock	Member, Non-Independent Non-Executive

C. ACCOUNTABILITY AND AUDIT

i. Financial reporting

The Board has overall responsibility for the quality and completeness of the financial statements of the Company and the Group, both on a quarterly and full year basis, and has a duty to ensure that those financial statements are prepared based on appropriate and consistently applied accounting policies, supported by reasonably prudent judgment and estimates and in accordance with the applicable financial reporting standards.

The Audit Committee plays a crucial role in assisting the Board to scrutinise the information for disclosure to shareholders to ensure accuracy, adequacy, validity and timeliness of the financial statements.

ii. Internal control and risk management

The Board is responsible for maintaining a sound internal control system to safeguard shareholders' investments and the Company's assets and for reviewing the adequacy and integrity of the system.

Risk management is an integral part of the Group's business operations and it is subject to periodic reviews by the Board.

CORPORATE GOVERNANCE STATEMENT
cont'd

C. ACCOUNTABILITY AND AUDIT *cont'd*

ii. Internal control and risk management *cont'd*

The senior management is responsible for implementing the processes for identifying, evaluating, monitoring and reporting risks and internal control, taking appropriate and timely corrective actions as needed, and for providing assurance to the Board that the processes have been carried out.

The Audit Committee has been entrusted by the Board to ensure effectiveness of the Group's internal control systems. The internal audit function is outsourced to an independent professional firm, which is independent of the activities and operations of the Group. Details on the Statement on Risk Management and Internal Control are furnished in this Annual Report.

The Board recognises that identification, evaluation and management of significant risks faced by the Group are an on-going process. The Board maintains continuing commitment to strengthen the Group's internal control environment and processes.

iii. Relationship with Auditors

The Group has established a transparent and appropriate relationship with the Internal Auditors and External Auditors. Such relationship allows the Group to seek professional advice on matters relating to compliance and corporate governance.

The internal audit function of the Group is outsourced to a third party. Similar to the External Auditors, Internal Auditors too have direct reporting access to the Audit Committee to ensure that issues highlighted are addressed independently, objectively and impartially without any undue influence of the senior management.

The Audit Committee undertakes an annual review of the suitability and independence of the External Auditors. Having assessed their performance, the Audit Committee will make its recommendation to the Board for re-appointment, upon which the shareholders' approval will be sought at the AGM of the Company.

D. STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF THE CODE

The Company is committed to achieving high standards of corporate governance throughout the Company and the Group, and the highest level of integrity and ethical standards in all of its business dealings.

The Board will continue to strive for full compliance with the Code in the coming financial year.

This statement is made in accordance with a resolution of the Board dated 18 August 2016.

AUDIT COMMITTEE REPORT

OBJECTIVES

The primary objective of the Audit Committee ("**AC**") is to assist the Board in discharging its statutory duties and responsibilities, among others, providing additional assurance to the Board by giving an objective and independent review of financial, operational and administrative controls and procedures, including establishing and maintaining internal controls.

COMPOSITION OF AC

The AC comprises of four (4) members, all of whom are Non-Executive Directors with a majority of them being Independent Directors in compliance with the requirements of Rule 15.09 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

The members of the AC comprises of the following Directors:

Name of Committee Members	Designation
Tevanaigam Randy Chitty	Chairman, Senior Independent Non-Executive
Tan Sri Datuk Adzmi Bin Abdul Wahab	Member, Independent Non-Executive
Selma Enolil Binti Mustapha Khalil	Member, Independent Non-Executive
Tan Chuan Hock	Member, Non-Independent Non-Executive

The Company was listed on ACE Market of Bursa Securities on 16 May 2016, hence there was no AC meeting carried out during the financial year ended 30 April 2016.

Upon invitation by the AC, the AC meeting will be attended by the Managing Director, Executive Director, Group General Manager, General Manager-Operations, Financial Controller and representatives of the External Auditors, where necessary, to facilitate direct communication and provide clarification on audit issues, Group's operations as well as other matters within the terms of reference of the AC, as applicable. Minutes of each AC meeting will be recorded and tabled for confirmation and adoption at the next following AC meeting and subsequently presented to the Board for notation. The minutes of the AC meetings include records of the deliberations, decisions and resolutions on the matters brought up in the meetings which shall be properly maintained by the Company Secretaries.

THE PROCESSES OF THE AC

The AC shall meet not less than four (4) times a year which are scheduled every quarter and additional meetings may be called at any time if so requested by any AC member, senior management or the Internal and/or External Auditors. The AC may invite any employee of the Group to attend its meetings if appropriate, has access to any relevant form of advice from the independent professionals, information and the views and services of the Company Secretaries, as and when warranted, in carrying out its duties and functions.

The AC Chairman shall report to the Board on a quarterly basis on all significant matters discussed, deliberated upon and dealt with at the AC meetings. Amongst others, it covers the AC's recommendation to approve the quarterly consolidated financial results for release to Bursa Securities, the annual financial statements, key disclosure statements in the Annual Report as well as significant audit issues raised by the Internal and/or External Auditors.

The AC continuously reviews and updates its terms of reference to reflect the updated internal processes of the senior management and current requirements as promulgated by the authorities. The terms of reference of the AC is available for reference on the Company's website at www.lklbeds.com/Investor Relations/Corporate Governance Disclosures/ Terms of Reference of the Audit Committee.

AUDIT COMMITTEE REPORT
cont'd

INTERNAL AUDIT FUNCTION

The internal audit function is outsourced to Sterling Business Alignment Consulting Sdn. Bhd. ("**SBAC**"), an independent professional consulting firm to carry out internal audit services for the Group. Internal audit reports will be presented, together with senior management's response and proposed action plans to the AC on a quarterly basis.

The Internal Auditors undertake internal audit functions based on the operational, compliance and risk-based audit plan approved by the AC. The risk-based audit plans cover the review of the key operational and financial functions in accordance to the approved Internal Audit Plan. A risk-based methodology is adopted to evaluate the adequacy and effectiveness of the risk management, financial, operational and governance processes.

Prior to the listing of the Company and in preparation for the listing exercise, the Company had engaged SBAC to conduct an independent review of the Group's systems of internal control.

Subsequent to the listing, the Group continued to outsource the internal audit function of the Group to SBAC to carry out internal audit services for the Group.

As the Company was listed on the ACE Market of Bursa Securities on 16 May 2016, there was no cost incurred for internal audit function for the financial year ended 30 April 2016.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

Pursuant to the ACE Market Listing Requirements ("**Listing Requirements**") of Bursa Securities, the Board is required to make a statement in the annual report on the state of the internal control of the Group. In this respect, the Board is pleased to present the following Statement on Risk Management and Internal Control ("**Statement**") prepared in accordance with the Listing Requirements of Bursa Securities and as guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers by the Taskforce on Internal Control with the support and endorsement of the Bursa Securities for the financial year ended 30 April 2016.

BOARD RESPONSIBILITY

The Board acknowledges its overall responsibility in establishing a sound framework of risk management and internal controls which are fundamental for good corporate governance. The Board focuses on effective risk oversight which is critical to setting the tone and culture towards effective risk management and internal control.

The Board and the senior management team are responsible and accountable for the establishment of internal controls for the Group. The risk management and internal control system and processes are subjected to regular evaluations on their adequacy and effectiveness by the senior management team and the AC.

The system of internal control and risk management covers not only financial controls but operational, risk and compliance controls as well. These systems are designed to manage and minimise, rather than eliminate, the risk of failure to achieve Group's objectives. Accordingly, it can only provide reasonable but not absolute assurance against material misstatement, fraud or loss.

The Board is of the view that the risk management and internal control system in place for the financial year under review and up to the date of issuance of the financial statements is adequate and effective to safeguard the interests of shareholders, customers, employees and the Group's assets.

RISK MANAGEMENT FRAMEWORK

The Board regards the senior management of core risks as an integral and critical part of the day-to-day operations of the Group. The experience, knowledge and expertise to identify and manage such risks throughout the financial year under review enables the Group to make cautious, mindful and well-informed decisions through formulation and implementation of requisite action plans and monitoring regime which are imperative in ensuring the accomplishment of the Group's objectives.

The management of risk is an on-going process to identify, evaluate and manage the significant risks faced by the Group. Further assurance is provided by the Internal Audit function which operates across the Group with emphasis on key operating functions within the Group. The Board will periodically re-evaluate the existing risk management practices, and where appropriate and necessary, updates them accordingly.

INTERNAL CONTROL SYSTEM

The key elements of the Group's internal control system include:

1. Clearly defined terms of reference, authorities and responsibilities of the various Board Committees which include the AC, Nomination Committee and Remuneration Committee;

2. Well-defined organisational structure with clear lines of authority, accountability and responsibilities of the senior management;

3. Regular reporting of operational performance and financial results at timely intervals to enable proper review by the Executive Directors and senior management;

4. Clearly defined and formalised internal policies and procedures are in place to support the Group in achieving its corporate objectives. These policies and procedures provide a basis for ensuring compliance with applicable laws and regulations, and also internal controls with respect to the conduct of business;

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

cont'd

INTERNAL CONTROL SYSTEM *cont'd*

The key elements of the Group's internal control system include: *cont'd*

5. A fully independent AC comprising exclusively of Non-Executive Directors with full and unrestricted access to both Internal and External Auditors. The quarterly financial results and annual audited report are reviewed by the AC prior to the approval by the Board; and

6. To outsource its internal audit function to independent professional consulting firm for greater independence and accountability in the internal audit function.

INTERNAL AUDIT FUNCTION

The Company was listed on the ACE Market of Bursa Securities on 16 May 2016. In preparation for the listing exercise, the Company engaged Sterling Business Alignment Consulting Sdn. Bhd. ("**SBAC**"), an independent professional consulting firm for RM65,000 to conduct an independent review of the Group's system of internal control.

SBAC was allowed complete and unrestricted access to all documents and records of the Group deemed necessary in the performance of its function and they have independently reviewed the risk identification procedures and control processes implemented by the senior management. They also reviewed the internal controls in the key activities of the Group's business based on the risk profiles of the business units in the Group. All findings which arose from the review were discussed primarily with the respective process custodians prior to a formal report being presented to the Executive Directors.

Based on the findings and recommendations of SBAC, action was taken to adequately address the identified internal control issues. None of the internal control weaknesses noted has resulted in any material loss, contingency and uncertainty that would require separate disclosure in the Annual Report.

SBAC also made recommendations to senior management pertaining to the Group's operational and financial activities to help senior management develop a more efficient and robust internal control environment.

Subsequent to the listing, the Group continued to outsource its internal audit function to SBAC.

REVIEW BY EXTERNAL AUDITORS

Pursuant to Rule 15.23 of the Listing Requirements of Bursa Securities, the External Auditors have reviewed this Statement for inclusion in the Annual Report for the financial year ended 30 April 2016. As set out in their term of engagement, the review procedures were performed in accordance with the Recommended Practice Guide 5 (Revised): Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report ("**RPG 5**"), issued by the Malaysian Institute of Accountants.

The External Auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the risk management and internal control system.

ASSURANCE TO THE BOARD

As there were no Internal Auditors appointed during the financial year under review, the Board has obtained assurance from the MD and Financial Controller that the Group's risk management and internal control system have been operating adequately and effectively in all material aspect.

Based on the foregoing, the Board is of the opinion that the system of internal control and risk management processes are adequate to provide reasonable assurance to safeguard shareholders' investments, the Group's assets and other stakeholders' interest.

This Statement is made in accordance with the resolution of the Board dated 18 August 2016.

STATEMENT OF DIRECTORS' RESPONSIBILITY

The Directors are fully accountable for ensuring that the financial statements are drawn up in accordance with the requirements of the Companies Act, 1965 and the applicable approved accounting standards issued by the Malaysian Accounting Standards Board so as to give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year and of the operations results and cash flows of the Group and the Company for the financial year then ended.

In preparing the financial statements for the financial year ended 30 April 2016, the Directors have:

a. applied relevant and appropriate accounting policies consistently and in accordance with applicable approved accounting standards;

b. made judgments and estimates that are prudent and reasonable; and

c. applied the going concern basis for the preparation of the financial statements.

The Directors are responsible for ensuring that proper accounting records are kept, which disclose with reasonable accuracy the financial position of the Group and the Company and to enable proper financial statements to be prepared in accordance with the applicable laws and regulations. The Directors also have overall responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

ADDITIONAL COMPLIANCE INFORMATION

1. UTILISATION OF PROCEEDS FROM CORPORATE EXERCISE

In conjunction with and as an integral part of the listing, the Company issued its Prospectus on 26 April 2016 and undertook a public issue of 113,000,000 new ordinary shares of RM0.10 each at an issue price of RM0.20 per ordinary share ("IPO"). Relevant details of the listing were set out in the Prospectus issued by the Company.

The entire enlarged issued and paid-up share capital of the Company comprising 428,800,000 ordinary shares of RM0.10 each was listed on the ACE Market of Bursa Securities on 16 May 2016.

