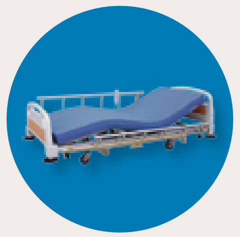
www.lklbeds.com



LKL INTERNATIONAL BERHAD
(Company No. 1140005-V)

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 (Company No. 1140005-V) ANNUAL REPORT 2017

Healthcare LKL ®

LKL INTERNATIONAL BERHAD
(Company No. 1140005-V)

ANNUAL REPORT 2017

CONTENT

2	Corporate Information
3	Group Structure
4	Chairman's Statement
6	Management Discussion and Analysis
10	Board of Directors
12	Directors' Profile
18	Key Senior Management's Profile
21	Corporate Governance Statement
33	Audit Committee Report
36	Statement on Risk Management and Internal Control
39	Statement of Directors' Responsibility
40	Additional Compliance Information
41	Financial Statements
99	Analysis of Shareholdings
102	List of Properties
104	Notice of AGM
	Proxy Form

CORPORATE INFORMATION

BOARD OF DIRECTORS

Tan Sri Datuk Adzmi Bin Abdul Wahab
Independent Non-Executive Chairman

Mok Mei Lan
Executive Director

Tevanaigam Randy Chitty
Senior Independent Non-Executive Director

Lim Kon Lian
Managing Director

Tan Chuan Hock
Non-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

RISK MANAGEMENT COMMITTEE

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

COMPANY SECRETARY

Tea Sor Hua *(MACS 01324)*

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

CORPORATE STRUCTURE

LKL International Berhad

- 100% — **LKL Advance Metaltech Sdn Bhd**
- 100% — **Medik Gen Sdn Bhd**
  - 70%* — **TMI Medik Group Sdn Bhd**

Note:

** 1% held via LKL Advance Metaltech Sdn Bhd and 69% held via Medik Gen 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 subsidiaries **("the Group")**, I am pleased to present the Annual Report and the Audited Financial Statements of LKL International for the financial year ended 30 April 2017 **("FYE2017")**.

CHAIRMAN'S STATEMENT
Cont'd

ECONOMIC REVIEW

The global economy in 2016 was impacted by weaker growth in the United States and the Eurozone, as well as China's slower pace of expansion. This was partially offset by robust performance from India and the Southeast Asian region. On a whole, global gross domestic product ("**GDP**") growth dipped to 3.1% in 2016 from 3.2% in 2015.

As a net exporter of oil, Malaysia was inadvertently impacted by the decline in global crude oil prices. Amidst weaker global economic growth and lower income from crude oil sales, Malaysia's GDP expanded at a slower pace of 4.2% in 2016 compared to 5.0% in 2015. Despite higher growth in the services sector, weaker performance was seen in the construction, manufacturing and mining sectors, while the agriculture sector saw a contraction.

Additionally, the weaker Malaysian Ringgit and the sharp rebound in commodity prices such as iron ore in the second half of 2016 has also led to manufacturers facing an increase in their input costs.

FUTURE OUTLOOK

The International Monetary Fund ("**IMF**") forecasts higher global growth of 3.5% in 2017 on the back of buoyant financial markets as well as a cyclical recovery in manufacturing and trade. China's GDP growth accelerated to 6.9% on an annualised basis for the first three months of 2017, while the Eurozone economy expanded at the fastest pace in two years at 1.9%. US GDP growth was sluggish at 1.2%.

There remain uncertainties that could derail global growth such as the Brexit process and the ambiguity surrounding the United States administration's stance on free trade.

Locally, the Malaysia economy was off to a positive start, recording GDP growth of 5.6% for the first quarter of 2017 on stronger performance from the manufacturing and agriculture sectors. The IMF expects Malaysia's economy to grow 4.8% in 2017 from 4.2% a year earlier, driven by stronger domestic demand and improving exports.

With regards to the medical and healthcare sector in which the Group operates in, industry reports forecast global health care expenditure to increase to USD8.7 trillion by 2020 from USD7.0 trillion in 2015 due to ageing population and chronic diseases, innovative clinical advancements, and rising technology and labor costs.

Additionally, sector experts indicate that Malaysia's healthcare expenditure could rise to USD20 billion by 2020 from between USD13 - USD14 billion in 2015, driven by rising incidences of chronic diseases, increasing healthcare costs, and a weak ringgit.

Furthermore, the Malaysia government has also taken an active role in developing the healthcare industry with an allocation of RM25.0 billion for the healthcare sector in its 2017 budget. The Malaysia government has also undertaken the initiative under the 11th Malaysia plan, to increase the number of beds in both public and private hospitals by 25 percent to 73,000 beds in 2020, from 58,530 beds in 2014.

With the Malaysia government's active involvement, together with underlying demand from the population, the medical bed, peripherals and accessories industry in Malaysia is estimated to grow at a compounded annual growth rate of 11.3%, from RM86.3 million in 2015 to RM118.9 million in 2018 as guided by specialist research and consulting firm Smith Zander International Sdn Bhd.

In line with these positive indicators in the healthcare market both locally and globally, the Group is optimistic about our future prospects. However, we remain vigilant towards potential challenges, and are confident that our initiatives to pursue growth and drive down our cost structure places the Group in a strong position to achieve sustainable long-term growth.

APPRECIATION

I wish to extend my deepest gratitude to the Board, the management team and our employees for their unwavering dedication in driving LKL International towards new heights.

I would also like to convey my sincere thanks to our valued shareholders, customers, suppliers, bankers, business partners and regulatory authorities for their continued support of the Group, and look forward to continuing our fruitful relationship.

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

MANAGEMENT DISCUSSION AND ANALYSIS

Notwithstanding the challenges in FYE2017, I am pleased to announce that LKL International recorded greater profitability as compared to the previous year. The improved performance is testament to our ability to navigate headwinds by focusing on building up our core businesses and providing value-added services. I am certain that LKL International's best days are still ahead.

MANAGEMENT DISCUSSION AND ANALYSIS
Cont'd

FINANCIAL REVIEW

Against a backdrop of lacklustre economic environment domestically, Group revenue dipped 8.8% to RM33.9 million in FYE2017 from RM37.1 million in the previous year, due to lower contribution from the sales of medical and healthcare beds.

Geographically, domestic sales made up 72.0% or RM24.4 million of Group revenue, declining 17.1% from RM29.4 million in the past year. That said, the Group noted success in our efforts to increase overseas sales, with export revenue rising 22.9% to RM9.5 million as compared to RM7.7 million previously.

Additionally, LKL International notched higher gross profit of RM16.9 million, an 11.2% improvement over the past year's RM15.2 million, on account of higher sales of value-added medical peripherals and accessories.

Administrative expenses rose to RM8.2 million from RM6.3 million, due to headcount expansion and competitive remunerations in line with market rates.

Selling and distribution expenses also increased to RM2.3 million from RM2.0 million, as the Group continued to enhance its distribution channels and step up marketing efforts.

Other expenses reduced to RM1.2 million in FYE2017 from RM2.1 million previously, on absence of listing expense of RM1.5 million incurred in the financial year ended 30 April 2016 ("**FYE2016**"), while finance costs remained largely stable at RM0.5 million.

Even so, profit before tax was up 23.8% to RM6.1 million from RM4.9 million previously in line with higher gross profit, and the absence of one-off expenses of RM1.5 million pertaining to listing expenses in FYE2016.

Net profit improved 37.0% to RM4.5 million from RM3.3 million in the previous year in line with higher profit before tax. The Group also benefitted from a lower effective tax rate of 26.0% as compared to 33.1% in the past year, mainly contributed by higher tax incentives arising from utilisation of reinvestment allowances in FYE2017.

The Group's financial position strengthened significantly. Cash and cash equivalents increased substantially to RM23 million from RM7.8 million previously, on proceeds from the initial public offering ("**IPO**") on 16 May 2016.

Group shareholders' equity stood at RM59.8 million, up from RM35.1 million in end-FYE2016 due to the Group's larger share capital base pursuant to the IPO, and higher retained earnings.

Total borrowings declined 4.6% to RM9.1 million from RM9.5 million in the past year as the Group pared down its term loans. With this, the Group entered a net cash position, compared to net gearing of 0.23 times in the previous year.

CAPITAL EXPENDITURE

LKL International incurred RM7.5 million in capital expenditure in FYE2017, of which RM5.1 million was spent on the acquisition of a factory and the remaining RM2.4 million went towards the acquisition of the new machinery, and other assets including computer equipment.

DIVIDEND

The Board had declared the payment of a first interim single-tier dividend of 0.35 sen per ordinary share totalling RM1.5 million in respect of FYE2017, which was paid to shareholders on 28 April 2017. Based on the Group's net profit of RM4.5 million in FYE2017, the dividend payout ratio amounted to 33.5%.

OPERATIONS REVIEW

Segment Performance

- **Manufacturing**

  LKL International manufactures a comprehensive suite of medical and healthcare furniture, mainly comprising medical and healthcare beds, peripherals, and related accessories under the LKL brand.

  - **Medical and healthcare beds**

    In view of weaker economic sentiment in the domestic healthcare sector, sales of medical and healthcare beds declined in FYE2017. This resulted in 35.8% lower revenue contribution from the medical and healthcare beds segment of RM9.6 million compared to RM15.0 million in FYE2016.

  - **Medical Peripherals and Accessories**

    That said, the medical peripherals and accessories manufacturing segment notched revenue growth of 12.5% to RM16.9 million in comparison to RM15.1 million in the past year. This was led by sales of higher value-add medical peripherals and accessories in both domestic and export markets; validating our capability of customising product features according to customer requirements.

Additionally, the Group took steps to constantly strengthen our operational efficiency. In the third quarter of FYE2017, the Group installed a new Computer Numeric Control ("**CNC**") punching machine, TruPunch 2000, which incurred investment of RM1.4 million. The new CNC punching machine would introduce more automation to our ongoing processes, allowing us to achieve higher operational efficiency, better process accuracy, and cost savings in the long term.

MANAGEMENT DISCUSSION AND ANALYSIS

Cont'd

- **Trading**

  LKL International also procures and markets various medical peripherals and accessories from third-party providers to complement our existing range of manufactured products.

  - **Medical Peripherals and Accessories**

    Revenue from the medical peripheral and accessories trading segment increased 3.1% to RM7.3 million from RM7.1 million in the previous year. This was attributed to more sales of complementary medical peripherals and accessories, in line with the growth in demand for our manufactured products.

Challenges

- **Volatile foreign exchange rate**

  The fluctuation of the Malaysian Ringgit in relation to international currencies including the U.S. Dollar and Singapore Dollar could lead to instability in commodity pricing, and higher costs of raw materials comprising mainly electrical components and hydraulic parts. The Group may experience a negative impact to its margins if it is unable to pass on higher costs to customers.

  To address these issues, the Group closely monitors foreign exchange movements as well as changes in the prices of its raw materials. Additionally, should our exposure to these factors become substantial, the Group would consider hedging our position.

- **More intense competition**

  The Group could face keener competition from other industry players, which may negatively impact margins.

  To stay ahead of the competition and strengthen our market position, the Group continuously invests in research and development of our products in line with evolving customer needs, as well as invest into automation and new manufacturing technology.

Growth Strategies

While mindful of the tough local and regional environment, we at LKL International remain resolute in staging the next phase of growth. To this end, we have outlined the following strategies.

- **Diversifying product offerings**

  LKL International intends to broaden our product range in order to strengthen our long term prospects, as well as enhance our value proposition as a supplier of choice to our healthcare customers.

  To this end, the Group, through our subsidiaries Medik Gen Sdn. Bhd. and LKL Advance Metaltech Sdn. Bhd., entered into a joint venture agreement with a leading medical equipment distributor from Sri Lanka, T.M.I Solutions (Pvt) Ltd to form TMI Medik Group Sdn. Bhd ("**TMG**").

  TMG officially commenced operations on 1 June 2017 and will distribute selected 'Nihon Kohden' products in Malaysia, a globally renowned brand of medical devices, such as defibrillators, automated external defibrillator, electroencephalographs and patient monitor screens. TMG was awarded exclusive distributorship rights by Nihon Kohden Singapore Pte Ltd for a minimum period of three years in Malaysia.

  With this, LKL International has effectively entered a new segment of distributing specialised medical devices, which not only diversifies our revenue base, but also allows us to provide a greater range of solutions to our customers.

- **Increasing export sales**

  With the Group's products sold to more than 30 countries since 2000, the LKL brand is increasingly recognised by medical and healthcare providers internationally.

  We would continue to pursue more growth on the international arena, and would engage in regular sales and marketing activities through international trade shows. The Group also works closely with various distributors and agents to identify latest procurement trends and market our products to new customers.

  In line with our efforts to penetrate new markets, the Group had successfully registered our operations with the United States Food and Drug Administration in May 2017, which enables the Group to market our products in the country. The registration also entails listing of a selection of LKL products which improves our credibility among target customers.

MANAGEMENT DISCUSSION AND ANALYSIS
Cont'd

- **Expand manufacturing capacity and capabilities**

  To support our future growth, the Group understands the importance of investing in new capacity and machinery, as well as upgrading machinery to improve our capabilities to consistently deliver high-quality and cost competitive products.

  In the fourth quarter of FYE2017, the Group completed the acquisition of a 11,135 square feet piece of freehold land together with a one and half storey semi-detached factory situated adjacent to our current manufacturing plant in Seri Kembangan, Selangor, for a purchase consideration of RM5.1 million.

