



**LKL INTERNATIONAL BERHAD (201501014673) (1140005-V)**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FOURTH QUARTER ENDED 30 APRIL 2021 <sup>(1)</sup>**

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER 30 APRIL 2021 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30 APRIL 2020 RM'000	CURRENT YEAR-TO-DATE 30 APRIL 2021 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30 APRIL 2020 RM'000
Revenue	A9	9,433	21,454	49,919	54,951
Cost of sales		(9,460)	(14,415)	(37,193)	(35,160)
Gross profit		(27)	7,039	12,726	19,791
Other income		652	454	1,081	675
Administrative expenses		(4,035)	(2,960)	(14,652)	(11,549)
Selling and distribution expenses		(821)	(502)	(1,643)	(2,161)
Other expenses		(197)	(326)	(1,110)	(934)
Finance costs		(82)	(67)	(429)	(406)
Net (Impairment losses)/reversal of impairment losses on financial assets		(4)	(12)	(33)	188
Share of losses of equity accounted joint venture		-	-	-	(36)
(Loss)/Profit before taxation ("LBT"/"PBT")		(4,514)	3,626	(4,060)	5,568
Income tax expense	B4	671	(182)	254	(1,020)
(Loss)/Profit after taxation ("LAT"/"PAT")		(3,843)	3,444	(3,806)	4,548
Other comprehensive income		-	-	-	-
Total comprehensive (loss)/income for the financial year		(3,843)	3,444	(3,806)	4,548
(LAT)/PAT/Total comprehensive (loss)/ income attributable to:-					
Owners of the Company		(3,793)	3,179	(3,500)	4,297
Non-controlling interests		(50)	265	(306)	251
		(3,843)	3,444	(3,806)	4,548
(Loss)/Earnings per share (sen)					
- Basic <sup>(2)</sup> /Diluted <sup>(3)</sup>	B11	(0.76)	0.74	(0.77)	1.00

**Notes:-**

(1) The basis of preparation of the Unaudited Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income are detailed in Note A1 and should be read in conjunction with the audited financial statements for the financial year ended ("FYE") 30 April 2020 and the accompanying explanatory notes attached to this interim financial report.

(2) Basic (loss)/earnings per share is calculated based on the weighted average number of ordinary shares in issue.

(3) Diluted loss per share of the Company for the individual and cumulative quarter ended 30 April 2021 are equivalent to the basic loss per share as the Company does not have convertible options at the end of the reporting period.


**LKL INTERNATIONAL BERHAD (201501014673) (1140005-V)**
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AT 30 APRIL 2021 <sup>(1)</sup>**

	<b>Note</b>	<b>UNAUDITED AT 30 APRIL 2021 RM'000</b>	<b>AUDITED AT 30 APRIL 2020 RM'000</b>
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Property, plant and equipment		39,771	30,580
Right-of-use assets		2,804	2,419
		<u>42,575</u>	<u>32,999</u>
<b>Current Assets</b>			
Inventories		18,225	13,256
Trade receivables		7,083	19,031
Other receivables, deposits and prepayments		29,406	6,599
Amount owing by a related party		228	
Current tax assets		2,440	1,078
Fixed deposits with licensed banks		15,000	1,000
Cash and bank balances		16,788	5,180
		<u>89,170</u>	<u>46,144</u>
<b>TOTAL ASSETS</b>		<u><b>131,745</b></u>	<u><b>79,143</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		115,547	53,299
Merger deficit		(29,580)	(29,580)
Retained profits		33,261	36,761
Equity attributable to owners of the Company		<u>119,228</u>	<u>60,480</u>
Non-controlling interests		(348)	(42)
<b>TOTAL EQUITY</b>		<u><b>118,880</b></u>	<u><b>60,438</b></u>
<b>Non-current Liabilities</b>			
Lease liabilities	B8	1,363	1,343
Term loans	B8	5,086	3,261
Deferred tax liabilities		574	574
		<u>7,023</u>	<u>5,178</u>
<b>Current Liabilities</b>			
Trade payables		2,223	3,019
Other payables and accruals		1,940	3,809
Bankers' acceptances	B8	93	120
Lease liabilities	B8	1,168	847
Term loans	B8	418	2,324
Trust receipts	B8	-	104
Bank overdrafts	B8	-	3,301
Current tax liabilities		-	3
		<u>5,842</u>	<u>13,527</u>
<b>TOTAL LIABILITIES</b>		<u><b>12,865</b></u>	<u><b>18,705</b></u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>131,745</b></u>	<u><b>79,143</b></u>
Net assets per share (RM) <sup>(2)</sup>		<u><b>0.23</b></u>	<u><b>0.14</b></u>

**Notes:-**

(1) The basis of preparation of the Unaudited Condensed Consolidated Statements of Financial Position are detailed in Note A1 and should be read in conjunction with the audited financial statements for the FYE 30 April 2020 and the accompanying explanatory notes attached to this interim financial report.

