LKL INTERNATIONAL BERHAD (201501014673) (1140005-V)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2024[(1)]

		INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	Note	UNAUDITED CURRENT QUARTER ENDED 31 DECEMBER 2024 RM'000	AUDITED COMPARATIVE QUARTER ENDED 31 DECEMBER 2023 RM'000	UNAUDITED CUMULATIVE PRECEDING PERIOD TO DATE ENDED 31 DECEMBER 2024 RM'000	AUDITED CUMULATIVE PRECEDING PERIOD TO DATE ENDED 31 DECEMBER 2023 RM'000
Revenue	A9	17,144	15,940	47,611	44,578
Cost of sales		(9,721)	(9,370)	(33,601)	(28,659)
Gross profit		7,423	6,570	14,010	15,919
Other income		284	431	2,894	1,301
Administrative expenses		(4,732)	(3,649)	(14,362)	(11,753)
Selling and distribution expenses		(1,383)	(487)	(3,407)	(1,705)
Other expenses		(19,543)	1,840	(32,418)	(5,748)
Net loss on impairment of financial assets		(1,843)	(278)	(2,718)	(325)
Share of profit of an associate		-	-	-	-
Profit / (Loss) from operations		(19,794)	4,427	(36,001)	(2,311)
Finance costs		(455)	(280)	(1,646)	(579)
Profit / (Loss) before taxation (**"LBT"**)		(20,249)	4,147	(37,647)	(2,890)
Tax expense	B4	(24)	(4,093)	(160)	(4,093)
Profit / (Loss) after taxation ("**LAT"**)		(20,273)	55	(37,807)	(6,983)
Other comprehensive income		-	-	-	-
Total comprehensive income/(expense) for the financial period		(20,273)	55	(37,807)	(6,983)
Total comprehensive income/(expense) for the financial period attributable to:-					
Owners of the Company		(20,204)	44	(37,751)	(6,978)
Non-controlling interests		(69)	11	(56)	(5)
		(20,273)	55	(37,807)	(6,983)
Earnings / (Loss) per share (sen) - Basic [(2)]	B11	(5.21)	0.01	(9.73)	(2.18)

Notes:-

(1) The basis of preparation of the Unaudited Condensed Consolidated Statements of Profit or loss and Other Comprehensive Income is detailed in Note A1 and should be read in conjunction with the audited financial statements for the financial year ended ("FYE") 31 December 2023 and the accompanying explanatory notes attached to this interim financial report.

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

LKL INTERNATIONAL BERHAD (201501014673) (1140005-V)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2024[(1)]

	Note	UNAUDITED AS AT 31 DECEMBER 2024 RM'000	AUDITED AS AT 31 DECEMBER 2023 RM'000
ASSETS			
Non-current Assets			
Property, plant and equipment		103,373	74,029
Right-of-use assets		9,857	3,832
Investment in quoted shares		21,375	38,015
		134,605	115,876
Current Assets			
Inventories		14,564	16,619
Trade receivables		11,944	11,977
Other receivables, deposits and prepayments		8,211	21,884
Amount owing by a related party		228	228
Fixed deposit with licensed bank		21,385	20,380
Cash and bank balances		4,350	16,190
		60,682	87,278
Assets included in disposal group classified as held for sale		-	11,811
		60,682	99,089
TOTAL ASSETS		195,287	214,965
EQUITY AND LIABILITIES			
Equity			
Share capital		240,262	240,262
Merger deficit		(29,580)	(29,580)
Accumulated losses		(76,772)	(39,021)
Equity attributable to owners of the Company		133,910	171,661
Non-controlling interests		(694)	(638)
TOTAL EQUITY		133,216	171,023
Non-current Liabilities			
Lease liabilities	B8	1,795	2,050
Bank borrowings	B8	26,403	6,616
		28,198	8,666
Current Liabilities			
Trade payables		766	338
Other payables and accruals		7,319	10,461
Bank borrowings	B8	24,204	22,131
Lease liabilities	B8	1,024	1,208
Provision for taxation		560	1,138
		33,873	35,276
TOTAL LIABILITIES		62,071	43,942
TOTAL EQUITY AND LIABILITIES		195,287	214,965
Net asset per share (RM) [(2)]		0.35	0.44

Notes:-

(1) The basis of preparation of the Unaudited Condensed Consolidated Statements of Financial Position is detailed in Note A1 and should be read in conjunction with the audited financial statements for the FYE 31 December 2023 and the accompanying explanatory notes attached to this interim financial report.

(2) Net asset per share is calculated based on the number of ordinary shares in issue of 388,057,256 shares.

