

KOTRA INDUSTRIES BERHAD (497632-P)
 QUARTERLY REPORT ON CONSOLIDATED RESULTS
 FOR THE FOURTH FINANCIAL QUARTER ENDED 30 JUNE 2015
 (The figures have not been audited)

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

	Individual Quarter		Cumulative Quarter	
	Current Quarter Ended 30/06/15 RM'000	Corresponding Quarter Ended 30/06/14 RM'000	12 Months Cumulative To Date 30/06/15 RM'000	12 Months Cumulative To Date 30/06/14 RM'000
Revenue	38,215	42,770	145,174	147,371
Operating expenses	(36,735)	(37,710)	(142,952)	(136,486)
Other operating income	1,294	619	6,674	3,007
Profit from operations	2,774	5,679	8,896	13,892
Finance cost	(1,880)	(2,046)	(7,718)	(8,127)
Profit before tax	894	3,633	1,178	5,765
Tax expense	(118)	(105)	(118)	(105)
Profit after tax, representing total comprehensive expense for the period	<u>776</u>	<u>3,528</u>	<u>1,060</u>	<u>5,660</u>
Profit per share (sen)				
(a) Basic	0.59	2.67	0.80	4.29
(b) Diluted	0.56	2.57	0.76	4.13

(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)

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 (The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As at 30.06.2015 RM '000	Audited As at 30.06.2014 RM '000
ASSETS		
Non-Current Assets		
Property, plant and equipment	162,906	169,599
Investment properties	1,519	1,545
	164,425	171,144
Current Assets		
Derivative assets	-	87
Inventories	36,509	38,861
Trade receivables	35,735	45,883
Other receivables, deposits and prepayments	5,614	2,836
Cash and bank balances	11,711	13,398
	89,569	101,065
TOTAL ASSETS	253,994	272,209
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	66,158	66,053
Share premium reserve	1,081	912
Share option reserve	4,386	3,041
Retained earnings	50,117	49,057
	121,742	119,063
Non-Current Liabilities		
Long term borrowings	75,621	84,049
Deferred Income	372	310
	75,993	84,359
Current Liabilities		
Trade payables	18,383	20,913
Other payables and accruals	8,819	10,213
Derivative liabilities	2	-
Short term borrowings	29,055	35,302
Bank overdrafts	-	2,359
	56,259	68,787
Total Liabilities	132,252	153,146
TOTAL EQUITY AND LIABILITIES	253,994	272,209
Net assets per share attributable to ordinary equity holders of the parent (RM)	0.92	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)

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

	12 Months Ended 30/06/15 RM '000	12 Months Ended 30/06/14 RM '000
Cash Flows From Operating Activities		
Profit before taxation	1,178	5,765
Adjustment for:		
Property, plant and equipment written off	1	1
Impairment loss on trade receivables	452	297
Reversal of impairment loss on trade receivables	(246)	(104)
Bad debts written off	103	-
Depreciation and amortisation	12,305	11,499
Fair value loss / (gain) on derivatives	89	(149)
Unrealised (gain) / loss on foreign exchange	(937)	768
Inventories written off	-	1,612
Amortisation of deferred income	(40)	(19)
Gain on disposal of property, plant and equipment	(2)	(12)
Interest expense	7,718	8,127
Interest income	-	(1)
Rental income from investment properties	(89)	(89)
Share based payment under ESOS	1,482	3,041
Operating profit before working capital changes	22,014	30,736
Decrease / (Increase) in inventories	2,352	(11,511)
Decrease in receivables	8,182	1,264
(Decrease) / Increase in payables	(3,953)	1,773
Cash generated from operations	28,595	22,262
Interest paid	(1,668)	(2,067)
Tax paid	(138)	(85)
Tax refund	-	30
Net cash from operating activities	26,789	20,140
Cash Flows For Investing Activities		
Interest received	-	1
Purchase of property, plant and equipment	(5,619)	(13,004)
Rental received	89	89
Proceed from disposal of property, plant and equipment	35	25
Net cash for investing activities	(5,495)	(12,889)

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW (continued)