(2) Net assets per share is calculated based on the number of ordinary shares in issue of 514,560,000 shares as at 30 April 2021 and 428,800,000 shares as at 30 April 2020.



**LKL INTERNATIONAL BERHAD (201501014673) (1140005-V)**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FOURTH QUARTER ENDED 30 APRIL 2021 <sup>(1)</sup>**

	<----- Non-Distributable ----->		Distributable	Attributable to	Non-controlling	Total Equity
	Share Capital	Merger Deficit	Retained Profits	Owners of Company	Interests	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Balance at 1 May 2020</b>	53,299	(29,580)	36,761	60,480	(42)	60,438
LAT/Total comprehensive loss for the financial year	-	-	(3,500)	(3,500)	(306)	(3,806)
Contributions by owners of the Company:						
- Issuance of shares	62,248	-	-	62,248	-	62,248
<b>Balance at 30 April 2021</b>	<b>115,547</b>	<b>(29,580)</b>	<b>33,261</b>	<b>119,228</b>	<b>(348)</b>	<b>118,880</b>
<b>Balance at 1 May 2019</b>	53,299	(29,580)	32,464	56,183	(293)	55,890
PAT/Total comprehensive income for the financial year	-	-	4,297	4,297	251	4,548
<b>Balance at 30 April 2020</b>	<b>53,299</b>	<b>(29,580)</b>	<b>36,761</b>	<b>60,480</b>	<b>(42)</b>	<b>60,438</b>

**Note:-**

(1) The basis of preparation of the Unaudited Condensed Consolidated Statements of Changes in Equity are detailed in Note A1 and should be read in conjunction with the audited financial statements for the FYE 30 April 2020 and the accompanying explanatory notes attached to this interim financial report.



**LKL INTERNATIONAL BERHAD (201501014673) (1140005-V)**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FOURTH QUARTER ENDED 30 APRIL 2021 <sup>(1)</sup>**

	<b>CUMULATIVE QUARTER</b>	
	<b>CURRENT</b>	<b>PRECEDING YEAR</b>
	<b>YEAR-TO-DATE</b>	<b>CORRESPONDING</b>
	<b>30 APRIL 2021</b>	<b>PERIOD</b>
	<b>RM'000</b>	<b>30 APRIL 2020</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FOR OPERATING ACTIVITIES</b>		
(Loss)/Profit before taxation	(4,060)	5,568
Adjustments for:		
Depreciation of property, plant and equipment	1,678	1,571
Depreciation of right-of-use assets	926	785
Impairment losses on trade receivables	77	84
Interest expense	429	406
Inventories written down	546	1,228
Share of losses of equity accounted joint venture	-	36
Gain on disposal of property, plant and equipment	(99)	(77)
Interest income	(113)	(172)
Reversal of impairment losses on trade receivables	(44)	(271)
Reversal of inventories previously written down	(35)	(1,342)
Unrealised loss/(gain) on foreign exchange	107	(71)
<b>Operating (loss)/profit before working capital changes</b>	<b>(588)</b>	<b>7,745</b>
Increase in inventories	(5,480)	(361)
Increase in trade and other receivables	(10,907)	(14,744)
(Decrease)/Increase in trade and other payables	(2,674)	309
Increase in amount owing by a related party	(228)	-
Decrease in amount owing to a related party	-	(1)
Decrease in amount owing to a joint venture	-	(250)
<b>CASH FOR OPERATIONS</b>	<b>(19,877)</b>	<b>(7,302)</b>
Income tax paid	(1,981)	(1,180)
Income tax refunded	870	1,500
Interest paid	(429)	(406)
Interest received	113	172
<b>NET CASH FOR OPERATING ACTIVITIES</b>	<b>(21,304)</b>	<b>(7,216)</b>
<b>CASH FLOWS FOR INVESTING ACTIVITIES</b>		
Addition of right-of-use assets	(59)	(186)
(Increase)/Decrease in pledged fixed deposit with a licensed bank	(15,000)	722
Proceeds from disposal of a joint venture	-	214
Proceeds from disposal of property, plant and equipment	156	144
Purchase of property, plant and equipment	(10,926)	(1,585)
<b>NET CASH FOR INVESTING ACTIVITIES</b>	<b>(25,829)</b>	<b>(691)</b>
<b>CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES</b>		
(Repayment)/Drawdown of bankers' acceptances	(27)	224
Drawdown of term loans	2,240	-
Proceeds from issuance of ordinary shares	62,248	-
Repayment of lease liabilities	(911)	(756)
Repayment of term loans	(2,321)	(410)
Repayment of trust receipts	(104)	-
<b>NET CASH FROM/(FOR) FINANCING ACTIVITIES</b>	<b>61,125</b>	<b>(942)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>13,992</b>	<b>(8,849)</b>
<b>EFFECT OF FOREIGN EXCHANGE TRANSLATION</b>	<b>(83)</b>	<b>68</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR</b>	<b>2,879</b>	<b>11,660</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR</b>	<b>16,788</b>	<b>2,879</b>
<b>Cash and cash equivalents at end of the financial year comprises the following:</b>		
Cash and bank balances	16,788	5,180
Fixed deposit with a licensed bank	15,000	1,000
Bank overdraft	-	(3,301)
	<b>31,788</b>	<b>2,879</b>
Less: Fixed deposit pledged to a licensed bank	(15,000)	-
	<b>16,788</b>	<b>2,879</b>