LKL INTERNATIONAL BERHAD (201501014673) (1140005-V)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2024[(1)]

	<---------- Attributable to Equity Holders of the Company ---------->					
	<---------- Non-Distributable ---------->					
	Share Capital	Merger Deficit	Accumulated Losses	Total Attributable to Owners of Company	Non-controlling Interests	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance at 1 January 2024	240,262	(29,580)	(39,021)	171,661	(638)	171,023
Transactions with owners						
Ordinary shares issued pursuant to:						
- Right issue with warrants	-	-	-	-	-	-
- Share issuance expenses	-	-	-	-	-	-
	-	-	-	-	-	-
Disposal of shares to non-controlling interest	-	-		-	-	-
Loss and other comprehensive expense for the financial period	-	-	(37,751)	(37,751)	(56)	(37,807)
Balance at 31 December 2024	240,262	(29,580)	(76,772)	133,910	(694)	133,216

Note:-

(1) The basis of preparation of the Unaudited Condensed Consolidated Statements of Financial Position is detailed in Note A1 and should be read in conjunction with the audited financial statements for the FYE 31 December 2023 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 FINANCIAL PERIOD ENDED 31 DECEMBER 2024[(1)]

	UNAUDITED PERIOD ENDED 31 DECEMBER 2024 RM'000	AUDITED PERIOD ENDED 31 DECEMBER 2023 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(37,647)	(2,890)
Adjustments for:		
Bad debts written off	1,948	-
Depreciation of property, plant and equipment	3,890	4,050
Gain on disposal of property, plant and equipment	(1,693)	(15)
Gain on disposal of right of use asset	(22)	(13)
Depreciation of right-of-use assets	1,386	1,415
Interest expense	1,721	680
Interest income	(607)	(659)
Impairment losses on property, plant and equipment	2,490	29
Impairment losses on right of use asset	1,514	-
Property, plant and equipment written off	382	-
Impairment losses on other asset	2,400	-
Net reversal of written down on inventories	(745)	1,803
Net impairment loss on amount due from related parties	228	-
Net impairment loss / (gain) on trade receivables	(217)	325
Net impairment gain on non-trade receivables	2,707	-
Fair value loss on investment in quoted shares	20,640	-
Fair value gain on investment in other investment	(59)	2,305
Unrealised gain on foreign exchange	(2)	(78)
Operating loss before working capital changes	(1,686)	6,952
Decrease in inventories	400	(8,009)
Increase / decrease in trade and other receivables	8,303	(16,834)
Decrease in trade and other payables	(2,715)	690
CASH USED IN OPERATIONS	4,302	(17,201)
Income tax paid	(794)	(343)
Income tax refunded	57	1,468
Interest received	607	659
NET CASH USED IN OPERATING ACTIVITIES	4,172	(15,417)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(32,989)	(25,997)
Acquisition of investment in quoted shares	(4,000)	-
Acquisition of investment in other investments	59	(20,819)
Acquisition of right-of-use asset	(8,017)	-
Increase in pledged fixed deposit with a licensed bank	(1,004)	-
Proceeds from disposal of property, plant and equipment	10,387	15
Proceeds from disposal of investment in subsidiaries	-	40
Termination adjustment of right-of-use asset	447	-
NET CASH USED IN INVESTING ACTIVITIES	(35,117)	(46,761)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of ordinary shares	1	(894)
Net proceeds from issuance of ordinary shares via right issue with warrants	-	49,452
Repayment of hire purchase	228	-
Repayment of lease liabilities	(2,001)	(1,270)
Repayment of term loans	20,680	313
Repayment of bankers' acceptances	(194)	-
Interest paid	(589)	(680)
NET CASH GENERATED FROM FINANCING ACTIVITIES	18,125	46,921

LKL INTERNATIONAL BERHAD (201501014673) (1140005-V)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2024[(1)]

	UNAUDITED PERIOD ENDED 31 DECEMBER 2024 RM'000	AUDITED PERIOD ENDED 31 DECEMBER 2023 RM'000
NET DECREASE IN CASH AND CASH EQUIVALENTS	(12,820)	(15,257)
EFFECTS OF FOREIGN EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	738	44
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	(3,682)	26,708
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	(15,764)	11,495
Cash and cash equivalents at end of the financial period comprise the following:		
Cash and bank balances	4,350	10,988
Fixed deposit with a licensed bank	21,385	20,380
Bank overdraft	(20,114)	(19,873)
	5,621	11,495
Less: Fixed deposit pledged with a licensed bank	(21,385)	-
	(15,764)	11,495

Note:-

(1) The basis of preparation of the Unaudited Condensed Consolidated Statements of Cash Flows is detailed in Note A1 and should be read in conjunction with the audited financial statements for the FYE 31 December 2023 and the accompanying explanatory notes attached to this interim financial report.