The gross proceeds from the IPO amounted to RM22.6 million and the status of the utilisation of the proceeds raised as at 31 July 2016 is as follows:

	Purposes	Proposed Utilisation RM'000	Actual Utilisation RM'000	Deviation RM'000	Balance RM'000	Estimated timeframe for utilisation
(a)	Capital expenditure	8,500	-	-	8,500	Within 18 months
(b)	Repayment of bank borrowing	3,995	-	-	3,995	Within 12 months
(c)	Working capital	7,605	7,450	155	-	Within 24 months
(d)	Estimated listing expenses	2,500	2,655	(155)*	-	Within 3 months
	Total	22,600	10,105	-	12,495	

Note:

* *In view that the actual listing expenses is higher than estimated, the deficit will be funded out of the portion allocated for working capital.*

2. AUDIT AND NON-AUDIT FEES

The audit fees to the External Auditors for the services rendered to the Company and the Group for the financial year ended 30 April 2016 amounted to RM10,000 and RM50,000 respectively, whereas the non-audit fees incurred by the Company and the Group were RM15,000 and RM235,000 respectively for the financial year ended 30 April 2016.

3. MATERIAL CONTRACTS INVOLVING DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

There were no material contracts entered by the Company and its subsidiary which involved Directors' or major shareholders' interests during the financial year under review.

4. CORPORATE SOCIAL RESPONSIBILITY ("CSR")

The Group recognises the importance of being a responsible corporate citizen to enhance and positively contribute to society. As such, the Group will, to its best endeavor, adopt CSR practice into its business operations.

The Group considers its people as the most valuable asset and encourages a work-life balance and harmony environment at work place. We offer career advancement, multicultural workplace and award employees for their outstanding performance during the financial year. We also encourage employees for continuous learning and development programmes to enhance individual competencies, skills and knowledge in work.

The Group will be looking at implementing the best of CSR in areas of environment, community, workplace and marketplace in the coming years.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 30 April 2016.

CONVERSION OF PRIVATE COMPANY TO PUBLIC COMPANY

On 16 July 2015, the Company was converted from a private limited company to a public company limited by shares and assumed its present name, LKL International Berhad.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of a subsidiary are set out in Note 6 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	The Group RM	The Company RM
Profit/(Loss) after taxation for the financial year	3,271,103	(1,525,865)
Attibutable to:-		
Owners of the Company	3,271,103	(1,525,865)

DIVIDENDS

No dividend was paid since the end of the previous financial period and the directors do not recommend the payment of any dividend for the current financial year.

RESERVES AND PROVISIONS

All material transfers to or from reserves or provisions during the financial year are disclosed in the financial statements.

ISSUES OF SHARES AND DEBENTURES

During the financial year:-

(a) the Company increased its authorised share capital from RM400,000 to RM50,000,000 by the creation of 496,000,000 new ordinary shares of RM0.10 each;

(b) the Company increased its issued and paid-up share capital from RM10 to RM31,580,000 by the allotment of 315,799,900 new ordinary shares of RM0.10 each at par for the total consideration of RM31,579,990 as full payment for acquisition of LKL Advance Metaltech Sdn. Bhd. ("**LKLAM**" or "**Subsidiary**") during the financial year. The new ordinary shares issued rank pari passu in all respects with the existing ordinary shares of the Company; and

(c) there were no issues of debentures by the Company.

DIRECTORS' REPORT
cont'd

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables, and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for impairment losses on receivables.

At the date of this report, the directors are not aware of any circumstances that would require the further writing off of bad debts, or the additional allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that any current assets other than debts, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:-

(a) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or

(b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability of the Group and of the Company has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

DIRECTORS' REPORT
cont'd

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial year.

DIRECTORS

The directors who served since the date of the last report are as follows:-

Lim Kon Lian
Mok Mei Lan
Tan Sri Datuk Adzmi Bin Abdul Wahab
Tan Chuan Hock
Tevanaigam Randy Chitty
Selma Enolil Binti Mustapha Khalil

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in shares in the Company during the financial year are as follows:-

	Number of Ordinary Shares of RM0.10 Each			
	At 1.5.2015	**Alloted**	**Sold**	**At 30.4.2016**
Direct Interest in the Company				
Lim Kon Lian	50	110,003,695	-	110,003,745
Mok Mei Lan	40	110,003,685	-	110,003,725
Tan Chuan Hock	-	28,421,990	-	28,421,990
Indirect Interest in the Company				
Lim Kon Lian[#]	40	177,374,225	-	177,374,265
Mok Mei Lan[#]	50	177,374,235	-	177,374,285

\# *Deemed interested by virtue of his/her spouse's and children's direct shareholdings in the Company.*

By virtue of their shareholdings in the Company, Lim Kon Lian and Mok Mei Lan are deemed to have interests in shares in its subsidiary during the financial year to the extent of the Company's interest, in accordance with section 6A of the Companies Act 1965.

DIRECTORS' REPORT
cont'd

DIRECTORS' INTERESTS *cont'd*

The other directors holding office at the end of the financial year have no interest in shares in the Company and its related corporation during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial period, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors as shown in the financial statements, or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 31 to the financial statements.

Neither during nor at the end of the financial year was the Group or the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in Note 35 to the financial statements.

SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD

The significant events occurring after the reporting period are disclosed in Note 36 to the financial statements.

AUDITORS

The auditors, Messrs. Crowe Horwath, have expressed their willingness to continue in office.

Signed in accordance with a resolution of the directors dated 18 August 2016

LIM KON LIAN **MOK MEI LAN**

STATEMENT BY DIRECTORS
PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT 1965

We, Lim Kon Lian and Mok Mei Lan, being two of the directors of LKL International Berhad, state that, in the opinion of the directors, the financial statements set out on pages 39 to 84 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 30 April 2016 and of their financial performance and cash flows for the financial year ended on that date.

The supplementary information set out in Note 39, which is not part of the financial statements, is prepared in all material respects, in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed in accordance with a resolution of the directors dated 18 August 2016

LIM KON LIAN **MOK MEI LAN**

STATUTORY DECLARATION
PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT 1965

I, Lim Kon Lian, I/C No. 541205-10-5773, being the director primarily responsible for the financial management of LKL International Berhad, do solemnly and sincerely declare that the financial statements set out on pages 39 to 85 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by
Lim Kon Lian, I/C No. 541205-10-5773,
at Kuala Lumpur in the Federal Territory
on this 18 August 2016

LIM KON LIAN

Before me

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF LKL INTERNATIONAL BERHAD
(Incorporated in Malaysia) Company No: 1140005 - V

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of LKL International Berhad, which comprise the statements of financial position as at 30 April 2016 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 39 to 84.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 30 April 2016 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report the followings:-

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiary of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We are satisfied that the financial statements of the subsidiary that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(c) Our audit reports on the financial statements of the subsidiary did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF LKL INTERNATIONAL BERHAD
(Incorporated in Malaysia) Company No: 1140005 - V
cont'd

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 39 on page 85 is disclosed to meet the requirement of Bursa Malaysia and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

CROWE HORWATH
Firm No: AF 1018
Chartered Accountants

CHEONG TZE YUAN
Approval No: 3034/04/18 (J)
Chartered Accountant

18 August 2016
Kuala Lumpur

STATEMENTS OF FINANCIAL POSITION
AT 30 APRIL 2016

		The Group		The Company	
		2016	2015	2016	2015
	Note	RM	RM	RM	RM
ASSETS					
NON-CURRENT ASSETS					
Investment in a subsidiary	6	-	-	31,579,990	-
Property, plant and equipment	7	22,192,559	21,712,805	-	-
		22,192,559	21,712,805	31,579,990	-
CURRENT ASSETS					
Inventories	8	10,181,400	10,094,719	-	-
Trade receivables	9	9,592,020	7,028,913	-	-
Other receivables, deposits and prepayments	10	1,307,258	1,548,622	524,045	21,688
Amount owing by a director	11	-	57,620	-	-
Current tax assets		495,795	345,000	-	-
Fixed deposit with a licensed bank	12	659,054	618,600	-	-
Cash and bank balances		7,804,835	3,986,326	-	-
		30,040,362	23,679,800	524,045	21,688
TOTAL ASSETS		52,232,921	45,392,605	32,104,035	21,688
EQUITY AND LIABILITIES					
EQUITY					
Share capital	13	31,580,000	1,500,010	31,580,000	10
Merger deficit	14	(29,579,990)	-	-	-
Retained profits/(Accumulated losses)		33,081,671	29,810,568	(1,595,522)	(69,657)
TOTAL EQUITY		35,081,681	31,310,578	29,984,478	(69,647)
NON-CURRENT LIABILITIES					
Long-term borrowings	15	8,473,968	8,520,588	-	-
Deferred tax liabilities	18	535,000	566,000	-	-
		9,008,968	9,086,588	-	-
CURRENT LIABILITIES					
Trade payables	19	3,379,313	2,224,993	-	-
Other payables and accruals	20	3,744,716	1,179,703	599,557	2,000
Amount owing to a director	11	-	3,032	-	3,032
Amount owing to a subsidiary	21	-	-	1,520,000	86,303
Short-term borrowings	22	1,018,243	1,587,711	-	-
		8,142,272	4,995,439	2,119,557	91,335
TOTAL LIABILITIES		17,151,240	14,082,027	2,119,557	91,335
TOTAL EQUITY AND LIABILITIES		52,232,921	45,392,605	32,104,035	21,688

The annexed notes form an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

		The Group		The Company	
		1.5.2015 to 30.4.2016	1.5.2014 to 30.4.2015	1.5.2015 to 30.4.2016	13.4.2015 (Date of incorporation) to 30.4.2015
	Note	RM	RM	RM	RM
REVENUE	23	37,148,729	39,039,147	-	-
COST OF SALES		(21,959,657)	(23,401,798)	-	-
GROSS PROFIT		15,189,072	15,637,349	-	-
OTHER INCOME		595,615	246,382	-	-
		15,784,687	15,883,731	-	-
ADMINISTRATIVE EXPENSES		(6,299,364)	(5,063,786)	(39,637)	(5,042)
SELLING AND DISTRIBUTION EXPENSES		(1,979,990)	(2,117,325)	-	-
OTHER EXPENSES		(2,127,442)	(1,044,350)	(1,486,228)	(64,615)
FINANCE COSTS		(488,583)	(359,468)	-	-
PROFIT/(LOSS) BEFORE TAXATION	24	4,889,308	7,298,802	(1,525,865)	(69,657)
INCOME TAX EXPENSE	25	(1,618,205)	(1,336,289)	-	-
PROFIT/(LOSS) AFTER TAXATION/ TOTAL COMPREHENSIVE INCOME/ (EXPENSES) FOR THE FINANCIAL YEAR		3,271,103	5,962,513	(1,525,865)	(69,657)
PROFIT/(LOSS) AFTER TAXATION/ TOTAL COMPREHENSIVE INCOME/ (EXPENSES) ATTRIBUTABLE TO:-					
Owners of the Company		3,271,103	5,962,513	(1,525,865)	(69,657)
EARNINGS PER SHARE					
- Basic	26	1.04	1.89		
- Diluted	26	1.04	1.89		

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

		← Non-Distributable	→	Distributable	
	Note	Share Capital RM	Merger Deficit RM	Retained Profits RM	Total Equity RM
The Group					
At 1.5.2014		1,000,000	-	31,348,055	32,348,055
Profit after taxation/Total comprehensive income for the financial year		-	-	5,962,513	5,962,513
Contributions by and distribution to owners of the Company:					
- Issuance of shares		10	-	-	10
- Issuance of shares by LKLAM		500,000	-	-	500,000
- Dividends	27	-	-	(7,500,000)	(7,500,000)
Total transactions with owners		500,010	-	(7,500,000)	(6,999,990)
Balance at 30.4.2015/1.5.2015		1,500,010	-	29,810,568	31,310,578
Profit after taxation/Total comprehensive income for the financial year		-	-	3,271,103	3,271,103
Contributions by and distribution to owners of the Company:					
- Issuance of shares		31,579,990	-	-	31,579,990
- Issuance of shares by LKLAM		500,000	-	-	500,000
- Adjustment on the acquisition of LKLAM		(2,000,000)	(29,579,990)	-	(31,579,990)
Total transactions with owners		30,079,990	(29,579,990)	-	500,000
Balance at 30.4.2016		31,580,000	(29,579,990)	33,081,671	35,081,681

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

cont'd

	Share Capital RM	Accumulated Losses RM	Total Equity RM
The Company			
At 13.4.2015 (date of incorporation)	10	-	10
Loss after taxation/Total comprehensive expenses for the financial period	-	(69,657)	(69,657)
Balance at 30.4.2015/1.5.2015	10	(69,657)	(69,647)
Contributions by owners of the Company			
- Issuance of shares	31,579,990	-	31,579,990
Loss after taxation/Total comprehensive expenses for the financial year	-	(1,525,865)	(1,525,865)
Balance at 30.4.2016	31,580,000	(1,595,522)	29,984,478