  The Group is currently undertaking renovation works on the factory with targeted completion in the second quarter of the current financial year ending 30 April 2018 ("**2QFYE2018**"), which would increase our overall storage capacity and support our future space requirements to accommodate new machinery installations.

  The factory would also be outfitted with a new CNC laser tube machine, the TruLaser Tube 5000, which the Group acquired for RM3.9 million. The CNC laser tube machine is expected to be operational in 2QFYE2018, and would allow us to perform high-speed precision cutting, thus increasing our overall manufacturing efficiency and quality control.

Appreciation

I would like to convey my appreciation to the Board, management team, and our employees for your commitment towards delivering commendable results despite the challenging business environment. LKL International's achievements today are made possible because of your efforts, and I look forward to our collective strength in steering the Group towards greater heights.

Going forward, I am optimistic that LKL International will continue to achieve stronger financial performance, and in turn deliver greater returns to our shareholders.

Sincerely,

LIM KON LIAN
Managing Director

BOARD OF DIRECTORS

From Left to Right:

Tevanaigam Randy Chitty
Senior Independent Non-Executive Director

Mok Mei Lan
Executive Director

Tan Sri Datuk Adzmi Bin Abdul Wahab
Independent Non-Executive Chairman

Lim Kon Lian
Managing Director

Tan Chuan Hock
Non-Independent Non-Executive Director

Selma Enolil Binti Mustapha Khalil
Independent Non-Executive 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 74, is our Independent Non-Executive Chairman and was appointed to the Board on 23 July 2015. He is a Member of the Audit Committee and Risk Management Committee.

Tan Sri Datuk Adzmi holds a Master in Business Administration from University of Southern California. He is the Chairman of 3 other public listed companies, namely Magna Prima Berhad, Dataprep Holdings Berhad and Lebtech 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 ("**Mr. Lim**"), Malaysian, Male, aged 63, 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.

LIM KON LIAN

Managing Director

DIRECTORS' PROFILE
Cont'd

MOK MEI LAN

Executive Director

Mok Mei Lan ("**Ms. Mok**"), Malaysian, Female, aged 62, 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 ("**Mr. Tan**"), Malaysian, Male, aged 56, 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, Nomination Committee and Risk Management 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.

TAN CHUAN HOCK

Non-Independent Non-Executive Director

DIRECTORS' PROFILE
Cont'd

TEVANAIGAM RANDY CHITTY

Senior Independent Non-Executive Director

Tevanaigam Randy Chitty ("**Randy**"), Malaysian, Male, aged 49, is our Senior Independent Non-Executive Director. He was appointed to our Board on 23 July 2015 and is the Chairman of the Audit Committee, Nomination Committee and Risk Management 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 in November 1994. He holds a Capital Markets Services Representative's Licence as governed by the Securities Commission Malaysia since 2008 up to April 2017. 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. He has been an Associate at Sierac Corporate Advisers Sdn Bhd from 2010 until April 2017.

Presently, he is the Director/Principal Consultant of LeadingAdvantage Consulting Sdn Bhd, a position he has held since 2009. He has also been the Chief Financial Officer of AWC Berhad since March 2015.

Randy also sits on the Board of several private limited companies representing AWC Berhad.

DIRECTORS' PROFILE
Cont'd

Selma Enolil Binti Mustapha Khalil ("**Selma**"), Malaysian, Female, aged 46, 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 the Audit Committee, Nomination Committee and Risk Management 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.

SELMA ENOLIL BINTI MUSTAPHA KHALIL

Independent Non-Executive Director

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 31, 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.

LIM MING CHANG

General Manager - Operations

Lim Ming Chang ("**MC Lim**"), Malaysian, Male, aged 35, 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.

KEY SENIOR MANAGEMENT'S PROFILE

Cont'd

WEE CHUEN LII

Financial Controller

Wee Chuen Lii ("**CL Wee**"), a Malaysian, Male, aged 44, 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.

LEE KAH EARNG

Chief Marketing Officer

Lee Kah Earng ("**KE Lee**"), Malaysian, Male, aged 47, 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.

KEY SENIOR MANAGEMENT'S PROFILE

Cont'd

ELAINE LIM SIN YEE

Human Resource and Administration Manager

Elaine Lim Sin Yee ("**Elaine**"), Malaysian, Female, aged 36, 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.

LEE KAM WENG

Export Manager

Lee Kam Weng ("**KW Lee**"), Malaysian, Male, aged 29, 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.

Notes:

1. *None of the key senior management has any directorship in other public companies and listed corporations.*
2. *Except for Mr. PH Lim, Mr. MC Lim, Mr. KE Lee and Ms. Elaine, none of the other key senior management has any family relationships with any directors and/or major shareholders of the Company.*
3. *None of the key senior management has any conflict of interest with Company.*
4. *None of the key senior management has any 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 Directors ("**Board**") of LKL International Berhad ("**LKL International**" or "**Company**") is committed towards ensuring good corporate governance practices are implemented and maintained throughout the Company and its subsidiaries ("**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 the extent to which it has complied with the Best Practices of Code during the financial year ended 30 April 2017.

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 complies with the requirement that at least two (2) Directors or one third (1/3) of the Board, whichever is the higher, must be Independent Directors as stated in Rule 15.02 of the ACE Market Listing Requirements ("**Listing Requirements**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**"). The profile of each Director is set out in pages 12 to 17 of this Annual Report.

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 clear separation of functions between the Board and Management. The Board has a collective responsibility for the management of the Group. The Non-Executive Directors are responsible for bringing independent judgment and scrutiny to decisions taken by the Board and providing objective challenges to Management.

The Non-Executive Directors do not participate in the day-to-day management of the Group and do not engage in any business dealing or other relationship with the Group. This is to ensure that they are capable of exercising judgment objectively whilst acting in the best interest of the Group, its stakeholders and shareholders, including minority shareholders. To enhance accountability, the Board has specific functions reserved for the Board and those delegated to Management.

The Board takes cognisance of the recommendation on boardroom diversity published in the Code. In line with the Code, the Board shall 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;
- Overseeing the development and implementation of an investor relations programme and stakeholder communication policy; 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
d. Risk Management 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.

There is a clear division of responsibilities between the Chairman and the Managing Director ("**MD**") as well as specific parameters in which decisions are made in order to ensure independence.

The Board ensures that the Chairman is a non-executive member of the Board. The role of the Chairman and the MD are distinct and separate to ensure there is balance of power and authority. The Chairman 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.

CORPORATE GOVERNANCE STATEMENT
Cont'd

A. THE BOARD *cont'd*

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.

The Board has also adopted a Code of Ethics and Conduct which is incorporated in the Board Charter of the Company.

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.

iv. Board meetings

The Board schedules at least four (4) meetings in a year with the Board of Directors' and Committees' meetings scheduled well in advance to facilitate the Directors in planning ahead and to ensure that the dates of the Board and Board Committees meetings are booked in their respective schedules. Additional meetings to be convened when necessary.

During the financial year under review, six (6) Board meetings were held and details of attendances are as follows:

Name of Directors	Attendance
Tan Sri Datuk Adzmi bin Abdul Wahab	5/6
Lim Kon Lian	6/6
Mok Mei Lan	6/6
Tan Chuan Hock	6/6
Tevanaigam Randy Chitty	6/6
Selma Enolil Binti Mustapha Khalil	6/6

The Board had through the Nomination Committee, reviewed annually the time commitment of the Directors and ensures that they are able to carry out their responsibilities and contributions to the Board. It is also the Board's policy for Directors to notify the Chairman before accepting any new directorship. Such notification is expected to include an indication of time that will be spent on the new appointment.

Overall, the Board is satisfied with the level of time commitment given by the Directors of the Company towards fulfilling their duties and responsibilities. This is evidenced by the attendance record of the Directors as set out herein above.

v. Access to information and independent advice

From time to time, whenever the Board requires relevant information updates from any members of the Management team, the relevant member of the Management team is invited to attend meetings of the Board and to provide the Board with any such relevant information or updates.

The Board and the Board Committees receive timely and up-to-date information and the Company Secretary ensures a balanced flow of information is disseminated for decisions to be made on an informed basis and for the effective discharge of the Board's responsibilities.

CORPORATE GOVERNANCE STATEMENT
Cont'd

A. THE BOARD *cont'd*

v. Access to information and independent advice *cont'd*

All Directors have unrestricted access to the advice and services of the Company Secretary to enable them to discharge their duties effectively. The Company Secretary advises the Board on any updates relating to new statutory and regulatory requirements pertaining to the duties and responsibilities of Directors and their impact and implication to the Company and Directors in carrying out their fiduciary duties and responsibilities.

The Company Secretary organises and attends all Board and Board Committee meetings and ensures meetings are properly convened; accurate and proper records of the proceedings and resolutions passed are maintained accordingly at the registered office of the Company; and produced for inspection, if required.

vi. Qualified and Competent Company Secretary

The Board appoints the Company Secretary, who play an important advisory role, and ensures that the Company Secretary fulfills the functions for which he/she has been appointed. The Company Secretary, who is qualified, experienced and competent, is a central source of information and advice to 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 Secretary is suitably qualified and capable of carrying out the duties required. The Board is satisfied with the service and support rendered by the Company Secretary to the Board in the discharge of her functions.

vii. 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 Constitution, 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.

The Nomination Committee has noted that contribution of each following Directors who will be retiring by rotation under Clause 89 of the Company's Constitution and being eligible, have consented to be re-elected. The Nomination Committee has recommended to the Board for their re-election at the forthcoming AGM of the Company.

Retiring directors:-

a) Mr. Tan Chuan Hock
b) Mr. Tevanaigam Randy Chitty

CORPORATE GOVERNANCE STATEMENT
Cont'd

A. THE BOARD *cont'd*

viii. 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.

ix. 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 at a general meeting.

During the financial period under review, none of the Independent Directors has served the Board for at least nine (9) cumulative or consecutive years.

x. 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 Board has conducted an evaluation of the level of independence of the Independent Directors of the Company during the financial year ended 30 April 2017. The Board is satisfied with the level of the independence demonstrated by them and their ability to act in the best interests of the Company and/or the Group.

xi. 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 shall conduct an assessment of the performance of the Board and the Board Committees. The assessment will be presented and 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.

xii. 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.

CORPORATE GOVERNANCE STATEMENT
Cont'd

A. THE BOARD *cont'd*

xii. Directors' training *cont'd*

During the financial year ended 30 April 2017, all Directors of the Company have attended the in-house training session on "An Overview to the amendments to the Listing Requirements of Bursa Securities" conducted by the Company Secretary.

The Directors also attended the following training:-

Directors	Programmes Attended
Tan Sri Datuk Adzmi bin Abdul Wahab	• Bursa Malaysia – Ring the Bell for Gender Equality
Tan Chuan Hock	• New Public Rulings – 2015 & 2016 • Persidangan Cukai Malaysia 2016 • Understanding Transfer Pricing Issues on Intra-Group Services • Managing Income Tax Audits and Capitalising on Voluntary Disclosure Penalty Waiver/Reduction from 1st March to 15th December 2016 • Companies Act 2016 – Key Insights and Implication for Directors/Shareholders • 2017 Budget Seminar
Tevanaigam Randy Chitty	• Case Study Workshop for Independent Directors "Rethinking – Independent Directors: A New Frontier" • 2017 Budget Proposal Briefing

The Directors will continue to attend other relevant training programmes as appropriate to enhance their skills and knowledge.

xiii. Leverage on Information Technology for Effective Dissemination of Information

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.

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.

CORPORATE GOVERNANCE STATEMENT
Cont'd

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 of the Company consists of the following members who are appointed by the Board:-

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

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 Terms of Reference of the Audit Committee is published on the Company's website at www.lklbeds.com. A summary of activities carried out during the financial year ended 30 April 2017 are set forth in the Audit Committee Report of this Annual Report.

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 and majority of whom are Independent 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 Director
Selma Enolil Binti Mustapha Khalil	Member, Independent Non-Executive Director
Tan Chuan Hock	Member, Non-Independent Non-Executive Director

The role of the Nomination Committee is to annually review the optimum size, required mix of skills, experience and other qualities of the Directors and to recommend new appointment, if any, to the Board.

The Terms of Reference of the Nomination Committee is published on the Company's website at www.lklbeds.com.

The Nomination Committee has developed certain criteria used in the recruitment process and annual assessment of Directors, including Independent Directors. Due consideration is given to the competencies, required mix of skills, expertise, experience and contribution that the proposed Director(s) shall bring to complement the Board.

The Nomination Committee meets as and when required. The Nomination Committee met twice during the financial year under review.

CORPORATE GOVERNANCE STATEMENT
Cont'd

B. BOARD COMMITTEES *cont'd*

ii. Nomination Committee *cont'd*

The Nomination Committee had undertaken the following activities during this reporting financial year under review:

- Considered and recommended to the Board for consideration, the re-election of Directors who were due to retire at the Second AGM pursuant to Company's Constitution.

- Reviewed and considered the re-appointment of Tan Sri Datuk Adzmi Bin Abdul Wahab who was over 70 years of age.

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 Board had, through the Remuneration Committee, established formal and transparent remuneration policies and procedures to attract and retain Directors.

The Remuneration Committee comprises of the following members:

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

The Remuneration Committee is principally responsible for the development and review of the remuneration policy and packages of the MD and Executive Directors including Board Members, where necessary, and subsequently furnishes their recommendations to the Board for adoption. The Remuneration Committee is also responsible to ensure that the remuneration package and benefits of the Board and the employees of the Group are benchmarked with industry standards in light of the Group's performance in the industry.

