

KOTRA INDUSTRIES BERHAD [199901022732 (497632-P)]

QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FIRST FINANCIAL QUARTER ENDED 30 SEPTEMBER 2022
(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME**

	Note	Individual Quarter		Cumulative Quarter	
		Current Quarter Ended 30-09-22 RM'000	Corresponding Quarter Ended 30-09-21 RM'000	3 Months Cumulative To Date 30-09-22 RM'000	3 Months Cumulative To Date 30-09-21 RM'000
Revenue		64,752	51,089	64,752	51,089
Operating expenses		(48,463)	(36,879)	(48,463)	(36,879)
Other operating income		2,122	858	2,122	858
Profit from operations		18,411	15,068	18,411	15,068
Finance cost		(60)	(146)	(60)	(146)
Profit before tax		18,351	14,922	18,351	14,922
Tax expense	(B6)	(111)	(4)	(111)	(4)
Profit after tax, representing total comprehensive income for the period		18,240	14,918	18,240	14,918
Earnings per share (sen)					
(a) Basic	(B12)	12.33	10.08	12.33	10.08
(b) Diluted	(B12)	12.32	10.08	12.32	10.08

(The Condensed Consolidated Statement of Profit Or Loss And Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2022 and the accompanying explanatory notes attached to this interim financial report)

KOTRA INDUSTRIES BERHAD [199901022732 (497632-P)]

QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FIRST FINANCIAL QUARTER ENDED 30 SEPTEMBER 2022
(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Unaudited As at 30-09-2022	Audited As at 30-06-2022
	Note	RM '000	RM '000
ASSETS			
Non-Current Assets			
Property, plant and equipment		96,810	99,154
Investment properties		1,332	1,338
Right-of-use assets		10,767	11,054
Deferred tax assets		6,970	6,970
		115,879	118,516
Current Assets			
Inventories		50,848	45,699
Trade receivables		39,677	35,124
Other receivables, deposits and prepayments		13,271	9,852
Tax recoverable		181	246
Short term investment		945	945
Fixed deposit with licensed bank		73,700	65,500
Cash and bank balances		32,729	23,271
		211,351	180,637
TOTAL ASSETS		327,230	299,153
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital		84,786	84,766
Share option reserve		91	99
Retained earnings		177,515	159,275
		262,392	244,140
Non-Current Liabilities			
Lease liabilities		82	82
Deferred Income		1,044	1,118
		1,126	1,200
Current Liabilities			
Trade payables		26,407	18,553
Other payables and accruals		31,808	27,609
Derivative liabilities		-	15
Lease liabilities		727	965
Short term borrowings	(B8)	4,770	6,671
		63,712	53,813
Total Liabilities		64,838	55,013
TOTAL EQUITY AND LIABILITIES		327,230	299,153
Net assets per share attributable to ordinary equity holders of the parent (RM)	(B13)	1.77	1.65

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2022 and the accompanying explanatory notes attached to this interim financial report)

KOTRA INDUSTRIES BERHAD [199901022732 (497632-P)]

QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FIRST FINANCIAL QUARTER ENDED 30 SEPTEMBER 2022
(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

	3 Months Ended 30-09-22 RM '000	3 Months Ended 30-09-21 RM '000
Cash Flows From Operating Activities		
Profit before taxation	18,351	14,922
Adjustment for:		
Reversal of impairment loss on trade receivables	-	(371)
Depreciation of property, plant and equipment and investment properties	3,392	3,379
Depreciation of right-of-use assets	287	288
Fair value gain on derivatives financial instrument	(15)	(2)
Unrealised (gain) / loss on foreign exchange	(1,058)	152
Inventories written down	2,778	157
Amortisation of deferred income	(74)	(74)
Gain on disposal of property, plant and equipment	-	2
Interest expense	60	146
Interest income	(468)	(193)
Operating profit before working capital changes	<u>23,253</u>	<u>18,406</u>
Increase in inventories	(7,927)	(4,709)
Increase in receivables	(9,090)	(11,087)
Increase in payables	12,053	6,374
Cash generated from operations	<u>18,289</u>	<u>8,984</u>
Tax paid	(46)	(17)
Net cash from operating activities	<u>18,243</u>	<u>8,967</u>
Cash Flows From /(For) Investing Activities		
Interest received	468	193
Purchase of property, plant and equipment	(181)	(969)
Proceeds from disposal of property, plant and equipment	-	1
Net cash from /(for) investing activities	<u>287</u>	<u>(775)</u>