	12 Months	12 Months
	Ended	Ended
	30/06/15	30/06/14
	RM '000	RM '000
Cash Flows For Financing Activities		
Repayment of hire purchase payables	(474)	(292)
Repayment of term loans	(7,624)	(2,408)
Other short term borrowings	(6,797)	(1,746)
Proceeds from issuance of shares	137	2,383
Grant received	102	329
Interest paid	(6,050)	(6,060)
Net cash for financing activities	(20,706)	(7,794)
Net Increase / (Decrease) in Cash & Cash Equivalents	588	(543)
Effect of Exchange Rate Changes on Cash & Cash Equivalents	84	(130)
Cash & Cash Equivalents at beginning of the financial period	11,039	11,712
Cash & Cash Equivalents at end of financial period	11,711	11,039

(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)

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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	
As at 30 June 2015					
Balance at 1 July 2014	66,053	912	3,041	49,057	119,063
Profit after tax, representing total comprehensive expense for the year	-	-	-	1,060	1,060
Share options exercised	105	32	-	-	137
Share based payment transactions	-	137	1,345	-	1,482
Balance at 30 June 2015	<u>66,158</u>	<u>1,081</u>	<u>4,386</u>	<u>50,117</u>	<u>121,742</u>
As at 30 June 2014					
Balance at 1 July 2013	63,888	286	525	43,280	107,979
Profit after tax, representing total comprehensive expense for the year	-	-	-	5,660	5,660
Share options exercised	2,165	218	-	-	2,383
Share based payment transactions	-	408	2,516	117	3,041
Balance at 30 June 2014	<u>66,053</u>	<u>912</u>	<u>3,041</u>	<u>49,057</u>	<u>119,063</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 2014 and the accompanying
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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 June 2015 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:-

MFRSs and IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)	01-Jan-18
MFRS 15 Revenue from Contracts with Customers	01-Jan-17
Amendments to MFRS 10 and MFRS 128 (2011): Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	01-Jan-16
Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities: Applying the Consolidation Exception	01-Jan-16
Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations	01-Jan-16
Amendments to MFRS 101: Presentation of Financial Statements - Disclosure Initiative	01-Jan-16
Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	01-Jan-16
Amendments to MFRS 116 and MFRS 141: Agriculture – Bearer Plants	01-Jan-16
Amendments to MFRS 127 (2011): Equity Method in Separate Financial Statements	01-Jan-16
Annual Improvements to MFRSs 2012 - 2014 Cycle	01-Jan-16

The adoption of the above mentioned accounting standards and interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application.

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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 June 2015 except for the issuance of 209,760 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 June 2015 are as follows:-

	Local		Export		Total	
	Ended 30 Jun		Ended 30 Jun		Ended 30 Jun	
	2015	2014	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	87,232	96,891	57,942	50,480	145,174	147,371
Profit/(loss) from operations	13,657	18,366	(414)	4,812	13,243	23,178

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

	Total	
	2015	2014
	RM'000	RM'000
Profit from operations for reportable segments	13,243	23,178
Expenses managed on a central basis	(11,021)	(12,293)
Other operating income	6,674	3,007
Consolidated profit from operations	8,896	13,892
Finance cost	(7,718)	(8,127)
Consolidated profit before tax	1,178	5,765

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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 June 2015 are as follows:

	RM'000
Approved and contracted for	3,458
Approved but not contracted for	9,410
	12,868

A12 Significant Related Party Transactions

The Group's significant related party transactions in the current financial period to-date ended 30 June 2015 are as follows:

	Quarter Ended 30 Jun 2015 RM'000	12 Months Ended 30 Jun 2015 RM'000
Companies in which key management personnel have significant financial interests:		
- Rental of premises paid/payable	28	108
- Royalty paid/payable	6	25
- Contract manufacturing cost paid / payable	78	154
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)	(57)
- Sales of goods	(75)	(286)
	(75)	(286)

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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

(a) Performance of the current quarter against the preceding year corresponding quarter

	Quarter	
	Ended 30 Jun	
	2015	2014
	RM'000	RM'000
Turnover	38,215	42,770
Profit before tax	894	3,633

The Group recorded a decrease in turnover of 10.65% for the current quarter ended 30 June 2015 as compared to the corresponding quarter ended 30 June 2014. This was mainly attributed to lower sales in the local markets.

The Group recorded a profit before tax of RM 0.89 million for the current quarter ended 30 June 2015 as compared to a profit before tax of RM3.63 million in the preceding year mainly due to lower sales.

(b) Performance of the current period against the preceding year corresponding period

	12 Months	
	Ended 30 Jun	
	2015	2014
	RM'000	RM'000
Turnover	145,174	147,371
Profit before tax	1,178	5,765

The Group recorded a decrease in turnover of 1.49% for the current period ended 30 June 2015 as compared to the corresponding 12 months ended 30 June 2014. This was attributed to higher sales from export markets offset by the decrease in contract manufacturing and tender sales.

