


LKL INTERNATIONAL BERHAD (201501014673) (1140005-V)
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE 2-MONTH PERIOD ENDED 30 SEPTEMBER 2021 ⁽¹⁾

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		2-MONTH PERIOD ENDED 30 SEP 2021 RM'000	PRECEDING CORRESPONDING 2-MONTH PERIOD 30 SEP 2020 RM'000	CURRENT FINANCIAL PERIOD ENDED 30 SEP 2021 RM'000	PRECEDING FINANCIAL PERIOD ENDED 30 SEP 2020 RM'000
Revenue	A10	12,064	-	75,505	-
Cost of sales		(11,932)	-	(58,339)	-
Gross profit		132	-	17,166	-
Other income		55	-	1,365	-
Administrative expenses		(4,027)	-	(24,653)	-
Selling and distribution expenses		(491)	-	(2,332)	-
Other expenses		(210)	-	(1,481)	-
Finance costs		(56)	-	(572)	-
Net (Impairment losses)/reversal of impairment losses on financial assets		(41,393)	-	(41,441)	-
Share of losses of equity accounted joint venture		(74)	-	(74)	-
(Loss)/Profit before taxation ("LBT"/"PBT")		(46,064)	-	(52,022)	-
Income tax expense	B4	(382)	-	(128)	-
(Loss)/Profit after taxation ("LAT"/"PAT")		(46,446)	-	(52,150)	-
Other comprehensive income		-	-	-	-
Total comprehensive (loss)/income for the financial year		(46,446)	-	(52,150)	-
(LAT)/PAT/Total comprehensive (loss)/ income attributable to:-					
Owners of the Company		(46,261)	-	(51,630)	-
Non-controlling interests		(185)	-	(520)	-
		(46,446)	-	(52,150)	-
(Loss)/Earnings per share (sen)					
- Basic ⁽²⁾ /Diluted ⁽³⁾	B11	(7.04)	-	(10.39)	-

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 September 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 SEPTEMBER 2021 ⁽¹⁾

	Note	UNAUDITED AT 30 SEP 2021 RM'000	AUDITED AT 30 APRIL 2020 RM'000
ASSETS			
Non-current Assets			
Property, plant and equipment		40,267	30,580
Right-of-use assets		3,061	2,419
		<u>43,328</u>	<u>32,999</u>
Current Assets			
Inventories		15,045	13,256
Trade receivables		9,867	19,031
Other receivables, deposits and prepayments		2,395	6,599
Amount owing by a joint venture		366	-
Amount owing by a related party		228	-
Current tax assets		2,322	1,078
Fixed deposits with licensed banks		15,000	1,000
Cash and bank balances		65,662	5,180
		<u>110,885</u>	<u>46,144</u>
TOTAL ASSETS		<u>154,213</u>	<u>79,143</u>
EQUITY AND LIABILITIES			
Equity			
Share capital		179,167	53,299
Merger deficit		(29,580)	(29,580)
Retained profits /(Accumulated losses)		<u>(13,702)</u>	<u>36,761</u>
Equity attributable to owners of the Company		135,885	60,480
Non-controlling interests		<u>(562)</u>	<u>(42)</u>
TOTAL EQUITY		<u>135,323</u>	<u>60,438</u>
Non-current Liabilities			
Lease liabilities	B8	1,471	1,343
Term loans	B8	4,889	3,261
Deferred tax liabilities		-	574
		<u>6,360</u>	<u>5,178</u>
Current Liabilities			
Trade payables		4,572	3,019
Other payables and accruals		6,085	3,809
Bankers' acceptances	B8	238	120
Lease liabilities	B8	1,213	847
Term loans	B8	422	2,324
Trust receipts	B8	-	104
Bank overdrafts	B8	-	3,301
Current tax liabilities		-	3
		<u>12,530</u>	<u>13,527</u>
TOTAL LIABILITIES		<u>18,890</u>	<u>18,705</u>
TOTAL EQUITY AND LIABILITIES		<u>154,213</u>	<u>79,143</u>
Net assets per share (RM) ⁽²⁾		<u>0.18</u>	<u>0.14</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 773,110,600 shares as at 30 September 2021 and 428,800,000 shares as at 30 April 2020.