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 financial year ended 31 December 2023 ("FYE 2023"). 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 2023.

A2. Changes in accounting policies

The accounting policies and methods of computation adopted by the Group in these interim financial statements are consistent with those adopted in the audited financial statements for the year ended 31 December 2023 except for those standard, amendments and IC interpretation that had become effective 1 January 2024 and such adoptions do not have material impact on the financial statements 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 are effective for this interim financial report: -

		Effective Date
Amendments to MFRS 16:	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101:	Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 107 and MFRS 7:	Supplier Finance Arrangement	1 January 2024
Amendments to MFRS 121:	Lack on Exchangeability	1 January 2025
Amendments to MFRS 9 and MFRS 7:	Amendments to the Classification and Measurement of Financial Instruments	1 January 2025
MFRS 18:	Presentation and Disclosure in Financial Statements	1 January 2025
MFRS 19:	Subsidiaries without Public Accountability: Disclosures	1 January 2025
Amendments to MFRS 10 and MFRS 128:	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

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

A3. Auditors' report on preceding audited financial statements

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

A4. Seasonal or cyclical factors

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

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

A5. Unusual items affecting assets, liabilities, equity, net income or cash flows

There were no unusual material items affecting assets, liabilities, equity, net income or cash flows of the Group during the current financial quarter and current period-to-date under review except as disclosed in the unaudited financial statements.

A6. Material changes in estimates

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

A7. Debts and equity securities

There was no other issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the current financial quarter under review.

A8. Dividend paid

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

A9. Segmental information

(a) Analysis of revenue by product categories

	UNAUDITED INDIVIDUAL QUARTER				UNAUDITED CUMULATIVE PERIOD			
	31 DECEMBER 2024		31 DECEMBER 2023		31 DECEMBER 2024		31 DECEMBER 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Manufacturing:								
Medical/healthcare beds	5,326	31.07	2,895	18.16	11,280	23.69	9,390	21.06
Medical peripherals and accessories	5,713	33.32	5,148	32.30	17,998	37.80	20,207	45.33
	11,039	64.39	8,043	50.46	29,278	61.49	29,597	66.39
Trading:								
Medical peripherals and accessories	4,397	25.65	7,292	45.74	13,742	28.87	13,953	31.30
Medical devices	245	1.43	32	0.20	349	0.73	61	0.14
	4,642	27.08	7,324	45.94	14,091	29.60	14,014	31.44
Retail:								
Healthcare and Pharmaceuticals	1,463	8.53	573	3.6	4,242	8.91	967	2.17
Total revenue	**17,144**	**100.00**	**15,940**	**100.00**	**47,611**	**100.00**	**44,578**	**100.00**

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

A9. Segmental information (Cont'd)

(b) Analysis of revenue by geographical areas

	UNAUDITED INDIVIDUAL QUARTER				UNAUDITED CUMULATIVE PERIOD			
	31 DECEMBER 2024		31 DECEMBER 2023		31 DECEMBER 2024		31 DECEMBER 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Local:								
Malaysia	13,237	77.21	15,260	95.74	40,017	84.05	40,195	90.17
Export:								
Africa	884	5.15	233	1.46	1,965	4.13	1,553	3.48
Asia - other than Malaysia	2,875	16.77	447	2.80	4,703	9.88	2,575	5.78
Europe	124	0.73	-	-	880	1.84	55	0.12
Middle East	24	0.14	-	-	46	0.10	200	0.45
	3,906	22.79	680	4.26	7,594	15.95	4,383	9.83
Total revenue	**17,144**	**100.00**	**15,940**	**100.00**	**47,611**	**100.00**	**44,578**	**100.00**

A10. Valuation of property, plant and equipment

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

A11. Material events subsequent to the end of the current financial quarter

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.

A12. 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:

On 17 October 2024, LKL had entered into a Joint Venture and Shareholders Agreement with Fastech to establish a joint venture company namely PT LKL Indonesia Makmur ("JV Company"), that primarily engages in the business of manufacturing, selling, trading and distribution of medical equipment, medical devices and medical furniture in Indonesia. The JV Company was incorporated on 26 November 2024.

On 26 November 2024, the Company has incorporated a wholly owned subsidiary namely LandB Protrade Sdn Bhd.