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

	Note	The Group 1.5.2015 to 30.4.2016 RM	The Group 1.5.2014 to 30.4.2015 RM	The Company 1.5.2015 to 30.4.2016 RM	The Company 13.4.2015 (Date of incorporation) to 30.4.2015 RM
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES					
Profit/(Loss) before taxation		4,889,308	7,298,802	(1,525,865)	(69,657)
Adjustments for:-					
Allowance for/(Reversal of) annual leave		158,359	(105,439)	-	-
Allowance for impairment losses on trade receivables		64,756	371,042	-	-
Allowance for slow moving inventories		226,346	-	-	-
Bad debts written off		-	15,097	-	-
Depreciation of property, plant and equipment		1,161,989	1,097,320	-	-
Deposits written off		-	100,000	-	-
Interest expense		488,583	359,468	-	-
Interest income		(44,873)	(7,550)	-	-
Gain on disposal of property, plant and equipment		(130,064)	(241)	-	-
Listing expenses		1,486,228	64,615	1,486,228	64,615
Unrealised gain on foreign exchange translation		(254,181)	(51,106)	-	-
Write-back of allowance for impairment losses on:					
- trade receivables		(121,953)	(45,075)	-	-
- amount owing by a related party		-	(43,376)	-	-
Operating profit/(loss) before working capital changes		7,924,498	9,053,557	(39,637)	(5,042)
Increase in inventories		(313,027)	(703,044)	-	-
(Increase)/Decrease in trade and other receivables		(1,762,189)	1,850,825	-	-
Decrease in amount owing by a related party		-	43,376	-	-
Decrease in amount owing to a related party		-	(50,790)	-	-
Increase/(Decrease) in trade and other payables		2,991,417	(940,012)	28,000	2,000
CASH FROM/(FOR) OPERATIONS		8,840,699	9,253,912	(11,637)	(3,042)
Income tax paid		(1,800,000)	(1,942,289)	-	-
Interest paid		(488,583)	(359,468)	-	-
Interest received		44,873	7,550	-	-
NET CASH FROM/(FOR) OPERATING ACTIVITIES		6,596,989	6,959,705	(11,637)	(3,042)

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016
cont'd

	Note	The Group		The Company	
		1.5.2015 to 30.4.2016	1.5.2014 to 30.4.2015	1.5.2015 to 30.4.2016	13.4.2015 (Date of incorporation) to 30.4.2015
		RM	RM	RM	RM
CASH FLOWS FOR INVESTING ACTIVITIES					
Repayment from/(Advances to) a director		57,620	(57,620)	-	-
Increase in pledged fixed deposit with a licensed bank		(40,454)	-	-	-
Proceeds from disposal of property, plant and equipment		164,102	4,200	-	-
Purchase of property, plant and equipment	28	(926,781)	(6,589,932)	-	-
Repayment from related parties		-	278,498	-	-
NET CASH FOR INVESTING ACTIVITIES		(745,513)	(6,364,854)	-	-
CASH FLOWS (FOR)/FROM FINANCING ACTIVTIES					
Dividends paid	27	-	(7,500,000)	-	-
Repayment of hire purchases obligations		(252,531)	(257,867)	-	-
Drawdown of term loans		3,300,000	4,336,293	-	-
Repayment of term loans		(3,774,622)	(851,382)	-	-
Payment of listing expenses		(1,419,028)	(86,303)	(1,419,028)	(86,303)
Proceeds from issuance of ordinary shares		500,000	500,010	-	10
(Repayment to)/Advances from a director		(3,032)	3,032	(3,032)	3,032
Advances from a subsidiary		-	-	1,433,697	86,303
Net (repayment)/drawdown of bankers' acceptances		(637,935)	322,935	-	-
NET CASH (FOR)/FROM FINANCING ACTIVITIES		(2,287,148)	(3,533,282)	11,637	3,042
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		3,564,328	(2,938,431)	-	-
EFFECT OF FOREIGN EXCHANGE TRANSLATION		254,181	-	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		3,986,326	6,924,757	-	-
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	29	7,804,835	3,986,326	-	-

The annexed notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016

1. GENERAL INFORMATION

The Company is a public company limited by shares and is incorporated under the Companies Act 1965 in Malaysia. The domicile of the Company is Malaysia. The registered office and principal place of business are as follows:-

Registered office	:	Third Floor, No. 79 (Room A), Jalan SS 21/60, Damansara Utama, 47400 Petaling Jaya, Selangor Darul Ehsan.
Principal place of business	:	Wisma LKL No. 3, Jalan BS 7/18, Kawasan Perindustrian Bukit Serdang, Seksyen 7, 43300 Seri Kembangan, Selangor Darul Ehsan.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 18 August 2016.

2. CONVERSION OF PRIVATE COMPANY TO PUBLIC COMPANY

On 16 July 2015, the Company was converted from a private limited company to a public company limited by shares and assumed its present name, LKL International Berhad.

3. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of a subsidiary are set out in Note 6 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

4. BASIS OF PREPARATION

The financial statements of the subsidiary, namely LKLAM has been consolidated using the merger method of accounting as disclosed in Note 5.2 of the financial statements.

The implication of the merger method of accounting on the presentation of the consolidated financial statements is as follow:-

(a) The consolidated statements of financial position for the current reporting period comprise the consolidation of:-

 (i) the financial position of the subsidiary as at 30 April 2016; and
 (ii) the financial position of the Company as at 30 April 2016.

(b) The consolidated statements of financial position for the comparative period comprise the consolidation of:-

 (i) the financial position of the subsidiary as at 30 April 2015; and
 (ii) the financial position of the Company as at 30 April 2015.

(c) The consolidated statements of profit or loss and other comprehensive income and consolidated statements of cash flows for the current reporting period comprise the consolidation of:-

 (i) the financial results and cash flows of the subsidiary for the financial year ended 30 April 2016; and
 (ii) the financial results and cash flows of the Company for the financial year ended 30 April 2016.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016
cont'd

4. BASIS OF PREPARATION

The implication of the merger method of accounting on the presentation of the consolidated financial statements is as follow:- *cont'd*

(d) The consolidated statements of profit or loss and other comprehensive income and consolidated statements of cash flows for the comparative period comprise the consolidation of:-

(i) the financial results and cash flows of the subsidiary for the financial year ended 30 April 2015; and
(ii) the financial results and cash flows of the Company for the financial period from 13 April 2015 (date of incorporation) to 30 April 2015.

(e) The consolidated statements of changes in equity for the current reporting period comprise:-

(i) the consolidated statements of changes in equity of the subsidiary for the financial year ended 30 April 2016; and
(ii) the equity transactions of the Company for the financial year ended 30 April 2016.

(f) The consolidated statements of changes in equity for the comparative period comprise:-

(i) the consolidated statement of changes in equity of the subsidiary for the financial year ended 30 April 2015; and
(ii) the equity transactions of the Company for the financial period from 13 April 2015 (date of incorporation) to 30 April 2015.

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 1965, in Malaysia.

4.1 During the current financial year, the Group has adopted the following new accounting standards and interpretations (including the consequential amendments, if any):-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)

Amendments to MFRS 119: Defined Benefit Plans – Employee Contributions

Annual Improvements to MFRSs 2010 – 2012 Cycle

Annual Improvements to MFRSs 2011 – 2013 Cycle

The adoption of the above accounting standards and interpretations (including the consequential amendments, if any) did not have any material impact on the Group's financial statements.

4. BASIS OF PREPARATION *cont'd*

4.2 The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
MFRS 14 Regulatory Deferral Accounts	1 January 2016
MFRS 15 Revenue from Contracts with Customers	1 January 2018
MFRS 16 Leases	1 January 2019
Amendments to MFRS 10 and MFRS 128 (2011): Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice
Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128 (2011): Investment Entities – Applying the Consolidation Exception	1 January 2016
Amendments to MFRS 15: Effective Date of MFRS 15	1 January 2018
Amendments to MFRS 15: Clarifications to MFRS 15 'Revenue from Contracts with Customers'	1 January 2018
Amendments to MFRS 101: Presentation of Financial Statements – Disclosure Initiative	1 January 2016
Amendments to MFRS 107: Disclosure Initiative	1 January 2017
Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 and MFRS 141: Agriculture – Bearer Plants	1 January 2016
Amendments to MFRS 127 (2011): Equity Method in Separate Financial Statements	1 January 2016
Annual Improvements to MFRSs 2012 – 2014 Cycle	1 January 2016

The adoption of above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Company upon its initial application except as follows:-

MFRS 9 (IFRS 9 issued by IASB in July 2014) replaces the existing guidance in MFRS 139 and introduces a revised guidance on the classification and measurement of financial instruments, including a single forward-looking 'expected loss' impairment model for calculating impairment on financial assets, and a new approach to hedge accounting. Under this MFRS 9, the classification of financial assets is driven by cash flow characteristics and the business model in which a financial asset is held. The Company is currently assessing the financial impact of adopting MFRS 9.

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 goods or services underlying the particular performance obligation is transferred to the customers. In addition, extensive disclosures are required by MFRS 15. The Group anticipates that the application of MFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the financial statements. However, it is not practicable to provide a reasonable estimate of the financial impacts of MFRS 15 until the Group performs a detailed review.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016
cont'd

5. SIGNIFICANT ACCOUNTING POLICIES

5.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated by the directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below:-

(a) Depreciation of Property, Plant and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(b) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax expense and deferred tax balances in the year in which such determination is made.

(c) Impairment of Non-Financial Assets

When the recoverable amount of an asset is determined based on the estimate of the value in use of the cash-generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

(d) Write-down of Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

(e) Impairment of Trade and Other Receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loans and receivables financial assets and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgement to evaluate the adequacy of the allowance for impairment loss. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables.

(f) Fair Value Estimates for Certain Financial Assets and Financial Liabilities

The Group carries certain financial assets and financial liabilities at fair value, which requires extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group uses different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit and/or equity.

5. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

5.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *cont'd*

(g) Classification of Leasehold Land

The classification of leasehold land as a finance lease or an operating lease requires the use of judgement in determining the extent to which risks and rewards incidental to its ownership lie. Despite the fact that there will be no transfer of ownership by the end of the lease term and that the lease term does not constitute the major part of the indefinite economic life of the land, management considered that the present value of the minimum lease payments approximated to the fair value of the land at the inception of the lease. Accordingly, management judged that the Group has acquired substantially all the risks and rewards incidental to the ownership of the land through a finance lease.

5.2 BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and its subsidiary made up to the end of the reporting period.

Subsidiary is entity controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The acquisition of LKLAM by the Company has been accounted for as a business combination amongst entities under common control. Accordingly, the financial statements of the Group have been consolidated using the merger method of accounting.

Under the merger method of accounting, the results of the subsidiary is presented as if the merger had been effected throughout the current and previous financial years. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of common control shareholder at the date of transfer. On consolidation, the cost of the merger is cancelled with the values of the shares received. Any resulting debit or credit difference is classified as a non-distributable reserve.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Where necessary, adjustments are made to the financial statements of subsidiary to ensure consistency of accounting policies with those of the Group.

(a) Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

(b) Merger Accounting for Common Control Business Combinations

A business combination involving entities under common control is a business combination in which all the combining entities or subsidiaries are ultimately controlled by the same party and parties both before and after the business combination, and that control is not transitory.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016
cont'd

5. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

5.2 BASIS OF CONSOLIDATION *cont'd*

(b) Merger Accounting for Common Control Business Combinations *cont'd*

Subsidiaries acquired which have met the criteria for pooling of interest are accounted for using merger accounting principles. Under the merger method of accounting, the results of the subsidiaries are presented as if the merger had been effected throughout the current financial year.

The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. No amount is recognised in respect of goodwill and excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets and liabilities and contingent liabilities over cost at the time of the common control business combination to the extent of the continuation of the controlling party and parties' interests.

When the merger method is used, the cost of investment in the Company's books is recorded at the nominal value of shares issued. The difference between the carrying value of the investment and the nominal value of the shares of the subsidiaries is treated as a merger deficit or merger reserve as applicable. The results of the subsidiaries being merged are included for the full financial year.

(c) Non-Controlling Interests

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(d) Changes In Ownership Interests In Subsidiaries Without Change of Control

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity of the Group.

(e) Loss of Control

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:-

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and

(ii) the previous carrying amount of the assets, and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 139 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

5. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

5.3 FUNCTIONAL AND FOREIGN CURRENCIES

(a) Functional and Presentation Currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency.

(b) Transactions and Balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities at the end of the reporting year are translated at the rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

5.4 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities instruments are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definitions in MFRS 132. Interest, dividends, gains and losses relating to a financial instrument classified as a liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially at its fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statement of financial position are disclosed in the individual policy statement associated with each item.

(a) Financial Assets

On initial recognition, financial assets are classified as either financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables financial assets, or available-for-sale financial assets, as appropriate.

(i) Financial Assets at Fair Value through Profit or Loss

Financial assets are classified as financial assets at fair value through profit or loss when the financial asset is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges. Fair value through profit or loss category also comprises contingent consideration in a business combination.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016
cont'd

5. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

5.4 FINANCIAL INSTRUMENTS *cont'd*

(a) Financial Assets *cont'd*

(i) Financial Assets at Fair Value through Profit or Loss cont'd

Financial assets at fair value through profit or loss could be presented as current assets or non-current assets. Financial assets that are held primarily for trading purposes are presented as current assets whereas financial assets that are not held primarily for trading purposes are presented as current assets or non-current assets based on the settlement date.