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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE 2-MONTH PERIOD ENDED 30 SEPTEMBER 2021 ⁽¹⁾

	<----- Non-Distributable ----->		Distributable	Attributable to	Non-controlling	Total Equity
	Share Capital	Merger Deficit	Retained Profits	Owners of Company	Interests	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance at 1 May 2020	53,299	(29,580)	36,761	60,480	(42)	60,438
LAT/Total comprehensive loss for the financial year	-	-	(51,630)	(51,630)	(520)	(52,150)
Contributions by owners of the Company:						
- Issuance of ordinary shares pursuant to Private Placement	97,697	-	-	97,697	-	97,697
- Issuance of ordinary shares pursuant to ESOS	27,658	-	-	27,658	-	27,658
- Share issuance expenses ⁽²⁾	(1,129)	-	-	(1,129)	-	(1,129)
- Transfer from ESOS Reserve upon exercise/lapse of ESOS	1,642	-	1,167	2,809	-	2,809
Balance at 30 September 2021	<u>179,167</u>	<u>(29,580)</u>	<u>(13,702)</u>	<u>135,885</u>	<u>(562)</u>	<u>135,323</u>
Balance at 1 May 2019	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
Balance at 30 April 2020	<u>53,299</u>	<u>(29,580)</u>	<u>36,761</u>	<u>60,480</u>	<u>(42)</u>	<u>60,438</u>

Note:-

(1) The basis of preparation of the Unaudited Condensed Consolidated Statements of Changes in Equity are detailed in Note A1 and should be read in conjunction with the audited financial statements for the FYE 30 April 2020

(2) Share issuance expenses of approximately RM1.129 million for the issuance of new LKL International Berhad shares were written-off against the share premium account under Section 60 of the Companies Act, 1965.



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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE 2-MONTH PERIOD ENDED 30 SEPTEMBER 2021 ⁽¹⁾

	CUMULATIVE QUARTER	
	CURRENT FINANCIAL PERIOD ENDED 30 SEP 2021 RM'000	PRECEDING FINANCIAL PERIOD ENDED 30 SEP 2020 RM'000
CASH FLOWS FOR OPERATING ACTIVITIES		
(Loss)/Profit before taxation	(52,022)	-
Adjustments for:		
Depreciation of property, plant and equipment	2,391	-
Depreciation of right-of-use assets	1,314	-
Impairment losses on trade and other receivables	40,716	-
Interest expense	561	-
Impairment losses on property, plant and equipment	782	-
Inventories written down	4,934	-
Gain on disposal of property, plant and equipment	(99)	-
Interest income	(250)	-
Reversal of impairment losses on trade receivables	(57)	-
Reversal of inventories previously written down	(35)	-
Unrealised loss/(gain) on foreign exchange	49	-
Transfer of Lapse ESOS Option	1,166	-
Operating (loss)/profit before working capital changes	(550)	-
Increase in inventories	(6,688)	-
Increase in trade and other receivables	(27,295)	-
(Decrease)/Increase in trade and other payables	3,832	-
Increase in amount owing by a related party	(228)	-
Decrease in amount owing to a joint venture	(366)	-
CASH FOR OPERATIONS	(31,295)	-
Income tax paid	(2,846)	-
Income tax refunded	899	-
Interest paid	(561)	-
Interest received	250	-
NET CASH FOR OPERATING ACTIVITIES	(33,553)	-
CASH FLOWS FOR INVESTING ACTIVITIES		
Addition of right-of-use assets	7	-
(Increase)/Decrease in pledged fixed deposit with a licensed bank	(15,000)	-
Proceeds from disposal of property, plant and equipment	156	-
Purchase of property, plant and equipment	(12,918)	-
NET CASH FOR INVESTING ACTIVITIES	(27,755)	-
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES		
(Repayment)/Drawdown of bankers' acceptances	118	-
Drawdown of term loans	2,240	-
Proceeds from issuance of ordinary shares	125,868	-
Repayment of lease liabilities	(1,469)	-
Repayment of term loans	(2,514)	-
Repayment of trust receipts	(104)	-
NET CASH FROM/(FOR) FINANCING ACTIVITIES	124,139	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	62,831	-
EFFECT OF FOREIGN EXCHANGE TRANSLATION	(48)	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	2,879	-
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	65,662	-
<u>Cash and cash equivalents at end of the financial year comprises the following:</u>		
Cash and bank balances	65,662	-
Fixed deposit with a licensed bank	15,000	-
Bank overdraft	-	-
	80,662	-
Less: Fixed deposit pledged to a licensed bank	(15,000)	-
	65,662	-

