

KOTRA INDUSTRIES BERHAD (497632-P)
 QUARTERLY REPORT ON CONSOLIDATED RESULTS
 FOR THE FIRST FINANCIAL QUARTER ENDED 30 SEPTEMBER 2010
 (The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Individual Quarter		Cumulative Quarter	
	Current Quarter Ended 30/09/2010 RM'000	Corresponding Quarter Ended 30/09/2009 RM'000	3 Months Cumulative To Date 30/09/2010 RM'000	3 Months Cumulative To Date 30/09/2009 RM'000
Revenue	25,389	23,080	25,389	23,080
Operating expenses	(24,555)	(19,634)	(24,555)	(19,634)
Other operating income	575	835	575	835
Profit from operations	1,409	4,281	1,409	4,281
Finance cost	(280)	(192)	(280)	(192)
Profit before tax	1,129	4,089	1,129	4,089
Tax expense	(1)	(519)	(1)	(519)
Comprehensive income for the period	<u>1,128</u>	<u>3,570</u>	<u>1,128</u>	<u>3,570</u>
Earnings per share (sen)				
(a) Basic	0.91	2.88	0.91	2.88
(b) Diluted	0.91	2.88	0.91	2.88

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2010)

KOTRA INDUSTRIES BERHAD (497632-P)
 QUARTERLY REPORT ON CONSOLIDATED RESULTS
 FOR THE FIRST FINANCIAL QUARTER ENDED 30 SEPTEMBER 2010
 (The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As at 30.09.2010 RM '000	Audited As at 30.06.2010 RM '000 (restated)
ASSETS		
Non-Current Assets		
Property, plant and equipment	166,060	163,776
Investment property	1,643	1,649
Development expenditure	935	906
	168,638	166,331
Current Assets		
Derivative financial assets	311	-
Inventories	25,218	28,227
Trade receivables	34,536	37,629
Other receivables, deposits and prepayments	2,601	2,053
Tax recoverable	223	225
Cash and bank balances	7,631	8,132
	70,520	76,266
TOTAL ASSETS	239,158	242,597
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	61,903	61,903
Share premium reserve	3	3
Share option reserve	317	311
Retained profits	41,738	40,610
	103,961	102,827
Non-Current Liabilities		
Deferred income	13	20
Long term borrowings	85,686	85,194
	85,699	85,214
Current Liabilities		
Trade payables	13,945	15,852
Other payables and accruals	7,926	9,143
Short term borrowings	18,758	21,143
Bank overdrafts	8,869	8,418
	49,498	54,556
Total Liabilities	135,197	139,770
TOTAL EQUITY AND LIABILITIES	239,158	242,597
Net assets per share attributable to ordinary equity holders of the parent (sen)	83.97	83.05

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2010)

KOTRA INDUSTRIES BERHAD (497632-P)
 QUARTERLY REPORT ON CONSOLIDATED RESULTS
 FOR THE FIRST FINANCIAL QUARTER ENDED 30 SEPTEMBER 2010
 (The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

	3 months Ended 30/09/2010 RM '000	3 months Ended 30/09/2009 RM '000
Cash Flows From Operating Activities		
Profit before taxation	1,129	4,089
Adjustment for:		
Non-cash items	1,290	1,376
Non-operating items	260	150
Share options granted under ESOS	6	12
Operating profit before working capital changes	<u>2,685</u>	<u>5,627</u>
Changes in working capital:		
Net change in current assets	4,765	2,805
Net change in current liabilities	(3,124)	(5,551)
Cash generated from operations	<u>4,326</u>	<u>2,881</u>
Interest paid	(280)	(176)
Tax paid	-	(46)
Net cash from operating activities	<u>4,046</u>	<u>2,659</u>
Cash Flows For Investing Activities		
Interest received	15	16
Development expenditure paid	(35)	(54)
Purchase of property, plant and equipment	(1,653)	(21,914)
Rental received	5	10
Proceed from disposal of property, plant and equipment	16	-
Net cash for investing activities	<u>(1,652)</u>	<u>(21,942)</u>
Cash Flows (For)/From Financing Activities		
Drawdown of term loan	836	13,724
Other short term borrowings	(2,729)	3,277
Repayment of hire purchase loans	-	(4)
Interest paid	(1,369)	(819)
Net cash (for)/from financing activities	<u>(3,262)</u>	<u>16,178</u>
Net Decrease in Cash & Cash Equivalents	(868)	(3,105)
Effect of Exchange Rate Changes on Cash & Cash Equivalents	(84)	(33)
Cash & Cash Equivalents at beginning of the financial period	(286)	4,770
Cash & Cash Equivalents at end of financial period	<u>(1,238)</u>	<u>1,632</u>