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

A13. Contingent assets or contingent liabilities

The Group has no other contingent assets and contingent liabilities as at the date of this report except for the following:

a) Contingent liabilities

	UNAUDITED AS AT 31 DECEMBER 2024 RM'000	AUDITED AS AT 31 DECEMBER 2023 RM'000
Bank guarantees given by financial institution to third parties	360	786

A14. Capital commitments

	UNAUDITED AS AT 31 DECEMBER 2024 RM'000	AUDITED AS AT 31 DECEMBER 2023 RM'000
Approved and contracted for:		
Purchase of property, plant and equipment	25,990	39,599

A15. Related party transactions and Recurrent Related Party Transaction

Significant related party transactions and recurrent related party transaction for the financial period to date are as follows :

Transactions with a company in which the major shareholder of the Company, Bioalpha Holding Berhad has substantial interests:

Mediconstant Pharmacy Sdn. Bhd.

	RM'000
- Outlets management fee paid	576
- Promotion and marketing fee paid	400
- Manpower related paid	601
- Shoplot sublease rent & utilities related paid	105
- Purchase of pharmaceutical products, medical, healthcare equipment and pharmacy related.	3,144
- Acquisition of new outlets	2,600
- Initial purchase of inventories	1,000

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

B1. Review of performance of 12-month ended 31 December 2024 ("4Q 2024")

The Group's performance for the 4Q 2024 is as tabled below:

	UNAUDITED 4Q 2024 RM'000	AUDITED 4Q 2023 RM'000
Revenue	17,144	15,940
Gross profit	7,423	6,570
Loss Before Tax ("LBT")	(20,249)	4,147

Individual Period: Q4 FY2024 vs Q4 FY2023

The Group posted revenue of RM17.144 million, mainly contributed by the orders delivered from the trading and retail segment of medical peripherals and accessories, medical devices, healthcare and pharmaceuticals. The Group registered a higher revenue of RM17.144 million, a marginal increase of RM1.203 million or 8.00% from the amount recorded in the preceding year's corresponding quarter (Q4FY23).

The Group reported a gross profit of RM7.423 million and a gross profit margin of 29.43 % for the current financial period. In Q4FY23, the Group reported a gross profit of RM6.570 million and a gross profit margin of 35.71%. The reduction of 6.28% in the gross profit margin is primarily attributed to higher material costs, inventories written off and loss from pharmacy operations.

The loss before tax for the current quarter ended 31 December 2024 was RM20.249 million (Q4FY23 : profit before tax of RM4.147 million) mainly due to losses in the fair value on investment in quoted shares of RM10.273 million (Q4FY23 : fair value gain RM3.770 million), depreciation and lease expense of RM1.435 million (Q4FY23 : RM2.923 million), loss from pharmacy operation of RM1.113 million (Q4FY23: RM0.865 million), current impairment loss asset RM6.404 million (Q4FY23: RM0.030 million), and interest expense of RM0.308 million (Q4FY23 : RM0.239 million).

Manufacturing Segment for FY2024

The manufacturing segment of medical/healthcare beds, medical peripherals and accessories delivered orders totaling RM29.278 million or 61.49% of the group revenue for the current financial period mainly to the orders received from the government and private healthcare centers.

This segment posted a gross profit of RM4.800 million (FY2023: 4.307 million) and a gross profit margin of 16.39% (FY2023: 46.92%) for the current financial period due to higher materials cost and lower average selling price.

Trading Segment for FY2024

The trading segment of medical peripherals, accessories and medical devices contributed improved to RM14.091 million or 29.60% of revenue for the current financial period. This segment posted a gross profit of RM11.331 million.

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

B1. Review of performance of 12-month ended 31 December 2024 ("4Q 2024") (Cont'd)

Pharmacy Retail Segment for FY2024

The revenue contributed from the pharmacy retail segment improved to RM4.242 million for the current financial period with nine pharmacy outlets located in the major cities in Klang Valley, representing 8.91% of the group revenue for the current financial period.

Due to the lower sales volume resulting from stiff competition, this segment registered a gross loss of RM1.958 million for the current financial period, and consequently, this segment posted loss before tax of RM11.661 million (FY2023: RM2.592 million).

Investment Holding Segment for FY2024

This segment continues to register a loss of RM21.435 million for the financial year due to the loss on the fair value of quoted investments of RM20.640 million.