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW (continued)

	3 Months Ended 30-09-22 RM '000	3 Months Ended 30-09-21 RM '000
Cash Flows For Financing Activities		
Repayment of lease liabilities	(238)	(239)
Repayment of term loans	(1,901)	(3,195)
Proceeds from issuance of shares	12	42
Interest paid	(60)	(146)
Net cash for financing activities	<u>(2,187)</u>	<u>(3,538)</u>
Net Increase in Cash & Cash Equivalents	16,343	4,654
Effect of Exchange Rate Changes on Cash & Cash Equivalents	1,315	(76)
Cash & Cash Equivalents at beginning of the financial period	89,716	68,702
Cash & Cash Equivalents at end of financial period	<u><u>107,374</u></u>	<u><u>73,280</u></u>
The Cash & Cash Equivalents Comprise The Following :-		
Fixed deposits with licensed bank	73,700	5,300
Short term investment	945	58,800
Cash and bank balances	32,729	9,180
	<u><u>107,374</u></u>	<u><u>73,280</u></u>

(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2022 and the accompanying explanatory notes attached to this interim financial report)

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FOR THE FIRST FINANCIAL QUARTER ENDED 30 SEPTEMBER 2022
(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital RM '000	Non - distributable Share Option Reserve RM '000	Distributable Retained Profits RM '000	Total RM '000
As at 30 September 2022				
Balance at 1 July 2022	84,766	99	159,275	244,140
Profit after tax, representing total comprehensive income for the year	-	-	18,240	18,240
Share options exercised	20	(8)	-	12
Balance at 30 September 2022	<u>84,786</u>	<u>91</u>	<u>177,515</u>	<u>262,392</u>
As at 30 September 2021				
As at 1 July 2021	84,715	108	121,596	206,419
Profit after tax, representing total comprehensive expense for the year	-	-	14,918	14,918
Share options exercised	51	(9)	-	42
Balance at 30 September 2021	<u>84,766</u>	<u>99</u>	<u>136,514</u>	<u>221,379</u>

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2022 and the accompanying explanatory notes attached to this interim financial report)

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QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FIRST FINANCIAL QUARTER ENDED 30 SEPTEMBER 2022

A. Explanatory Notes pursuant to MFRS 134 Interim Financial Reporting

A1. Accounting Policies and Methods of Computation

The interim financial statements have been prepared in accordance with MFRS 134, Interim Financial Reporting and paragraph 9.22 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements. The figures for the cumulative period in the current quarter to 30 September 2022 have not been audited. The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 June 2022.

The significant accounting policies adopted by the Group in this interim financial report are consistent with those adopted in the annual audited financial statements for the financial year ended 30 June 2022 except for those mentioned in paragraph A1.1 below.

A1.1 During the current financial period, the Group has adopted the following new Malaysian Financial Reporting Standards and interpretations (including the consequential amendments, if any) :-

MFRSs and IC Interpretations (Including The Consequential Amendments)

Amendments to MFRS 3 : Reference to the Conceptual Framework

Amendments to MFRS 116 : Property, Plant and Equipment - Proceeds before Intended Use

Amendments to MFRS 137 : Onerous Contracts – Cost of Fulfilling a Contract

Annual Improvements to MFRS Standards 2018–2020

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

A1.2 The Group has not applied in advance the following Malaysian Financial Reporting Standards and interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial period:

MFRSs and IC Interpretations (Including The Consequential Amendments)

Effective Date

Amendments to MFRS16: Lease Liability in a Sale and Leaseback

01-Jan-24

Amendments to MFRS 101 : Classification of Liabilities as Current or Non-current

01-Jan-23

Amendments to MFRS 101 : Disclosure of Accounting Policies

01-Jan-23

Amendments to MFRS 108 : Definition of Accounting Estimates

01-Jan-23

Amendments to MFRS 112 : Deferred Tax related to Assets and Liabilities arising from a Single Transaction

01-Jan-23

The adoption of the above-mentioned Malaysian Financial Reporting Standards and IC interpretations (including the consequential amendments, if any), insofar as they are applicable to the Group, is expected to have no material impact on the financial statements of the Group upon their initial application.

A2. Seasonal or Cyclical Factors

The business operation of the Group was not materially affected by any seasonal or cyclical factors.

A3. Unusual items affecting Assets, Liabilities, Equity, Net Income or Cash Flows

There were no items affecting the assets, liabilities, equity, net income or cash flows that were unusual because of their nature, size or incidence.

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A4. Changes in Estimates

There were no changes in estimates reported in prior interim periods of the current financial year or prior financial years which have a material effect in the current interim period.

A5. Issues, Repurchases and Repayments of Debt and Equity Securities

There were no issues, repurchases or repayments of debt and equity securities, for the period ended 30 September 2022 except for the issuance of 17,600 ordinary shares pursuant to the Company's Employee Share Option Scheme at the exercise price of RM0.65 each.

A6. Dividend Paid

There was no payment of dividend in the current quarter.

A7. Segmental Information

The segment information in respect of the Group's operating segments for the period ended 30 September 2022 is as follows:

	Current Quarter		3 Months	
	Ended 30 Sept		Ended 30 Sept	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Local	46,455	33,699	46,455	33,699
Export	18,297	17,390	18,297	17,390
External revenue	<u>64,752</u>	<u>51,089</u>	<u>64,752</u>	<u>51,089</u>
Local	13,815	11,736	13,815	11,736
Export	5,946	5,153	5,946	5,153
Profit from operations	<u>19,761</u>	<u>16,889</u>	<u>19,761</u>	<u>16,889</u>

A reconciliation of total profit from operations to total consolidated profit before tax is provided as follows:

	Current Quarter		3 Months	
	Ended 30 Sept		Ended 30 Sept	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Profit from operations for reportable segments	19,761	16,889	19,761	16,889
Expenses managed on a central basis	(3,472)	(2,679)	(3,472)	(2,679)
Other operating income	2,122	858	2,122	858
Consolidated profit from operations	<u>18,411</u>	<u>15,068</u>	<u>18,411</u>	<u>15,068</u>
Finance cost	(60)	(146)	(60)	(146)
Consolidated Profit before tax	<u>18,351</u>	<u>14,922</u>	<u>18,351</u>	<u>14,922</u>

A8. Events After the Interim Period

There were no material events after the quarter ended 30 September 2022 and up to 28 November 2022 that have not been reflected in these financial statements.

A9. Effect of Changes in the Composition of the Group

There were no changes in the composition of the Group, including business combinations, acquisition or disposal of subsidiaries and long term investments, restructurings, or discontinuance of operations during the interim period under review.

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A10. Changes in Contingent Liabilities or Contingent Assets

There were no contingent liabilities or contingent assets at the end of this reporting period and end of last financial year.

A11. Capital Commitments

The amounts committed for the purchase of property, plant and equipment not provided for in the interim financial statements are as follows:

	As at 30-09-22 RM'000	As at 30-09-21 RM'000
Contracted but not provided for	32,709	1,761

A12. Significant Related Party Transactions

The Group's significant related party transactions for the current financial period ended 30 September 2022 are as follows:

	Current Quarter Ended 30 Sept		3 Months Ended 30 Sept	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Companies in which certain key management personnel have significant financial interests:				
- Lease payment on short term leases	15	16	15	16
- Lease payment for right-of-use asset	246	246	246	246
A company in which a close member of the family of certain key management personnel has significant financial interests:				
- Sales of goods	(156)	(64)	(156)	(64)

The above recurrent transactions were entered into based on normal commercial terms.