The Group recorded a profit before tax of RM 1.18 million for the 12 months ended 30 June 2015 as compared to a profit of RM5.76 million for the 12 months ended 30 June in the preceding year. This was mainly due to higher advertisement and promotional expenses.

B2. Comparison with Preceding Quarter's Results

	Quarter Ended	
	30 Jun	31 Mar
	2015	2015
	RM'000	RM'000
Turnover	38,215	35,400
Profit before tax	894	740

For the quarter ended 30 June 2015, the Group recorded an increase in revenue of 7.95% to RM38.22 million as compared to RM35.40 million in the preceding quarter. This was mainly due to increase in sales from export markets offset by decrease in sales from local markets.

The Group recorded a profit before tax of RM0.89 million in the current quarter as compared to the profit before tax of RM0.74 million in the preceding quarter mainly due to increase in sales.

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B3. Commentary on Prospects

The Group aims to increase its revenue by securing new tenders and a bigger market share while carrying out R&D activities for new products. It will also continue to invest in 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		12 Months	
	Ended 30 Jun		Ended 30 Jun	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Income tax:				
- Current tax expense	117	116	117	116
- Under / (Over) provision in prior period	1	(11)	1	(11)
Total tax expenses	<u>118</u>	<u>105</u>	<u>118</u>	<u>105</u>

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 have not been recognised as the realisation of the deferred tax asset is not probable.

B7. Realised and Unrealised Profits of the Group

Total retained earnings as at 30 June 2015 and 30 June 2014 are analysed as follows:

	As at 30.06.2015 RM'000	As at 30.06.2014 RM'000
Realised profits	49,180	49,676
Unrealised gain / (loss)	937	(619)
Total Group retained earnings as per consolidated accounts	<u>50,117</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 June 2015 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	18,338	9,017	9,321
- Denominated in Euros	1,969	679	1,290
Bank overdrafts	-	-	-
HP Creditors	509	509	-
Term loan	8,239	8,239	-
	<u>29,055</u>	<u>18,444</u>	<u>10,611</u>
(b) Long Term Borrowings			
HP Creditors	1,334	1,334	-
Term loan	74,287	74,287	-
	<u>75,621</u>	<u>75,621</u>	<u>-</u>

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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 Jun 2015 are as follows:

	Contract Amount RM'000	Fair Value RM'000	
Foreign Exchange Forward Contracts			
- Less than 1 year	<u>753</u>	<u>755</u>	USD 0.20 million

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 July 2015 to August 2015.

(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 June 2015 and up to 20 August 2015.

B12. Dividend Declared

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

B13. Profit before tax

	Quarter Ended 30 Jun		12 Months Ended 30 Jun	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Profit before tax is arrived at after (crediting)/charging:-				
Interest income	-	(1)	-	(1)
Other income	(141)	7	(455)	(400)
Depreciation and amortisation	3,188	2,925	12305	11499
Amortisation of deferred income	(10)	(30)	(40)	(19)
Impairment loss on trade receivables	285	(95)	452	297
Inventories written off	-	1,612	0	1612
Foreign exchange (gain) / loss				
- realised	(2,446)	(327)	(4121)	(1316)
- unrealised	1,799	347	(937)	768
Fair value (gain) / loss on derivatives	<u>2</u>	<u>(72)</u>	<u>89</u>	<u>(149)</u>

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 June 2015.

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B14. Profit Per Share

	Quarter		12 Months	
	Ended 30 Jun		Ended 30 Jun	
	2015	2014	2015	2014
(a) Basic Profit Per Share				
Net Profit attributable to shareholders (RM'000)	776	3,528	1,060	5,660
Weighted average number of ordinary shares ('000)	132,058	131,939	132,058	131,939
Basic Profit per share (sen)	0.59	2.67	0.80	4.29
(b) Diluted Profit Per Share				
Net Profit attributable to shareholders (RM'000)	776	3,528	1,060	5,660
Weighted average number of ordinary shares ('000)	132,058	131,939	132,058	131,939
Adjustment for ESOS ('000)	7,324	5,074	7,324	5,074
	<u>139,382</u>	<u>137,013</u>	<u>139,382</u>	<u>137,013</u>
Diluted Profit per share (sen)	0.56	2.57	0.76	4.13

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 : 27 August 2015