**Note:-**

(1) The basis of preparation of the Unaudited Condensed Consolidated Statements of Cash Flows are detailed in Note A1 and should be read in conjunction with the audited financial statements for the FYE 30 April 2020 and the accompanying explanatory notes attached to this interim financial report.



# **LKL INTERNATIONAL BERHAD (201501014673) (1140005-V)**

## **NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 30 APRIL 2021**

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

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

The interim financial report of LKL International Berhad (“**LKL International**” or “**the Company**”) and its subsidiaries (“**the Group**”) is unaudited and has been prepared in accordance with the requirements of MFRS 134 - Interim Financial Reporting issued by the Malaysian Accounting Standard Board (“**MASB**”), Paragraph 9.22 and Appendix 9B of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Securities**”).

The interim financial report should be read in conjunction with the audited financial statements for the FYE 30 April 2020. These explanatory notes attached to the interim financial report provide explanation of events and transactions that are significant for the understanding of the changes in the financial position and performance of the Group since the FYE 30 April 2020.

#### **A2. Change of financial year end**

As announced on 8 July 2021, the Company has changed its financial year end from 30 April to 30 September. As a result, the next annual audited financial statements of the Group will be covering a 17-month period ending 30 September 2021.

#### **A3. Changes in accounting policies**

The Group has adopted those standards and interpretations (including the consequential amendments, if any) that have become effective on 1 January 2020 and such adoptions do not have material impact on the financial position and performance of the Group.

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

<b>MFRSs and/or IC Interpretations (Including The Consequential Amendments)</b>	<b>Effective Date</b>
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 AND MFRS16: Interest Rate Benchmark Reform – Phase 2	1 January 2021
Amendments to MFRS 10 and MFRS 128: Sales or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 16: COVID-19-Related Rent Concessions	1 June 2020
Amendments to MFRS 16: COVID-19-Related Rent Concessions Beyond 30 June 2021	1 April 2021
Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRS Standards 2018 – 2020	1 January 2022

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the interim financial report of the Group upon its initial application.



# LKL INTERNATIONAL BERHAD (201501014673) (1140005-V)

## NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 30 APRIL 2021

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

#### A4. Auditors' report on preceding audited financial statements

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

#### A5. Seasonal or cyclical factors

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

#### A6. Unusual items affecting assets, liabilities, equity, net income or cash flows

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

#### A7. Material changes in estimates

There were no changes in estimates that have had a material effect in the current financial quarter under review.

#### A8. Debts and equity securities

There were no other issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the current financial quarter under review, except for the issuance of 85,760,000 Placement Shares listed on the ACE Market of Bursa Securities pursuant to the Private Placement as disclosed in the Note B7.

#### A9. Dividend paid

There was no dividend paid during the current financial quarter under review.