(ii) Held-to-maturity Investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the management has the positive intention and ability to hold to maturity. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment loss, with interest income recognised in profit or loss on an effective yield basis.

Held-to-maturity investments are classified as non-current assets, except for those having maturity within 12 months after the reporting date which are classified as current assets.

(iii) Loans and Receivables Financial Assets

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables financial assets. Loans and receivables financial assets are measured at amortised cost using the effective interest method, less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Loan and receivables financial assets are classified as current assets, except for those having settlement dates later than 12 months after the reporting date which are classified as non-current assets.

(iv) Available-for-sale Financial Assets

Available-for-sale financial assets are non-derivative financial assets that are designated in this category or are not classified in any of the other categories.

After initial recognition, available-for-sale financial assets are remeasured to their fair values at the end of each reporting period. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the fair value reserve, with the exception of impairment losses. On derecognition, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity into profit or loss.

Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payments is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less accumulated impairment losses, if any.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

(b) Financial Liabilities

All financial liabilities are initially measured at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method other than those categorised as fair value through profit or loss.

5. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

5.4 FINANCIAL INSTRUMENTS *cont'd*

(b) Financial Liabilities *cont'd*

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges. Fair value through profit or loss category also comprises contingent consideration in a business combination.

Financial liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(c) Equity Instruments

Equity instruments classified as equity are measured at cost and are not remeasured subsequently. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from proceeds.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

(d) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

5.5 INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investments includes transaction costs.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

5.6 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment, other than freehold land are stated at cost less accumulated depreciation and impairment losses, if any.

Freehold land is stated at cost less impairment losses and is not depreciated.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016
cont'd

5. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

5.6 PROPERTY, PLANT AND EQUIPMENT *cont'd*

Depreciation is charged out to profit or loss (unless it is included in the carrying amount of another asset) on the straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Leasehold land	Over the lease period of 36 years
Leasehold building	2%
Freehold buildings	2%
Motor vehicles	20%
Office equipment, furniture and fittings	10% - 25%
Plant and machinery	10% - 20%
Renovations	10%
Signboard	10%

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Capital work-in-progress represents assets under construction, and which are not ready for commercial use at the end of the reporting period. Capital work-in-progress is stated at cost, and is transferred to the relevant category of assets and depreciated accordingly when the assets are completed and ready for commercial use.

Cost of capital work-in-progress includes direct cost, related expenditure and interest cost on borrowings taken to finance the acquisition of the assets to the date that the assets are completed and put into use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset, being the different between the net disposal proceeds and the carrying amount, is recognised in profit or loss.

5.7 IMPAIRMENT

(a) Impairment of Financial Assets

All financial assets (other than those categorised at fair value through profit or loss), are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. For an equity instrument, a significant or prolonged decline in the fair value below its cost is considered to be an objective evidence of impairment.

An impairment loss in respect of held-to-maturity investments and loans and receivables financial assets is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

5. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

5.7 IMPAIRMENT *cont'd*

(a) Impairment of Financial Assets *cont'd*

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the fair value reserve. In addition, the cumulative loss recognised in other comprehensive income and accumulated in equity under fair value reserve, is reclassified from equity into profit or loss.

With the exception of available-for-sale debt instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss made is recognised in other comprehensive income.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

(b) Impairment of Non-financial Assets

The carrying values of assets, other than those to which MFRS 136 - Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when an annual impairment assessment is compulsory or there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of the assets is the higher of the assets' fair value less costs to sell and their value in use, which is measured by reference to discounted future cash flow using a pre-tax discount rate. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognised in profit or loss.

When there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately.

5.8 ASSETS UNDER HIRE PURCHASE

Assets acquired under hire purchase are capitalised in the financial statements as property, plant and equipment and the correspondence obligations are treated as hire purchase payables. The assets capitalised are measured at the lower of the fair value of the leased assets and the present value of the minimum lease payments and are depreciated on the same basis as owned assets. Each hire purchase payment is allocated between the liability and finance charges so as to achieve a constant periodic rate of charge on the hire purchase outstanding. Finance charges are recognised in profit or loss over the period of the respective hire purchase agreements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016
cont'd

5. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

5.9 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in-first-out basis and comprises the purchase price, production or conversion costs and incidentals incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price less the estimated costs necessary to make the sale using a pre-tax discount rate. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

5.10 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of the three months or less. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts.

5.11 PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation. The unwinding of the discount is recognised as interest expense in profit or loss.

5.12 EMPLOYEE BENEFITS

(a) Short-term Benefits

Wages, salaries, paid annual leave, bonuses, and non-monetary benefits are measured on an undiscounted basis and are recognised in profit or loss in the period in which the associated services are rendered by employees of the Group.

(b) Defined Contribution Plans

The Group's contributions to defined contribution plans are recognised in profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

5.13 INCOME TAXES

Income tax for the reporting period comprises current tax and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the reporting period and is measured using the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

5. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

5.13 INCOME TAXES *cont'd*

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity and the same taxation authority.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs.

5.14 RELATED PARTIES

A party is related to an entity (referred to as the "reporting entity") if:-

(a) A person or a close member of that person's family is related to a reporting entity if that person:-

  (i) has control or joint control over the reporting entity;
  (ii) has significant influence over the reporting entity; or
  (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

  Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions applies:-

  (i) the entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  (iii) both entities are joint ventures of the same third party.
  (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  (v) the entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
  (vi) the entity is contolled or jointly controlled by a person identified in (a) above.
  (vii) a person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
  (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the reporting entity either directly or indirectly, including its director (whether executive or otherwise) of that entity.

5.15 OPERATING SEGMENTS

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016
cont'd

5. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

5.16 EARNINGS PER ORDINARY SHARE *cont'd*

Basic earnings per ordinary share is calculated by dividing the consolidated profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the reporting period, adjusted for own shares held.

Diluted earnings per ordinary share is determined by adjusting the consolidated profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

5.17 BORROWING COSTS

Borrowing costs that directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. The capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted.

All other borrowing costs are recognised in profit or loss as expenses in the period in which they incurred.

5.18 FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurememt takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;

Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

5.19 REVENUE AND OTHER INCOME

(a) Sales of Goods

Revenue is measured at fair value of the consideration received or receivable and is recognised upon delivery of goods and customers' acceptance and where applicable, net of goods and services tax, returns, cash and trade discounts.

(b) Interest Income

Interest income is recognised on an accrual basis using the effective interest method.

(c) Rental Income

Rental income is accounted for on a straight-line method over the lease term.

6. INVESTMENT IN A SUBSIDIARY

	The Company 2016 RM	The Company 2015 RM
Unquoted shares, at cost:-		
At 1 May 2015/2014	-	-
Addition during the financial year	31,579,990	-
At 30 April	31,579,990	-

The details of the subsidiary are as follows:-

Name of Subsidiary	Principal Place of Business	Effective Equity Interest 2016 %	Effective Equity Interest 2015 %	Principal Activities
LKLAM	Malaysia	100	-	Provision of medical/healthcare beds, peripheral and accessories.

During the current financial year, the Company acquired 100% equity interests in LKLAM. The details of the acquisition of LKLAM are disclosed in Note 35(a) to the financial statements.

7. PROPERTY, PLANT AND EQUIPMENT

The Group	At 1.5.2015 RM	Additions RM	Disposals RM	Depreciation Charge RM	At 30.4.2016 RM
2016					
Net Book Value					
Freehold land	6,905,594	-	-	-	6,905,594
Leasehold land and building	456,077	-	-	(13,461)	442,616
Freehold buildings	10,957,022	-	-	(237,029)	10,719,993
Motor vehicles	1,064,965	848,514	(33,764)	(376,909)	1,502,806
Office equipment, furniture and fittings	512,099	290,081	(272)	(152,404)	649,504
Plant and machinery	1,745,340	392,612	(2)	(359,480)	1,778,470
Renovations	64,993	127,215	-	(19,925)	172,283
Signboard	6,715	17,359	-	(2,781)	21,293
Total	21,712,805	1,675,781	(34,038)	(1,161,989)	22,192,559

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016
cont'd

7. PROPERTY, PLANT AND EQUIPMENT *cont'd*

The Group	At 1.5.2014 RM	Additions RM	Reclassification RM	Disposal RM	Depreciation Charge RM	At 30.4.2015 RM
2015						
Net Book Value						
Freehold land	3,001,818	3,903,776	-	-	-	6,905,594
Leasehold land and building	469,537	-	-	-	(13,460)	456,077
Freehold buildings	5,260,619	1,065,000	4,839,965	-	(208,562)	10,957,022
Motor vehicles	695,146	735,815	-	-	(365,996)	1,064,965
Office equipment, furniture and fittings	408,544	223,042	-	(3,959)	(115,528)	512,099
Plant and machinery	1,961,283	167,165	-	-	(383,108)	1,745,340
Renovations	64,934	9,200	-	-	(9,141)	64,993
Signboard	8,240	-	-	-	(1,525)	6,715
Work-in-progress	3,838,216	1,001,749	(4,839,965)	-	-	-
Total	15,708,337	7,105,747	-	(3,959)	(1,097,320)	21,712,805

The Group	At Cost RM	Accumulated Depreciation RM	Net Book Value RM
2016			
Freehold land	6,905,594	-	6,905,594
Leasehold land and building	484,580	(41,964)	442,616
Freehold buildings	11,851,470	(1,131,477)	10,719,993
Motor vehicles	3,129,206	(1,626,400)	1,502,806
Office equipment, furniture and fittings	1,737,652	(1,088,148)	649,504
Plant and machinery	5,637,065	(3,858,595)	1,778,470
Renovations	224,763	(52,480)	172,283
Signboard	32,609	(11,316)	21,293
Total	30,002,939	(7,810,380)	22,192,559
2015			
Freehold land	6,905,594	-	6,905,594
Leasehold land and building	484,580	(28,503)	456,077
Freehold buildings	11,851,470	(894,448)	10,957,022
Motor vehicles	2,674,570	(1,609,605)	1,064,965
Office equipment, furniture and fittings	1,448,871	(936,772)	512,099
Plant and machinery	5,300,453	(3,555,113)	1,745,340
Renovations	97,548	(32,555)	64,993
Signboard	15,250	(8,535)	6,715
Total	28,778,336	(7,065,531)	21,712,805

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016
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7. PROPERTY, PLANT AND EQUIPMENT *cont'd*

Included in the property, plant and equipment of the Group are the following assets acquired under hire purchase terms:-

	The Group	
	2016	2015
	RM	RM
Motor vehicles at net book value	1,296,609	758,860

Included in the net book value of property, plant and equipment at the end of the reporting period were the following assets pledged to financial institutions as security for banking facilities granted to the Group:-

	The Group	
	2016	2015
	RM	RM
Freehold land	6,905,594	6,905,594
Freehold buildings	10,506,159	10,737,740
	17,411,753	17,643,334

Included in the cost of property, plant and equipment at the end of the reporting period were the following assets held in trust by the following parties:-

	The Group	
	2016	2015
	RM	RM
Motor vehicles:		
- directors	193,335	283,335
- employees	44,315	85,936
	237,650	369,271
Plant and machinery:		
- third party	162,920	209,869
	400,570	579,140

8. INVENTORIES

	The Group	
	2016	2015
	RM	RM
Raw materials	3,988,506	4,138,994
Work-in-progress	3,298,278	4,014,974
Goods-in-transit	166,990	-
Finished goods	2,727,626	1,940,751
	10,181,400	10,094,719
<u>Recognised in profit or loss:-</u>		
Inventories recognised as cost of sales	21,733,311	23,401,798
Allowance for slow moving inventories recognised as cost of sales	226,346	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016
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9. TRADE RECEIVABLES

	The Group	
	2016	2015
	RM	RM
Trade receivables	10,320,188	8,079,592
Allowance for impairment losses	(728,168)	(1,050,679)
	9,592,020	7,028,913
Allowance for impairment losses:-		
At 1 May 2015/2014	(1,050,679)	(724,712)
Addition during the financial year	(64,756)	(371,042)
Write-back during the financial year	121,953	45,075
Written off during the financial year	265,314	-
At 30 April	(728,168)	(1,050,679)

The Group's normal trade credit terms range from 30 to 120 (2015 - 30 to 120) days. Other credit terms are assessed and approved on a case-by-case basis.

10. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Other receivables	25,690	130,450	-	-
Deposits	162,039	127,448	-	-
Prepayments	1,119,529	1,290,724	524,045	21,688
	1,307,258	1,548,622	524,045	21,688

Included in prepayments are expenses incurred for the issuance of new shares in conjunction with the Company's proposed listing on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Malaysia"). It will be written off against the share premium account of the Company under Section 60 of the Companies Act 1965 in Malaysia.

11. AMOUNTS OWING BY/(TO) A DIRECTOR

In the previous financial year, the amounts owing were non-trade in nature, unsecured, interest-free and repayable on demand. The amounts owing were settled in cash.

12. FIXED DEPOSIT WITH A LICENSED BANK

The fixed deposit with a licensed bank of the Group at the end of the reporting period bore an effective interest rate of 3.30% (2015 - 3.30%) per annum. The fixed deposit has a maturity period of 365 days (2015 - 365 days) and has been pledged to a licensed bank as security for banking facilities granted to the Group.

