

**KOTRA INDUSTRIES BERHAD (497632-P)**  
 QUARTERLY REPORT ON CONSOLIDATED RESULTS  
 FOR THE FIRST FINANCIAL QUARTER ENDED 30 SEPTEMBER 2014  
 (The figures have not been audited)

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

	Individual Quarter		Cumulative Quarter	
	Current Quarter Ended 30/09/2014 RM'000	Corresponding Quarter Ended 30/09/2013 RM'000	3 Months Cumulative To Date 30/09/2014 RM'000	3 Months Cumulative To Date 30/09/2013 RM'000
Revenue	32,173	25,879	32,173	25,879
Operating expenses	(34,371)	(28,110)	(34,371)	(28,110)
Other operating income	1,445	981	1,445	981
Loss from operations	(753)	(1,250)	(753)	(1,250)
Finance cost	(2,008)	(2,096)	(2,008)	(2,096)
Loss before tax	(2,761)	(3,346)	(2,761)	(3,346)
Tax expense	-	-	-	-
Loss after tax, representing total comprehensive expense for the period	<u>(2,761)</u>	<u>(3,346)</u>	<u>(2,761)</u>	<u>(3,346)</u>
Loss per share (sen)				
(a) Basic	(2.09)	(2.53)	(2.09)	(2.53)
(b) Diluted	(2.00)	(2.53)	(2.00)	(2.53)

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with  
 the Audited Financial Statements for the year ended 30 June 2014 and the accompanying  
 explanatory notes attached to this interim financial report)

**KOTRA INDUSTRIES BERHAD (497632-P)**  
 QUARTERLY REPORT ON CONSOLIDATED RESULTS  
 FOR THE FIRST FINANCIAL QUARTER ENDED 30 SEPTEMBER 2014  
 (The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	Unaudited As at 30.09.2014 RM '000	Audited As at 30.06.2014 RM '000
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	168,030	169,599
Investment properties	1,539	1,545
	169,569	171,144
<b>Current Assets</b>		
Derivative assets	10	87
Inventories	38,200	38,861
Trade receivables	38,626	45,883
Other receivables, deposits and prepayments	3,712	2,836
Cash and bank balances	14,821	13,398
	95,369	101,065
<b>TOTAL ASSETS</b>	264,938	272,209
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	66,099	66,053
Share premium reserve	927	912
Share option reserve	3,441	3,041
Retained earnings	46,296	49,057
	116,763	119,063
<b>Non-Current Liabilities</b>		
Long term borrowings	81,938	84,049
Deferred Income	301	310
	82,239	84,359
<b>Current Liabilities</b>		
Trade payables	19,357	20,913
Other payables and accruals	10,239	10,213
Derivative liabilities	10	-
Short term borrowings	34,355	35,302
Bank overdrafts	1,975	2,359
	65,936	68,787
<b>Total Liabilities</b>	148,175	153,146
<b>TOTAL EQUITY AND LIABILITIES</b>	264,938	272,209
<b>Net assets per share attributable to ordinary equity holders of the parent (RM)</b>	0.88	0.90

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2014 and the accompanying explanatory notes attached to this interim financial report)

**KOTRA INDUSTRIES BERHAD (497632-P)**  
**QUARTERLY REPORT ON CONSOLIDATED RESULTS**  
**FOR THE FIRST FINANCIAL QUARTER ENDED 30 SEPTEMBER 2014**  
(The figures have not been audited)

---

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW**

	<b>3 Months Ended 30/09/2014 RM '000</b>	<b>3 Months Ended 30/09/2013 RM '000</b>
<b>Cash Flows From Operating Activities</b>		
Loss before taxation	(2,761)	(3,346)
Adjustment for:		
Impairment loss on trade receivables	67	50
Depreciation and amortisation	2,878	2,814
Fair value gain on derivatives	87	58
Unrealised loss / (gain) on foreign exchange	(567)	(495)
Amortisation of deferred income	(8)	-
Gain on disposal of property, plant and equipment	(2)	(3)
Interest expense	2,008	2,096
Rental income from investment properties	(22)	(22)
Share based payment under ESOS	400	789
Operating profit before working capital changes	2,080	1,941
Decrease / (Increase) in inventories	661	(9,180)
Decrease in receivables	6,932	6,872
Increase in payables	(1,487)	(786)
Cash generated from / (for) operations	8,186	(1,153)
Interest paid	(456)	(558)
Tax paid	(45)	(17)
Net cash from / (for) operating activities	7,685	(1,728)
<b>Cash Flows For Investing Activities</b>		
Purchase of property, plant and equipment	(1,303)	(571)
Rental received	22	22
Proceed from disposal of property, plant and equipment	3	5
Net cash for investing activities	(1,278)	(544)