(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with
 the Audited Financial Statements for the year ended 30 June 2010)

KOTRA INDUSTRIES BERHAD (497632-P)
 QUARTERLY REPORT ON CONSOLIDATED RESULTS
 FOR THE FIRST FINANCIAL QUARTER ENDED 30 SEPTEMBER 2010
 (The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital RM '000	← Non - distributable → Share Premium RM '000	Share Option Reserve RM '000	Distributable Retained Profits RM '000	Total RM '000
As at 30 September 2010					
Balance at 1 July 2010	61,903	3	311	40,610	102,827
Profit for the period	-	-	-	1,128	1,128
Share-based payment under ESOS	-	-	6		6
Balance at 30 September 2010	<u>61,903</u>	<u>3</u>	<u>317</u>	<u>41,738</u>	<u>103,961</u>
As at 30 September 2009					
Balance at 1 July 2009	61,903	3	314	28,886	91,106
Profit for the period	-	-	-	3,570	3,570
Share-based payment under ESOS	-	-	12	-	12
Balance at 30 September 2009	<u>61,903</u>	<u>3</u>	<u>326</u>	<u>32,456</u>	<u>94,688</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 2010)

KOTRA INDUSTRIES BERHAD (497632-P)
QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FIRST FINANCIAL QUARTER ENDED 30 SEPTEMBER 2010

A. Explanatory Notes pursuant to FRS 134 Interim Financial Reporting

A1. Accounting Policies and Methods of Computation

The interim financial statements have been prepared in accordance with FRS 134, Interim Financial Reporting and paragraph 9.22 of the Bursa Malaysia Securities Berhad Listing Requirements. The figures for the cumulative period in the current quarter to 30 September 2010 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 2010.

The significant accounting policies adopted for the interim financial statements are consistent with those adopted for the annual audited financial statements for the year ended 30 June 2010, except for the adoption of the following new and revised FRSs, IC Interpretations, Amendments to FRSs and IC Interpretations which are effective for the financial period commencing on 1 July 2010:

FRSs/IC Interpretations

FRS 4	Insurance Contracts
FRS 7	Financial Instruments: Disclosures
Revised FRS 101 (2009)	Presentation of Financial Statements
Revised FRS 139 (2010)	Financial Instruments: Recognition and Measurement
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 11	FRS 2: Group and Treasury Share Transactions
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 14	FRS 119: The Limit on a Defined Benefits Asset, Minimum Funding Requirements and their Interaction
Amendments to FRS 2	Vesting Conditions and Cancellations
Amendments to FRS 132	Classification of Rights Issues and the Transitional Provision In Relation To Compound Instruments
Amendments to FRS 1 and FRS 127	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
Amendments to FRS 7, FRS 139 and IC Interpretation 9	
Amendments to FRS 101 and FRS 132	Puttable Financial Instruments and Obligations Arising on Liquidation
Annual Improvements to FRSs (2009)	
TR i - 3: Presentation of Financial Statement of Islamic Financial Institutions	
Revised FRS 1 (2010)	First-time Adoption of Financial Reporting Standards
Revised FRS 3 (2010)	Business Combinations
Revised FRS 127 (2010)	Consolidated and Separate Financial Statements
Amendments to FRS 2	Scope of FRS 2 and Revised FRS 3 (2010)
Amendments to FRS 5	Plan to Sell the Controlling Interest in a Subsidiary
Amendments to FRS 138	Consequential Amendments Arising from Revised FRS 3 (2010)
IC Interpretation 12	Service Concession Arrangement
IC Interpretation 16	Hedges of Net Investment in a Foreign Operation
IC Interpretation 17	Distributions of Non-cash Assets to Owners
Amendment to IC Interpretation 9	Scope of IC Interpretation 9 and Revised FRS 3 (2010)

KOTRA INDUSTRIES BERHAD (497632-P)
 QUARTERLY REPORT ON CONSOLIDATED RESULTS
 FOR THE FIRST FINANCIAL QUARTER ENDED 30 SEPTEMBER 2010