The Board will determine the level of remuneration of Board Members, taking into consideration the recommendations of the Remuneration Committee for executive Board Members and/or the MD. The remuneration of the MD and Executive Directors are reward and performance based.

Non-Executive Directors of the Company will be paid a basic fee as ordinary remuneration 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.

Each Director shall abstain from the deliberation and voting on matters pertaining to their own remuneration. The Board is of the view that the disclosure of remuneration by appropriate components and bands are sufficient to meet the objectives set out in the Listing Requirements of Bursa Securities.

CORPORATE GOVERNANCE STATEMENT
Cont'd

B. BOARD COMMITTEES *cont'd*

iii. Remuneration Committee *cont'd*

Details of the remuneration of the Directors for the Company and the Group for the financial year under review are as follows:

The Company

Directors	Fees (RM)	Salaries & Benefits in Kind (RM)	Meeting Allowance (RM)	Total (RM)
Executive Directors	-	-	-	-
Non-Executive Directors	126,000	-	5,700	131,700
TOTAL	**126,000**	**-**	**5,700**	**131,700**

Range of Remuneration	No. of Directors Executive	Non-Executive
RM50,000 and below	-	4
RM50,001 – RM100,000	-	-
RM200,001 – RM250,000	-	-
RM350,001 – RM400,000	-	-
RM750,001 – RM800,000	-	-

The Group

Directors	Fees (RM)	Salaries & Benefits in Kind (RM)	Meeting Allowance (RM)	Total (RM)
Executive Directors	-	1,125,040	-	1,125,040
Non-Executive Directors	126,000	-	5,700	131,700
TOTAL	**126,000**	**1,125,040**	**5,700**	**1,256,740**

Range of Remuneration	No. of Directors Executive	Non-Executive
RM50,000 and below	-	4
RM50,001 – RM100,000	-	-
RM200,001 – RM250,000	-	-
RM350,001 – RM400,000	1	-
RM750,001 – RM800,000	1	-

CORPORATE GOVERNANCE STATEMENT
Cont'd

B. BOARD COMMITTEES *cont'd*

iv. Risk Management Committee

The Risk Management Committee of the Company was established on 28 June 2017 to act as a Committee of the Board with the primary objective to assist the Board in the following functions:-

a. carrying out its responsibility of overseeing Group's risk management framework and policies;

b. ensuring that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interest and the Group's assets; and

c. determining the nature and extent of significant risks which it is willing to take in achieving its strategic objectives.

The Risk Management Committee of the Company comprises the following members:-

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

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 for the full year basis. The Board also has a duty to ensure that these 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 approved by the Malaysian Accounting Standard Board ("**MASB**") in Malaysia and the provisions of the Companies Act 2016 are complied.

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. Assess the suitability and independence of External Auditors

The Audit Committee is empowered by the Board to review any matters concerning the appointment and re-appointment, resignations or dismissals of External Auditors and review and evaluate factors relating to the independence of the External Auditors. The Audit Committee works closely with the External Auditors in establishing procedures in assessing the suitability and independence of the External Auditors, in confirming that they are, and have been, independent throughout the conduct of the audit engagement with the Group in accordance with the independence criteria set out by the International Federation of Accountants and the Malaysian Institute of Accountants. The terms of engagement for services provided by the External Auditors are reviewed by the Audit Committee prior to submission to the Board for approval.

iii. Sound Framework to Manage Risks

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*

iii. Sound Framework to Manage Risks *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.

iv. Internal Audit Function

The internal audit function of the Group is outsourced to Sterling Business Alignment Consulting Sdn. Bhd. ("**Sterling**"). 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.

Sterling conducted independent reviews of the key activities within the Group's operating units based on a detailed internal audit plan which has been approved by the Audit Committee. Sterling reported their findings on the Group's internal control system quarterly and would report any incidence of non-compliance of the internal control system and any other matters that would have a material effect on the Group's financial results and its going-concern assumptions. Sterling would also ensure that all non-compliance of internal control system and weaknesses in the system are rectified without delay.

During the financial year under review, the Board was satisfied that there were continuous efforts made by the Management to address and resolve areas with control weaknesses and that the control procedures were in place and were being followed.

D. STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

i. Annual General Meeting

The Board recognises the importance of maintaining transparency and accountability to the Company's shareholders. The Board ensures that all the Company's shareholders are treated equitably and the rights of all investors, including minority shareholders, are protected. The Board provides shareholders and investors with information on its business, financials and other key activities in the Annual Report of the Company. The Board aims to provide and present a clear and comprehensive assessment of disclosures in the Annual Report to shareholders. In disclosing information in the Annual Report, the Board is guided by the principles set out in the Listing Requirements of Bursa Securities. The Company sends out the Notice of the AGM to shareholders at least twenty one (21) days before the meeting as required under the Listing Requirements of Bursa Securities, in order to facilitate full understanding and evaluation of the issues involved. Where special business items appear in the Notice of the AGM, a full explanation is provided to shareholders on the effect of the proposed resolution.

The AGM is the principal opportunity for the Board to meet shareholders and for the Chairman to provide an overview of the Group's progress and receive questions from shareholders.

At the AGM, shareholders actively participate in discussing the resolutions proposed or on future developments of the Group's operations in general. The Board, the Management team and the Company's External Auditors, are present to answer questions raised and provide clarification as requested by shareholders.

CORPORATE GOVERNANCE STATEMENT
Cont'd

D. STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS *cont'd*

ii. Poll Voting

All resolutions set out in the Notice of the AGM are put to vote by way of poll of which the votes shall be validated by an independent scrutineer.

The outcome of all resolutions proposed at the general meeting is announced to Bursa Securities at the end of the meeting day.

A summary of key matters discussed at the AGM, if any, will be published on the Company's website for the shareholders' information.

iii. Effective Communication and Proactive Engagement

The Company recognises the importance of being transparent and accountable to its stakeholders and as such, maintains an active and constructive communication policy that enables the Board to communicate effectively with investors, financial community and the public generally. The various channels of communications are through meetings with institutional shareholders and investment communities, quarterly announcements on financial results to Bursa Securities, relevant announcements and circulars, when necessary, the Annual and Extraordinary General Meetings and through the Company's corporate website at www.lklbeds.com, from which shareholders and prospective investors can access corporate information, annual reports, press releases, financial information, company announcements and share prices of the Company.

STATEMENT BY THE BOARD ON CORPORATE GOVERNANCE STATEMENT

The Board has deliberated, reviewed and approved this Statement. The Board considers and is satisfied that to the best of its knowledge the Company has fulfilled its obligations under the Code, the relevant chapters of the Listing Requirements of Bursa Securities on corporate governance and all applicable laws and regulations throughout the financial year ended 30 April 2017.

This statement is made in accordance with the resolution of the Board dated 18 August 2017.

AUDIT COMMITTEE REPORT

OBJECTIVES

The primary objective of the Audit Committee ("**the Committee**") is to assist the Board of Directors ("**the Board**") in discharging its statutory duties and responsibilities, among others, providing an additional assurance to the Board by giving an objective and independent review of financial, operational and administrative controls and procedures, establishing and maintaining internal controls and reinforcing the independence of the Company's External Auditors, thereby ensuring that they have free reign in the audit process.

COMPOSITION OF AUDIT COMMITTEE

The Committee 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 ACE Market Listing Requirements ("**Listing Requirements**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**").

The members of the Committee comprises of the following Directors:

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

The Terms of Reference of the Committee can be accessed from the corporate website of the Company at www.lklbeds.com, under the "Investor Relations" tab.

SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR

The Committee met six (6) times during the financial year under review. The attendance of the Committee members is set out as follows:

Name of Committee Members	Meeting Attendance
Tevanaigam Randy Chitty	6/6
Tan Sri Datuk Adzmi Bin Abdul Wahab	5/6
Selma Enolil Binti Mustapha Khalil	6/6
Tan Chuan Hock	6/6

The presence of the External Auditors and/or the Internal Auditors at the Committee meetings can be requested if required by the Committee. Other members of the Board and officers of the Company and the Group may attend the meeting (specific to the relevant meeting) upon invitation of the Committee.

The Committee had carried out the following activities during the financial year ended 30 April 2017 in discharging their duties and responsibilities:

i. Reviewed the Company's quarterly unaudited financial results and annual Audited Financial Statements of the Group and the Company including the announcements pertaining thereto. Discussion focused particularly on any change in accounting policies and practices, significant adjustments arising from the audit and compliance with approved accounting standards and other legal regulatory requirements before recommending to the Board for approval and release of the announcements to Bursa Securities and submission to Companies Commission of Malaysia;

ii. Reviewed the Audit Planning Memorandum for the financial year ended 30 April 2017 presented by the External Auditors to ensure the scope of the external audit is comprehensive;

AUDIT COMMITTEE REPORT
Cont'd

SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR *cont'd*

iii. Reviewed with the External Auditors, the annual audited financial statements of the Company and the Group and issues arising from the audit of the financial statements highlighted in the External Auditors' management letter and the management's responses thereon;

iv. Considered and recommended the re-appointment of Messrs. Crowe Horwath as the External Auditors and their audit fee to the Board for consideration based on the independence, competency and efficiency as demonstrated by the External Auditors during their audit;

v. Reviewed with the Internal Auditors, the internal audit plan, work done and reports, for the internal audit function and considered the findings of the internal audit investigations and management responses thereon, and ensure that appropriate actions were taken in addressing the issues reported by the Internal Auditors.

vi. Reviewed if there were any related party transactions and/or recurrent related party transactions that transpired within the Group to ensure that the transactions entered into were at arm's length basis and on normal commercial terms; and

vii. Reviewed the Corporate Governance Statement, Audit Committee Report and Statement on Risk Management and Internal Control to ensure adherence to legal and regulatory reporting requirements before recommending to the Board for approval for inclusion in the Company's Annual Report.

INTERNAL AUDIT ("IA") FUNCTION

Appointment

The IA function is outsourced to Sterling Business Alignment Consulting Sdn. Bhd. ("**Sterling**"), an independent professional consulting firm to carry out IA services for the Group. The outsourced Internal Auditors report directly to the Committee, providing the Board with a reasonable assurance of adequacy of the scope, functions and resources of the IA function. IA reports will be presented, together with senior management's response and proposed action plans to the Committee on a quarterly basis.

The purpose of the IA function is to provide the Board, through the Committee, assurance of the effectiveness of the system of internal control of the designated entities of the Group.

IA Activities

The Internal Auditors undertake IA functions based on the operational, compliance and risk-based audit plan approved by the Committee. 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.

The IA function carried out by Sterling during the financial year under review includes, among others, the following:

i. Prepared the IA Plan for the Group for discussion and approval of the Committee before recommending to the Board for adoption;
ii. Reviewed the system of internal control and key operating processes based on the approved IA Plan. During the financial year, Sterling has reviewed critical business processes, identified risks and internal control gaps, assessed the effectiveness and adequacy of the existing state of internal control of the Group and recommended possible improvements to the existing system of internal control;
iii. IA reports incorporating the audit observations, audit recommendations and management action plans were tabled to the Committee for review and approval on quarterly basis; and
iv. Follow-ups were conducted on previously issued audit recommendations to ensure that all recommendations and management action plans had been implemented accordingly.

Total costs incurred for the financial year

The total costs incurred for the IA function of the Group for the financial year ended 30 April 2017 was RM33,000.

INTERNAL AUDIT ("IA") FUNCTION *cont'd*

Review of IA Function

For the financial year ended 30 April 2017, the Committee noted that the IA function is independent and Sterling has performed their audit assignments with impartiality, proficiency and due professional care.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors (“**the Board**”) of LKL International Berhad (“**the Company**”) is pleased to present the Statement on Risk Management and Internal Control (“**Statement**”) of the Company and its subsidiaries (“**the Group**”), which outlines the nature and scope of risk management and the internal control system of the Group for the financial year ended 30 April 2017 (“**FYE2017**”) pursuant to Rule 15.26(b) of the ACE Market Listing Requirements (“**Listing Requirements**”) of Bursa Malaysia Securities Berhad (“**Bursa Securities**”), Malaysian Code on Corporate Governance 2012 (“**the Code**”) and is guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

BOARD RESPONSIBILITY

The Board acknowledges its overall responsibility for the Group’s risk management and internal control system to safeguard shareholders’ interests and the Group’s assets, as well as reviewing its effectiveness, adequacy and integrity on a regular basis.

The system of internal control covers governance, risk management, financial, organisational, operational and compliance controls. In view of the limitations that are inherent in any system of internal control, the Group’s system of internal control is designed to manage and minimise, rather than to eliminate the risks of failure to achieve the Group’s objectives. Accordingly, it can only provide reasonable but not absolute assurance against material misstatement, fraud or loss.

The Board, through the Audit Committee (“**AC**”), ensures that the risk management and internal control practices are adequately implemented within the Group. Management is required to implement the Board’s policies and guidelines on risks and controls, to identify and evaluate the risks faced by the Group, and to operate a suitable system of internal controls to manage these risks.

RISK MANAGEMENT

The Board regards risk management as an integral part of the day-to-day operations of the Group and has put in place the risk management framework within the Group as an ongoing process for identifying, evaluating, monitoring and managing the significant risks affecting the achievement of its business objectives.

As at the date of the Annual Report, the Board has formed a Risk Management Committee (“**RMC**”) which consists of majority independent non-executive directors to discharge the risk management function of the Group on behalf on the Board. The RMC reports to the Board in respect of the identified risks and has been delegated to oversee the risk management framework, to review the risk registry, ongoing risk management implementation and assess effectiveness of the risk management framework.