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 2-MONTH PERIOD ENDED 30 SEPTEMBER 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 such, there will be no comparative financial information available for the financial period ended 30th 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 2021 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: -

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
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
Amendments to MFRS 112: Income Tax – Deferred Tax related to Assets and Liabilities arising from a Single Transaction.	1 January 2023
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.



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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE 2-MONTH PERIOD ENDED 30 SEPTEMBER 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 except as disclosed in the unaudited financial statement and Note B1.

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

Save as disclosed below, there were no other issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the current financial quarter under review: -

(i) Issuance of new ordinary shares pursuant to the 2nd Private Placement:

Tranches	Issuance Date	No. of Shares	Issue Price (RM)	Total Proceeds (RM)
Tranche 1	3 September 2021	144,000,000	0.2050	29,520,000
Tranche 2	3 September 2021	26,033,200	0.2050	5,336,806
		170,033,200		34,856,806

(ii) Issuance of new ordinary shares pursuant to the exercise of Employees’ Share Option Scheme:

	2-MONTH PERIOD ENDED 30 SEP 2021		CURRENT FINANCIAL PERIOD ENDED 30 SEP 2021	
	No. of Shares ‘000	RM ‘000	No. of Shares ‘000	RM ‘000
Exercise of share options	36,300	8,168	88,517	27,658

A9. Dividend paid

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



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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE 2-MONTH PERIOD ENDED 30 SEPTEMBER 2021

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

A10. Segmental information

(a) Analysis of revenue by product categories

	UNAUDITED 2-MONTH PERIOD ENDED				UNAUDITED CURRENT FINANCIAL PERIOD ENDED			
	30 SEP 2021		30 SEP 2020		30 SEP 2021		30 SEP 2020	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Manufacturing:								
Medical/healthcare beds	3,786	31.38	-	-	19,353	25.63	-	-
Medical peripherals and accessories	3,872	32.10	-	-	27,011	35.77	-	-
	7,658	63.48	-	-	46,364	61.40	-	-
Trading:								
Medical peripherals and accessories	4,042	33.50	-	-	28,171	37.31	-	-
Medical devices	364	3.02	-	-	970	1.29	-	-
	4,406	36.52	-	-	29,141	38.60	-	-
Total revenue	12,064	100.00	-	-	75,505	100.00	-	-

(b) Analysis of revenue by geographical areas

	UNAUDITED 2-MONTH PERIOD ENDED				UNAUDITED CURRENT FINANCIAL PERIOD ENDED			
	30 SEP 2021		30 SEP 2020		30 SEP 2021		30 SEP 2020	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Local:								
Malaysia	11,302	93.69	-	-	59,448	78.73	-	-
Export:								
Africa	134	1.11	-	-	535	0.71	-	-
Asia - other than Malaysia	595	4.93	-	-	13,081	17.32	-	-
Europe	33	0.27	-	-	2,254	2.99	-	-
Middle East	-	-	-	-	187	0.25	-	-
	762	6.31	-	-	16,057	21.27	-	-
Total revenue	12,064	100.00	-	-	75,505	100.00	-	-

A11. Valuation of property, plant and equipment

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



LKL INTERNATIONAL BERHAD (201501014673) (1140005-V)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE 2-MONTH PERIOD ENDED 30 SEPTEMBER 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