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B. Explanatory Notes pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad**B1. Review of the Performance of the Group**

	3 Months		Changes %
	Ended 30 Sept		
	2022	2021	
	RM'000	RM'000	
Turnover	64,752	51,089	26.74%
Profit from operations	18,411	15,068	22.19%
Profit before tax	18,351	14,922	22.98%
Profit after tax (PAT)	18,240	14,918	22.27%
Net PAT margin	28.17%	29.20%	

The Group recorded an increase in turnover of 26.74% for the current period ended 30 September 2022 as compared to the corresponding 3 months ended 30 September 2021. This was mainly due to increase in sales of pharmaceutical products to local market. The significantly higher sales achieved was due to increase in demand for medication from local market, where there were major shortages of various prescriptions and over-the-counter (OTC) medications in the country.

The Group recorded a profit before tax of RM18.35 million for the 3 months ended 30 September 2022 as compared to a profit before tax of RM14.92 million for the 3 months ended 30 September 2021. The increase was mainly due to higher sales achieved and higher foreign exchange gain recorded in current quarter, offset by higher advertisement and promotional expenditure incurred for brand awareness.

B2. Comparison with Preceding Quarter's Results

	Quarter Ended		Changes %
	30 Sept	30 Jun	
	2022	2022	
	RM'000	RM'000	
Turnover	64,752	48,767	32.78%
Profit from operations	18,411	12,435	48.06%
Profit before tax	18,351	12,353	48.56%
Profit after tax (PAT)	18,240	16,236	12.34%
Net PAT margin	28.17%	33.29%	

For the quarter ended 30 September 2022, the Group recorded an increase in revenue of 32.78% to RM64.75 million as compared to RM48.77 million in the preceding quarter. This was mainly due to increase in sales of pharmaceutical products in the local market due to the surge in demand for medication, where there was a major shortage in the country. Moreover, export sales which were delayed in the previous quarter due to delay in issuance of import permits by the relevant countries, were shipped in current quarter.

The Group recorded a profit before tax of RM18.35 million in the current quarter as compared to the profit before tax of RM12.35 million in the preceding quarter, in tandem with higher revenue generated for the quarter under review.

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B3. Commentary on Prospects

Even though countries globally have transitioned from the pandemic to endemic phase, new strains of virus which emerged have posed uncertainty as to how the disease would eventually pan out. The ongoing Russo-Ukrainian war, heightening China-Taiwan geopolitical tension, and hikes in interest rates by major central banks globally have further compounded economic uncertainty.

The ongoing global supply chain disruption has resulted in procurement bottlenecks, with the costs of materials and logistics continuing to rise.

Whilst the Group managed to bring in encouraging results for the financial period ended 30 September 2022, the Board continues to exercise vigilance in decision-making and take steps to monitor and review the Group's strategic plans periodically so as to create sustainable value for shareholders.

B4. Variance of Actual Profit from Forecast Profit or Profit Guarantee

The Group did not issue any profit forecast or profit guarantee in the current quarter or in the prior financial period.

B5. Statement by Directors

The Group did not disclose or announce any profit forecast or projection in a public document in the current quarter or prior financial period.

B6. Breakdown of Tax Charges

	Quarter		3 Months	
	Ended 30 Sept		Ended 30 Sept	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Income tax:				
- Current tax expense	111	4	111	4
Total tax expenses	<u>111</u>	<u>4</u>	<u>111</u>	<u>4</u>

The current income tax expense for the period under review relates to the non-business income of the Group. There is no tax charge on the profit from business income due to the availability of tax incentives on double deduction for eligible expenses provided under the Promotion of Investments Act 1986 and availability of unutilised capital allowances and unabsorbed tax losses to offset against taxable profits of the Group.