The AC and the Board had received and reviewed the risk registry of the Group for corporate level and its key subsidiary. The risk factors identified and deliberated were assigned to the respective risk owners to implement the risk control actions. The Board would ensure that the risk control actions are taken accordingly.

INTERNAL AUDIT FUNCTION

The Group in its efforts to provide adequate and effective internal control system had appointed an independent consulting firm i.e. Sterling Business Alignment Consulting Sdn. Bhd. (“**Sterling**”) to undertake its internal audit function. Sterling acts as the internal auditors and reports directly to the AC during the AC meetings, on quarterly basis.

Sterling utilised the internal control framework as promulgated by the Committee of Sponsoring Organisation of the Treadway Commission (“**COSO**”) as internal control review approach with review procedures carried out in accordance with applicable standards of the International Professional Practices Framework adopted and recommended by the Institute of Internal Auditors Malaysia.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Cont'd

INTERNAL AUDIT FUNCTION *cont'd*

Based on the internal audit reviews, observations were presented by Sterling, together with Management's response and proposed action plans, to the AC for review during the quarterly AC meeting. In addition, the internal auditors followed up on the implementation of recommendations from previous cycles of internal audit and updated the AC on the status of Management agreed action plans. The total costs incurred for the outsourced internal audit function for FYE2017 was RM33,000.

During the financial year, the internal auditors reviewed the adequacy and integrity of the Group's internal control system. For FYE2017, the following subsidiary of the Group was audited by Sterling:-

Audit Period	Reporting Month	Name of Entity Audited	Audited Areas
1st Quarter (May 2016 – Jul 2016)	Sep 2016	LKL Advance Metaltech Sdn Bhd	Internal Audit Review:- ● Sales and Marketing ● Tender & Costing
2nd Quarter (Aug 2016 – Oct 2016)	Dec 2016	LKL Advance Metaltech Sdn Bhd	Internal Audit Review:- ● Inventory Management
3rd Quarter (Nov 2016 – Jan 2017)	Mar 2017	LKL Advance Metaltech Sdn Bhd	Follow-up actions on previously reported audited findings:- ● Internal Audit reported in December 2016 ● Internal Audit reported in September 2016
4th Quarter (Feb 2017 – Apr 2017)	Jun 2017	LKL Advance Metaltech Sdn Bhd	Enterprise Risk Management:- ● Review of the Risk Registry, Risk Matrix and Risk Management Framework.

INTERNAL CONTROL SYSTEM

The following sets out the key elements of the Group's internal controls:

- **Organisational Structure**
  The Group has a defined organisational structure that is aligned to its business and operation requirements. Defined lines of accountability, delegation of responsibility and level of authorisation for all aspects of the business have been laid down and communicated throughout the Group.

- **Limits of Authority**
  Authority charts have been established within the Group to provide a functional framework of authority in approving sales order, purchases, expenses and capital expenditure.

- **Standard Operating Policies and Procedures ("SOP")**
  Numerous SOPs have been established to serve as a general management guide for daily operations. These policies and procedures are reviewed on whenever necessary to reflect changing risks or to resolve any operational deficiencies. It is also to promote efficiency and accountability for the Group.

- **Board and Management Meetings**
  Regular Board and Management meetings are held where information is provided to the Board and Management, covering financial results and operational performance, for effective monitoring and decision making.

- **Training and Development Programmes**
  Training and development programmes are established to ensure staffs are constantly kept up-to-date with the constant technological changing environment, in order to be competent in the industry which is in line with achieving the Group's business objectives.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Cont'd

ASSURANCE TO THE BOARD

The Board had received assurance from the Managing Director and Financial Controller that the Group's risk management and internal control system have been operating adequately and effectively in all material aspects, based on the risk management and internal control system of the Group.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The External Auditors have reviewed this Statement for inclusion in the Annual Report for FYE2017. Their review was performed in accordance with the Recommended Practice Guide 5 (Revised 2015) 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 this Statement is inconsistent with their understanding of the processes the Board has adopted in the review of the adequacy and effectiveness of the risk management and internal control system of the Group.

CONCLUSION

The Board is of the opinion that the Group's risk management and internal control system, for the financial year under review, and up to the date of approval of this Statement, has been sound and sufficient, in all material aspects, based on the risk management and internal control system adopted by the Group. The Board continues to evaluate and take appropriate measures to strengthen the internal control systems to meet the Group's objectives.

This Statement is made in accordance with the resolution of the Board dated **18 August 2017.**

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 2016 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 2017, 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

The entire enlarged issued share capital of the Company comprising 428,800,000 ordinary shares was listed on the ACE Market of Bursa Securities on 16 May 2016 ("**IPO**").

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 2017 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	6,000	5,516	484 ^	-	
(b)	Acquisition of factory and related renovation works	6,495	4,950	-	1,545	Within 18 months
(c)	Working capital	7,605	7,934	(329)	-	
(d)	Estimated listing expenses	2,500	2,655	(155) *	-	
	Total	**22,600**	**21,055**	**-**	**1,545**	

Notes:

^ *In view that the capital expenditure was lower than estimated, the excess has been utilised for working capital purposes.*

* *In view that the actual listing expenses were higher than estimated, the deficit has been 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 2017 amounted to RM25,000 and RM75,000 respectively, whereas the non-audit fees incurred by the Company was RM7,000 for the financial year ended 30 April 2017.

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	42
Statement by Directors	46
Statutory Declaration	46
Independent Auditors' Report	47
Statements of Financial Position	50
Statements of Profit or Loss and Other Comprehensive Income	51
Statements of Changes in Equity	52
Statements of Cash Flows	54
Notes to the Financial Statements	56

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 2017.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 5 to the financial statements.

RESULTS

	The Group RM	The Company RM
Profit after taxation for the financial year	4,477,063	4,470,845
Attributable to:-		
Owners of the Company	4,479,063	4,470,845
Non-controlling interests	(2,000)	-
	4,477,063	4,470,845

DIVIDEND

Dividend paid or declared by the Company since 30 April 2016 are as follows:-

	RM
In respect of the financial year ended 30 April 2017	
A first interim single tier dividend of 0.35 sen per ordinary share, paid on 28 April 2017	1,500,800

The directors do not recommend the payment of any further dividends for the 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 issued share capital from RM31,580,000 to RM42,880,000 by way of the issuance of 113,000,000 new ordinary shares at an issue price of RM0.20 per share pursuant to the listing of the Company on the ACE Market of Bursa Malaysia Securities Berhad for a total cash consideration of RM22,600,000. The new ordinary shares issued rank pari passu in all respects with the existing ordinary shares of the Company; and

(b) 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 there are no known bad debts 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 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, 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 in which this report is made.

DIRECTORS

The names of directors of the Company who served during the financial year until the date of this 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

The names of directors of the Company's subsidiaries who served during the financial year until the date of this report, not including those directors mentioned above, are as follows:-

Elaine Lim Sin Yee
Mohamed Hasnan Che Hussin
Lim Pak Hong (Appointed on 10.10.2016)
Lim Ming Chang (Appointed on 10.10.2016)
Chrisantha Samuel Mendis (Appointed on 3.3.2017)

DIRECTORS' INTERESTS

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

	Number of Ordinary Shares			
	At 1.5.2016	Bought	Sold	At 30.4.2017
Direct Interests in the Company				
Lim Kon Lian	110,003,745	307,000	-	110,310,745
Mok Mei Lan	110,003,725	-	-	110,003,725
Tan Chuan Hock	28,421,990	350,000	-	28,771,990
Tan Sri Datuk Adzmi Bin Adbul Wahab	-	350,000	50,000	300,000
Tevanaigam Randy Chitty	-	350,000	50,000	300,000
Selma Enolil Binti Mustapha Khalil	-	350,000	300,000	50,000
Indirect Interests in the Company				
Lim Kon Lian#	177,374,265	450,000	-	177,824,265
Mok Mei Lan#	177,374,285	757,000	-	178,131,285

\# *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 subsidiaries during the financial year to the extent of the Company's interest, in accordance with Section 8 of the Companies Act 2016.

DIRECTORS' REPORT
Cont'd

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by directors shown in the financial statements or the fixed salary of a full-time employee of the Company or related corporation) 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 35 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.

DIRECTORS' REMUNERATION

The details of the directors' remuneration paid or payable to the directors of the Company during the financial year are disclosed in Note 34 to the financial statements.

INDEMNITY AND INSURANCE COST

During the financial year, there is no indemnity coverage and insurance premium paid for the directors of the Group.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 5 to the financial statements.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in Note 39 to the financial statements.

AUDITORS

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

The details of the auditors' remuneration are disclosed in Note 25 to the financial statements.

To the extent permitted by law, the Company has agreed to indemnify its auditors as part of the terms of its audit engagement against any claims by third parties arising from the audit. No payment has been made to indemnify the auditors during or since the financial year.

Signed in accordance with a resolution of the directors dated 18 August 2017

LIM KON LIAN **MOK MEI LAN**

STATEMENT BY DIRECTORS
PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

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 50 to 97 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 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 2017 and of their financial performance and cash flows for the financial year ended on that date.

The supplementary information set out in Note 41, 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 2017

LIM KON LIAN **MOK MEI LAN**

STATUTORY DECLARATION
PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT 2016

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 50 to 98 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 2017

LIM KON LIAN

Before me
Lai Din (No.W-668)
Commissioner for Oaths

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of LKL International Berhad, which comprise the statements of financial position as at 30 April 2017 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 notes to the financial statements, including a summary of significant accounting policies, as set out on pages 50 to 97.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 April 2017, and of their financial performance and their 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 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("**By-Laws**") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("**IESBA Code**"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report.

<table>
<tr><td colspan="2">Recoverability of trade receivables

Refer to Note 8 to the financial statements</td></tr>
<tr><td>Key Audit Matter</td><td>How our audit address the key audit matter</td></tr>
<tr><td>The trade receivables of the Group amounted to approximately RM7.83 million and it constituted approximately 18% of the total current assets of the Group.

We focused on this area due to the long outstanding receivable balances which are past due or more than the credit term of 120 days granted by the Group. The total long outstanding balance which exceeded the credit term amounted to approximately RM1.9 million is considered to be of a major credit risk. The assessment of recoverability of these long outstanding receivables involved judgement and estimation of uncertainty by Management.</td><td>Our procedures included, amongst others:-

(a) Tested the adequacy of the Group's allowance for impairment losses on trade receivables by assessing the Group's policy and historical data from the Group's collection experience;

(b) Tested the Group's subsequent collection after the financial year for major receivables and past due receivables on sampling basis; and

(c) Assessed the adequacy of disclosure in the financial statements.</td></tr>
</table>

INDEPENDENT AUDITORS' REPORT

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

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of the financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As a part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:-

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

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

Auditors' Responsibilities for the Audit of the Financial Statements *cont'd*

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiary of which we have not acted as auditors, is disclosed in Note 5 to the financial statements.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 41 on page 98 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad 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 266 of the Companies Act 2016 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 2017

Kuala Lumpur

STATEMENTS OF FINANCIAL POSITION
AT 30 APRIL 2017

		The Group		The Company	
		2017	2016	2017	2016
	Note	RM	RM	RM	RM
ASSETS					
NON-CURRENT ASSETS					
Investment in subsidiaries	5	-	-	31,580,090	31,579,990
Property, plant and equipment	6	28,157,730	22,192,559	-	-
		28,157,730	22,192,559	31,580,090	31,579,990
CURRENT ASSETS					
Inventories	7	10,559,419	10,181,400	-	-
Trade receivables	8	7,834,395	9,592,020	-	-
Other receivables, deposits and prepayments	9	1,600,633	1,307,258	6,600	524,045
Amount owing by subsidiaries	10	-	-	10,049,893	-
Current tax assets		453,920	495,795	-	-
Fixed deposits with licensed banks	11	5,680,803	659,054	5,000,000	-
Cash and bank balances		18,014,779	7,804,835	8,116,338	-
		44,143,949	30,040,362	23,172,831	524,045
TOTAL ASSETS		72,301,679	52,232,921	54,752,921	32,104,035
EQUITY AND LIABILITIES					
EQUITY					
Share capital	12	42,880,000	31,580,000	42,880,000	31,580,000
Share premium	13	10,418,848	-	10,418,848	-
Merger deficit	14	(29,579,990)	(29,579,990)	-	-
Retained profits/(Accumulated losses)		36,059,934	33,081,671	1,374,523	(1,595,522)
Equity attributable to Owners of the Company		59,778,792	35,081,681	54,673,371	29,984,478
Non-controlling interests		(1,970)	-	-	-
TOTAL EQUITY		59,776,822	35,081,681	54,673,371	29,984,478
NON-CURRENT LIABILITIES					
Long-term borrowings	15	7,760,268	8,473,968	-	-
Deferred tax liabilities	18	535,000	535,000	-	-
		8,295,268	9,008,968	-	-
CURRENT LIABILITIES					
Trade payables	19	1,453,167	3,379,313	-	-
Other payables and accruals	20	1,478,588	3,744,716	73,300	599,557
Amount owing to a subsidiary	10	-	-	-	1,520,000
Short-term borrowings	21	1,291,584	1,018,243	-	-
Current tax liabilities		6,250	-	6,250	-
		4,229,589	8,142,272	79,550	2,119,557
TOTAL LIABILITIES		12,524,857	17,151,240	79,550	2,119,557
TOTAL EQUITY AND LIABILITIES		72,301,679	52,232,921	54,752,921	32,104,035