A1. Accounting Policies and Methods of Computation (Cont'd)

The adoption of the above pronouncements does not give rise to any material effects on the interim financial statements upon their initial application, other than as disclosed below:

(a) Revised FRS 101 (2009): Presentation of Financial Statements

The revised FRS 101 (2009) introduces the statement of comprehensive income: presenting all items of income and expense recognised in the income statement, together with all other items of recognised income and expense, either in one single statement, or in two linked statements. In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the reclassification of items in the financial statements. The adoption of this revised FRS affects only the presentation of the Group's financial statements.

(b) Improvements to FRSs (2009) - FRS 117: Leases

Leasehold land is classified as finance lease if the Group has substantially all the risks and rewards incidental to ownership. Previously, leasehold land was classified as an operating lease unless title is expected to pass to the lessee at the end of the lease term. Following the amendments to FRS 117, the classification of leasehold land has been changed from operating to finance lease.

The change in classification has been applied retrospectively and as disclosed below, certain comparatives have been restated. There were no financial effects on the Group's interim financial statements.

The following comparative amounts have been restated as a result of the amendments to FRS 117:

	Previously stated RM'000	Increase/ (Decrease) RM'000	Restated RM'000
Property, plant and equipment	159,379	4,397	163,776
Prepaid land lease payments	4,397	(4,397)	-

(c) FRS 139: Financial Instruments: Recognition and Measurement

With the adoption of FRS 139, financial assets and financial liabilities either recognised or unrecognised in the prior financial year are classified into the following categories:

Categories for financial assets:

- (i) at fair value through profit or loss,
- (ii) loans and receivables,
- (iii) held-to-maturity,
- (iv) available-for-sale

Categories for financial liabilities:

- (i) at fair value through profit or loss,
- (ii) amortised cost

KOTRA INDUSTRIES BERHAD (497632-P)
QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FIRST FINANCIAL QUARTER ENDED 30 SEPTEMBER 2010

A1. Accounting Policies and Methods of Computation (Cont'd)

(c) FRS 139: Financial Instruments: Recognition and Measurement (Cont'd)

The classification depends on the nature and purpose of the financial instrument. The measurement bases applied to the financial assets and financial liabilities in the prior financial year have been changed to conform to the measurement standards of FRS 139 in the current quarter. At initial recognition, all financial assets and financial liabilities are measured at their fair value and in the case of financial instruments not at fair value through profit or loss plus transaction costs directly attributable to the acquisition or issuance of the instruments. Subsequent to their initial recognition, the financial assets and financial liabilities are measured as follows:

<u>Category</u>	<u>Measurement basis</u>
(i) at fair value through profit or loss,	- at fair value through profit or loss
(ii) loans and other financial liabilities	- at amortised cost effective interest method
(iii) loans and receivables,	- at amortised cost effective interest method
(iv) held-to-maturity,	- at amortised cost effective interest method
(v) available-for-sale	- at fair value through other comprehensive income, unless fair value cannot be reliably measured, in which case, they are measured at cost

These changes in accounting policies have no material impact in the current quarter.

The Group did not adopt the following Amendments to FRSs which are only effective from 1 January 2011:

- Amendments to FRS 1: First-time Adoption of Financial Reporting Standards
 - Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
 - Additional Exemptions for First-time Adopters
- Amendments to FRS 2: Share-based Payment - Group Cash-settled Share-based Payment Transactions
- Amendments to FRS 7: Financial Instruments: Disclosures - Improving Disclosures about Financial Instruments
- IC Interpretation 4: Determining Whether An Arrangement Contains a Lease
- IC Interpretation 18: Transfer of Assets from Customers
- TR 3: Guidance on Disclosures of Transition to IFRSs
- TR i - 4: Shariah Compliant Sale Contracts

The above are expected to have no material impact on the financial position and results 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.

KOTRA INDUSTRIES BERHAD (497632-P)
 QUARTERLY REPORT ON CONSOLIDATED RESULTS
 FOR THE FIRST FINANCIAL QUARTER ENDED 30 SEPTEMBER 2010

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

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

A4. Materials Changes in Estimates

There are 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. Issuance, Repurchase and Repayment of Debt and Equity Securities

There was no issuance, repurchase or repayment of debt and equity securities, for the period ended 30 September 2010.