B7. Status of Corporate Proposals

There were no corporate proposals announced by the Company as at the date of the issue of this quarterly report.

B8. Details of Group Borrowings and Debt Securities

The Group's borrowings as at the end of this financial period were as follows:

	As at	As at
	30-09-22	30-09-21
	RM'000	RM'000
(a) Short Term Borrowings		
<u>Secured</u>		
Term loan	4,770	9,935
	<u>4,770</u>	<u>9,935</u>
(b) Long Term Borrowings		
<u>Secured</u>		
Term loan	-	4,770
	<u>-</u>	<u>4,770</u>

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B9. Material Litigation

There was no material litigation since the financial period ended 30 September 2022 and up to 28 November 2022.

B10. Dividend Declared

The shareholders had on 29 November 2022, at the Company's 23rd Annual General Meeting, approved the final dividend of 16.0 sen per ordinary share in respect of the financial year ended 30 June 2022.

No dividend had been proposed in respect of the current financial period ended 30 September 2022.

B11. Profit before tax

	Quarter		3 Months	
	Ended 30 Sept		Ended 30 Sept	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Profit before tax is arrived at after (crediting)/charging:				
Interest income	(468)	(193)	(468)	(193)
Other income	(101)	(228)	(101)	(228)
Depreciation of property, plant and equipment and investment properties	3,392	3,379	3,392	3,379
Depreciation of right-of-use assets	287	288	287	288
Amortisation of deferred income	(74)	(74)	(74)	(74)
Reversal of impairment loss on trade receivables	-	(371)	-	(371)
Gain on disposal of property, plant and equipment	-	2	-	2
Inventories written down	2,778	157	2,778	157
Foreign exchange (gain) / loss				
- realised	(406)	(513)	(406)	(513)
- unrealised	(1,058)	152	(1,058)	152
Fair value gain on derivatives financial instrument	(15)	(2)	(15)	(2)

There was no gain or loss on disposal of quoted or unquoted investment or properties nor any exceptional items for the current quarter and financial period ended 30 September 2022.

KOTRA INDUSTRIES BERHAD [199901022732 (497632-P)]QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FIRST FINANCIAL QUARTER ENDED 30 SEPTEMBER 2022**B12. Earnings Per Share**

	Quarter		3 Months	
	Ended 30 Sept		Ended 30 Sept	
	2022	2021	2022	2021
(a) Basic Earnings Per Share				
Net Profit attributable to shareholders (RM'000)	<u>18,240</u>	<u>14,918</u>	<u>18,240</u>	<u>14,918</u>
Weighted average number of ordinary shares ('000)	<u>147,988</u>	<u>147,972</u>	<u>147,988</u>	<u>147,972</u>
Basic Earnings per share (sen)	12.33	10.08	12.33	10.08
(b) Diluted Earnings Per Share				
Net Profit attributable to shareholders (RM'000)	<u>18,240</u>	<u>14,918</u>	<u>18,240</u>	<u>14,918</u>
Weighted average number of ordinary shares ('000)	147,988	147,972	147,988	147,972
Adjustment for ESOS ('000)	50	55	50	55
	<u>148,038</u>	<u>148,027</u>	<u>148,038</u>	<u>148,027</u>
Diluted Earnings per share (sen)	12.32	10.08	12.32	10.08

B13. Net assets per share

	Unaudited	Audited
	As at 30-09-22	As at 30-06-22
Number of ordinary shares issued ('000)	<u>147,992</u>	<u>147,974</u>
Net assets per share attributable to ordinary equity holders of the parent (RM)	<u>1.77</u>	<u>1.65</u>

B14. Audit Report

The auditors' report on the Group's annual financial statements for the year ended 30 June 2022 did not contain any qualification.

BY ORDER OF THE BOARD**CHUA SIEW CHUAN**
Secretary

Date : 29 November 2022