B2. Comparison with the preceding quarter's results

	UNAUDITED CURRENT QUARTER ENDED 31 DECEMBER 2024 RM'000	UNAUDITED PRECEDING QUARTER ENDED 30 SEPTEMBER 2024 RM'000
Revenue	17,144	11,166
Gross profit	7,423	1,531
Loss Before Tax ("LBT")	(20,249)	(7,927)

Q4 FY2024 vs Q3 FY2024

Revenue for the current quarter increased by RM5.978 million or 53.53% as compared to the preceding quarter (Q3FY24) mainly due to increased sales of medical peripherals and accessories, medical devices, healthcare and pharmaceuticals in the current quarter.

The Group registered a loss before tax of RM20.249 million in the current financial quarter as compared to a loss before tax of RM7.927 million in Q3 2024 mainly due to losses in the fair value on investment in quoted shares of RM10.273 million (Q3FY24 : fair value gain RM3.582 million), depreciation and lease expense of RM1.435 million (Q3FY24 : RM1.164 million) and impairment loss of asset of RM6.404 million.

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

B3. Prospects

Malaysia, a prominent economy in Southeast Asia, is deeply integrated into the global market, with its economic performance in 2024 impacted by a complex mix of domestic policies, regional developments, and global factors. Throughout the year, Malaysia experienced fluctuations in key economic indicators such as growth rates, inflation, currency exchange, and industrial performance. The fourth quarter (Q4) of 2024 served as a pivotal period in which the country's economic trajectory for the year was fully realized but also highlighted the continuing struggles in certain sectors and the pressures exerted by global dynamics.

For the year as a whole, the Malaysian economy grew by 5.1% in 2024 (2023: 3.6%), due to continued expansion in domestic demand and a rebound in exports, and expanded by 5% in the fourth quarter of 2024 (3Q 2024: 5.4%) *(Source: Department of Statistics Malaysia (DOSM))*, driven mainly by domestic demand. and a rebound in exports. In addition, strong investment approvals and further progress of multi-year projects by the private and public sectors, which includes catalytic initiatives under national master plans provided further impetus to investment growth *(Source: Bank Negara Malaysia: Economic and Financial Developments in Malaysia in the Fourth Quarter of 2024)*.

The seasonally adjusted S&P Global Malaysia Manufacturing Purchasing Managers' Index™ (PMI®) fell from 49.2 in November to 48.6 in December to indicate a modest slowdown in the Malaysian manufacturing sector, that was nonetheless the most pronounced since March *(Source : https://tradingeconomics.com/malaysia/manufacturing-pmi)*. The figure indicates a modest slowdown in the Malaysian manufacturing sector, which was nonetheless the most pronounced since March according to S&P Global.

Manufacturers often noted that demand in the sector remained muted during December, with reports of weak customer confidence. Total new business moderated slightly for the second month running. At the same time, demand conditions in international markets deteriorated for the first time since March. With customer demand remaining subdued, manufacturers scaled back production for the seventh consecutive month.

Companies signalled that they had sufficient capacity as the level of outstanding business fell once again in December, and to the largest extent since April. Goods producers also signalled a sharp slowdown in the pace of input cost inflation. Anecdotal evidence suggested that exchange rate weakness had pushed up prices for inputs sourced from abroad, though this was partially offset by lower prices for certain materials.

The manufacturing sector, which had been struggling throughout much of 2024, showed signs of stagnation in Q4. The electronics industry, a major contributor to Malaysia's manufacturing output, continued to face challenges due to the global semiconductor slowdown, weak consumer demand for electronics, and inventory overhang in key markets.

In addition, certain sub-sectors, such as the medical devices industry, showed continued growth. With the ongoing demand for healthcare products, Malaysia remained one of the largest producers of medical devices in Southeast Asia, helping offset some of the losses in other industries. Malaysia's gross domestic product (GDP) growth in the final quarter of the year continued, albeit at a slower rate, as well as pointing to sustained year-on-year improvements in official manufacturing production.

Malaysia's economy in 2024 was heavily influenced by both domestic and global forces. The global economic environment, marked by uncertainty, inflation, and slower-than-expected recovery from the pandemic, had a direct impact on Malaysia's growth trajectory.

While many advanced economies, particularly the US and EU, took aggressive measures to contain inflation, the effects rippled across emerging markets, including Malaysia. Malaysia, being an export-oriented economy, was particularly vulnerable to these disruptions.

The ongoing trade tensions between the US and China, coupled with Russia's invasion of Ukraine, further complicated global trade dynamics. Trade uncertainties and the rising cost of raw materials also dampened global demand for Malaysia's exports, impacting its manufacturing sector.