A6. Dividends 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 quarter ended 30 September 2010 are as follows:-

	Local		Export		Total	
	Ended 30 Sep		Ended 30 Sep		Ended 30 Sep	
	2010	2009	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	17,820	17,106	7,569	5,974	25,389	23,080
Profit from operations	4,626	5,377	(503)	258	4,123	5,635

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

	Total	
	Ended 30 Sep	
	2010	2009
	RM'000	RM'000
Profit from operations for reportable segments	4,123	5,635
Expenses managed on a central basis	(3,289)	(2,189)
Other operating Income	575	835
Consolidated profit from operations	1,409	4,281
Finance Cost	(280)	(192)
Consolidated profit before tax	1,129	4,089

KOTRA INDUSTRIES BERHAD (497632-P)
 QUARTERLY REPORT ON CONSOLIDATED RESULTS
 FOR THE FIRST FINANCIAL QUARTER ENDED 30 SEPTEMBER 2010

A8. Material Subsequent Events

There were no material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period.

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 and discontinuing operations during the interim period under review.

A10. Changes in Contingent Liabilities or Contingent Assets

There were no changes in contingent liabilities or contingent assets since the last annual balance sheet date.

A11. Capital Commitments

The amount committed for the purchase of property, plant and equipment not provided for in the interim financial statements as at 30 September 2010 is as follows:

	RM'000
Approved and contracted for	17,410
Approved but not contracted for	11,272
	28,682
	28,682

B. Explanatory Notes pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad

B1. Review of the Performance of the Group

	Quarter		3 Months	
	Ended 30 Sep		Ended 30 Sep	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Turnover	25,389	23,080	25,389	23,080
Profit before tax	1,129	4,089	1,129	4,089

The Group recorded a growth in turnover of 10.0% for the 3 months ended 30 September 2010 as compared to the corresponding 3 months ended 30 September 2009. The overall growth was attributed mainly to the increase in export sales.

Profit before tax for the 3 months ended 30 September 2010 was significantly lower as compared to the 3 months in the preceding period mainly due to lower gross profit margins, higher personnel cost, advertisement and promotional expenses and market development expenditure.

KOTRA INDUSTRIES BERHAD (497632-P)
 QUARTERLY REPORT ON CONSOLIDATED RESULTS
 FOR THE FIRST FINANCIAL QUARTER ENDED 30 SEPTEMBER 2010

B2. Comparison with Preceding Quarter's Results

	Quarter Ended	
	30 Sep	30 Jun
	2010	2010
	RM'000	RM'000
Turnover	25,389	30,154
Profit before tax	1,129	4,220

For the quarter ended 30 September 2010, the Group recorded a decrease in revenue of 15.8% to RM25.39 million as compared to RM30.15 million in the preceding quarter. This was mainly due to lower export sales.

The lower Group profit before tax of RM1.13 million in the current quarter as compared to RM4.22 million in the preceding quarter was mainly due to higher foreign exchange loss and advertisement and promotional expenses.

B3. Commentary on Prospects for the Coming Financial Year

Despite the challenging year ahead, the Group will continue to penetrate and develop new markets to increase its revenue. To support this, the Group will pursue the development and registration of new products for both the local and overseas markets.

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 Sep		Ended 30 Sep	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Income tax:				
- Current tax expense	1	2	1	2
Deferred tax:				
- Relating to origination and reversal of temporary difference	-	517	-	517
Total tax expenses	1	519	1	519

The effective tax rate of the Group for the period is lower than the statutory rate due to the utilisation of double deduction tax incentives for the eligible expenses.

KOTRA INDUSTRIES BERHAD (497632-P)
 QUARTERLY REPORT ON CONSOLIDATED RESULTS
 FOR THE FIRST FINANCIAL QUARTER ENDED 30 SEPTEMBER 2010

B7. Profit or Losses on Sales of Unquoted Investments and Properties

There were no sales of unquoted investments and properties for the current quarter and financial year-to-date.

B8. Quoted Securities

There were no purchases or sales of quoted securities for the current quarter and financial year-to-date.