13. SHARE CAPITAL

The movements in the authorised and paid-up share capital of the Group and of the Company are as follows:-

	2016	2015	2016	2015
	Number of Shares		RM	RM
Authorised				
Ordinary Shares of RM0.10 Each:				
At 1 May 2015/2014	4,000,000	4,000,000	400,000	400,000
Created during the financial year/period	496,000,000	-	49,600,000	-
At 30 April	500,000,000	4,000,000	50,000,000	400,000
Issued and Fully Paid-Up				
Ordinary Shares of RM0.10 Each:				
At 1 May 2015/2014	100	100	10	10
Issuance of new shares	315,799,900	-	31,579,990	-
At 30 April	315,800,000	100	31,580,000	10

During the financial year:-

(a) the Company increased its authorised share capital from RM400,000 to RM50,000,000 by the creation of 496,000,000 new ordinary shares of RM0.10 each; and

(b) the Company increased its issued and paid-up share capital from RM10 to RM31,580,000 by the allotment of 315,799,900 new ordinary shares of RM0.10 each at par for the total consideration of RM31,579,990 as full payment for acquisition of LKLAM during the financial year. The new ordinary shares issued rank pari passu in all respects with the existing ordinary shares of the Company.

14. MERGER DEFICIT

The merger deficit arose from the difference between the carrying value of the investment and the nominal value of the shares of a subsidiary upon consolidation under the merger accounting principles.

15. LONG-TERM BORROWINGS

	The Group	
	2016	2015
	RM	RM
Hire purchase payables (secured) (Note 16)	927,733	490,999
Term loans (secured) (Note 17)	7,546,235	8,029,589
	8,473,968	8,520,588

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016
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16. HIRE PURCHASE PAYABLES (SECURED)

	The Group 2016 RM	The Group 2015 RM
Minimum hire purchase payments:		
- not later than 1 year	331,220	248,221
- later than 1 year and not later than 5 years	1,002,140	509,819
- later than 5 years	10,533	30,198
	1,343,893	788,238
Less: Future finance charges	(140,407)	(81,221)
Present value of hire purchase payables	1,203,486	707,017
Current		
- not later than 1 year (Note 22)	275,753	216,018
Non-Current		
- later than 1 year and not later than 5 years	917,478	462,011
- later than 5 years	10,255	28,988
Total non-current portion (Note 15)	927,733	490,999
	1,203,486	707,017

(a) The hire purchase payables of the Group are secured by the Group's motor vehicles under hire purchase.

(b) The hire purchase payables of the Company at the end of the reporting period bore effective interest rates ranging from 4.46% to 6.8% (2015 - 4.46% to 6.8%) per annum. The interest rates are fixed at the inception of the hire purchase arrangements.

17. TERM LOANS (SECURED)

	The Group 2016 RM	The Group 2015 RM
Current		
Not later than 1 year (Note 22)	742,490	733,758
Non-Current		
Later than 1 year and not later than 2 years	802,860	801,118
Later than 2 year and not later than 5 years	3,453,131	1,972,356
Later than 5 years	3,290,244	5,256,115
Total non-current portion (Note 15)	7,546,235	8,029,589
	8,288,725	8,763,347

(a) The term loans are secured by:-

(i) a first legal charge over certain properties as disclosed in Note 7 to the financial statements;

(ii) a joint and several guarantee of certain directors of the Company; and

(iii) fixed deposit pledged with a licensed bank;

(b) The term loans of the Group at the end of the reporting period bore effective interest rates ranging from 4.75% to 5.89% (2015 - 4.65% to 6.6%) per annum.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016
cont'd

18. DEFERRED TAX LIABILITIES

	The Group	
	2016	2015
	RM	RM
At 1 May 2015/2014	566,000	361,000
Recognised in profit or loss (Note 25)	(31,000)	205,000
At 30 April	535,000	566,000

The deferred tax liabilities are in respect of the tax effects of the following:-

Deferred Tax Liabilities		
Accelerated capital allowances over depreciation	741,000	605,000
Unrealised gain on foreign exchange	61,000	35,000
	802,000	640,000
Deferred Tax Assets		
Allowance for impairment losses on trade receivables	(175,000)	(74,000)
Allowance for slow moving inventories	(54,000)	-
Others	(38,000)	-
	(267,000)	(74,000)
	535,000	566,000

19. TRADE PAYABLES

The normal trade credit terms granted to the Group range from 30 to 120 (2015 - 30 to 120) days.

20. OTHER PAYABLES AND ACCRUALS

	The Group		The Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Other payables	2,412,705	985,493	-	-
Accruals	1,332,011	194,210	599,557	2,000
	3,744,716	1,179,703	599,557	2,000

21. AMOUNT OWING TO A SUBSIDIARY

The amount owing is non-trade in nature, unsecured, interest-free and repayable on demand. The amount owing is to be settled in cash.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016
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22. SHORT-TERM BORROWINGS

	The Group	
	2016	2015
	RM	RM
Bankers' acceptances	-	637,935
Hire purchase payables (secured) (Note 16)	275,753	216,018
Term loans (secured) (Note 17)	742,490	733,758
	1,018,243	1,587,711

In the previous financial year, the bankers' acceptances were secured by:-

(i) a first legal charge over certain buildings as disclosed in Note 7 to the financial statements;

(ii) term refund by certain directors of the Group;

(iii) a joint and several guarantee of certain directors of the Group; and

(iv) fixed deposit pledged with a licensed bank.

23. REVENUE

Revenue of the Group represents the invoiced value of goods sold and services rendered net of trade discount and returns.

24. PROFIT/(LOSS) BEFORE TAXATION

	The Group		The Company	
	1.5.2015 to 30.4.2016	1.5.2014 to 30.4.2015	1.5.2015 to 30.4.2016	13.4.2015 (Date of incorporation) to 30.4.2015
	RM	RM	RM	RM
Profit/(Loss) before taxation is arrived at after charging/(crediting):-				
Allowance for impairment losses on trade receivables	64,756	371,042	-	-
Allowance for slow moving inventories	226,346	-	-	-
Audit fee:				
- for the financial year	50,000	32,000	10,000	2,000
- other services	45,000	-	5,000	-
Bad debts written off	-	15,097	-	-
Depreciation of property, plant and equipment	1,161,989	1,097,320	-	-
Deposit written off	-	100,000	-	-
Directors' fees	20,000	-	20,000	-
Directors' non-fee emoluments:				
- salaries and other benefits	928,000	792,000	-	-
- defined contribution plan	176,320	150,480	-	-
Incorporation fee	-	3,042	-	3,042

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016
cont'd

24. PROFIT/(LOSS) BEFORE TAXATION *cont'd*

	The Group		The Company	
	1.5.2015 to 30.4.2016	1.5.2014 to 30.4.2015	1.5.2015 to 30.4.2016	13.4.2015 (Date of incorporation) to 30.4.2015
	RM	RM	RM	RM
Profit/(Loss) before taxation is arrived at after charging/(crediting):- *cont'd*				
Interest expense:				
- bankers' acceptances	15,525	41,125	-	-
- hire purchases	38,153	36,581	-	-
- term loans	434,905	281,762	-	-
Listing expense	1,486,228	64,615	1,486,228	64,615
Rental expenses:				
- factory	407,550	157,500	-	-
- hostel	-	48,300	-	-
- office	-	42,000	-	-
Staff costs:				
- salaries and other staff related expenses	6,737,405	6,142,734	-	-
- defined contribution plan	592,041	462,556	-	-
Allowance for/(Reversal of) annual leave	158,359	(105,439)	-	-
Loss/(Gain) on foreign exchange:				
- realised	35,672	15,116	-	-
- unrealised	(254,181)	(51,106)	-	-
Gain on disposal of property, plant and equipment	(130,064)	(241)	-	-
Human Resources Development Fund grant received	(27,970)	(42,955)	-	
Interest income	(44,873)	(7,550)	-	-
Rental income	(2,028)	(28,180)	-	-
Write-back of allowance for impairment losses on:				
- trade receivables	(121,953)	(45,075)	-	-
- amount owing by a related party	-	(43,376)	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016
cont'd

25. INCOME TAX EXPENSE

	The Group		The Company	
	1.5.2015 to 30.4.2016	**1.5.2014 to 30.4.2015**	**1.5.2015 to 30.4.2016**	**13.4.2015 (Date of incorporation) to 30.4.2015**
	RM	**RM**	**RM**	**RM**
Current tax:				
- for the financial year	1,470,967	1,305,000	-	-
- under/(over)provision in the previous financial year	178,238	(173,711)	-	-
	1,649,205	1,131,289	-	-
Deferred tax (Note 18):				
- for the financial year	146,000	107,000	-	-
- (over)/underprovision in the previous financial year	(177,000)	98,000	-	-
	(31,000)	205,000	-	-
	1,618,205	1,336,289	-	-

A reconciliation of income tax expense applicable to the profit/(loss) before taxation at the statutory tax rate to income tax expense at the effective tax rate of the Group and of the Company is as follows:-

	The Group		The Company	
	1.5.2015 to 30.4.2016	**1.5.2014 to 30.4.2015**	**1.5.2015 to 30.4.2016**	**13.4.2015 (Date of incorporation) to 30.4.2015**
	RM	**RM**	**RM**	**RM**
Profit/(Loss) before taxation	4,889,308	7,298,802	(1,525,865)	(69,657)
Tax at the statutory tax rate of 24% (2015 - 25%)	1,174,000	1,825,000	(366,000)	(17,000)
Tax effects of:-				
Differential in tax rates	(25,000)	(25,000)	-	-
Non-deductible expenses	516,967	70,000	366,000	17,000
Under/(Over)provision in the previous financial year:				
- current tax	178,238	(173,711)	-	-
- deferred tax	(177,000)	98,000	-	-
Utilisation of tax incentives	(49,000)	(458,000)	-	-
Income tax expense for the financial year	1,618,205	1,336,289	-	-

The statutory tax rate was reduced to 24% from the previous financial year's rate of 25%, effective year of assessment 2016.

The statutory tax rate of the subsidiary on the first RM500,000 of chargeable income was reduced to 19% from 20% in the previous financial year and the balance of the chargeable income was reduced to 24% from 25% in the previous financial year, effective year of assessment 2016.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016
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26. EARNINGS PER SHARE

	The Group	
	1.5.2015 to 30.4.2016	1.5.2014 to 30.4.2015
Profit after taxation attributable to owners of the Company (RM)	3,271,103	5,962,513
Ordinary shares at 1 May 2015/13 April 2015 (date of incorporation)	100	100
Acquisition of subsidiary *	315,799,900	315,799,900
Weighted average number of ordinary shares for basic earnings per share computation	315,800,000	315,800,000
Basic earnings per ordinary share attributable to equity holders of the Company (Sen)	1.04	1.89

Note:-

* - *In the calculation of earnings per share for the financial year ended 30 April 2015, it is assumed that 315,800,000 ordinary shares were in issue.*

The diluted earnings per share is equal to the basic earnings per share.

27. DIVIDENDS

	The Group	
	1.5.2015 to 30.4.2016 RM	1.5.2014 to 30.4.2015 RM
Paid by LKLAM:-		
First single tier dividend of RM1.00 per ordinary share in respect of the current financial year	-	1,000,000
Second single tier dividend of RM4.00 per ordinary share in respect of the current financial year	-	4,000,000
Third single tier dividend of RM2.50 per ordinary share in respect of the current financial year	-	2,500,000
	-	7,500,000

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28. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	The Group	
	1.5.2015 to 30.4.2016	1.5.2014 to 30.4.2015
	RM	RM
Cost of property, plant and equipment purchased (Note 7)	1,675,781	7,105,747
Amount financed through hire purchase	(749,000)	(515,815)
Cash disbursed for purchase of property, plant and equipment	926,781	6,589,932

29. CASH AND CASH EQUIVALENTS

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:-

	The Group	
	2016	2015
	RM	RM
Cash and bank balances	7,804,835	3,986,326
Fixed deposit with a licensed bank	659,054	618,600
	8,463,889	4,604,926
Less: Fixed deposit pledged to a licensed bank (Note 12)	(659,054)	(618,600)
	7,804,835	3,986,326

30. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel of the Group and of the Company include executive directors and certain members of senior management of the Group and of the Company.

The key management personnel compensation during the financial year are as follows:-

	The Group		The Company	
	1.5.2015 to 30.4.2016	1.5.2014 to 30.4.2015	1.5.2015 to 30.4.2016	13.4.2015 (Date of incorporation) to 30.4.2015
	RM	RM	RM	RM
Directors				
Executive Directors:				
Short-term employee benefits				
- fees	20,000	-	20,000	-
- salaries and allowances	928,000	792,000	-	-
- defined contribution plan	176,320	150,480	-	-
	1,124,320	942,480	20,000	-
Other Key Management Personnel				
Short-term employee benefits				
- salaries and allowances	898,108	659,677	-	-
- defined contribution plan	112,754	61,642	-	-
	1,010,862	721,319	-	-
Total	2,135,182	1,663,799	20,000	-

31. RELATED PARTY DISCLOSURES

(a) Identities of Related Parties

Parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control.