**KOTRA INDUSTRIES BERHAD (497632-P)**  
**QUARTERLY REPORT ON CONSOLIDATED RESULTS**  
**FOR THE FIRST FINANCIAL QUARTER ENDED 30 SEPTEMBER 2014**  
(The figures have not been audited)

---

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW (continued)**

	<b>3 Months</b>	<b>3 Months</b>
	<b>Ended</b>	<b>Ended</b>
	<b>30/09/2014</b>	<b>30/09/2013</b>
	<b>RM '000</b>	<b>RM '000</b>
<b>Cash Flows For Financing Activities</b>		
Repayment of Hire Purchase payables	(114)	-
Drawdown of term loans	-	274
Repayment of term loans	(1,866)	-
Other short term borrowings	(1,255)	(822)
Proceeds from issuance of shares	61	2,383
Interest paid	(1,552)	(1,538)
Net cash for / (from) financing activities	(4,726)	297
<b>Net Increase / (Decrease) in Cash &amp; Cash Equivalents</b>	1,681	(1,975)
<b>Effect of Exchange Rate Changes on Cash &amp; Cash Equivalents</b>	127	(32)
<b>Cash &amp; Cash Equivalents at beginning of the financial period</b>	11,038	11,712
<b>Cash &amp; Cash Equivalents at end of financial period</b>	12,846	9,705

**(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2014 and the accompanying explanatory notes attached to this interim financial report)**

**KOTRA INDUSTRIES BERHAD (497632-P)**  
 QUARTERLY REPORT ON CONSOLIDATED RESULTS  
 FOR THE FIRST FINANCIAL QUARTER ENDED 30 SEPTEMBER 2014  
 (The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	← Non - distributable →			Distributable	Total RM '000
	Share Capital RM '000	Share Premium RM '000	Share Option Reserve RM '000	Retained Profits RM '000	
<b>As at 30 September 2014</b>					
Balance at 1 July 2014	66,053	912	3,041	49,057	119,063
Loss after tax, representing total comprehensive expense for the year	-	-	-	(2,761)	(2,761)
Share options exercised	46	15	-	-	61
Share based payment transactions	-	-	400	-	400
Balance at 30 September 2014	66,099	927	3,441	46,296	116,763
<b>As at 30 September 2013</b>					
Balance at 1 July 2013	63,888	286	525	43,280	107,979
Loss after tax, representing total comprehensive expense for the year	-	-	-	(3,346)	(3,346)
Share options exercised	2,165	218	-	-	2,383
Share based payment transactions	-	-	264	525	789
Balance at 30 September 2013	66,053	504	789	40,459	107,805

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2014 and the accompanying explanatory notes attached to this interim financial report)

**KOTRA INDUSTRIES BERHAD (497632-P)**  
 QUARTERLY REPORT ON CONSOLIDATED RESULTS  
 FOR THE FIRST FINANCIAL QUARTER ENDED 30 SEPTEMBER 2014

**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 Listing Requirements. The figures for the cumulative period in the current quarter to 30 September 2014 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 2014.

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 2014 except for the adoption of the following new MFRSs, Amendments to MFRSs, and IC Interpretations that are effective for the Group from 1 July 2014

**MFRSs and IC Interpretations (Including The Consequential Amendments)**

- Amendments to MFRS 10, MFRS 12 and MFRS 127 (2011): Investment Entities
- Amendments to MFRS 119: Defined Benefit Plans – Employee Contributions
- Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities
- Amendments to MFRS 136: Recoverable Amount Disclosures for Non-financial Assets
- Amendments to MFRS 139: Novation of Derivatives and Continuation of Hedge Accounting
- IC Interpretation 21 Levies
- Annual Improvements to MFRSs 2010 – 2012 Cycle
- Annual Improvements to MFRSs 2011 – 2013 Cycle

The adoption of the above accounting standards and interpretations (including the consequential amendments) did not have any material impact on the Group’s financial statements.

The Group has not applied in advance the following accounting 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:-

<b>MFRSs and IC Interpretations (Including The Consequential Amendments)</b>	<b>Effective Date</b>
MFRS 9 (2009) Financial Instruments	} To be announced by MASB
MFRS 9 (2010) Financial Instruments	
MFRS 9 Financial Instruments (Hedge Accounting and Amendments to MFRS 7, MFRS 9 and MFRS 139)	
Amendments to MFRS 9 and MFRS 7: Mandatory Effective Date of MFRS 9 and Transition Disclosures	
MFRS 14 Regulatory Deferral Accounts	1-Jan-16
MFRS 15 Revenue from Contracts with Customers	1-Jan-17
Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations	1-Jan-16
Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1-Jan-16
Amendments to MFRS 116 and MFRS 141: Agriculture – Bearer Plants	1-Jan-16

The above mentioned accounting standards and interpretations (including the consequential amendments) do not have any financial impact on the Group’s financial statements upon their initial application.