B9. Status of Corporate Proposals

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

B10. Details of Group Borrowings and Debt Securities

The Group's borrowings as at 30 September 2010 were as follows:-

	Total	Secured	Unsecured
	RM'000	RM'000	RM'000
(a) Short Term Borrowings			
Bills and other trade financing liabilities	13,858	4,148	9,710
Bank overdrafts	8,869	-	8,869
Term loan	4,900	4,900	-
	<u>27,627</u>	<u>9,048</u>	<u>18,579</u>
(b) Long Term Borrowings			
Term loan	85,686	85,686	-
	<u>85,686</u>	<u>85,686</u>	<u>-</u>

B11. Derivative Financial Instruments

(a) With the adoption of FRS 139, financial derivatives are recognised on their respective contract dates. The related accounting policies are disclosed in Note A1(c) above.

The outstanding Forward Foreign Exchange Contracts as at 30 September 2010 are as follows:

	Contract		Foreign
	Amount	Fair Value	Currency
	RM'000	RM'000	
Foreign Exchange Contract to sell USD			
- Less than 1 year	3,518	3,266	USD 1.050 million
Foreign Exchange Contract to buy Euro			
- Less than 1 year	2,389	2,448	Euro 0.58 million
	<u>5,907</u>	<u>5,714</u>	

KOTRA INDUSTRIES BERHAD (497632-P)
 QUARTERLY REPORT ON CONSOLIDATED RESULTS
 FOR THE FIRST FINANCIAL QUARTER ENDED 30 SEPTEMBER 2010

B11. Derivative Financial Instruments (Cont'd)

(a) (Cont'd)

These forward foreign exchange sale and purchase contracts were entered into to hedge against fluctuations of exchange rates in foreign currencies. The settlement dates of these contracts range from October 2010 to April 2011.

(b) Market risk

Market risk is the potential change in value caused by movement in market rates or prices. The contractual amounts provide only a measure of involvement in these types of transactions and do not represent the amounts subject to market risk. Exposure to market risk may be reduced through offsetting items on and off the balance sheet.

(c) Credit risk

Credit risk arises from the possibility that a counter-party may be unable to meet the terms of a contract in which the Group has a gain in a contract. There is minimal credit risk as these contracts are entered into with reputable licensed financial institutions.

(d) There have been no changes since the end of the previous financial year in respect of the following:

- the types of derivative financial contracts entered into and the rationale for entering into such contracts, as well as the expected benefits accruing from these contracts;
- the risk management policies in place for mitigating and controlling the risks associated with these financial derivative contracts; and
- the related accounting policies.

B12. Material Litigation

There was no pending material litigation since the last financial period ended 30 June 2010 and up to 19th November 2010.

B13. Dividend Declared

No dividend has been recommended for the current financial period under review.

B14. Earnings Per Share

	Quarter Ended 30 Sep		3 Months Ended 30 Sep	
	2010	2009	2010	2009
(a) Basic Earnings Per Share				
Net profit attributable to shareholders (RM'000)	1,128	3,570	1,128	3,570
Weighted average number of ordinary shares ('000)	123,806	123,806	123,806	123,806
Basic earnings per share (sen)	0.91	2.88	0.91	2.88

KOTRA INDUSTRIES BERHAD (497632-P)
 QUARTERLY REPORT ON CONSOLIDATED RESULTS
 FOR THE FIRST FINANCIAL QUARTER ENDED 30 SEPTEMBER 2010

B14. Earnings Per Share (Cont'd)

	Quarter		3 Months	
	Ended 30 Sep		Ended 30 Sep	
	2010	2009	2010	2009
(b) Diluted Earnings Per Share				
Net profit attributable to shareholders (RM'000)	1,128	3,570	1,128	3,570
Weighted average number of ordinary shares ('000)	123,806	123,806	123,806	123,806
Adjustment for ESOS ('000)	506	-	506	-
	<u>124,312</u>	<u>123,806</u>	<u>124,312</u>	<u>123,806</u>
Diluted earnings per share (sen)	0.91	2.88	0.91	2.88

The effect on the diluted earnings per share for the preceding year quarter arising from the assumed conversion of the existing ESOS was anti-dilutive. Accordingly, the diluted earnings per share for the preceding year quarter was presented as equal to basic earnings per share.

B15. Audit Report

The auditors' report of the Group's annual financial statements for the year ended 30 June 2010 did not contain any qualification.

BY ORDER OF THE BOARD

OW PEE JUAN
 Secretary

Date : 25 November 2010