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 2017

		The Group		The Company	
		2017	2016	2017	2016
	Note	RM	RM	RM	RM
REVENUE	22	33,892,664	37,148,729	5,000,000	-
COST OF SALES	23	(17,003,134)	(21,959,657)	-	-
GROSS PROFIT		16,889,530	15,189,072	5,000,000	-
OTHER INCOME	24	1,344,035	595,615	442,682	-
		18,233,565	15,784,687	5,442,682	-
ADMINISTRATIVE EXPENSES	25	(8,215,143)	(6,299,364)	(698,902)	(39,637)
SELLING AND DISTRIBUTION EXPENSES	26	(2,337,141)	(1,979,990)	-	-
OTHER EXPENSES	27	(1,158,315)	(2,127,442)	(222,935)	(1,486,228)
FINANCE COSTS	28	(470,790)	(488,583)	-	-
PROFIT/(LOSS) BEFORE TAXATION		6,052,176	4,889,308	4,520,845	(1,525,865)
INCOME TAX EXPENSE	29	(1,575,113)	(1,618,205)	(50,000)	-
PROFIT/(LOSS) AFTER TAXATION/TOTAL COMPREHENSIVE INCOME/(EXPENSES) FOR THE FINANCIAL YEAR		4,477,063	3,271,103	4,470,845	(1,525,865)
PROFIT/(LOSS) AFTER TAXATION/TOTAL COMPREHENSIVE INCOME/(EXPENSES) ATTRIBUTABLE TO:-					
Owners of the Company		4,479,063	3,271,103	4,470,845	(1,525,865)
Non-controlling interests		(2,000)	-	-	-
		4,477,063	3,271,103	4,470,845	(1,525,865)
EARNINGS PER SHARE					
- Basic	30	1.05	1.04		
- Diluted	30	1.05	1.04		

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2017

	Note	Share Capital RM	Share Premium RM	Merger Deficit RM	Retained Profits RM	Attributable to Owners of the Company RM	Non-Controlling Interests RM	Total Equity RM
The Group								
At 1.5.2015		1,500,010	-	-	29,810,568	31,310,578	-	31,310,578
Profit after taxation/Total comprehensive income for the financial year		-	-	-	3,271,103	3,271,103	-	3,271,103
Contributions by and distribution to owners of the Company:								
- Issuance of shares	12	31,579,990	-	-	-	31,579,990	-	31,579,990
- Issuance of shares by a subsidiary		500,000	-	-	-	500,000	-	500,000
- Adjustment on the acquisition of a subsidiary		(2,000,000)	-	(29,579,990)	-	(31,579,990)	-	(31,579,990)
Total transactions with owners		30,079,990	-	(29,579,990)	-	500,000	-	500,000
Balance at 30.4.2016/1.5.2016		31,580,000	-	(29,579,990)	33,081,671	35,081,681	-	35,081,681
Profit after taxation/Total comprehensive income for the financial year		-	-	-	4,479,063	4,479,063	(2,000)	4,477,063
Contributions by and distribution to owners of the Company:								
- Issuance of shares	12	11,300,000	11,300,000	-	-	22,600,000	-	22,600,000
- Share issuance expenses		-	(881,152)	-	-	(881,152)	-	(881,152)
- Incorporation of a subsidiary		-	-	-	-	-	30	30
- Dividend	31	-	-	-	(1,500,800)	(1,500,800)	-	(1,500,800)
Total transactions with owners		11,300,000	10,418,848	-	(1,500,800)	20,218,048	30	20,218,078
Balance at 30.4.2017		42,880,000	10,418,848	(29,579,990)	36,059,934	59,778,792	(1,970)	59,776,822

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2017
Cont'd

	Note	Share Capital RM	Share Premium RM	(Accumulated Losses)/ Retained Profits RM	Total Equity RM
The Company					
At 1.5.2015		10	-	(69,657)	(69,647)
Contributions by owners of the Company:					
- Issuance of shares	12	31,579,990	-	-	31,579,990
Loss after taxation/Total comprehensive expenses for the financial year		-	-	(1,525,865)	(1,525,865)
Balance at 30.4.2016/1.5.2016		31,580,000	-	(1,595,522)	29,984,478
Contributions by and distribution to owners of the Company:					
- Issuance of shares	12	11,300,000	11,300,000	-	22,600,000
- Share issuance expenses		-	(881,152)	-	(881,152)
- Dividend	31	-	-	(1,500,800)	(1,500,800)
Total transactions with owners		11,300,000	10,418,848	(1,500,800)	20,218,048
Profit after taxation/Total comprehensive income for the financial year		-	-	4,470,845	4,470,845
Balance at 30.4.2017		42,880,000	10,418,848	1,374,523	54,673,371

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2017

	The Group		The Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES				
Profit/(Loss) before taxation	6,052,176	4,889,308	4,520,845	(1,525,865)
Adjustments for:-				
(Reversal of)/Allowance for annual leave	(158,359)	158,359	-	-
Impairment losses on trade receivables	185,358	64,756	-	-
Inventories written down	151,613	226,346	-	-
Depreciation of property, plant and equipment	1,336,077	1,161,989	-	-
Dividend income	-	-	(5,000,000)	-
Interest expenses	470,790	488,583	-	-
Loss/(Gain) on disposal of property, plant and equipment	13,769	(130,064)	-	-
Listing expenses	222,935	1,486,228	222,935	1,486,228
Interest income	(547,340)	(44,873)	(442,682)	-
Unrealised gain on foreign exchange translation	(511,528)	(254,181)	-	-
Write-back of allowance for impairment losses on trade receivables	(180,299)	(121,953)	-	-
Operating profit/(loss) before working capital changes	7,035,192	7,924,498	(698,902)	(39,637)
Increase in inventories	(529,632)	(313,027)	-	-
Decrease/(Increase) in trade and other receivables	935,146	(1,762,189)	(6,600)	-
(Decrease)/Increase in trade and other payables	(3,464,358)	2,991,417	43,300	28,000
CASH FROM/(FOR) OPERATIONS	3,976,348	8,840,699	(662,202)	(11,637)
Income tax paid	(1,526,988)	(1,800,000)	(43,750)	-
Interest paid	(470,790)	(488,583)	-	-
Interest received	547,340	44,873	442,682	-
NET CASH FROM/(FOR) OPERATING ACTIVITIES	2,525,910	6,596,989	(263,270)	(11,637)

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2017
Cont'd

		The Group		The Company	
		2017	2016	2017	2016
	Note	RM	RM	RM	RM
CASH FLOWS FOR INVESTING ACTIVITIES					
Acquisition of subsidiary		-	-	(100)	-
Advances to subsidiaries		-	-	(10,049,893)	-
Repayment from a director		-	57,620	-	-
Dividend received		-	-	5,000,000	-
Increase in pledged fixed deposit with a licensed bank		(21,749)	(40,454)	-	-
Proceeds from disposal of property, plant and equipment		154,950	164,102	-	-
Purchase of property, plant and equipment	32	(6,892,967)	(926,781)	-	-
NET CASH FOR INVESTING ACTIVITIES		(6,759,766)	(745,513)	(5,049,993)	-
CASH FLOWS FROM/(FOR) FINANCING ACTIVTIES					
Dividend paid	31	(1,500,800)	-	(1,500,800)	-
Proceeds from issuance of shares by a subsidiary to non-controlling interests		30	-	-	-
Repayment of hire purchase obligations		(335,477)	(252,531)	-	-
Drawdown of term loans		-	3,300,000	-	-
Repayment of term loans		(757,882)	(3,774,622)	-	-
Payment of listing expenses		(1,149,599)	(1,419,028)	(1,149,599)	(1,419,028)
Proceeds from issuance of ordinary shares		22,600,000	500,000	22,600,000	-
Repayment to a director		-	(3,032)	-	(3,032)
(Repayment to)/Advances from a subsidiary		-	-	(1,520,000)	1,433,697
Net drawdown/(repayment) of bankers' acceptances		76,000	(637,935)	-	-
NET CASH FROM/(FOR) FINANCING ACTIVITIES		18,932,272	(2,287,148)	18,429,601	11,637
NET INCREASE IN CASH AND CASH EQUIVALENTS		14,698,416	3,564,328	13,116,338	-
EFFECT OF FOREIGN EXCHANGE TRANSLATION		511,528	254,181	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		7,804,835	3,986,326	-	-
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	33	23,014,779	7,804,835	13,116,338	-

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2017

1. GENERAL INFORMATION

The Company is a public company limited by shares and is incorporated and domiciled in 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 2017.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 5 to the financial statements.

3. BASIS OF PREPARATION

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 2016 in Malaysia.

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

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

MFRS 14 Regulatory Deferral Accounts

Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities – Applying the Consolidation Exception

Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations

Amendments to MFRS 101: Disclosure Initiative

Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation

Amendments to MFRS 116 and MFRS 141: Agriculture – Bearer Plants

Amendments to MFRS 127: Equity Method in Separate Financial Statements

Annual Improvements to MFRSs 2012 – 2014 Cycle

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2017
Cont'd

3. BASIS OF PREPARATION *cont'd*

3.2 The Group has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the 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 15 Revenue from Contracts with Customers	1 January 2018
MFRS 16 Leases	1 January 2019
IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts	1 January 2018
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice
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 107: Disclosure Initiative	1 January 2017
Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Amendments to MFRS 140 – Transfers of Investment Property	1 January 2018
Annual Improvements to MFRS Standards 2014 – 2016 Cycles: ● Amendments to MFRS 12: Clarification of the Scope of Standard	1 January 2017
Annual Improvements to MFRS Standards 2014 – 2016 Cycles: ● Amendments to MFRS 1: Deletion of Short-term Exemptions for First-time Adopters ● Amendments to MFRS 128: Measuring an Associate or Joint Venture at Fair Value	1 January 2018

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 Group 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. Therefore, it is expected that the Group's investments in unquoted shares that are currently stated at cost less accumulated impairment losses will be measured at fair value through other comprehensive income upon the adoption of MFRS 9. The Group 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 distinct promised goods or services underlying the particular performance obligation is transferred to the customers. The amendments to MFRS 15 further clarify the concept of 'distinct' for the purposes of this accounting standard. In addition, extensive disclosures are also required by MFRS 15. The Group anticipates that the application of MFRS 15 in the future may have an 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 2017

Cont'd

3. BASIS OF PREPARATION *cont'd*

3.2 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 Group upon its initial application except as follows:- *cont'd*

The amendments to MFRS 107 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. Accordingly, there will be no financial impact on the financial statements of the Group upon its initial application. However, additional disclosure notes on the statements of cash flows may be required.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 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.

4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *cont'd*

(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.

(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.

4.2 BASIS OF CONSOLIDATION

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

Subsidiaries are entities 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. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Where necessary, adjustments are made to the financial statements of subsidiaries 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2017
Cont'd

4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

4.2 BASIS OF CONSOLIDATION *cont'd*

(a) Business Combinations *cont'd*

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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

4.2 BASIS OF CONSOLIDATION *cont'd*

(e) Loss of Control *cont'd*

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.

4.3 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) Foreign Currency Transactions and Balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates at the transaction dates. Monetary assets and liabilities at the end of the reporting year are translated at the exchange 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.

4.4 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2017
Cont'd

4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

4.4 FINANCIAL INSTRUMENTS *cont'd*

(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.

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.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

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.

4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

4.4 FINANCIAL INSTRUMENTS *cont'd*

(a) Financial Assets *cont'd*

(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

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

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.

(ii) Other Financial Liabilities

Other financial liabilities are initially measured at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

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 initially 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2017
Cont'd

4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

4.4 FINANCIAL INSTRUMENTS *cont'd*

(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.

4.5 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.

4.6 PROPERTY, PLANT AND EQUIPMENT

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that are directly attributable to the acquisition of the asset and other costs directly attributable to bringing the asset to working condition for its intended use.

Subsequent to initial recognition, all property, plant and equipment, other than freehold land and buildings, are stated at cost less accumulated depreciation and any impairment losses.

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.

Freehold land is not depreciated. Depreciation on other property, plant and equipment 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%

4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

4.6 PROPERTY, PLANT AND EQUIPMENT *cont'd*

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. Any changes are accounted for as a change in estimate.

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.

An item of property, plant 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 difference between the net disposal proceeds and the carrying amount, is recognised in profit or loss.

4.7 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2017

Cont'd

4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

4.7 IMPAIRMENT *cont'd*

(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 an asset is the higher of the asset's fair value less costs to sell and its value in use, which is measured by reference to discounted future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where it is not possible to estimate the recoverable amount of an individual asset, the Group determines 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.

4.8 LEASED ASSETS

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. The corresponding liability is included in the statement of financial position as hire purchase payables.

Minimum lease payments made under finance leases are apportioned between the finance costs and the reduction of the outstanding liability. The finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the profit or loss and allocated over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each accounting period.

4.9 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.

4.10 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 statements of cash flows, cash and cash equivalents are presented net of bank overdrafts.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2017
Cont'd

4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

4.11 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.

4.12 EMPLOYEE BENEFITS

(a) Short-term Benefits

Wages, salaries, paid annual leave, bonuses 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.

4.13 INCOME TAXES

(a) Current Tax

Current tax assets and liabilities are expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity).

(b) Deferred Tax

Deferred tax are recognised using the liability method for all temporary differences other than those that arise from goodwill 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 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 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 the related tax benefits will be realised.