In addition to the information detailed elsewhere in the financial statements, the Company has related party relationships with its directors, holding company, key management personnel and entities within the same group of companies.

NOTES TO THE FINANCIAL STATEMENTS
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cont'd

31. RELATED PARTY DISCLOSURES *cont'd*

(b) Related Party Transactions

Other than those disclosed elsewhere in the financial statements, the Group also carried out the following transactions with the related parties during the financial year:-

	The Group		The Company	
	1.5.2015 to 30.4.2016	1.5.2014 to 30.4.2015	1.5.2015 to 30.4.2016	13.4.2015 (Date of incorporation) to 30.4.2015
	RM	RM	RM	RM
Subsidiary:				
- advances from a subsidiary	-	-	1,419,028	86,303
Certain directors of the Company:				
- advances to directors	-	57,620	-	-
- rental paid to directors	15,000	32,400	-	-
Entities controlled by key management personnel, directors and/or substantial shareholders:				
- advances to related parties	-	4,745	-	-
- purchases from related parties	-	2,345,716	-	-
Close members of the family of certain directors:				
- salaries and other emoluments paid to close members of the family of directors	513,273	410,481	-	-
- rental paid to close member of the family of directors	24,000	-	-	-

32. CAPITAL COMMITMENTS

	The Group	
	2016	2015
	RM	RM
<u>Authorised but not Contracted for</u>		
Purchase of property, plant and equipment	-	65,820

33. OPERATING SEGMENTS

The Group has one reportable segment as the Group is principally engaged in one business segment which is the provision of medical/healthcare beds, peripherals and accessories. The performance of the reportable segmental is reviewed based on the revenue by products categories as described below. Segmental profit or loss were not allocated based on revenue by products. Operating segments are prepared in a manner consistent with the internal reporting provided to the managing director. The Managing Director (chief operating decision maker) reviewed internal management reports at least on a quarterly basis. The following summarised the revenue by products categories.:-

(i) Manufacturing activities - involved in manufacturing of medical/healthcare beds, medical peripherals and accessories; and

(ii) Trading activities - involved in trading of medical peripherals and accessories.

	The Group	
	1.5.2015 to 30.4.2016	1.5.2014 to 30.4.2015
	RM	RM
Manufacturing		
Medical/healthcare beds	14,978,375	15,296,995
Medical peripherals and accessories	15,060,804	18,036,612
	30,039,179	33,333,607
Trading		
Medical peripherals and accessories	7,109,550	5,705,540
	37,148,729	39,039,147

GEOGRAPHICAL INFORMATION

	The Group			
	Revenue		Non-current Assets	
	1.5.2015 to 30.4.2016	1.5.2014 to 30.4.2015	1.5.2015 to 30.4.2016	1.5.2014 to 30.4.2015
	RM	RM	RM	RM
Local				
Malaysia	29,431,013	31,431,563	22,029,639	21,502,936
Export				
Africa	1,406,585	2,893,482	-	-
Asia (Other than Malaysia)	5,452,156	3,642,390	162,920	209,869
Europe	3,466	84,000	-	-
Middle East	792,853	851,960	-	-
Central America	62,656	135,752	-	-
	7,717,716	7,607,584	162,920	209,869
	37,148,729	39,039,147	22,192,559	21,712,805

During the current financial year, there is no major customer with revenue equal to or more than 10% of the Group's revenue.

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34. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risks (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

34.1 FINANCIAL RISK MANAGEMENT POLICIES

The Group's policies in respect of the major areas of treasury activity are as follows:-

(a) Market Risk

(i) Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than the functional currency of the Company. The currencies giving rise to these risks are primarily United States Dollar ("USD"), Euro ("EUR"), and Singapore Dollar ("SGD"). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

The Group's exposure to foreign currency risk (a currency which is other than the functional currency of the Company) based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:-

Foreign Currency Exposure

The Group	USD RM	EUR RM	SGD RM
2016			
Financial assets			
Trade receivables	1,660,152	-	35,691
Cash and bank balances	1,745,028	749	-
	3,405,180	749	35,691
Financial liabilities			
Trade payables	12,391	778,888	-
Other payables and accruals	180,844	-	-
	193,235	778,888	-
Currency exposure	3,211,945	(778,139)	35,691
2015			
Financial assets			
Trade receivables	395,866	-	12,410
Cash and bank balances	2,791,671	13,266	-
	3,187,537	13,266	12,410
Financial liabilities			
Trade payables	4,066	130,305	-
Bankers' acceptances	66,595	-	-
	70,661	130,305	-
Currency exposure	3,116,876	(117,039)	12,410

34. FINANCIAL INSTRUMENTS *cont'd*

34.1 FINANCIAL RISK MANAGEMENT POLICIES *cont'd*

(a) Market Risk *cont'd*

(i) Foreign Currency Risk cont'd

Foreign Currency Risk Sensitivity Analysis

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies at the end of the reporting period, with all other variables held constant:-

	The Group	
	2016	**2015**
	RM	**RM**
Effects on Profit After Taxation/Other Comprehensive Income		
USD/RM - strengthened by 10%	321,000	312,000
- weakened by 10%	(321,000)	(312,000)
EUR/RM - strengthened by 10%	(78,000)	(12,000)
- weakened by 10%	78,000	12,000
SGD/RM - strengthened by 10%	3,600	1,200
- weakened by 10%	(3,600)	(1,200)

The Company does not have any transactions or balances denominated in foreign currencies and hence is not exposed to foreign currency risk.

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from long-term borrowings with variable rates. The Group's policy is to obtain the most favourable interest rate available.

The Group's fixed deposit with a licensed bank is carried at amortised cost. Therefore, it is not subject to interest rate risk as defined in MFRS 7 since neither they carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

The Group's exposure to interest rate risk based on the carrying amounts of the financial instruments at the end of the reporting period is disclosed in Note 34.1(c) to the financial statements.

Any reasonably possible change in the interest rates of floating rate term loans at the end of the reporting period does not have material impact on the profit after taxation and other comprehensive income of the Group and hence, no sensitivity analysis is presented.

The Company does not have any interest-bearing borrowings and hence is not exposed to interest rate risk.

(iii) Equity Price Risk

The Group does not have any quoted investments and hence is not exposed to equity price risk.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016
cont'd

34. FINANCIAL INSTRUMENTS *cont'd*

34.1 FINANCIAL RISK MANAGEMENT POLICIES *cont'd*

(b) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances and derivatives), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group uses ageing analysis to monitor the credit quality of the trade receivables. Any receivables having significant balances past due or more than 120 days, which are deemed to have higher credit risk, are monitored individually.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of the trade and other receivables as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. Impairment is estimated by management based on prior experience and the current economic environment.

(i) Credit Risk Concentration Profile

The Group's major concentration of credit risk relates to amount owing by a customer which constituted approximately 26% (2015 - 12%) of its total trade receivables at the end of the reporting period.

In addition, the Group also determines concentration of credit risk by monitoring the geographical region of its trade receivables on an ongoing basis. The credit risk concentration profile of trade receivables at the end of the reporting period is as follows:-

	2016 RM	2015 RM
Africa	1,062,787	-
Asia (Other than Malaysia)	598,595	256,989
Malaysia	7,891,362	6,629,834
Middle East	39,276	142,090
	9,592,020	7,028,913

(ii) Exposure to Credit Risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position of the Group after deducting any allowance for impairment losses.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016
cont'd

34. FINANCIAL INSTRUMENTS *cont'd*

34.1 FINANCIAL RISK MANAGEMENT POLICIES *cont'd*

(b) Credit Risk *cont'd*

(iii) Ageing Analysis

The ageing analysis of the Group's trade receivables is as follows:-

	Gross Amount RM	Individual Impairment RM	Collective Impairment RM	Carrying Value RM
The Group				
2016				
Not past due	6,559,096	-	-	6,559,096
Past due:				
- less than 3 months	1,559,935	-	-	1,559,935
- 3 to 6 months	1,297,270	-	-	1,297,270
- 6 months to 1 year	67,356	-	-	67,356
- more than 1 year	836,531	(663,412)	(64,756)	108,363
	10,320,188	(663,412)	(64,756)	9,592,020

	Gross Amount RM	Individual Impairment RM	Carrying Value RM
The Group			
2015			
Not past due	4,421,380	-	4,421,380
Past due:			
- less than 3 months	2,300,584	-	2,300,584
- 3 to 6 months	149,210	-	149,210
- 6 months to 1 year	46,979	-	46,979
- more than 1 year	1,161,439	(1,050,679)	110,760
	8,079,592	(1,050,679)	7,028,913

At the end of the reporting period, trade receivables that are individually impaired were those in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancement.

The collective impairment allowance is determined based on estimated irrecoverable amounts from the sale of goods, determined by reference to past default experience.

The Group believes that no additional impairment allowance is necessary in respect of trade receivables that are past due but not impaired because they are companies with good collection track record and no recent history of default.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016
cont'd

34. FINANCIAL INSTRUMENTS *cont'd*

34.1 FINANCIAL RISK MANAGEMENT POLICIES *cont'd*

(c) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

Maturity Analysis

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payment computed based on the rate at the end of the reporting period):-

The Group	Weighted Average Effective Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 5 Years RM	Over 5 Years RM
2016						
Hire purchase payables (secured)	5.12	1,203,486	1,343,893	331,220	1,002,140	10,533
Term loans (secured)	5.14	8,288,725	10,917,196	1,139,856	5,270,373	4,506,967
Trade payables	-	3,379,313	3,379,313	3,379,313	-	-
Other payables and accruals	-	3,744,716	3,744,716	3,744,716	-	-
		16,616,240	19,385,118	8,595,105	6,272,513	4,517,500
2015						
Hire purchase payables (secured)	5.05	707,017	788,238	248,221	509,819	30,198
Term loans (secured)	5.30	8,763,347	11,501,409	1,190,376	4,092,326	6,218,707
Trade payables	-	2,224,993	2,224,993	2,224,993	-	-
Other payables and accruals	-	1,179,703	1,179,703	1,179,703	-	-
Bankers' acceptances	3.63	637,935	637,935	637,935	-	-
Amount owing to a director	-	3,032	3,032	3,032	-	-
		13,516,027	16,335,310	5,484,260	4,602,145	6,248,905

34. FINANCIAL INSTRUMENTS *cont'd*

34.1 FINANCIAL RISK MANAGEMENT POLICIES *cont'd*

(c) Liquidity Risk *cont'd*

Maturity Analysis cont'd

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payment computed based on the rate at the end of the reporting period):- *cont'd*

The Company	Weighted Average Effective Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 5 Years RM	Over 5 Years RM
2016						
Amount owing to a subsidiary	-	1,520,000	1,520,000	1,520,000	-	-
Other payables and accruals	-	599,557	599,557	599,557	-	-
		2,119,557	2,119,557	2,119,557	-	-
2015						
Amount owing to a director	-	3,032	3,032	3,032	-	-
Amount owing to a subsidiary	-	86,303	86,303	86,303	-	-
Other payables and accruals	-	2,000	2,000	2,000	-	-
		91,335	91,335	91,335	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016
cont'd

34. FINANCIAL INSTRUMENTS *cont'd*

34.2 CAPITAL RISK MANAGEMENT

The Group manages its capital by maintaining an optimal capital structure so as to support its businesses and maximise shareholders value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio. The debt-to-equity ratio is calculated as net debt divided by total equity. The Group includes within net debt, loans and borrowings from financial institutions plus trade and other payables less cash and bank balances and fixed deposit with a licensed bank. The debt-to-equity ratio of the Group and of the Company at the end of the reporting period was as follows:-

	The Group	
	2016	**2015**
	RM	**RM**
Amount owing to a director	-	3,032
Bankers' acceptances	-	637,935
Hire purchase payables (secured)	1,203,486	707,017
Other payables and accruals	3,744,716	1,179,703
Term loans (secured)	8,288,725	8,763,347
Trade payables	3,379,313	2,224,993
	16,616,240	13,516,027
Less: Cash and bank balances	(7,804,835)	(3,986,326)
Less: Fixed deposit with a licensed bank	(659,054)	(618,600)
Net debt	8,152,351	8,911,101
Total equity	35,081,681	31,310,578
Debt-to-equity ratio	0.23	0.28

The Group maintains a debt-to-equity ratio that complies with bank covenants.