#### A10. Segmental information

(a) Analysis of revenue by product categories

	UNAUDITED INDIVIDUAL QUARTER				UNAUDITED CUMULATIVE QUARTER			
	30 APRIL 2021 RM'000	%	30 APRIL 2020 RM'000	%	30 APRIL 2021 RM'000	%	30 APRIL 2020 RM'000	%
<b>Manufacturing:</b>								
Medical/healthcare beds	2,196	23.28	4,756	22.17	10,948	21.93	14,618	26.60
Medical peripherals and accessories	4,702	49.84	5,582	26.02	19,117	38.30	19,357	35.22
	6,898	73.12	10,338	48.19	30,065	60.23	33,975	61.82
<b>Trading:</b>								
Medical peripherals and accessories	2,488	26.38	9,269	43.20	19,418	38.90	15,873	28.89
Medical devices	47	0.50	1,847	8.61	436	0.87	5,103	9.29
	2,535	26.88	11,116	51.81	19,854	39.77	20,976	38.18
<b>Total revenue</b>	<b>9,433</b>	<b>100.00</b>	<b>21,454</b>	<b>100.00</b>	<b>49,919</b>	<b>100.00</b>	<b>54,951</b>	<b>100.00</b>



# **LKL INTERNATIONAL BERHAD (201501014673) (1140005-V)**

## **NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 30 APRIL 2021**

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

#### **A10. Segmental information (Cont'd)**

(b) Analysis of revenue by geographical areas

	UNAUDITED INDIVIDUAL QUARTER				UNAUDITED CUMULATIVE QUARTER			
	30 APRIL 2021		30 APRIL 2020		30 APRIL 2021		30 APRIL 2020	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
<b>Local:</b>								
Malaysia	5,620	59.58	20,050	93.46	35,597	71.31	45,903	83.53
<b>Export:</b>								
Africa	104	1.10	213	0.99	401	0.80	2,724	4.96
Asia - other than Malaysia	2,832	30.02	1,132	5.28	11,531	23.10	4,876	8.87
Europe	728	7.72	-	-	2,221	4.45	800	1.46
Middle East	149	1.58	59	0.27	169	0.34	648	1.18
	3,813	40.42	1,404	6.54	14,322	28.69	9,048	16.47
<b>Total revenue</b>	<b>9,433</b>	<b>100.00</b>	<b>21,454</b>	<b>100.00</b>	<b>49,919</b>	<b>100.00</b>	<b>54,951</b>	<b>100.00</b>

#### **A11. Valuation of property, plant and equipment**

There was no valuation of the property, plant and equipment for the current financial quarter under review.

#### **A12. Material events subsequent to the end of the current financial quarter**

Save as disclosed below, there were no other material events subsequent to the end of the current financial quarter that have not been reflected in this interim financial report.

- (i) On 4 May 2021, LKL International had entered into a Heads of Agreement with Focus Medicare Sdn. Bhd. ("FMSB") to jointly roll out a new chain lifestyle focused pharmacies, whereby a special purpose vehicle will be formed with the shareholding of 60% held by FMSB and 40% by LKL International.
- (ii) On 7 May 2021, the Company had offered and granted 25,728,000 options at an exercise price of RM0.35 per share to the eligible persons under the employees' share option scheme of the Company ("ESOS"). On 20 May 2021, 25,228,000 options had been exercised pursuant to the ESOS.
- (iii) On 10 May 2021, LKL International had announced to undertake (a) Proposed Diversification of the existing principal activities of the Company and its subsidiaries to include trading of rubber gloves and personal protective equipment; (b) Proposed Private Placement of up to 355,046,400 new ordinary shares in LKL International, representing up to 30% of the total issued shares to independent third-party investors to be identified later and at an issue price to be determined later.
- (iv) On 20 May 2021, Carelife Center Sdn. Bhd., a wholly-owned subsidiary of the Company had entered into a Joint Venture and Shareholders' Agreement with FMSB to jointly form a joint venture company to carry on the business of setting up pharmacies in Malaysia and trading, supplying, wholesaling and/or manufacturing of medical and healthcare equipment, products and services.



## **LKL INTERNATIONAL BERHAD (201501014673) (1140005-V)**

### **NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 30 APRIL 2021**

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

##### **A12. Material events subsequent to the end of the current financial quarter (Cont'd)**

Save as disclosed below, there were no other material events subsequent to the end of the current financial quarter that have not been reflected in this interim financial report. (Cont'd)

- (v) On 24 May 2021, the Company had offered and granted 26,989,400 options at an exercise price of RM0.395 per share to the eligible persons under the ESOS. On 31 May 2021, 26,989,400 options had been exercised pursuant to the ESOS.
- (vi) On 25 May 2021, LKL International announced that the Company had filed a Writ and Statement of Claim against The Edge Communications Sdn. Bhd. for the article published at the pages 62 to 64 of "The Edge Malaysia" on 12 April 2021 entitled "Hidden hands behind penny stock surge under scrutiny", of which is false and highly defamatory against the Company.

As such, the Company had appointed its solicitors, Messrs Wong Kian Kheong and had filed and registered a Writ and Statement of Claim in the High Court in Kuala Lumpur bearing Suit Number: WA-23NCvC-50-05/2021 against The Edge ("The Suit") for, amongst others, damages and injunction to restrain The Edge whether by itself, its agents or servants or otherwise from publishing or causing to be published the same or similar words defamatory of the Company.