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

B3. Prospects (Cont'd)

In addition, certain sub-sectors, such as the medical devices industry, showed continued growth. With the ongoing demand for healthcare products, Malaysia remained one of the largest producers of medical devices in Southeast Asia, helping offset some of the losses in other industries. Malaysia's gross domestic product (GDP) growth in the final quarter of the year continued, albeit at a slower rate, as well as pointing to sustained year-on-year improvements in official manufacturing production.

Malaysia's economy in 2024 was heavily influenced by both domestic and global forces. The global economic environment, marked by uncertainty, inflation, and slower-than-expected recovery from the pandemic, had a direct impact on Malaysia's growth trajectory. While many advanced economies, particularly the US and EU, took aggressive measures to contain inflation, the effects rippled across emerging markets, including Malaysia. Malaysia, being an export-oriented economy, was particularly vulnerable to these disruptions.

The ongoing trade tensions between the US and China, coupled with Russia's invasion of Ukraine, further complicated global trade dynamics. Trade uncertainties and the rising cost of raw materials also dampened global demand for Malaysia's exports, impacting its manufacturing sector. By strategically navigating these challenges, we can contribute to enhancing the healthcare infrastructure in Malaysia and potentially expand our reach into international markets. As we move towards the end of 2024, embracing innovation and maintaining a customer-centric approach will be key to our success.

The Group continues to leverage its long-term strategic relationships with the existing and potential business associates and partners that would improve the business process efficiency and cost-effectiveness. The Group also continues to pursue progress in its joint venture arrangements to meet its objectives. We strongly believe that our joint venture with PT Fasilitas Teknologi Nusantara (FASTECH) will grant us the opportunity to penetrate the Indonesian medical equipment market.

With the US Federal Reserve raising interest rates in 2024, capital flows out of emerging markets like Malaysia were accelerated, contributing to a weaker Ringgit and higher borrowing costs. Additionally, Malaysia's central bank, Bank Negara Malaysia (BNM), faced a delicate balancing act in managing interest rates. Any changes in Malaysia's monetary policy needed to align with both domestic inflationary pressures and external market forces.

In 2024, the ringgit recorded an overall appreciation of 2.7% against the US dollar. The ringgit was also one of the few currencies in Asia to appreciate against the US dollar in 2024 besides the Hong Kong dollar, and the Thai baht, whilst other regional currencies experienced a depreciation *(Source: https://www.thestar.com.my/business/business-news/2025/02/14/ringgit-records-27-overall-appreciation-against-us-in-2024---bank-negara).* However, the ringgit's depreciated against the US dollar (-8.1%) in the fourth quarter of 2024, which was in line with the broader movement of regional currencies. This movement was primarily driven by a stronger US dollar amid revised financial market expectations for smaller US policy rate reductions in 2025, and higher investors' risk aversion arising from policy uncertainties under the new US administration.

During the quarter, headline inflation edged lower to 1.8% (3Q 2024: 1.9%). Lower inflation was observed for mobile communication services and RON97 petrol which was partially offset by higher inflation in other food-related items. Inflation pervasiveness remained moderate. The share of Consumer Price Index (CPI) items recording monthly price increases remained below the long-term average of 39.8% (3Q 2024: 38.9%; 4Q 2011-2019: 41.7%) *(Source : https://www.bernama.com/en/region/news.php/news.php?id=2392453).*

Going forward, inflation is expected to remain manageable in 2025 amid easing global cost conditions and the absence of excessive domestic demand pressures. While the recently announced domestic policy reforms would contribute to some upward pressure on prices, the overall impact on inflation is expected to be contained.

The Group stays alert to potential uncertainties and actively works to minimize any foreseeable risks to the business. As business trends evolve, we will keep focusing on our core strengths, embracing new opportunities through innovation, and expanding into new markets by diversifying our products and services.

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

B4. Tax expenses

	UNAUDITED INDIVIDUAL QUARTER ENDED 31 DECEMBER 2024 RM'000	AUDITED INDIVIDUAL QUARTER ENDED 31 DECEMBER 2023 RM'000	UNAUDITED CUMULATIVE PERIOD ENDED 31 DECEMBER 2024 RM'000	AUDITED CUMULATIVE PERIOD ENDED 31 DECEMBER 2023 RM'000
Current tax expense	-	2,775	136	2,775
Under provision in prior financial period	24	1,318	24	1,318
	24	4,093	160	4,093

There was no material tax expense during the quarter in view of the unabsorbed tax losses.

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

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

B6. Status of corporate proposals

There were no corporate proposals announced but not completed as at the date of this report.