34. FINANCIAL INSTRUMENTS *cont'd*

34.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	The Group		The Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Financial asset				
Loans and receivables financial assets				
Trade receivables	9,592,020	7,028,913	-	-
Other receivables and deposits	187,729	257,898	-	-
Amount owing by a director	-	57,620	-	-
Fixed deposit with a licensed bank	659,054	618,600	-	-
Cash and bank balances	7,804,835	3,986,326	-	-
	18,243,638	11,949,357	-	-
Financial liability				
Other financial liabilities				
Hire purchase payables (secured)	1,203,486	707,017	-	-
Term loans (secured)	8,288,725	8,763,347	-	-
Amount owing to a director	-	3,032	-	3,032
Amount owing to a subsidiary	-	-	1,520,000	86,303
Trade payables	3,379,313	2,224,993	-	-
Other payables and accruals	3,744,716	1,179,703	599,557	2,000
Bankers' acceptances	-	637,935	-	-
	16,616,240	13,516,027	2,119,557	91,335

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016
cont'd

34. FINANCIAL INSTRUMENTS *cont'd*

34.4 FAIR VALUE INFORMATION

The fair values of the financial assets and financial liabilities of the Group which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments. The following table sets out the fair value profile of financial instruments that are not carried at fair value at the end of the reporting period:-

	Fair Value of Financial Instruments Not Carried at Fair Value			Total Fair Value	Carrying Amount
	Level 1	Level 2	Level 3		
	RM	RM	RM	RM	RM
The Group					
2016					
<u>Financial Liabilities</u>					
Hire purchase payables (secured)	-	1,205,860	-	1,205,860	1,203,486
Term loans (secured)	-	8,245,038	-	8,245,038	8,288,725
2015					
<u>Financial Liabilities</u>					
Hire purchase payables (secured)	-	707,435	-	707,435	707,017
Term loans (secured)	-	7,904,089	-	7,904,089	8,763,347

The fair values of hire purchase payables (secured) and term loans (secured) are determined by discounting the relevant cash flows using current market interest rates for similar instruments at the end of the reporting period. The interest rates used to discount the estimated cash flows are as follows:-

	2016	2015
	%	%
Hire purchase payables (secured)	5.20	5.05
Term loans (secured)	5.14	5.30

35. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) On 13 July 2015, the Company entered into a conditional Share Sale Agreement with the vendors of LKLAM, namely Lim Kon Lian, Mok Mei Lan, Elaine Lim Sin Yee, Lim Pak Hong and Tan Chuan Hock, to acquire the entire issued and paid-up share capital of LKLAM of RM2,000,000 comprising 2,000,000 ordinary shares of RM1.00 each for a total purchase consideration of RM31,579,990 which will be wholly satisfied by the issuance of 315,799,900 new ordinary shares at an issue price of RM0.10 per share.

The purchase consideration of LKLAM of RM31,579,990 was arrived at on a willing-buyer willing-seller basis, after taking into consideration the net assets position of LKLAM as at 30 April 2015 of RM31,380,225 and the increase in its issued and paid-up share capital of RM500,000 comprising 500,000 ordinary shares of RM1.00 each on 10 July 2015. The purchase consideration represents a price to book ratio and price to earnings ratio of approximately 0.99 time and 5.24 times respectively.

The acquisition of LKLAM was completed on 10 March 2016 and LKLAM became a wholly-owned subsidiary of the Company.

(b) On 8 January 2016, the Company obtained conditional approval from Bursa Malaysia to list the Company on the ACE Market of Bursa Malaysia.

(c) On 26 April 2016, the Company launched its Prospectus and undertook a public issues of 113,000,000 new ordinary shares of RM0.10 each at an issue price of RM0.20 per share ("LKL International Shares") allocated in the following manner:-

(i) 8,000,000 new LKL International Shares made available for application by the Malaysian public;
(ii) 13,200,000 new LKL International Shares made available for application by the eligible directors, employees and persons who have contributed to the success of the Group;
(iii) 42,200,000 new LKL International Shares made available by way of placement to selected investors; and
(iv) 49,600,000 new LKL International Shares made available by way of placement to Bumiputera investors approved by the Ministry of International Trade and Industry.

36. SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD

(a) The listing and quotation of the Company's entire enlarged issued and paid-up share capital of RM42,880,000 comprising 428,800,000 ordinary shares of RM0.10 each in the Company on the ACE Market of Bursa Malaysia was completed on 16 May 2016.

(b) On 6 August 2016, LKLAM entered into a purchase contract with TRUMPF Malaysia Sdn. Bhd. to acquire a fully automated Computer Numeric Control ("CNC") punching machine (TruPunch 2000) for EUR 318,000 (approximately RM1.44 million) which will mainly be used for punching processes for steel sheets under the production line.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2016
cont'd

37. FOREIGN EXCHANGE RATES

The principal closing foreign exchange rates used (expressed on the basis of one unit of foreign currency to RM equivalent) for the translation of foreign currency balances at the end of the reporting period are as follows:-

	The Group	
	2016	**2015**
	RM	**RM**
EUR	3.90	3.56
SGD	4.44	3.99
USD	2.90	2.69

38. COMPARATIVE FIGURES

The comparative figures of the Company are in respect of the financial period from 13 April 2015 (date of incorporation) to 30 April 2015.

The following figures have been reclassified to conform with the presentation of the current financial year:-

	The Company	
	As Restated	**As Previously Reported**
	RM	**RM**
Statement of Financial Position (Extract):-		
Amount owing to a subsidiary	86,303	-
Amount owing to a related party	-	86,303
Statements of Profit or Loss and Other Comprehensive Income (Extract):-		
Administrative expenses	5,042	69,657
Other expenses	64,615	-
Statement of Cash Flows (Extract):-		
CASH FLOWS FOR FINANCING ACTIVITIES		
Advances from a subsidiary	(86,303)	-
Advances from a related party	-	(86,303)
NET CASH FOR OPERATING ACTIVITIES	(3,042)	(89,345)
NET CASH FROM FINANCING ACTIVITIES	3,042	89,345

39. SUPPLEMENTARY INFORMATION – DISCLOSURE OF REALISED AND UNREALISED LOSSES

The breakdown of the accumulated losses of the Group and the Company at the end of the reporting period into realised and unrealised losses are presented in accordance with the directive issued by Bursa Malaysia and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants, as follows:-

	The Group		The Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Total retained profits/(accumulated losses):				
- realised	33,362,490	30,325,462	(1,595,522)	(69,657)
- unrealised	(280,819)	(514,894)	-	-
	33,081,671	29,810,568	(1,595,522)	(69,657)

ANALYSIS OF SHAREHOLDINGS
as at 1 AUGUST 2016

Authorised Share Capital	:	RM50,000,000.00
Issued and Fully Paid-Up Capital	:	RM42,880,000.00 comprising 428,800,000 Ordinary Shares of RM0.10 each
Class of Shares	:	Ordinary Shares of RM0.10 each ("Share")
Voting Rights by Poll	:	One vote for every share held

DISTRIBUTION SCHEDULE OF SHAREHOLDERS

Size of Holdings	No. of Holders	%	No. of Shares	%
Less than 100 shares	3	0.15	100	0.00
100 - 1,000 shares	127	6.58	94,500	0.02
1,001 - 10,000 shares	839	43.45	5,084,800	1.19
10,001 - 100,000 shares	791	40.96	31,896,900	7.44
100,001 - less than 5% of issued shares	166	8.60	75,016,700	17.49
5% and above of issued shares	5	0.26	316,707,000	73.86
Total	1,931	100.00	428,800,000	100.00

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS
(As per the Register of Substantial Shareholders)

	Direct Interest		Indirect Interest	
Name of Substantial Shareholders	No. of Shares	%	No. of Shares	%
Lim Kon Lian	110,110,745	25.68	177,824,265 (1)	41.47
Mok Mei Lan	110,003,725	25.65	177,931,285 (2)	41.50
Elaine Lim Sin Yee	33,935,270	7.91	-	-
Lim Pak Hong	33,885,270	7.90	-	-
Tan Chuan Hock	28,771,990	6.71	-	-

Notes:

(1) *Deemed interested by virtue of his spouse, Mok Mei Lan's and his children, Elaine Lim Sin Yee's and Lim Pak Hong's shareholdings in the Company.*

(2) *Deemed interested by virtue of her spouse, Lim Kon Lian's and her children, Elaine Lim Sin Yee's and Lim Pak Hong's shareholdings in the Company.*

ANALYSIS OF SHAREHOLDINGS
as at 1 AUGUST 2016
cont'd

DIRECTORS' SHAREHOLDINGS
(As per the Register of Directors' Shareholdings)

	Direct Interest		Indirect Interest	
Name of Directors	**No. of Shares**	**%**	**No. of Shares**	**%**
Tan Sri Datuk Adzmi Bin Abdul Wahab	350,000	0.08	-	-
Lim Kon Lian	110,110,745	25.68	177,824,265 [(1)]	41.47
Mok Mei Lan	110,003,725	25.65	177,931,285 [(2)]	41.50
Tan Chuan Hock	28,771,990	6.71		
Tevanaigam Randy Chitty	350,000	0.08		
Selma Enolil Binti Mustapha Khalil	250,000	0.06		

Notes:

(1) *Deemed interested by virtue of his spouse, Mok Mei Lan's and his children, Elaine Lim Sin Yee's and Lim Pak Hong's shareholdings in the Company.*

(2) *Deemed interested by virtue of her spouse, Lim Kon Lian's and her children, Elaine Lim Sin Yee's and Lim Pak Hong's shareholdings in the Company.*

ANALYSIS OF SHAREHOLDINGS
as at 1 AUGUST 2016
cont'd

THIRTY LARGEST REGISTERED SHAREHOLDERS AS AT 1 AUGUST 2016
(without aggregating securities from different securities accounts belonging to the same registered holder)

No	Name	Holdings	%
1	Alliancegroup Nominees (Tempatan) Sdn. Bhd. *(Pledged securities account for Lim Kon Lian)*	110,110,745	25.68
2	Alliancegroup Nominees (Tempatan) Sdn. Bhd. *(Pledged securities account for Mok Mei Lan)*	110,003,725	25.65
3	Alliancegroup Nominees (Tempatan) Sdn. Bhd. *(Pledged securities account for Elaine Lim Sin Yee)*	33,935,270	7.91
4	Alliancegroup Nominees (Tempatan) Sdn. Bhd. *(Pledged securities account for Lim Pak Hong)*	33,885,270	7.90
5	Tan Chuan Hock	28,771,990	6.71
6	Citigroup Nominees (Asing) Sdn. Bhd. *(Exempt An for Citibank New York)*	9,632,600	2.25
7	Alliancegroup Nominees (Tempatan) Sdn. Bhd. *(Pledged securities account for Khor Jan Yeow)*	4,032,500	0.94
8	CIMB Group Nominees (Tempatan) Sdn. Bhd. *(CIMB Commerce Trustee Berhad for TA Growth Fund)*	2,800,000	0.65
9	CIMB Group Nominees (Tempatan) Sdn. Bhd. *(CIMB Commerce Trustee Berhad for Kenanga Growth Opportunities Fund)*	2,098,600	0.49
10	HSBC Nominees (Tempatan) Sdn. Bhd. *(HSBC (M) Trustee Bhd for RHB Dana Islam)*	2,000,000	0.47
11	CIMB Group Nominees (Tempatan) Sdn. Bhd. *(CIMB Commerce Trustee Berhad for TA Comet Fund)*	1,780,000	0.42
12	Tan Hang Chai	1,750,000	0.41
13	Federlite Holdings Sdn. Bhd.	1,520,000	0.35
14	Alliancegroup Nominees (Tempatan) Sdn. Bhd. *(Chin Foo Kong)*	1,250,000	0.29
15	Lim Chui Chui	1,250,000	0.29
16	Low Kwai Leng	1,200,000	0.28
17	Azhar Bin Mohd Mokhtar	1,000,000	0.23
18	Yeoh Yun Pyng	1,000,000	0.23
19	Malacca Equity Nominees (Tempatan) Sdn. Bhd. *(Exempt An for Phillip Capital Management Sdn. Bhd.)*	980,000	0.23
20	Alliancegroup Nominees (Tempatan) Sdn. Bhd. *(Pledged securities account for Mohamed Hasnan Bin Che Hussin)*	950,000	0.22
21	Liew Yaw Choo	800,000	0.19
22	Lim Shyr Yih	800,000	0.19
23	Aida Bt Abdullah	787,000	0.18
24	Tan Yew Ghee	745,000	0.17
25	Citigroup Nominees (Tempatan) Sdn. Bhd. *(Exempt An for Kenanga Investors Bhd)*	656,500	0.15
26	Cimsec Nominees (Tempatan) Sdn. Bhd. *(CIMB Bank for Shamsudin @ Samad Bin Kassim)*	650,000	0.15
27	Chew Chong Kee	644,000	0.15
28	Nora Lai Bt Abdullah	600,000	0.14
29	HSBC Nominees (Tempatan) Sdn. Bhd. *(HSBC (M) Trustee Bhd for RHB Islamic Emerging Opportunity Unit Trust)*	535,500	0.12
30	Annuar Sadat Bin Mohamad Amin	520,000	0.12