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 5 Nov 2021, Aluxcare Wellness Sdn. Bhd., a wholly-owned subsidiary of the Company had entered into Sale and Purchase Agreement with Nik Mohamed Holdings Sdn. Bhd. for the acquisition of a parcel of freehold land, held under the individual title Geran 62380, Lot 47568, Mukim Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur, together with a four (4) storey shop office for a total cash consideration of RM5,700,000.00 only.
- (ii) On 15 Nov 2021, the Company had completed the third tranche of the listing of and quotation for 7,490,000 Placement Shares on the ACE Market of Bursa Securities pursuant to the Private Placement of up to 177,523,200 new ordinary shares in LKL International.

A13. Changes in composition of the Group

There were no material changes in the composition of the Group for the current financial quarter under review.

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:

	UNAUDITED AT 30 SEP 2021 RM'000	AUDITED AT 30 APRIL 2020 RM'000
Purchase of property, plant and equipment	<u>2,330</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 2-MONTH PERIOD ENDED 30 SEPTEMBER 2021

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

B1. Review of performance

No comparative figures are presented due to the change in the financial year end as stated in Note A2.

The Group's performance for the current two-month period and seventeen months ended September 30, 2021 is as tabled below:

	UNAUDITED 2-MONTH PERIOD ENDED 30 SEPTEMBER 2021 RM'000	UNAUDITED CURRENT FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021 RM'000
Revenue	12,064	75,505
Profit/(Loss) Before Tax ("PBT" / "(LBT)")	<u>(46,064)</u>	<u>(52,022)</u>

TWO-MONTH PERIOD REVIEW

For the current financial two-month period ended September 30, 2021, the Group recorded revenue of RM12.064 million. The manufacturing segment contributed the majority of group revenue with RM7.658 million or 63.48%, comprising sales of medical/healthcare beds and medical peripherals and accessories. Meanwhile, the trading segment contributed to the remaining revenue at RM4.406 million or 36.52%, comprising sales of medical peripherals and accessories, and medical devices.

Geographically, the local market was the larger revenue contributor at RM11.302 million or 93.7%. Export sales made up the remaining RM0.762 million or 6.3%.

The Group recorded LBT of RM46.064 million for the period under review mainly due to impairments in respect of property, plant and equipment (RM 0.782 million), inventories written down to net realizable value (RM 4.388 million), trade receivables (RM 1.976 million) and deposits and prepayment (RM 38.634 million) arising mainly from material litigations (Crecom and Genesis) as stated in note B9.

SEVENTEEN MONTHS REVIEW

The Group registered revenue of RM75.505 million for the seventeen months ended September 30, 2021. The manufacturing segment contributed the majority of group revenue with RM46.364 million or 61.40%. Meanwhile, the trading segment contributed to the remaining revenue at RM29.141 million or 38.60%.

Geographically, the local market was the larger revenue contributor at RM59.448 million or 78.73%. Export sales made up the remaining RM16.057 million or 21.27%.

The Group recorded LBT of RM52.022 million for the seventeen months ended September 30, 2021 for similar reasons as above.

B2. Comparison with preceding quarter's results

Due to the change in the financial year end, the performance of the current two-month period is not comparable against the preceding quarter of three months (5th quarter ended July 31, 2021).



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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE 2-MONTH PERIOD ENDED 30 SEPTEMBER 2021

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

B3. Prospects

Despite the challenging market environment posed by the COVID-19 pandemic, the Group has seen largely resilient demand for medical/healthcare beds, peripherals and accessories, as medical and healthcare services remain essential to the population. The Group also recorded healthy orders for medical/healthcare beds to be delivered in the calendar year 2022.

Presently, the Group's strategy involves strengthening its existing business segments, by increasing its suite of products and solutions in the manufacturing and trading of medical/healthcare beds, peripherals and accessories, and marketing and distribution of medical devices, targeting the domestic and overseas markets.