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill or negative goodwill.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2017
Cont'd

4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

4.13 INCOME TAXES *cont'd*

Current tax assets and liabilities or 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 (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the same taxation authority.

(c) Goods and Services Tax ("GST")

Revenues, expenses and assets are recognised net of GST except for the GST in a purchase of assets or services which are not recoverable from the taxation authorities, the GST are included as part of the costs of the assets acquired or as part of the expense item whichever is applicable.

In addition, receivables and payables are also stated with the amount of GST included (where applicable).

The net amount of the GST recoverable from or payable to the taxation authorities at the end of the reporting period is included in other receivables or other payables.

4.14 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2017

Cont'd

4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

4.15 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.

4.16 EARNINGS PER ORDINARY SHARE

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.

4.17 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.

4.18 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 measurement 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2017
Cont'd

4. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

4.19 REVENUE AND OTHER INCOME

Revenue is measured at the fair value of the consideration received or receivable, net of returns, goods and services tax, cash and trade discounts.

(a) Sales of Goods

Revenue from sale of goods is recognised when significant risks and rewards of ownership of the goods have been transferred to the buyer and where the Group does not have continuing managerial involvement and effective control over the goods sold.

(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.

(d) Dividend Income

Dividend income from investment is recognised when the right to receive dividend payment is established.

5. INVESTMENT IN SUBSIDIARIES

	The Company	
	2017	2016
	RM	RM
Unquoted shares, at cost:-		
At 1 May 2016/2015	31,579,990	-
Addition during the financial year	100	31,579,990
At 30 April	31,580,090	31,579,990

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2017
Cont'd

5. INVESTMENT IN SUBSIDIARIES *cont'd*

The details of the subsidiaries are as follows:-

Name of Subsidiary	Principal Place of Business/ Country of Incorporation	Percentage of Issued Share Capital Held by Parent		Principal Activities
		2017	2016	
		%	%	
LKL Advance Metaltech Sdn. Bhd. ("**LKLAM**")	Malaysia	100	100	Provision of medical/healthcare beds, peripheral and accessories.
Medik Gen Sdn. Bhd. ("**MGSB**") ^	Malaysia	100	-	Trading of hospital furniture, laboratory furniture, medical equipment, utensils and accessories.
TMI Medik Group Sdn. Bhd. ("**TMG**")	Malaysia	70	-	Business of distributing "Nihon Kohden" medical devices.

^ *This subsidiary was audited by other firms of chartered accountants.*

During the current financial year:-

(a) the Company has acquired 100% equity interests in MGSB. The details of the acquisition are disclosed in Note 39 (d) to the financial statements.

(b) MGSB and LKLAM have subscribed for 69% and 1% equity interests in TMG respectively. The details of the acquisition are disclosed in Note 39 (g) to the financial statements.

(c) The non-controlling interests at the end of the reporting period comprise the following:-

	Effective Equity Interest		The Group	
	2017	2016	2017	2016
	%	%	RM	RM
TMG	30	-	(1,970)	-

Summarised financial information of non-controlling interests has not been presented as the non-controlling interests of the subsidiary is not individually material to the Group.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2017
Cont'd

6. PROPERTY, PLANT AND EQUIPMENT

The Group	At 1.5.2016 RM	Additions RM	Disposals RM	Depreciation Charges RM	At 30.4.2017 RM
2017					
Net Book Value					
Freehold land	6,905,594	4,100,000	-	-	11,005,594
Leasehold land and building	442,616	-	-	(13,461)	429,155
Freehold buildings	10,719,993	1,011,078	-	(237,025)	11,494,046
Motor vehicles	1,502,806	630,132	(113,936)	(489,078)	1,529,924
Office equipment, furniture and fittings	649,504	183,812	(1,451)	(169,359)	662,506
Plant and machinery	1,778,470	1,527,627	(53,332)	(400,602)	2,852,163
Renovations	172,283	17,000	-	(23,292)	165,991
Signboard	21,293	318	-	(3,260)	18,351
Total	22,192,559	7,469,967	(168,719)	(1,336,077)	28,157,730

The Group	At 1.5.2015 RM	Additions RM	Disposals RM	Depreciation Charges 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 2017
Cont'd

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

The Group	At Cost RM	Accumulated Depreciation RM	Net Book Value RM
2017			
Freehold land	11,005,594	-	11,005,594
Leasehold land and building	484,580	(55,425)	429,155
Freehold buildings	12,862,548	(1,368,502)	11,494,046
Motor vehicles	3,243,113	(1,713,189)	1,529,924
Office equipment, furniture and fittings	1,918,564	(1,256,058)	662,506
Plant and machinery	6,964,692	(4,112,529)	2,852,163
Renovations	241,763	(75,772)	165,991
Signboard	32,927	(14,576)	18,351
Total	36,753,781	(8,596,051)	28,157,730
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

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

	The Group 2017 RM	The Group 2016 RM
Motor vehicles at net book value	1,528,504	1,296,609

These leased assets have been pledged as security for the related finance lease liabilities of the Group as disclosed in Note 16 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2017
Cont'd

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

(b) 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	
	2017	2016
	RM	RM
Freehold land	6,905,594	6,905,594
Freehold buildings	10,278,582	10,506,159
	17,184,176	17,411,753

(c) Included in the net book value 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	
	2017	2016
	RM	RM
Motor vehicles:		
- directors	-	193,335
- employees	29,944	44,315
	29,944	237,650
Plant and machinery:		
- third party	78,300	162,920
	108,244	400,570

7. INVENTORIES

	The Group	
	2017	2016
	RM	RM
Raw materials	4,645,033	3,988,506
Work-in-progress	3,419,935	3,298,278
Goods-in-transit	-	166,990
Finished goods	2,494,451	2,727,626
	10,559,419	10,181,400
Recognised in profit or loss:-		
Inventories recognised as cost of sales	16,851,521	21,733,311
Inventories written down	151,613	226,346

8. TRADE RECEIVABLES

	The Group	
	2017	2016
	RM	RM
Trade receivables	5,122,117	10,320,188
Unbilled receivables	3,445,505	-
	8,567,622	10,320,188
Allowance for impairment losses	(733,227)	(728,168)
	7,834,395	9,592,020
Impairment losses:-		
At 1 May 2016/2015	(728,168)	(1,050,679)
Addition during the financial year	(185,358)	(64,756)
Write-back during the financial year	180,299	121,953
Written off during the financial year	-	265,314
At 30 April	(733,227)	(728,168)

(a) The Group's normal trade credit terms range from 30 to 120 (2016 - 30 to 120) days. Other credit terms are assessed and approved on a case-by-case basis.

(b) Unbilled receivables represent goods delivered/services provided but not yet billed.

9. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Other receivables	36,310	25,690	-	-
Deposits	964,645	162,039	1,300	-
Prepayments	331,491	1,119,529	5,300	524,045
Goods and services tax recoverable	268,187	-	-	-
	1,600,633	1,307,258	6,600	524,045

In the previous financial year, included in prepayments were expenses amounting to RM524,045 incurred for the issuance of new shares in conjunction with the Company's listing on the ACE Market of Bursa Malaysia Securities Berhad ("**Bursa Malaysia**"). It was written off against the share premium account of the Company.

10. AMOUNTS OWING BY/(TO) SUBSIDIARIES

The non-trade balances represent unsecured interest-free advances and payments made on behalf. The amounts owing are repayable on demand and are to be settled in cash.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2017
Cont'd

11. FIXED DEPOSITS WITH LICENSED BANKS

(a) The fixed deposits with licensed banks of the Group and of the Company at the end of the reporting period bore effective interest rates ranging from 3.00% to 3.50% (2016 - 3.30%) and 3.50% (2016 - Nil) per annum respectively. The fixed deposits have maturity periods ranging from 90 to 365 days (2016 - 365 days) for the Group and the Company.

(b) Included in the fixed deposits with licensed banks of the Group at the end of the reporting period was an amount of RM680,803 (2016 - RM659,054) which has been pledged to a licensed bank as security for banking facilities granted to the Group.

12. SHARE CAPITAL

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

	2017	2016	2017	2016
	Number of Shares		RM	RM
Authorised				
Ordinary shares of RM0.10 each	N/A	500,000,000	N/A	50,000,000

N/A - Not applicable pursuant to the Companies Act 2016 which came into operation on 31 January 2017 as disclosed in item (ii) below.

	2017	2016	2017	2016
	Number of Shares		RM	RM
Issued and Fully Paid-Up				
Ordinary Shares with No Par Value (2016 - Par Value of RM0.10 each)				
At 1 May 2016/2015	315,800,000	100	31,580,000	10
Issuance of new shares	113,000,000	315,799,900	11,300,000	31,579,990
At 30 April	428,800,000	315,800,000	42,880,000	31,580,000

(i) During the financial year, the Company increased its issued share capital from RM31,580,000 to RM42,880,000 by way of the issuance of 113,000,000 new ordinary shares at an issue price of RM0.20 per share pursuant to the listing of the Company on the ACE Market of Bursa Malaysia for a total cash consideration of RM22,600,000. The new ordinary shares issued rank pari passu in all respects with the existing ordinary shares of the Company.

(ii) On 31 January 2017, the concepts of authorised share capital and par value of share capital were abolished in accordance with the Companies Act 2016. There is no impact on the number of ordinary shares in issue or the relative entitlement of any of the members as a result of this situation.

13. SHARE PREMIUM

Pursuant to the transitional provisions set out in Section 618(3) of the Companies Act 2016 ("**Act**") where the sum standing to the credit of the share premium may be utilised within twenty four (24) months from the commencement date of 31 January 2017 in the manner as allowed for under the Act. Therefore, the Group and the Company have not consolidated the share premium into share capital until the expiry of the transitional period.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2017
Cont'd

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	
	2017	**2016**
	RM	**RM**
Hire purchase payables (Note 16)	1,059,321	927,733
Term loans (Note 17)	6,700,947	7,546,235
	7,760,268	8,473,968

16. HIRE PURCHASE PAYABLES

	The Group	
	2017	**2016**
	RM	**RM**
Minimum hire purchase payments:		
- not later than 1 year	452,922	331,220
- later than 1 year and not later than 5 years	1,144,700	1,002,140
- later than 5 years	-	10,533
	1,597,622	1,343,893
Less: Future finance charges	(152,613)	(140,407)
Present value of hire purchase payables	1,445,009	1,203,486
Current		
Not later than 1 year (Note 21)	385,688	275,753
Non-Current		
Later than 1 year and not later than 5 years	1,059,321	917,478
Later than 5 years	-	10,255
Total non-current portion (Note 15)	1,059,321	927,733
	1,445,009	1,203,486

(a) The hire purchase payables of the Group are secured by the Group's motor vehicles under finance leases as disclosed in Note 6 to the financial statements.

(b) The hire purchase payables of the Group at the end of the reporting period bore effective interest rates ranging from 4.46% to 6.34% (2016 - 4.46% to 6.8%) per annum. The interest rates are fixed at the inception of the hire purchase arrangements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2017
Cont'd

17. TERM LOANS

	The Group	
	2017	2016
	RM	RM
Current		
Not later than 1 year (Note 21)	829,896	742,490
Non-Current		
Later than 1 year and not later than 2 years	797,779	802,860
Later than 2 years and not later than 5 years	2,839,141	3,453,131
Later than 5 years	3,064,027	3,290,244
Total non-current portion (Note 15)	6,700,947	7,546,235
	7,530,843	8,288,725

(a) The term loans are secured by:-

(i) a first legal charge over certain properties as disclosed in Note 6 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 4.52% to 5.36% (2016 - 4.75% to 5.89%) per annum.

18. DEFERRED TAX LIABILITIES

	The Group	
	2017	2016
	RM	RM
At 1 May 2016/2015	535,000	566,000
Recognised in profit or loss (Note 29)	-	(31,000)
At 30 April	535,000	535,000

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2017
Cont'd

18. DEFERRED TAX LIABILITIES *cont'd*

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

	The Group	
	2017	**2016**
	RM	**RM**
Deferred Tax Liabilities		
Accelerated capital allowances over depreciation	679,000	741,000
Unrealised gain on foreign exchange	123,000	61,000
	802,000	802,000
Deferred Tax Assets		
Impairment losses on trade receivables	(176,000)	(175,000)
Inventories written down	(91,000)	(54,000)
Others	-	(38,000)
	(267,000)	(267,000)
	535,000	535,000

19. TRADE PAYABLES

The normal trade credit terms granted to the Group range from 30 to 120 (2016 - 30 to 120) days.

20. OTHER PAYABLES AND ACCRUALS

	The Group		The Company	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
Other payables	435,362	2,389,679	-	-
Accruals	1,043,226	1,332,011	73,300	599,557
Goods and services tax payable	-	23,026	-	-
	1,478,588	3,744,716	73,300	599,557

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2017
Cont'd

21. SHORT-TERM BORROWINGS

	The Group	
	2017	2016
	RM	RM
Bankers' acceptances	76,000	-
Hire purchase payables (Note 16)	385,688	275,753
Term loans (Note 17)	829,896	742,490
	1,291,584	1,018,243

The bankers' acceptances are secured by:-

(i) a first legal charge over certain buildings as disclosed in Note 6 to the financial statements;

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

(iii) fixed deposit pledged with a licensed bank.