**KOTRA INDUSTRIES BERHAD (497632-P)**  
 QUARTERLY REPORT ON CONSOLIDATED RESULTS  
 FOR THE FIRST FINANCIAL QUARTER ENDED 30 SEPTEMBER 2014

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

**A4. 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. 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 2014 except for the issuance of 92,560 ordinary shares pursuant to its Employee Share Option Scheme at the exercise price of RM0.65 each.

**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 period ended 30 September 2014 are as follows:-

	Local		Export		Total	
	Ended 30 Sept		Ended 30 Sept		Ended 30 Sept	
	2014	2013	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	20,622	20,116	11,551	5,763	32,173	25,879
Profit/(loss) from operations	2,221	2,267	(1,607)	(1,606)	614	661

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

	Total	
	2014	2013
	RM'000	RM'000
Profit from operations for reportable segments	614	661
Expenses managed on a central basis	(2,812)	(2,892)
Other operating income	1,445	981
Consolidated loss from operations	(753)	(1,250)
Finance cost	(2,008)	(2,096)
Consolidated loss before tax	(2,761)	(3,346)

**KOTRA INDUSTRIES BERHAD (497632-P)**  
 QUARTERLY REPORT ON CONSOLIDATED RESULTS  
 FOR THE FIRST FINANCIAL QUARTER ENDED 30 SEPTEMBER 2014

**A8. Events After the Interim Period**

There were no material events after the interim period which 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 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 as at 30 September 2014 are as follows:

	RM'000
Approved and contracted for	2,627
Approved but not contracted for	17,302
	19,929

**A12 Significant Related Party Transactions**

The Group's significant related party transactions in the current financial period to-date ended 30 September 2014 are as follows:

	Quarter Ended 30 Sept 2014 RM'000	3 Months Ended 30 Sept 2014 RM'000
Companies in which key management personnel have significant financial interests:		
- Rental of premises paid/payable	26	26
- Royalty paid/payable	6	6
- Contract manufacturing cost paid / payable	5	5
A company in which a close member of the family of certain key management personnel has significant financial interests:		
- Rental of premises received/receivable	(14)	(14)
- Sales of goods	(37)	(37)
	(37)	(37)

**KOTRA INDUSTRIES BERHAD (497632-P)**  
 QUARTERLY REPORT ON CONSOLIDATED RESULTS  
 FOR THE FIRST FINANCIAL QUARTER ENDED 30 SEPTEMBER 2014

**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 Sept		Ended 30 Sept	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Turnover	32,173	25,879	32,173	25,879
Loss before tax	(2,761)	(3,346)	(2,761)	(3,346)

The Group recorded an increase in turnover of 24.32% for the current quarter ended 30 September 2014 as compared to the corresponding quarter ended 30 September 2013. This was attributed to higher sales in the export markets.

The Group recorded a loss before tax of RM 2.76 million for the 3 months ended 30 September 2014 as compared to a loss before tax of RM3.35 million for the 3 months ended 30 September in the preceding year. Despite the higher sales achieved this was offset by the higher advertisement expenses.

**B2. Comparison with Preceding Quarter's Results**

	Quarter Ended	
	30 Sept	30 Jun
	2014	2014
	RM'000	RM'000
Turnover	32,173	42,770
(Loss) / Profit before tax	(2,761)	3,633

For the quarter ended 30 September 2014, the Group recorded a decrease in revenue of 24.8% to RM32.17 million as compared to RM42.77 million in the preceding quarter. This was mainly due to decrease in sales of both the local and export markets.

The Group recorded a loss before tax of RM2.76 million in the current quarter as compared to the profit before tax of RM3.63 million in the preceding quarter mainly due to lower sales achieved and higher advertisement expenses for the current quarter.

**B3. Commentary on Prospects**

The Group aims to increase its revenue by securing new tenders and larger market share while continuing to invest in overseas market and carrying out R&D activities for new products.

**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**

The effective tax rate of the Group is lower than the statutory rate due to the utilisation of double deduction tax incentives for the eligible expenses. Deferred tax assets has not been recognised as the realisation of the deferred tax asset is not probable.