The new business will enable the Group to expand its presence to the direct-to-consumer healthcare and wellness market, complementing its coverage of healthcare institutions. The Group can leverage its knowledge in serving medical and healthcare institutions, and bring value to end-consumers through evidence-based, high quality and innovative products and services, as well as the use of digital healthcare solutions.

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. Furthermore, the Malaysian Budget 2022 reaffirmed the Government's continued investments into expanding the country's healthcare infrastructure.

Going forward, LKL International strives to improve its competitiveness by expanding its product portfolio, and entering into synergistic businesses that would enhance long-term sustainability.

B4. Income tax expense

	UNAUDITED 2-MONTH PERIOD ENDED 30 SEP 2021 RM'000	UNAUDITED CURRENT FINANCIAL PERIOD ENDED 30 SEP 2021 RM'000
Current tax expense:		
- for the financial year	956	956
- (over)provision in the previous financial year	-	(254)
	<u>956</u>	<u>702</u>
Deferred Taxation:		
- (over)provision in the previous financial year	(574)	(574)
	<u>(574)</u>	<u>(574)</u>
Total Income tax expense	<u>382</u>	<u>128</u>
Effective tax rate (%)	24%	24%

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



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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE 2-MONTH PERIOD ENDED 30 SEPTEMBER 2021

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

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

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

B6. Status of corporate proposals

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

- (i) 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.

The Proposals were approved by the shareholders at the Company’s Extraordinary General Meeting held on 19 July 2021.

As at the date of this report, the Company had completed all listing and quotation for 177,523,200 Placement Shares on the ACE Market of Bursa Securities pursuant to the Private Placement on 15 November 2021.

- (ii) On 23 November 2021, TA Securities had announced on behalf of the Board that LKL International proposed to undertake a private placement of up to 150,000,000 new ordinary shares in LKL International to third party investor(s) to be identified later and at an issue price to be determined later.

LKL INTERNATIONAL BERHAD (201501014673) (1140005-V)
NOTES TO THE INTERIM FINANCIAL REPORT FOR THE 2-MONTH PERIOD ENDED 30 SEPTEMBER 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 1st 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
		85,760,000		62,840,350

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	11,008	-	15,492	Within 24 months
(b) Future investments or projects	6,000	4,645	-	1,355	Within 24 months
(c) Repayment of bank borrowings	5,561	2,673	-	2,888	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 ⁽¹⁾	-	Within 1 month
Total	62,840	43,105	-	19,735	

Note:-

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

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE 2-MONTH PERIOD ENDED 30 SEPTEMBER 2021
B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES (CONT'D)
B7. Utilisation of proceeds from the Private Placement (Cont'd)

Pursuant to the 2nd 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	3 September 2021	144,000,000	0.2050	29,520,000
Tranche 2	3 September 2021	26,033,200	0.2050	5,336,806
Tranche 3	15 November 2021	7,490,000	0.0930	696,570
		177,523,200		35,553,376

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) Trading of rubber gloves and PPE	32,953	29,981	-	2,972	Within 24 months
(b) Setting Up new storage facilities	2,000	70	-	1,930	Within 24 months
(c) Estimated expenses in relation to the Proposals	600	514	-	86	Within 1 month
Total	35,553	30,565	-	4,988	



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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE 2-MONTH PERIOD ENDED 30 SEPTEMBER 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 September 2021 were as follows:

	UNAUDITED AT 30 SEPTEMBER 2021 RM'000	AUDITED AT 30 APRIL 2020 RM'000
Current:		
Bankers' acceptances	238	120
Lease liabilities	1,213	847
Term loans	422	2,324
Trust receipts	-	104
Bank overdrafts	-	3,301
	1,873	6,696
Non-current:		
Lease liabilities	1,471	1,343
Term loans	4,889	3,261
	6,360	4,604
Total borrowings:		
Bankers' acceptances	238	120
Lease liabilities	2,630	2,190
Term loans	5,311	5,585
Trust receipts	-	104
Bank overdrafts	-	3,301
	8,233	11,300

All the borrowings were secured and denominated in Ringgit Malaysia.