B7. Utilisations of proceeds from corporate exercises

a) Pursuant to the Right Issue with Warrants, the details of the issuance of Right Shares as at the date of this report are as follows:

Issuance Date	No. of Shares	Issue Price (RM)	Total Proceeds (RM)
28 March 2023	290,897,202	0.17	49,452,524

The status of utilisation of proceeds as at 30 September 2024:

	Purposes	Proceeds raised RM'000	Actual utilisation RM'000	Deviation RM'000	Unutilised proceeds RM'000	Estimated timeframe for utilisation
(a)	Expansion of the pharmacy business	48,353	33,297	206	15,262	Within 24 months
(b)	Estimated expenses in relation to the Proposals	1,100	894	(206)	-	Immediate
	Total	**49,453**	**34,191**	**-**	**15,262**	

Note:-

(1) In view that the actual listing expenses were less than estimated, the surplus has been re-allocated for expansion of the pharmacy business.

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 31 December 2024 were as follows:

	UNAUDITED AS AT 31 DECEMBER 2024 RM'000	AUDITED AS AT 31 DECEMBER 2023 RM'000
Current:		
Bank overdraft	20,114	19,873
Bankers' acceptance	1,867	2,061
Lease liabilities	1,024	1,208
Term loans	2,223	197
	25,228	23,339
Non-current:		
Lease liabilities	1,795	2,050
Term loans	26,402	6,616
	28,197	8,666
Total borrowings:		
Bank overdraft	20,114	19,873
Bankers' acceptance	1,867	2,061
Lease liabilities	2,819	3,258
Term loans	28,625	6,813
	53,425	**32,005**

All the borrowings were secured and denominated in Ringgit Malaysia.

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, LKL Advance Metaltech Sdn. Bhd. ("LKLAM") had through its solicitors, Messrs. Chong + Kheng Hoe, filed an Originating Summons in the High Court in Kuala Lumpur bearing registration number: WA24NCC(ARB)-37-12/2020 ("OS") against Crecom Burj Gloves Sdn. Bhd. ("Defendant").

The High Court had on 5 March 2021 granted a Mareva injunction to freeze the Defendant's asset up to the amount of RM12,542,784 after hearing all parties involved. The Defendant has been wound up on 29 September 2022.

The Defendant's liquidator had on 20 September 2023 filed an application to set aside the Mareva injunction. Parties had on 6 November 2023 recorded a consent order to set aside the Mareva injunction on the condition that, amongst others, the Defendant's liquidator accept and admit the Plaintiff's Proof of Debt lodged with the Defendant's liquidator.

In line with the OS, LKLAM had also filed a Notice of Arbitration dated 11 January 2021 ("Arbitration") against the Defendant. LKLAM 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, LKLAM is seeking from the Defendant the sum of RM12,542,784, general damages, interest, costs and any further relief that the arbitral tribunal thinks fit and just.

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

B9. Material litigation (Cont'd)

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 (Cont'd)

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

The Defendant filed a Response to the Arbitration dated 16 February 2021 counterclaiming for the sum of RM20,374,500 for the purported balance amount due to the Defendant. The Arbitration is pending appointment of arbitrator by the director of Asian International Arbitration Centre. There was no progress in the case as at the date of this report.

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

On 26 July 2021, LKLAM had through its solicitors, Messrs Chong + Kheng Hoe, filed a Writ and Statement of Claim in the High Court in Kuala Lumpur bearing suit number: WA-22NCC-331-07/2021 ("Suit") 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").

LKLAM is claiming against Defendants for the return of RM12,540,757 being payment made by LKLAM for the purchase of gloves from Crecom Burj Group Sdn. Bhd. pursuant to the purchase agreement dated 2 October 2020.

On 23 August 2022, the second Defendant, Crecom Burj Group Sdn. Bhd. has been wound up by the Kuala Lumpur High Court. LKLAM has filed a post-winding up suit no. WA-28PW-620-12/2022 to obtain leave from the Kuala Lumpur High Court to continue the proceeding against the second Defendant, Crecom Burj Group Sdn. Bhd. in suit WA-22NCC-331-07/2021.

On 29 September 2022, the first Defendant, Crecom Burj Gloves Sdn. Bhd. has been wound up by the Shah Alam High Court. LKLAM has filed a post-winding up suit no. BA-28PW-314-12/2022 to obtain leave from the Shah Alam High Court to continue the proceeding against the first Defendant, Crecom Burj Gloves Sdn. Bhd. in suit WA22NCC-331-07/2021.

On 17 November 2023, Consent Judgment was entered between LKLAM and the first Defendant, Crecom Burj Gloves Sdn. Bhd. whereby the official receiver for the first Defendant had admitted its debt against LKLAM for RM12,542,783.60. Proof of debt against the first Defendant was filed.