LIST OF PROPERTIES
as at 30 APRIL 2016

No.	Location/Title	Description/Existing use	Tenure	Approximate age of building (Years)	Land area/ Built-up area (Square Feet)	Audited Net book value as at 30 April 2016 (RM'000)	Date of acquisition
1.	No. 3, Jalan BS7/18, Kawasan Perindustrian Bukit Serdang, Seksyen 7, 43300 Seri Kembangan, Selangor Darul Ehsan. HSD 202531, PT1386, Mukim Petaling, Daerah Petaling, Selangor Darul Ehsan.	A double-storey detached factory with a three (3)-storey office and other ancillary buildings used as an office and manufacturing plant	Freehold	8	43,560/ 57,690	6,246	12-Nov-04
2.	Level 3 - 29, Block B, Jalan Indah 2/6, Taman Universiti Indah, 43300 Seri Kembangan, Selangor Darul Ehsan. Master title HSD31704 PT2156 Mukim Petaling, Daerah Petaling, Selangor Darul Ehsan.	Apartment used as hostel	Freehold	11	-/830	67	28-Mar-05
3.	Level 2 - 29, Block B, Jalan Indah 2/6, Taman Universiti Indah, 43300 Seri Kembangan, Selangor Darul Ehsan. Master title HSD31704 PT2156 Mukim Petaling, Daerah Petaling, Selangor Darul Ehsan.	Apartment used as hostel	Freehold	11	-/830	71	28-Mar-05
4.	Level 1 - 29, Block B, Jalan Indah 2/6, Taman Universiti Indah, 43300 Seri Kembangan, Selangor Darul Ehsan. Master title HSD31704 PT2156 Mukim Petaling, Daerah Petaling, Selangor Darul Ehsan.	Apartment used as hostel	Freehold	11	-/817	75	28-Mar-05
5.	No. 1, Jalan BS7/18, Kawasan Perindustrian Bukit Serdang, Seksyen 7, 43300 Seri Kembangan, Selangor Darul Ehsan. HSD 202530 PT1385, Mukim Petaling, Daerah Petaling, Selangor Darul Ehsan.	A double-storey detached factory used as an office, manufacturing plant and warehouse	Freehold	2	43,560/ 34,050	6,218	11-Apr-07

LIST OF PROPERTIES
as at 30 APRIL 2016
cont'd

No.	Location/Title	Description/Existing use	Tenure	Approximate age of building (Years)	Land area/ Built-up area (Square Feet)	Audited Net book value as at 30 April 2016 (RM'000)	Date of acquisition
6.	No. 1904, Jalan SK 13/5, 43300 Seri Kembangan, Selangor Darul Ehsan. HSM 11237 PT10760, Mukim Petaling, Daerah Petaling, Selangor Darul Ehsan.	Single-storey terrace house used as hostel	60 years leasehold expiring on 23 November 2048	20	3,400 / 1,862	443	16-Nov-12
7.	No. 15, Jalan BS7/20, Taman Perindustrian Bukit Serdang, Sek 7, 43300 Seri Kembangan, Selangor Darul Ehsan. HSD 252834 PT1981 Mukim Pekan Serdang, Daerah Petaling, Selangor Darul Ehsan.	An intermediate semi-detached one and a half (1 ½)-storey factory used as a manufacturing plant and warehouse	Freehold	6	11,282 / 9,720	4,948	16-Apr-15
					Total	**18,068**	

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Second Annual General Meeting ("AGM" or "the Meeting") of LKL INTERNATIONAL BERHAD ("LKL International" or "the Company") will be held at Tioman Room, Bukit Jalil Golf & Country Resort, Jalan Jalil Perkasa 3, Bukit Jalil, 57000 Kuala Lumpur on Tuesday, 27 September 2016 at 10.00 a.m. to transact the following businesses:-

A G E N D A

AS ORDINARY BUSINESS :

1. To receive the Audited Financial Statements for the financial year ended 30 April 2016 together with the Reports of the Directors and Auditors thereon. ***Please refer to Note (a)***

2. To approve the payment of Directors' fees for the financial year ended 30 April 2016. ***Resolution 1***

3. To re-elect the following Directors who retire by rotation in accordance with Article 89 of the Company's Articles of Association :

   i. Lim Kon Lian ***Resolution 2***
   ii. Mok Mei Lan ***Resolution 3***

4. To re-appoint Messrs. Crowe Horwath as Auditors of the Company until the conclusion of the next AGM and to authorise the Directors to fix their remuneration. ***Resolution 4***

AS SPECIAL BUSINESS :

To consider and if thought fit, pass with or without any modifications, the following resolutions:-

5. **ORDINARY RESOLUTION 1** ***Resolution 5***
   RE-APPOINTMENT OF DIRECTOR PURSUANT TO SECTION 129(6) OF THE COMPANIES ACT, 1965

   "THAT pursuant to Section 129(6) of the Companies Act, 1965, Tan Sri Datuk Adzmi Bin Abdul Wahab, who is over the age of seventy (70) years, be and is hereby re-appointed as Director of the Company to hold office until the conclusion of the next AGM of the Company."

6. **ORDINARY RESOLUTION 2** ***Resolution 6***
   GENERAL AUTHORITY FOR THE DIRECTORS TO ISSUE SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965

   "THAT pursuant to Section 132D of the Companies Act, 1965, and subject to the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered to allot and issue shares in the Company from time to time at such price, upon such terms and conditions, for such purposes and to such person or persons whomsoever as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being AND THAT the Directors be and are also empowered to obtain approval from the Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued AND THAT such authority shall continue in force until the conclusion of the next AGM of the Company."

NOTICE OF ANNUAL GENERAL MEETING
cont'd

7. To transact any other business of which due notice shall have been given in accordance with the Companies Act, 1965.

By order of the Board

TEA SOR HUA (MACS 01324)
YONG YEN LING (MAICSA 7044771)
Company Secretaries

Petaling Jaya, Selangor Darul Ehsan
30 August 2016

Notes:

a) The Agenda No. 1 is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of shareholders for the Audited Financial Statements. Hence, Agenda No. 1 is not put forward for voting.

b) A shareholder who is entitled to attend and vote at the Meeting shall be entitled to appoint up to two (2) proxies to attend and vote at the Meeting in his stead. Where a shareholder appoints two (2) proxies, he shall specify the proportion of his shareholdings to be represented by each proxy.

c) For the purpose of determining a member who shall be entitled to attend the Meeting, the Company will be requesting Bursa Malaysia Depository Sdn. Bhd. in accordance with Article 63 of the Company's Articles of Association to issue a General Meeting Record of Depositors as at 20 September 2016. Only members whose names appear in the General Meeting Record of Depositors as at 20 September 2016 shall be regarded as members and entitled to attend, speak and vote at the Second AGM.

d) A proxy may but need not be a member of the Company and the provisions of Sections 149(1)(a) and (b) of the Companies Act, 1965 shall not apply to the Company. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.

e) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the seal or under the hand of an officer or attorney duly authorised.

f) Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

g) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. The appointment of multiple proxies shall not be valid unless the proportion of its shareholdings represented by each proxy is specified.

h) To be valid, the instrument appointing a proxy must be deposited at the Registered Office of the Company at Third Floor, No. 79 (Room A), Jalan SS21/60, Damansara Utama, 47400 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time fixed for holding the Meeting or any adjournment thereof.

NOTICE OF ANNUAL GENERAL MEETING
cont'd

EXPLANATORY NOTES TO SPECIAL BUSINESS

1. Item 5 of the Agenda

The Ordinary Resolution proposed under item 5 of the Agenda is to seek shareholders' approval pursuant to Section 129(6) of the Companies Act, 1965 for the re-appointment of Tan Sri Datuk Adzmi Bin Abdul Wahab, a Director who is over the age of seventy (70) years and vacated office pursuant to Section 129(2) of the Companies Act, 1965. If passed, it will enable Tan Sri Datuk Adzmi Bin Abdul Wahab to hold office until the conclusion of the next AGM.

Tan Sri Datuk Adzmi Bin Abdul Wahab has, during his tenure as the Independent Non-Executive Chairman of the Board, provided a strong leadership and was responsible for ensuring the adequacy and effectiveness of the Board's governance process.

2. Item 6 of the Agenda

The Ordinary Resolution proposed under item 6 of the Agenda is a general mandate for issuance of shares by the Company under Section 132D of the Companies Act, 1965. This Ordinary Resolution, if passed, is to empower the Directors to issue shares in the Company up to an amount not exceeding in total ten per centum (10%) of the issued share capital of the Company for such purposes as the Directors consider would be in the interest of the Company. This would avoid any delay and cost involved in convening a general meeting to approve such an issue of shares. This authority will, unless revoked or varied by the Company at a general meeting, expire at the conclusion of the next AGM or the expiration of the period within which the next AGM is required by law to be held, whichever is the earlier.

This new mandate will provide flexibility to the Company for allotment of shares for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s), working capital and/or acquisition(s).

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PROXY FORM

LKL INTERNATIONAL BERHAD
(1140005-V)
(Incorporated in Malaysia)

I/We ________________________________ NRIC/Company No. ________________
(full name in capital letters)

of ____
(full address)

being (a) member(s) of LKL INTERNATIONAL BERHAD hereby appoint ________________

________________________________ NRIC No. ________________
(full name in capital letters)

of ____
(full address)

or failing him/her, ________________________________ NRIC No. ________________
(full name in capital letters)

of ____
(full address)

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Second Annual General Meeting of the Company ("AGM" or "Meeting") to be held at Tioman Room, Bukit Jalil Golf & Country Resort, Jalan Jalil Perkasa 3, Bukit Jalil, 57000 Kuala Lumpur on Tuesday, 27 September 2016 at 10.00 a.m. and at any adjournment thereof.

Please indicate with an "X" in the appropriate spaces how you wish your votes to be cast. If no specific direction as to vote is given, the Proxy will vote or abstain from voting at his/her discretion.

No.	Resolutions	For	Against
1.	To approve the payment of Directors' fees for the financial year ended 30 April 2016.		
2.	To re-elect Lim Kon Lian as Director who retires by rotation in accordance with Article 89 of the Company's Articles of Association.		
3.	To re-elect Mok Mei Lan as Director who retires by rotation in accordance with Article 89 of the Company's Articles of Association.		
4.	To re-appoint Messrs. Crowe Horwath as Auditors of the Company.		
5.	To re-appoint Tan Sri Datuk Adzmi Bin Abdul Wahab as Director of the Company.		
6.	To approve the authority for Directors to issue shares pursuant to Section 132D of the Companies Act, 1965.		

Dated this __________ day of ____________________ 2016.

CDS Account No.	No. of Shares Held

Percentage of shareholdings to be represented by the proxies:		
	No. of shares	%
Proxy 1		
Proxy 2		
TOTAL		100

____
Signature of Member(s)/Common Seal

NOTES:

a) A shareholder who is entitled to attend and vote at the Meeting shall be entitled to appoint up to two (2) proxies to attend and vote at the Meeting in his stead. Where a shareholder appoints two (2) proxies, he shall specify the proportion of his shareholdings to be represented by each proxy.

b) For the purpose of determining a member who shall be entitled to attend the Meeting, the Company will be requesting Bursa Malaysia Depository Sdn. Bhd. in accordance with Article 63 of the Company's Articles of Association to issue a General Meeting Record of Depositors as at 20 September 2016. Only members whose names appear in the General Meeting Record of Depositors as at 20 September 2016 shall be regarded as members and entitled to attend, speak and vote at the Second AGM.

c) A proxy may but need not be a member of the Company and the provisions of Sections 149(1)(a) and (b) of the Companies Act, 1965 shall not apply to the Company. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.

d) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the seal or under the hand of an officer or attorney duly authorised.

e) Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

f) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. The appointment of multiple proxies shall not be valid unless the proportion of its shareholdings represented by each proxy is specified.

g) To be valid, the instrument appointing a proxy must be deposited at the Registered Office of the Company at Third Floor, No. 79 (Room A), Jalan SS21/60, Damansara Utama, 47400 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time fixed for holding the Meeting or any adjournment thereof.

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Stamp

The Company Secretary

LKL INTERNATIONAL BERHAD (1140005-V)
Clo Cospec Management Services Sdn. Bhd.
Third Floor, No. 79 (Room A)
Jalan SS21/60, Damansara Utama
47400 Petaling Jaya
Selangor Darul Ehsan

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LKL INTERNATIONAL BERHAD
(Company No. 1140005-V)
(Incorporated in Malaysia under the Companies Act, 1965)

Head Office :
Wisma LKL
No 3, Jalan BS 7/18
Kawasan Perindustrian Bukit Serdang
Seksyen 7, 43300 Seri Kembangan
Selangor Darul Ehsan, Malaysia
Tel (Hunting Lines) : +603 8948 2990
Fax : +603 8948 7904

LKL INTERNATIONAL BERHAD

(1140005-V)
(Incorporated in Malaysia)

To: All Shareholders of LKL International Berhad ("the Company" or "LKL")

Dear Sir/Madam,

ERRATA TO ANNUAL REPORT 2016

With reference to LKL's Annual Report 2016 which was distributed to the shareholders on 30 August 2016, we wish to inform that there are amendments made on page 84 of the Company's 2016 Annual Report ("AR 2016"). Item 37 on Foreign Exchange Rates of the Notes to the Financial Statements for the financial year ended 30 April 2016 should read as follows:

37 FOREIGN EXCHANGE RATES

The principal closing foreign exchange rates used (expressed on the basis of one unit of foreign currency to RM equivalent) for the translation of foreign currency balances at the end of the reporting period are as follows:

	The Group	
	2016	**2015**
	RM	RM
USD	3.90	3.56
EUR	4.44	3.99
SGD	2.90	2.69

Yours faithfully,
LKL INTERNATIONAL BERHAD

LIM KON LIAN
Managing Director

Date: 23 September 2016