- (vii) On 4 June 2021, the Company had offered and granted 28,338,870 options at an exercise price of RM0.36 per share to the eligible persons under the ESOS.
- (viii) On 14 June 2021, LKL International had announced that it will utilise the extension of time granted by Bursa Securities to release and submit its unaudited quarterly report for the period ended 30 April 2021 by 30 July 2021, provided that the MCO 3.0 and FMCO period is not extended further by the Government.
- (ix) On 17 June 2021, LKL International had announced that it will implement the Proposed Private Placement ahead of the Proposed Bonus Issue in view of the impending need for LKL International to secure the necessary funds expeditiously for the new businesses.

As such, the maximum number of the Placement Shares has been revised from 355,046,400 Placement Shares to 177,523,200 Placement Shares. The 177,523,200 Placement Shares would represent up to 30% of the enlarged total number of issued shares, prior to the Proposed Bonus Issue.

- (x) On 23 June 2021, Bursa Securities had approved the listing of and quotation for up to 177,523,200 new ordinary shares to be issued pursuant to the Proposed Private Placement, subject to, amongst others, the following conditions:-
  - (a) LKL International and TA Securities Holdings Berhad ("TA Securities") must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed Private Placement;
  - (b) LKL International and TA Securities to inform Bursa Securities upon completion of the Proposed Private Placement; and
  - (c) LKL International to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Private Placement is completed.



**LKL INTERNATIONAL BERHAD (201501014673) (1140005-V)****NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 30 APRIL 2021****A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS ("MFRS") 134: INTERIM FINANCIAL REPORTING (CONT'D)****A12. Material events subsequent to the end of the current financial quarter (Cont'd)**

Save as disclosed below, there were no other material events subsequent to the end of the current financial quarter that have not been reflected in this interim financial report. (Cont'd)

(xi) On 1 July 2021, the Company had given a notice for an Extraordinary General Meeting of LKL International to be held on 19 July 2021 at 4.00 p.m. in relation to the Proposed Diversification and Proposed Private Placement.

(xii) On 2 July 2021, the Company had issued Circular to shareholders in relation to the Proposed Diversification and Proposed Private Placement.

**A13. Changes in composition of the Group**

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

(i) On 21 April 2021, LKL International had incorporated two (2) wholly-owned subsidiaries namely Carelife Center Sdn. Bhd. and Aluxcare Wellness Sdn. Bhd., each with paid up capital of RM100 comprising 100 shares of RM1.00 each.

**A14. Contingent assets or contingent liabilities**

The Group has no contingent assets and contingent liabilities as at the date of this report.

**A15. Capital commitments**

There were no other material capital commitments in respect of property, plant and equipment as at the date of this report except for the following:

	<b>UNAUDITED AT 30 APRIL 2021 RM'000</b>	<b>AUDITED AT 30 APRIL 2020 RM'000</b>
Purchase of property, plant and equipment	<u>1,200</u>	<u>21</u>

**A16. Related party transactions**

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



# **LKL INTERNATIONAL BERHAD (201501014673) (1140005-V)**

## **NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 30 APRIL 2021**

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

#### **B1. Review of performance**

For the current financial quarter ended 30 April 2021, the Group's revenue decreased 56.0% or RM12.021 million to RM9.433 million from RM21.454 million in the preceding year corresponding quarter. The decrease in revenue was due to lower contributions from both the manufacturing and trading segments.

Segmentally, manufacturing accounted for RM6.898 million of Group revenue, dipping 33.3% or RM3.440 million from RM10.338 million a year ago on lower sales of medical/healthcare beds, as well as medical peripherals and accessories. Meanwhile, the trading division saw reduced sales of medical peripherals and accessories as well as medical devices, resulting in revenue declining 77.2% or RM8.581 million to RM2.535 million from RM11.116 million in the preceding year corresponding quarter.

Geographically, local sales decreased 72.0% or RM14.430 million to RM5.620 million from RM20.050 million previously, mainly attributed to lower sales of medical/healthcare beds, medical peripherals and accessories, and medical devices segments. The domestic market made up 59.6% of the Group's total revenue as compared to 93.5% one year ago.

Meanwhile, export sales surged 171.6% or RM2.409 million to RM3.813 million from RM1.404 million last year, driven by stronger sales recorded in Asia and Europe. Export market constituted 40.4% of Group's total revenue as compared to 6.5% in the preceding year corresponding quarter.