22. REVENUE

	The Group		The Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Dividend income	-	-	5,000,000	-
Sale of goods	33,892,664	37,148,729	-	-
	33,892,664	37,148,729	5,000,000	-

23. COST OF SALES

	The Group	
	2017	2016
	RM	RM
Included in cost of sales are:-		
Inventories written down	151,613	226,346
Depreciation of property, plant and equipment	686,763	621,203
Staff costs:		
- salaries and other benefits	3,580,922	3,379,779
- defined contribution plan	251,052	226,052
Rental of factory	365,750	407,550

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2017
Cont'd

24. OTHER INCOME

	The Group		The Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Included in other income are:-				
Gain on disposal of property, plant and equipment	-	130,064	-	-
Human Resources Development Fund grant received	-	27,970	-	-
Interest income	547,340	44,873	442,682	-
Rental income	54,686	2,028	-	-
Unrealised gain on foreign exchange	511,528	254,181	-	-
Write-back of allowance for impairment losses on trade receivables	180,299	121,953	-	-

25. ADMINISTRATIVE EXPENSES

	The Group		The Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Included in administrative expenses are:-				
Auditors' remuneration:				
- audit fees				
- Crowe Horwath in Malaysia	75,000	50,000	25,000	10,000
- other auditors	1,800	-	-	-
- non-audit fees				
- Crowe Horwath in Malaysia	7,000	45,000	-	5,000
Directors' remuneration:				
- fees	126,000	20,000	126,000	20,000
- salaries and other benefits	989,700	928,000	5,700	-
- defined contribution plan	141,040	176,320	-	-
(Reversal of)/Allowance for annual leave	(158,359)	158,359	-	-
Staff costs:				
- salaries and other benefits	3,694,642	3,357,626	-	-
- defined contribution plan	441,237	365,989	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2017
Cont'd

26. SELLING AND DISTRIBUTION EXPENSES

	The Group	
	2017	2016
	RM	RM
Included in selling and distribution expenses are:-		
Promotional and exhibition expenses	846,636	761,775
Sales commission	392,088	183,499
Travelling expenses	510,802	364,654

27. OTHER EXPENSES

	The Group		The Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Included in other expenses are:-				
Depreciation of property, plant and equipment	649,314	540,786	-	-
Impairment losses on trade receivables	185,358	64,756	-	-
Listing expenses	222,935	1,486,228	222,935	1,486,228
Loss on disposal of property, plant and equipment	13,769	-	-	-
Realised loss on foreign exchange	62,581	35,672	-	-

28. FINANCE COSTS

	The Group	
	2017	2016
	RM	RM
Included in finance costs are:-		
Interest expenses:		
- bankers' acceptances	19,923	15,525
- hire purchases	68,893	38,153
- term loans	381,974	434,905
	470,790	488,583

29. INCOME TAX EXPENSE

	The Group		The Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Current tax:				
- for the financial year	1,562,805	1,470,967	50,000	-
- underprovision in the previous financial year	12,308	178,238	-	-
	1,575,113	1,649,205	50,000	-
Deferred tax (Note 18):				
- for the financial year	-	146,000	-	-
- overprovision in the previous financial year	-	(177,000)	-	-
	-	(31,000)	-	-
	1,575,113	1,618,205	50,000	-

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	
	2017	2016	2017	2016
	RM	RM	RM	RM
Profit/(Loss) before taxation	6,052,176	4,889,308	4,520,845	(1,525,865)
Tax at the statutory tax rate of 24%	1,453,000	1,174,000	1,085,000	(366,000)
Tax effects of:-				
Differential in tax rates	-	(25,000)	-	-
Non-deductible expenses	326,805	516,967	165,000	366,000
Non-taxable income	-	-	(1,200,000)	-
Under/(Over)provision in the previous financial year:				
- current tax	12,308	178,238	-	-
- deferred tax	-	(177,000)	-	-
Utilisation of tax incentives	(217,000)	(49,000)	-	-
Income tax expense for the financial year	1,575,113	1,618,205	50,000	-

In the previous financial year, the corporate tax rate on the first RM500,000 of chargeable income of LKLAM was 19%. The rate applicable to the balance of the chargeable income was 24%.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2017
Cont'd

30. EARNINGS PER SHARE

	The Group	
	2017	2016
Profit after taxation attributable to Owners of the Company (RM)	4,479,063	3,271,103
Ordinary shares at 1 May 2016/2015	315,800,000	100
Effect of new ordinary shares issued during the financial year	109,594,521	315,799,900
Weighted average number of ordinary shares for basic earnings per share computation	425,394,521	315,800,000
Basic earnings per ordinary share attributable to equity holders of the Company (Sen)	1.05	1.04

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

31. DIVIDEND

	The Group	
	2017	2016
	RM	RM
First interim single tier dividend of 0.35 sen per ordinary share in respect of the current financial year	1,500,800	-

32. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	The Group	
	2017	2016
	RM	RM
Cost of property, plant and equipment purchased (Note 6)	7,469,967	1,675,781
Amount financed through hire purchase	(577,000)	(749,000)
Cash disbursed for purchase of property, plant and equipment	6,892,967	926,781

33. CASH AND CASH EQUIVALENTS

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

	The Group		The Company	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
Cash and bank balances	18,014,779	7,804,835	8,116,338	-
Fixed deposit with licensed banks	5,680,803	659,054	5,000,000	-
	23,695,582	8,463,889	13,116,338	-
Less: Fixed deposit pledged to a licensed bank (Note 11)	(680,803)	(659,054)	-	-
	23,014,779	7,804,835	13,116,338	-

34. 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	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
Directors				
Executive Directors:				
Short-term employee benefits				
- fees	126,000	20,000	126,000	20,000
- salaries and allowances	989,700	928,000	5,700	-
- defined contribution plan	141,040	176,320	-	-
	1,256,740	1,124,320	131,700	20,000
Other Key Management Personnel				
Short-term employee benefits				
- salaries and allowances	1,200,898	898,108	-	-
- defined contribution plan	139,574	112,754	-	-
	1,340,472	1,010,862	-	-
Total	2,597,212	2,135,182	131,700	20,000

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2017
Cont'd

35. RELATED PARTY DISCLOSURES

(a) Identities of Related Parties

Parties are considered to be related to the Group if the Group or 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 Group or the Company and the party are subject to common control.

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

(b) Related Party Transactions

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

	The Group		The Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Subsidiary:				
- advances from a subsidiary	-	-	-	1,419,028
- advances to subsidiaries	-	-	10,049,893	-
Certain directors of the Company:				
- rental paid to directors	-	15,000	-	-
Close members of the family of certain directors:				
- salaries and other emoluments paid to close members of the family of directors	724,670	513,273	-	-
- rental paid to close member of the family of directors	72,000	24,000	-	-

36. CAPITAL COMMITMENTS

	The Group	
	2017	2016
	RM	RM
<u>Authorised and Contracted for</u>		
Purchase of plant and equipment	3,142,114	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2017
Cont'd

37. 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	
	2017	**2016**
	RM	**RM**
Manufacturing		
Medical/healthcare beds	9,620,397	14,978,375
Medical peripherals and accessories	16,944,022	15,060,804
	26,564,419	30,039,179
Trading		
Medical peripherals and accessories	7,328,245	7,109,550
	33,892,664	37,148,729

GEOGRAPHICAL INFORMATION

	The Group			
	Revenue		Non-current Assets	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
Local				
Malaysia	24,404,725	29,431,013	28,079,430	22,029,639
Export				
Africa	212,308	1,406,585	-	-
Asia (Other than Malaysia)	5,272,535	5,452,156	78,300	162,920
Europe	1,937,076	3,466	-	-
Middle East	2,002,972	792,853	-	-
Central America	63,048	62,656	-	-
	9,487,939	7,717,716	78,300	162,920
	33,892,664	37,148,729	28,157,730	22,192,559

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2017
Cont'd

37. OPERATING SEGMENTS *cont'd*

MAJOR CUSTOMERS

The following are major customers with revenue equal to or more than 10% of the Group revenue:-

	The Group	
	2017	**2016**
	RM	**RM**
Customer A	4,176,978	-

In the previous financial year, there was no major customer with revenue equal to or more than 10% of the Group's revenue.

38. 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.

38.1 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 Group. 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2017
Cont'd

38. FINANCIAL INSTRUMENTS *cont'd*

38.1 FINANCIAL RISK MANAGEMENT POLICIES *cont'd*

(a) Market Risk *cont'd*

(i) Foreign Currency Risk *cont'd*

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

	USD	**EUR**	**SGD**
	RM	**RM**	**RM**
The Group			
2017			
Financial assets			
Trade receivables	477,023	-	38,816
Other receivables and deposits	221,972	-	-
Cash and bank balances	3,315,312	10	-
	4,014,307	10	38,816
Financial liability			
Trade payables	3,623	93,909	-
Currency exposure	4,010,684	(93,899)	38,816
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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2017
Cont'd

38. FINANCIAL INSTRUMENTS *cont'd*

38.1 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	
		2017	**2016**
		RM	**RM**
Effects on Profit After Taxation/Other Comprehensive Income			
USD/RM	- strengthened by 10%	401,000	321,000
	- weakened by 10%	(401,000)	(321,000)
EUR/RM	- strengthened by 10%	(9,000)	(78,000)
	- weakened by 10%	9,000	78,000
SGD/RM	- strengthened by 10%	4,000	4,000
	- weakened by 10%	(4,000)	(4,000)

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 licensed banks is carried at amortised cost. Therefore, it is not subject to interest rate risk as defined in MFRS 7 since neither the 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 38.1(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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2017
Cont'd

38. FINANCIAL INSTRUMENTS *cont'd*

38.1 FINANCIAL RISK MANAGEMENT POLICIES *cont'd*

(a) Market Risk *cont'd*

(iii) Equity Price Risk

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

(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 44% (2016 - 26%) 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:-

	2017	**2016**
	RM	**RM**
Africa	59,269	1,062,787
Asia (Other than Malaysia)	310,159	598,595
Malaysia	7,311,295	7,891,362
Middle East	153,672	39,276
	7,834,395	9,592,020

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2017
Cont'd

38. FINANCIAL INSTRUMENTS *cont'd*

38.1 FINANCIAL RISK MANAGEMENT POLICIES *cont'd*

(b) Credit Risk *cont'd*

(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.

(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				
2017				
Not past due	5,905,293	-	-	5,905,293
Past due:				
- less than 3 months	601,914	-	-	601,914
- 3 to 6 months	755,111	-	-	755,111
- 6 months to 1 year	387,436	-	-	387,436
- more than 1 year	917,868	(633,572)	(99,655)	184,641
	8,567,622	(633,572)	(99,655)	7,834,395
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

At the end of the reporting period, trade receivables that are individually impaired were those past due and expected to be irrecoverable. 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 2017
Cont'd

38. FINANCIAL INSTRUMENTS *cont'd*

38.1 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	Contractual Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 5 Years RM	Over 5 Years RM
2017						
Hire purchase payables	4.46 - 6.34	1,445,009	1,597,622	452,922	1,144,700	-
Term loans	4.52 - 5.36	7,530,843	9,547,718	1,139,856	4,414,633	3,993,229
Trade payables	-	1,453,167	1,453,167	1,453,167	-	-
Other payables and accruals	-	1,478,588	1,478,588	1,478,588	-	-
Bankers' acceptances	4.74	76,000	76,000	76,000	-	-
		11,983,607	14,153,095	4,600,533	5,559,333	3,993,229
2016						
Hire purchase payables	4.46 - 6.80	1,203,486	1,343,893	331,220	1,002,140	10,533
Term loans	4.75 - 5.89	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	-	3,721,690	3,721,690	3,721,690	-	-
		16,593,214	19,362,092	8,572,079	6,272,513	4,517,500
The Company						
2017						
Other payables and accruals	-	73,300	73,300	73,300	-	-
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	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2017
Cont'd

38. FINANCIAL INSTRUMENTS *cont'd*

38.2 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 of the Group at the end of the reporting period is not presented as its cash and cash equivalents exceeded the total external borrowings. 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 at the end of the reporting period was as follows:-

	The Group 2016 RM
Hire purchase payables	1,203,486
Other payables and accruals	3,721,690
Term loans	8,288,725
Trade payables	3,379,313
	16,593,214
Less: Cash and bank balances	(7,804,835)
Less: Fixed deposits with licensed banks	(659,054)
Net debt	8,129,325
Total equity	35,081,681
Debt-to-equity ratio	0.23

There was no change in the Group's approach to capital management during the financial year.

The debt-to-equity ratio of the Group for the current financial year is not disclosed in the financial statements as the cash and bank balances and fixed deposits with licensed banks are in surplus position after net off with external borrowings.

The Group is also required to comply with certain loan covenants, failing which, the banks may call an event of default. The Group has complied with this requirement.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2017
Cont'd

38. FINANCIAL INSTRUMENTS *cont'd*

38.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	The Group		The Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Financial Asset				
Loans and Receivables Financial Assets				
Trade receivables	7,834,395	9,592,020	-	-
Other receivables and deposits	1,000,955	187,729	1,300	-
Amount owing by subsidiaries	-	-	10,049,893	-
Fixed deposits with licensed banks	5,680,803	659,054	5,000,000	-
Cash and bank balances	18,014,779	7,804,835	8,116,338	-
	32,530,932	18,243,638	23,167,531	-
Financial Liability				
Other Financial Liabilities				
Bankers' acceptances	76,000	-	-	-
Hire purchase payables	1,445,009	1,203,486	-	-
Term loans	7,530,843	8,288,725	-	-
Amount owing to a subsidiary	-	-	-	1,520,000
Trade payables	1,453,167	3,379,313	-	-
Other payables and accruals	1,478,588	3,721,690	73,300	599,557
	11,983,607	16,593,214	73,300	2,119,557

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2017
Cont'd

38. FINANCIAL INSTRUMENTS *cont'd*

38.4 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				
	Level 1	**Level 2**	**Level 3**	**Total Fair Value**	**Carrying Amount**
The Group	**RM**	**RM**	**RM**	**RM**	**RM**
2017					
Financial Liabilities					
Hire purchase payables	-	1,471,802	-	1,471,802	1,445,009
Term loans	-	7,530,843	-	7,530,843	7,530,843
2016					
Financial Liabilities					
Hire purchase payables	-	1,205,860	-	1,205,860	1,203,486
Term loans	-	8,245,038	-	8,245,038	8,288,725

The fair values of hire purchase payables and term loans 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:-

	2017	**2016**
	%	**%**
Hire purchase payables	5.08	5.20
Term loans	5.14	5.14

39. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) The Companies Act 2016 came into effect on 31 January 2017 (except for Section 241 and Division 8 of Part III of the said Act) and replaces the Companies Act 1965.