**KOTRA INDUSTRIES BERHAD (497632-P)**  
 QUARTERLY REPORT ON CONSOLIDATED RESULTS  
 FOR THE FIRST FINANCIAL QUARTER ENDED 30 SEPTEMBER 2014

**B7. Realised and Unrealised Profits of the Group**

Total retained earnings as at 30 September 2014 and 30 June 2014 are analysed as follows:

	As at 30.09.2014 RM'000	As at 30.06.2014 RM'000
Realised profits	45,729	49,676
Unrealised gain / (loss)	567	(619)
Total Group retained earnings as per consolidated accounts	<u>46,296</u>	<u>49,057</u>

**B8. Status of Corporate Proposals**

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

**B9. Details of Group Borrowings and Debt Securities**

The Group's borrowings as at 30 September 2014 were as follows:-

	Total RM'000	Secured RM'000	Unsecured RM'000
(a) Short Term Borrowings			
Bills and other trade financing liabilities			
- Denominated in Ringgit Malaysia	23,544	11,443	12,101
- Denominated in US Dollar	-	-	-
- Denominated in Euros	2,263	-	2,263
Bank overdrafts	1,975	-	1,975
HP Creditors	482	482	-
Term loan	8,066	8,066	-
	<u>36,330</u>	<u>19,991</u>	<u>16,339</u>
(b) Long Term Borrowings			
HP Creditors	1,721	1,721	-
Term loan	80,217	80,217	-
	<u>81,938</u>	<u>81,938</u>	<u>-</u>

**B10. Derivative Financial Instruments**

(a) Derivative financial instruments are categorised as fair value through profit or loss and measured at their fair value with the changes in fair value recognised in the income statement at each reporting date. Financial instruments are viewed as risk management tools by the Group and are not used for trading or speculative purposes.

The outstanding Forward Foreign Exchange Contracts as at 30 September 2014 are as follows:

	Contract Amount RM'000	Fair Value RM'000
Foreign Exchange Forward Contracts		
- Less than 1 year	<u>1,579</u>	<u>1,579</u>

These forward foreign exchange contracts were entered into to hedge against fluctuations of exchange rates in foreign currencies. The settlement dates of these contracts range from October 2014 to January 2015.

**KOTRA INDUSTRIES BERHAD (497632-P)**  
 QUARTERLY REPORT ON CONSOLIDATED RESULTS  
 FOR THE FIRST FINANCIAL QUARTER ENDED 30 SEPTEMBER 2014

(b) 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.

**B11. Material Litigation**

There was no pending material litigation since the last financial period ended 30 September 2014 and up to 19 November 2014.

**B12. Dividend Declared**

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

**B13. Loss before tax**

	Quarter		3 Months	
	Ended 30 Sept		Ended 30 Sept	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Loss before tax is arrived at after (crediting)/charging:-				
Other income	(157)	(200)	(157)	(200)
Depreciation and amortisation	2,878	2,814	2,878	2,814
Amortisation of deferred income	(8)	-	(8)	-
Impairment loss on trade receivables	67	50	67	50
Foreign exchange (gain) / loss				
- realised	(406)	(312)	(406)	(312)
- unrealised	(567)	(495)	(567)	(495)
Fair value loss / (gain) on derivatives	87	58	87	58

Other than the above items, there was no gain or loss on disposal of quoted or unquoted investment or properties and exceptional items for the current quarter and financial period ended 30 September 2014.

**KOTRA INDUSTRIES BERHAD (497632-P)**  
 QUARTERLY REPORT ON CONSOLIDATED RESULTS  
 FOR THE FIRST FINANCIAL QUARTER ENDED 30 SEPTEMBER 2014

**B14. Loss Per Share**

	Quarter		3 Months	
	Ended 30 Sept		Ended 30 Sept	
	2014	2013	2014	2013
<b>(a) Basic Loss Per Share</b>				
Net loss attributable to shareholders (RM'000)	(2,761)	(3,346)	(2,761)	(3,346)
Weighted average number of ordinary shares ('000)	132,198	132,106	132,198	132,106
Basic loss per share (sen)	(2.09)	(2.53)	(2.09)	(2.53)
<b>(b) Diluted loss Per Share</b>				
Net loss attributable to shareholders (RM'000)	(2,761)	(3,346)	(2,761)	(3,346)
Weighted average number of ordinary shares ('000)	132,198	132,106	132,198	132,106
Adjustment for ESOS ('000)	5,677	-	5,677	-
	137,875	132,106	137,875	132,106
Diluted loss per share (sen)	(2.00)	(2.53)	(2.00)	(2.53)

**B15. Audit Report**

The auditors' report of the Group's annual financial statements for the year ended 30 June 2014 did not contain any qualification.

**BY ORDER OF THE BOARD**

**CHUA SIEW CHUAN**  
 Secretary

Date : 26 November 2014