On 19 September 2024, the High Court has granted direction for LKLAM to file its proof of debt against the second Defendant, Crecom Burj Group Sdn. Bhd. for RM12,542,783.60, as the official receiver for the second Defendant had no objections on the same. Proof of debt against the second Defendant was filed.

During the last case management on 4.11.2024, the Court recorded that the claims against the 3rd to 7th Defendants are withdrawn with liberty to file afresh and no order as to costs. The trial dates fixed from 28 July to 1 August 2025 are thereby vacated. There is no further action to be taken in relation to this Suit as the claim has been withdrawn.

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

B9. Material litigation (Cont'd)

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 (Cont'd)

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

On 17 November 2023, Consent Judgment was entered between LKLAM and the first Defendant, Crecom Burj Gloves Sdn. Bhd. whereby the official receiver for the first Defendant had admitted its debt against LKLAM for RM12,542,783.60. Proof of debt against the first Defendant was filed.

On 19 September 2024, the High Court has granted direction for LKLAM to file its proof of debt against the second Defendant, Crecom Burj Group Sdn. Bhd. for RM12,542,783.60, as the official receiver for the second Defendant had no objections on the same. Proof of debt against the second Defendant was filed.

During the last case management on 4.11.2024, the Court recorded that the claims against the 3rd to 7th Defendants are withdrawn with liberty to file afresh and no order as to costs. The trial dates fixed from 28 July to 1 August 2025 are thereby vacated. There will be no further progress for this Suit.

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

On 8 November 2021, LKLAM ("Petitioner") has had through its solicitors, Messrs. Chong + Kheng Hoe, presented a Winding Up Petition at the Kuala Lumpur High Court registered under Companies (Winding-Up) No. WA-28NCC800-11/2021 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 Court has also appointed a liquidator of the Respondent and Petitioner has filed their proof of debt to the liquidator on 31 October 2022. There is no further action to be taken in this Suit as the Respondent company had been wound up.

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

On 24 May 2021, the Company had through its solicitors, Messrs. Wong Kian Kheong, filed a Writ and Statement of Claim in the High Court of Malaya at Kuala Lumpur against The Edge Communications Sdn. Bhd. ("The Edge"). The suit was initiated against The Edge in respect of an 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 contended that certain words in the Article were defamatory of the Company.

The Company is claiming 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 Company.

On 19 August 2021, the Edge filed an application to strike out the Company's claim, and the High Court, on 17 May 2022, dismissed The Edge's striking application with costs in the cause. The matter is fixed for trial on 21 and 24 February 2025. The court has informed that the trial dates have been vacated, and the matter is fixed on 10 March 2025 for case management to fix new trial dates.

B10. Dividend proposed

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

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

B11. Earnings /(Loss) per share

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

	UNAUDITED INDIVIDUAL QUARTER ENDED 31 DECEMBER 2024	UNAUDITED INDIVIDUAL QUARTER ENDED 31 DECEMBER 2023	UNAUDITED CUMULATIVE PERIOD ENDED 31 DECEMBER 2024	UNAUDITED CUMULATIVE PERIOD ENDED 31 DECEMBER 2023
Net profit/(loss) attributable to ordinary equity holders of the Company (RM'000)	(20,204)	44	(37,751)	(6,978)
Weighted average number of ordinary shares in issue ('000)	388,057	388,057	388,057	319,517
Basic LPS (Sen)	(5.21)	0.01	(9.73)	(2.18)

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

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

	UNAUDITED INDIVIDUAL QUARTER ENDED		UNAUDITED CUMULATIVE PERIOD ENDED	
	31 DECEMBER 2024 RM'000	31 DECEMBER 2023 RM'000	31 DECEMBER 2024 RM'000	31 DECEMBER 2023 RM'000
Depreciation of property, plant and equipment	985	2,519	3,890	4,066
Gain on disposal of property, plant and equipment	54	-	(1,693)	(15)
Depreciation of right-of-use assets	450	420	1,387	1,415
Interest expense	455	322	1,646	733
Interest income	(142)	(170)	(607)	(659)
Net written down on inventories	(756)	738	(745)	630
Impairment loss/(gain) on trade receivables	(385)	278	(217)	325
Fair value loss /(gain) on investment in quoted shares	10,273	(3,644)	20,640	2,464
Unrealised loss/(gain) on foreign exchange	(290)	(32)	1	(78)

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

B13. Authorisation for Issue

The interim financial report was authorised for issue by the Board of Directors on 28 February 2025.