Amongst the key changes introduced under the Companies Act 2016 that will affect the financial statements of the Group and of the Company upon its initial implementation are:-

(i) Removal of the authorised share capital;
(ii) Ordinary shares will cease to have par value; and
(iii) Share premium will become part of the share capital.

The Companies Act 2016 was applied prospectively. Therefore, the changes in the accounting policies and the possible impacts on the financial statements upon its initial implementation have been disclosed in the financial statements of the Group and of the Company for the current financial year.

39. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR *cont'd*

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

(c) 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.

(d) On 10 October 2016, the Company acquired the entire issued and paid up share capital of MGSB for a total consideration of RM100. Upon the acquisition, MGSB became a wholly-owned subsidiary of the Company.

(e) On 20 October 2016, LKLAM entered into a Sale and Purchase Agreement with Jengkal Semaju Sdn. Bhd. for the acquisition of all that piece of freehold land together with a one and a half storey semi-detached factory erected thereon ("**Property**") for a total cash consideration of RM5,247,000. The Property will mainly be used as a manufacturing plant to facilitate greater automation and increase storage area. The acquisition of the Property was completed on 15 April 2017.

(f) On 23 January 2017, LKLAM entered into a purchase contract with TRUMPF Malaysia Sdn. Bhd. to acquire a fully automated CNC laser tube machine (TruLaser Tube 5000 Fiber) for EUR 830,000 (approximately RM3.96 million) which will mainly be used for high-speed tube cutting and high-precision profile machining or shaping.

(g) On 1 March 2017, MGSB and LKLAM entered into a Joint Venture Agreement with T.M.I Solutions (Pvt) Ltd. to form and incorporate a joint venture company, TMG solely to carry out the business of distributing selected "Nihon Kohden" branded medical devices in Malaysia.

40. 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	
	2017	**2016**
	RM	**RM**
USD	4.35	3.90
EUR	4.72	4.44
SGD	3.11	2.90

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2017

Cont'd

41. SUPPLEMENTARY INFORMATION – DISCLOSURE OF REALISED AND UNREALISED LOSSES

The breakdown of the retained profits or accumulated losses of the Group and the Company at the end of the reporting period into realised and unrealised gain or 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	
	2017	2016	2017	2016
	RM	RM	RM	RM
Total retained profits/(accumulated losses):				
- realised	35,829,225	33,362,490	1,374,523	(1,595,522)
- unrealised	230,709	(280,819)	-	-
	36,059,934	33,081,671	1,374,523	(1,595,522)

ANALYSIS OF SHAREHOLDINGS
As at 31 July 2017

Total Number of Issued Shares	:	428,800,000 ordinary shares
Class of Equity Securities	:	Ordinary shares ("shares")
Voting Rights by Show of Hand	:	One vote for every member
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	5	0.31	200	0.00
100 - 1,000 shares	114	7.00	76,900	0.02
1,001 - 10,000 shares	614	37.69	3,816,700	0.89
10,001 - 100,000 shares	721	44.26	29,561,100	6.89
100,001 - less than 5% of issued shares	170	10.43	78,638,100	18.34
5% and above of issued shares	5	0.31	316,707,000	73.86
Total	**1,629**	**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	110,310,745	25.73	177,824,265 (1)	41.47
Mok Mei Lan	110,003,725	25.65	178,131,285 (2)	41.54
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 31 July 2017

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	300,000	0.07	-	-
Lim Kon Lian	110,310,745	25.73	177,824,265 (1)	41.47
Mok Mei Lan	110,003,725	25.65	178,131,285 (2)	41.54
Tan Chuan Hock	28,771,990	6.71	-	-
Tevanaigam Randy Chitty	300,000	0.07	-	-
Selma Enolil Binti Mustapha Khalil	50,000	0.01	-	-

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 31 July 2017
Cont'd

THIRTY LARGEST REGISTERED SHAREHOLDERS AS AT 31 JULY 2017
(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)*	9,012,600	2.10
7	Maybank Nominees (Tempatan) Sdn Bhd *(Lim Yoke Cho)*	4,050,300	0.94
8	Alliancegroup Nominees (Tempatan) Sdn. Bhd. *(Pledged securities account for Khor Jan Yeow)*	4,032,500	0.94
9	Federlite Holdings Sdn. Bhd.	2,587,700	0.60
10	First Look Corporation Sdn. Bhd.	2,243,800	0.52
11	Cartaban Nominees (Tempatan) Sdn. Bhd. *(Exempt An for Credit Industriel ET Commercial)*	2,000,000	0.47
12	Tan Hang Chai	1,750,000	0.41
13	Lee Yoon Fook	1,300,000	0.30
14	Alliancegroup Nominees (Tempatan) Sdn. Bhd. *(Chin Foo Kong)*	1,250,000	0.29
15	RHB Nominees (Tempatan) Sdn. Bhd. *(Pledged securities account for Koon Poh Tat)*	1,200,000	0.28
16	Pangkor Fishing Sdn. Bhd.	1,124,300	0.26
17	Alliancegroup Nominees (Tempatan) Sdn. Bhd. *(Pledged securities account for Lee Hye Chuan)*	1,100,000	0.26
18	Vision One Diagnostic Sdn. Bhd.	1,052,900	0.25
19	Khor Bean Chong	1,000,000	0.23
20	Vibrant Model Sdn. Bhd.	1,000,000	0.23
21	Malacca Equity Nominees (Tempatan) Sdn. Bhd. *(Exempt An for Phillip Capital Management Sdn. Bhd.)*	980,000	0.23
22	George Lee Sang Kian	900,000	0.21
23	Lim Yoke Hong	900,000	0.21
24	Maybank Nominees (Tempatan) Sdn. Bhd. *(Tee Swi Peng @ Tay Swi Peng)*	899,000	0.21
25	George Lee Sang Kian	850,000	0.20
26	Soo Jen Li	820,000	0.19
27	Ong Yew Beng	800,000	0.19
28	Aida Bt Abdullah	704,000	0.16
29	Lee Yoon Fook	700,000	0.16
30	Alliancegroup Nominees (Tempatan) Sdn. Bhd. *(Pledged securities account for Balakrisnen A/L Subban)*	651,700	0.15

LIST OF PROPERTIES

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 2017 (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	9	43,560/ 57,690	6,135	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	12	-/830	66	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	12	-/830	69	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	12	-/817	73	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	3	43,560/ 34,050	6,123	11-Apr-07

LIST OF PROPERTIES
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 2017 (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	21	3,400 / 1,862	429	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	7	11,282 / 9,720	4,926	16-Apr-15
8.	No. 5, Jalan BS7/20, Taman Perindustrian Bukit Serdang, Sek 7, 43300 Seri Kembangan, Selangor Darul Ehsan. HSD 252829 PT1976 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	7	11,135 / 9,000	5,107	15-Apr-17
					Total	**22,928**	

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Third Annual General Meeting ("**Third 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, 26 September 2017 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 2017 together with the reports of the Directors and Auditors thereon. ***Please refer to Note a***

2. To approve the payment of Directors' fees and benefits of RM131,700.00 for the financial year ended 30 April 2017. ***Ordinary Resolution 1***

3. To approve the payment of Directors' fees and benefits of up to RM157,200.00 for the financial year ending 30 April 2018. ***Ordinary Resolution 2***

4. To re-elect the following Directors who retire by rotation in accordance with Clause 89 of the Company's Constitution:

   i. Mr. Tan Chuan Hock ***Ordinary Resolution 3***
   ii. Mr. Tevanaigam Randy Chitty ***Ordinary Resolution 4***

5. To re-appoint Tan Sri Datuk Adzmi bin Abdul Wahab who being eligible and offers himself for re-appointment as a Director of the Company. ***Ordinary Resolution 5***

6. To re-appoint Messrs. Crowe Horwath as Auditors of the Company until the conclusion of the next annual general meeting and to authorise the Directors to fix their remuneration. ***Ordinary Resolution 6***

AS SPECIAL BUSINESS:

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

7. **GENERAL AUTHORITY FOR THE DIRECTORS TO ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016** ***Ordinary Resolution 7***

   "THAT pursuant to Sections 75 and 76 of the Companies Act 2016, 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 total number of issued shares 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 Annual General Meeting of the Company."

8. To transact any other business of which due notice shall have been given in accordance with the Companies Act 2016.

NOTICE OF ANNUAL GENERAL MEETING
Cont'd

By order of the Board

TEA SOR HUA (MACS 01324)
Company Secretary

Petaling Jaya, Selangor Darul Ehsan
30 August 2017

Notes:

a) *The Agenda No. 1 is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 does not require a formal approval from 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 not more than 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 Clause 63 of the Company's Constitution to issue a General Meeting Record of Depositors as at 15 September 2017. Only members whose names appear in the General Meeting Record of Depositors as at 15 September 2017 shall be regarded as members and entitled to attend, speak and vote at the Third AGM.*

d) *A proxy may but need not be a member of 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 Share Registrar of the Company situated at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, not less than forty-eight (48) hours before the time for holding the Meeting or adjourned meeting at which the person named in the instrument proposes to vote.*

EXPLANATORY NOTES ON ORDINARY RESOLUTION 5 UNDER ITEM 5 OF THE AGENDA IN RELATION TO THE RE-APPOINTMENT OF DIRECTOR WHO IS OVER 70 YEARS OF AGE

Tan Sri Datuk Adzmi bin Abdul Wahab, who is above the age of 70, was re-appointed pursuant to Section 129 of the Companies Act, 1965 at the Second AGM of the Company held on 27 September 2016 to hold office until the conclusion of the Third AGM. His term of office will end at the conclusion of the Third AGM and who being eligible had offered himself for re-appointment as a Director of the Company.

With the coming into force of the Companies Act 2016 on 31 January 2017, which repealed Section 129 of the Companies Act, 1965, there is no age limit for directors. This Proposed Ordinary Resolution 5, if passed, will approve and authorise the continuation of the Director in office for Tan Sri Datuk Adzmi bin Abdul Wahab from the date of the Third AGM onwards without limitation in age tenure save for the Company's Constitution, the Companies Act 2016 and the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad.

NOTICE OF ANNUAL GENERAL MEETING
Cont'd

EXPLANATORY NOTES TO SPECIAL BUSINESS

1. **Ordinary Resolution 7 under Item 7 of the Agenda**

   The Ordinary Resolution proposed under item 7 of the Agenda is a renewal of the general mandate for issuance of shares by the Company under Sections 75 and 76 of Companies Act 2016. 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 total number of issued share 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 annual general meeting or the expiration of the period within which the next AGM is required by law to be held, whichever is the earlier.

   This general 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).

   As at the date of this Notice, no new shares in the Company were issued pursuant to the general mandate to the Directors at the Second AGM held on 27 September 2016 and it will lapse at the conclusion of the Third AGM of the Company.

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 (1140005-V) ("**the Company**") 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 Third Annual General Meeting ("**Third AGM**" or "**Meeting**") of the Company to be held at Tioman Room, Bukit Jalil Golf & Country Resort, Jalan Jalil Perkasa 3, Bukit Jalil, 57000 Kuala Lumpur on Tuesday, 26 September 2017 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.	Ordinary Resolutions	For	Against
1.	To approve the payment of Directors' fees and benefit of RM131,700.00 for the financial year ended 30 April 2017.		
2.	To approve the payment of Directors' Fees and benefits of up to RM157,200.00 for the financial year ending 30 April 2018.		
3.	To re-elect Mr. Tan Chuan Hock as Director who retires by rotation in accordance with Clause 89 of the Company's Constitution.		
4.	To re-elect Mr. Tevanaigam Randy Chitty as Director who retires by rotation in accordance with Clause 89 of the Company's Constitution.		
5.	To re-appoint Tan Sri Datuk Adzmi bin Abdul Wahab as Director of the Company.		
6.	To re-appoint Messrs. Crowe Horwath as Auditors of the Company.		
7.	To approve the authority for Directors to issue shares pursuant to Sections 75 and 76 of the Companies Act 2016.		

Dated this __________ day of ____________________ 2017.

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 not more than 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 Clause 63 of the Company's Constitution to issue a General Meeting Record of Depositors as at 15 September 2017. Only members whose names appear in the General Meeting Record of Depositors as at 15 September 2017 shall be regarded as members and entitled to attend, speak and vote at the Third AGM.*

c) *A proxy may but need not be a member of 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 Share Registrar of the Company situated at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, not less than forty-eight (48) hours before the time for holding the Meeting or adjourned meeting at which the person named in the instrument proposes to vote.*

Fold This Flap For Sealing

Please fold here

Stamp

The 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

Please fold here