The Group recorded a gross loss mainly due to the accounting provision for slow moving inventories of RM0.510 million coupled with decrease in Group's total revenue. The less favourable product mix and higher administrative expenses had resulted in the Group recording loss before taxation ("**LBT**") of RM4.514 million as compared to a profit before taxation ("**PBT**") of RM3.626 million last year.

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

	<b>UNAUDITED CURRENT QUARTER 30 APRIL 2021 RM'000</b>	<b>UNAUDITED PRECEDING QUARTER 31 JANUARY 2021 RM'000</b>
Revenue	9,433	11,588
LBT	(4,514)	(118)

The Group's total revenue for the current financial quarter under review moderated 18.6% or RM2.155 million to RM9.433 from RM11.588 million in the preceding financial quarter, mainly due to lower sales of medical/healthcare beds and distributed medical peripherals and accessories. The Group however registered stable sales of manufactured medical peripherals and accessories, as well as distributed medical devices.

The manufacturing segment made up RM6.898 million of the Group's total revenue in the current financial quarter, a 5.1% or RM0.370 million dip from RM7.268 million in the preceding financial quarter. As for the trading segment, topline contributions of RM2.535 million represented a 41.3% or RM1.785 million decrease from RM4.320 million in the preceding financial quarter.

As a result of the lower revenue registered and less favourable product mix, the Group incurred LBT of RM4.514 million as compared to a LBT of RM0.118 million in the preceding financial quarter.



# **LKL INTERNATIONAL BERHAD (201501014673) (1140005-V)**

## **NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 30 APRIL 2021**

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

#### **B3. Prospects**

While the ongoing COVID-19 pandemic is posing major economic and social challenges across the globe, LKL International remains optimistic that its future prospects will be complemented by robust levels of healthcare expenditure. Key demand drivers include population growth, rising affluence, ageing population as well as increased spending among healthcare institutions to avoid being exposed to future crisis of a similar magnitude as COVID-19.

The Group has also noted healthy orders for medical beds to be delivered in the calendar year 2021, affirming the largely resilient demand despite short-term challenges. LKL International will also actively look out for strategic opportunities to expand its suite of medical products with the aim of further expanding its reach throughout the healthcare sector.

Additionally, the Group is exploring innovative healthcare-related businesses to capture growth opportunities in other segments. In May 2021, the Group formed a joint venture with Focus Medicare Sdn. Bhd. to open several lifestyle pharmacies in the Klang Valley. These outlets will stand out from conventional pharmacies by providing enriching, hospitable customer experience focused on total wellness, utilising a digital platform to enhance customer convenience and fulfil prescriptions, as well as selling a wide range of nutrition and wellness products.

This new venture will also expand its business into the direct-to-consumer space, in addition to its current model of supplying to healthcare institutions. The Group can leverage its understanding of latest medical and healthcare needs to bring value to end-consumers by introducing evidence-based, high quality and innovative products and services.

Going forward, LKL International strives to improve its competitiveness by continuously exploring opportunities to expand its product portfolio, as well as explore synergistic businesses that would enhance long-term sustainability.

#### **B4. Income tax expense**

	UNAUDITED INDIVIDUAL QUARTER 30 APRIL 2021 RM'000	UNAUDITED CUMULATIVE QUARTER 30 APRIL 2021 RM'000
Current tax expense:		
- for the financial year	(671)	-
- overprovision in the previous financial year	-	(254)
	<u>(671)</u>	<u>(254)</u>
Effective tax rate (%)	-	-

The favourable tax expense for the individual quarter and cumulative quarter was mainly due to overprovision for taxation in the respective periods, now written back.

#### **B5. Variance of actual profit from profit forecast and profit guarantee**

The Group has not issued any profit forecast or profit guarantee in any form of public documentation and announcement during the current financial quarter under review.



**LKL INTERNATIONAL BERHAD (201501014673) (1140005-V)**

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 30 APRIL 2021**

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

**B6. Status of corporate proposals**

Save as disclosed below, there were no other corporate proposals announced but not completed as at the date of this report.

- (i) On 23 March 2021, TA Securities had on behalf of the Board of Directors announced that the Company proposes to undertake the bonus issue of up to 591,744,000 new ordinary shares in the Company ("**LKL Share**" or "**Share**") ("**Bonus Shares**") on the basis of 1 Bonus Share for every 1 existing LKL Share held on the entitlement date to be determined later ("**Proposed Bonus Issue**").
- (ii) On 10 May 2021, TA Securities had on behalf of the Board of Directors announced that the Company proposes to undertake the following:
  - (a) Proposed Diversification of the existing principal activities of the Company and its subsidiaries to include trading of rubber gloves and personal protective equipment; and
  - (b) Proposed Private Placement of up to 355,046,400 new ordinary shares in LKL International, representing up to 30% of the total issued shares to independent third-party investors to be identified later and at an issue price to be determined later.