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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. vs 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. However, the Defendant has withdrawn its appeal No. W-02(NCC)(A)-719-04/2021 at the Court of Appeal on 9 September 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 pending appointment of arbitrator by the director of Asian International Arbitration Centre.

(iii) LKL International Berhad vs 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 Edge has filed a striking out application and it is fixed for hearing on 17 November 2021. The Court had vacated the hearing dates and further fixed a case management on 10 December 2021.



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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE 2-MONTH PERIOD ENDED 30 SEPTEMBER 2021

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

B9. Material litigation (Cont'd)

(iv) LKL Advance Metaltech Sdn. Bhd. vs Crecom Burj Gloves Sdn. Bhd. and 6 others (WA-22NCC-331-07/2021)

On 13 September 2021, the Company's wholly-owned subsidiary, LKLAM ("Plaintiff"), had through its solicitors, Messrs Chong + Kheng Hoe, filed a Writ and Statement of Claim in the High Court in Kuala Lumpur against Crecom Burj Gloves Sdn. Bhd. Crecom Burj Group Sdn Bhd, Datin Roslinda Binti Jaafar, Khairil Anuar Bin A. Rahman, Nurul Ashikin Binti Muhammad Muhiyuddin, Chew Seng Ker and Nurul Balqis Binti Khairul Anuar ("Defendant").

The Plaintiff claiming against all defendants for the return of RM12,540,757.20 being payment made by the Plaintiff for the purchase of gloves from CBGSB pursuant to the Purchase Agreement dated 2 October 2020. The Suit is fixed for trial on 23 to 27 May 2022.

There was no progress in the case as reported in the preceding financial quarter, our lawyer will continue to update on regular basis.

(iv) LKL Advance Metaltech Sdn. Bhd. vs Genesis Gateway Sdn. Bhd. (WA-28NCC-800-11/2021)

On 8 November 2021, the Company's wholly owned subsidiary, LKLAM ("Petitioner") had through its solicitors, Messrs. Chong + Kheng Hoe, presented a Winding Up Petition at the Kuala Lumpur High Court against Genesis Gateway Sdn Bhd ("Respondent") for the sum of RM13,311,960.96, indebted by the Respondent to the Petitioner wherein the Petitioner is seeking inter alia for the Respondent to be wound up by the Court and the incidental reliefs related thereto.

The Suit is fixed for case management on 8 December 2021.

B10. Dividend proposed

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

B11. Loss per share ("LPS")

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

	UNAUDITED 2-MONTH PERIOD ENDED 30 SEPTEMBER 2021	UNAUDITED CURRENT FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021
Net loss attributable to ordinary equity holders of the Company (RM'000)	(46,261)	(51,630)
Weighted average number of ordinary shares in issue ('000)	657,322	496,974
Basic/Diluted LPS (sen) ⁽¹⁾	(7.04)	(10.39)

Note:

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



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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE 2-MONTH PERIOD ENDED 30 SEPTEMBER 2021

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

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

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

	UNAUDITED 2-MONTH PERIOD ENDED		UNAUDITED CURRENT FINANCIAL PERIOD ENDED	
	30 SEP 2021	30 SEP 2020	30 SEP 2021	30 SEP 2020
	RM'000	RM'000	RM'000	RM'000
Depreciation of property, plant and equipment	283	-	2,391	-
Depreciation of right-of-use assets	151	-	1,314	-
Impairment losses on trade receivables and prepayment	40,624	-	40,716	-
Impairment losses on property, plant and equipment	782	-	782	-
Interest expense	50	-	561	-
Interest income	(67)	-	(250)	-
Inventories written down	4,388	-	4,934	-
Gain on disposal of property, plant and equipment	-	-	(99)	-
Realised gain on foreign exchange	(58)	-	(464)	-
Unrealised loss/(gain) on foreign exchange	51	-	49	-
Reversal of impairment losses:				
- inventories	-	-	(35)	-
- trade receivables	(13)	-	(57)	-

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