The Proposed Diversification and Proposed Private Placement are collectively referred to as "**the Proposals**".

On 17 June 2021, LKL International had announced that it will implement the Proposed Private Placement ahead of the Proposed Bonus Issue in view of the impending need for LKL International to secure the necessary funds expeditiously for the new businesses.

As such, the maximum number of the Placement Shares has been revised from 355,046,400 Placement Shares to 177,523,200 Placement Shares. The 177,523,200 Placement Shares would represent up to 30% of the enlarged total number of issued shares, prior to the Proposed Bonus Issue.

On 23 June 2021, Bursa Securities had conditionally approved the listing of and quotation for up to 177,523,200 new ordinary shares to be issued pursuant to the Proposed Private Placement.

On 1 July 2021, the Company had given notice for an extraordinary general meeting of LKL International to be held on 19 July 2021 at 4.00 p.m. in relation to the Proposals.

On 2 July 2021, the Company had issued Circular to shareholders in relation to the Proposals.



# **LKL INTERNATIONAL BERHAD (201501014673) (1140005-V)**

## **NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 30 APRIL 2021**

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

#### **B7. Utilisation of proceeds from the Private Placement**

Pursuant to the Private Placement, the details of the issuance of Placement Shares as at the date of this report are as follows:

Tranches	Issuance Date	No. of Shares	Issue Price (RM)	Total Proceeds (RM)
Tranche 1	26 November 2020	44,540,000	0.8600	38,304,400
Tranche 2	6 January 2021	12,570,000	0.8300	10,433,100
Tranche 3	18 January 2021	10,000,000	0.8466	8,466,000
Tranche 4	10 March 2021	1,000,000	0.4030	403,000
Tranche 5	15 March 2021	1,000,000	0.3840	384,000
Tranche 6	17 March 2021	3,500,000	0.3750	1,312,500
Tranche 7	9 April 2021	13,150,000	0.2690	3,537,350
		<b>85,760,000</b>		<b>62,840,350</b>

The status of utilisation of proceeds as at the date of this report is as follows:

Purposes	Proceeds Raised RM'000	Actual Utilisation RM'000	Deviation RM'000	Unutilised Proceeds RM'000	Estimated timeframe for Utilisation
(a) Capital expenditure and expansion	26,500	10,904	-	15,596	Within 24 months
(b) Future investments or projects	6,000	-	-	6,000	Within 24 months
(c) Repayment of bank borrowings	5,561	402	-	5,159	Within 6 months
(d) Working capital	23,779	23,896	(117)	-	Within 12 months
(e) Estimated expenses in relation to the Proposals	1,000	883	117 <sup>(1)</sup>	-	Within 1 month
<b>Total</b>	<b>62,840</b>	<b>36,085</b>	<b>-</b>	<b>26,755</b>	

**Note:-**

- (1) In view that the actual listing expenses were lesser than estimated, the surplus has been re-allocated for working capital purposes.



**LKL INTERNATIONAL BERHAD (201501014673) (1140005-V)**

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 30 APRIL 2021**

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

**B8. Group's borrowings and debt securities**

The Group's borrowings as at 30 April 2021 were as follows:

	<b>UNAUDITED AT 30 APRIL 2021 RM'000</b>	<b>AUDITED AT 30 APRIL 2020 RM'000</b>
<b>Current:</b>		
Bankers' acceptances	93	120
Lease liabilities	1,168	847
Term loans	418	2,324
Trust receipts	-	104
Bank overdrafts	-	3,301
	<u>1,679</u>	<u>6,696</u>
<b>Non-current:</b>		
Lease liabilities	1,363	1,343
Term loans	5,086	3,261
	<u>6,449</u>	<u>4,604</u>
<b>Total borrowings:</b>		
Bankers' acceptances	93	120
Lease liabilities	2,531	2,190
Term loans	5,504	5,585
Trust receipts	-	104
Bank overdrafts	-	3,301
	<u><b>8,128</b></u>	<u><b>11,300</b></u>

All the borrowings were secured and denominated in Ringgit Malaysia.



## **LKL INTERNATIONAL BERHAD (201501014673) (1140005-V)**

### **NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 30 APRIL 2021**

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

##### **B9. Material litigation**

Save as disclosed below, there is no litigation or arbitration which has a material effect on the financial position of the Group and the Board of Directors is not aware of any proceedings pending or threatened, or of any fact likely to give rise to any proceedings as at the date of this report.

##### **(i) LKL Advance Metaltech Sdn. Bhd. v Crecom Burj Gloves Sdn. Bhd. (WA-24NCC(ARB)-37-12/2020)**

On 16 December 2020, the Company's wholly-owned subsidiary, LKLAM ("Plaintiff"), had filed an Originating Summons ("OS") in the High Court in Kuala Lumpur against Crecom Burj Gloves Sdn. Bhd. ("Defendant"). The High Court had on 5 March 2021 granted a Mareva injunction to freeze the Defendant's assets up to the amount of RM12,542,783.60 after hearing all parties involved. On 9 April 2021, the Defendant filed an affidavit to declare and list out all the necessary details of its assets and current locations of the same. The Defendant had filed an appeal bearing appeal no. W-02(NCC)(A)-719-04/2021 to the Court of Appeal, Putrajaya to appeal against the injunction granted by the High Court in Kuala Lumpur to the Plaintiff. The case management date for the appeal has been fixed on 29 July 2021.

In line with the OS, the Plaintiff had also filed a Notice of Arbitration dated 11 January 2021 ("Arbitration") against the Defendant. The Plaintiff claims against the Defendant for breach of the Purchase Agreement dated 2 October 2020 which was entered into by both parties for the purchase of gloves from the Defendant. In the Arbitration, the Plaintiff is seeking from the Defendant the sum of RM12,542,783.60, general damages, interest, costs and any further relief that the arbitral tribunal thinks fit and just. The Defendant filed a Response to the Arbitration dated 16 February 2021 counterclaiming for the sum of RM20,374,500.00 for the purported balance amount due to the Defendant. The Arbitration is currently pending appointment of arbitrator by the director of Asian International Arbitration Centre.

##### **(ii) LKL International Berhad v The Edge Communications Sdn. Bhd. (WA-23NCvC-50-05/2021)**

On 25 May 2021, the Company had through its solicitors, Messrs. Wong Kian Kheong, filed a Writ and Statement of Claim in the High Court in Kuala Lumpur against The Edge Communications Sdn. Bhd. ("The Edge"). The suit was initiated against The Edge for the article published at pages 62 to 64 of "The Edge Malaysia" on 12 April 2021 entitled "Hidden hands behind penny stock surge under scrutiny" ("Article"), of which the Company alleged that certain words in the Article were defamatory of LKL International.

LKL International is seeking from The Edge, amongst others, damages and an injunction to restrain The Edge whether by itself, its agents or servants or otherwise from publishing or causing to be published the same or similar words defamatory of the LKL International.

The case management for the suit has been fixed on 5 August 2021 via e-Review.

##### **B10. Dividend proposed**

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



**LKL INTERNATIONAL BERHAD (201501014673) (1140005-V)**

**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 30 APRIL 2021**

**B11. Loss per share ("LPS")**

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

	UNAUDITED INDIVIDUAL QUARTER 30 APRIL 2021	UNAUDITED CUMULATIVE QUARTER 30 APRIL 2021
Net loss attributable to ordinary equity holders of the Company (RM'000)	(3,793)	(3,500)
Weighted average number of ordinary shares in issue ('000)	502,043	456,114
Basic/Diluted LPS (sen) <sup>(1)</sup>	(0.76)	(0.77)

**Note:**

(1) Diluted LPS of the Company for the individual and cumulative quarter ended 30 April 2021 are equivalent to the basic LPS as the Company does not have convertible options at the end of the reporting period.

**B12. Notes to the Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income**

(LBT)/PBT is arrived at after charging/(crediting):

	UNAUDITED INDIVIDUAL QUARTER		UNAUDITED CUMULATIVE QUARTER	
	30 APR 2021	30 APR 2020	30 APR 2021	30 APR 2020
	RM'000	RM'000	RM'000	RM'000
Depreciation of property, plant and equipment	435	402	1,678	1,571
Depreciation of right-of-use assets	261	234	926	785
Impairment losses on trade receivables	9	48	77	84
Interest expense	82	68	429	406
Interest income	(25)	(25)	(113)	(172)
Inventories written down	546	159	546	1,228
Gain on disposal of property, plant and equipment	(6)	-	(99)	(77)
Realised gain on foreign exchange	(174)	(236)	(365)	(256)
Unrealised loss/(gain) on foreign exchange	(28)	(132)	107	(71)
Reversal of impairment losses:				
- inventories	(35)	(1,342)	(35)	(1,342)
- trade receivables	(5)	(36)	(44)	(271)

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