

KOTRA INDUSTRIES BERHAD (497632-P)
 QUARTERLY REPORT ON CONSOLIDATED RESULTS
 FOR THE FOURTH FINANCIAL QUARTER ENDED 30 JUNE 2016
 (The figures have not been audited)

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

	Individual Quarter		Cumulative Quarter	
	Current Quarter Ended 30/06/16 RM'000	Corresponding Quarter Ended 30/06/15 RM'000	12 Months Cumulative To Date 30/06/16 RM'000	12 Months Cumulative To Date 30/06/15 RM'000
Revenue	40,854	38,215	160,230	145,174
Operating expenses	(37,680)	(36,735)	(151,790)	(142,952)
Other operating income	1,472	1,294	6,400	6,674
Profit from operations	4,646	2,774	14,840	8,896
Finance cost	(1,680)	(1,880)	(6,975)	(7,718)
Profit before tax	2,966	894	7,865	1,178
Tax expense	(104)	(118)	(104)	(118)
Profit after tax, representing total comprehensive income /(expense) for the period	<u>2,862</u>	<u>776</u>	<u>7,761</u>	<u>1,060</u>
Profit per share (sen)				
(a) Basic	2.17	0.59	5.87	0.80
(b) Diluted	2.08	0.56	5.63	0.76

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with
 the Audited Financial Statements for the year ended 30 June 2015 and the accompanying
 explanatory notes attached to this interim financial report)

KOTRA INDUSTRIES BERHAD (497632-P)
 QUARTERLY REPORT ON CONSOLIDATED RESULTS
 FOR THE FOURTH FINANCIAL QUARTER ENDED 30 JUNE 2016
 (The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As at 30.06.2016 RM '000	Audited As at 30.06.2015 RM '000
ASSETS		
Non-Current Assets		
Property, plant and equipment	161,743	162,905
Investment properties	1,494	1,519
	163,237	164,424
Current Assets		
Derivative assets	15	-
Inventories	34,355	36,509
Trade receivables	37,647	35,735
Other receivables, deposits and prepayments	2,135	5,613
Tax recoverable	-	1
Cash and bank balances	16,276	11,711
	90,428	89,569
TOTAL ASSETS	253,665	253,993
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	66,227	66,158
Share premium reserve	1,164	1,081
Share option reserve	5,945	4,386
Retained earnings	57,878	50,117
	131,214	121,742
Non-Current Liabilities		
Long term borrowings	66,549	75,621
Deferred Income	1,844	372
	68,393	75,993
Current Liabilities		
Trade payables	13,383	18,383
Other payables and accruals	10,264	8,791
Derivative liabilities	-	2
Provision for taxation	31	27
Short term borrowings	30,380	29,055
	54,058	56,258
Total Liabilities	122,451	132,251
TOTAL EQUITY AND LIABILITIES	253,665	253,993
Net assets per share attributable to ordinary equity holders of the parent (RM)	0.99	0.92

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2015 and the accompanying explanatory notes attached to this interim financial report)

KOTRA INDUSTRIES BERHAD (497632-P)
QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FOURTH FINANCIAL QUARTER ENDED 30 JUNE 2016
(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

	12 Months Ended 30/06/16 RM '000	12 Months Ended 30/06/15 RM '000
Cash Flows From Operating Activities		
Profit before taxation	7,865	1,178
Adjustment for:		
Property, plant and equipment written off	40	1
Impairment loss on trade receivables	761	452
Reversal of impairment loss on trade receivables	(307)	(246)
Bad debts written off	-	103
Depreciation and amortisation	13,291	12,305
Fair value (gain) / loss on derivatives	(17)	89
Unrealised loss / (gain) on foreign exchange	650	(937)
Impairment loss on inventories	1,146	-
Amortisation of deferred income	(69)	(40)
Loss / (Gain) on disposal of property, plant and equipment	11	(2)
Interest expense	6,975	7,718
Rental income from investment properties	(89)	(89)
Share based payment under ESOS	1,622	1,482
Operating profit before working capital changes	31,879	22,014
Decrease in inventories	1,008	2,352
Decrease in receivables	308	8,182
Decrease in payables	(3,404)	(3,953)
Cash generated from operations	29,791	28,595
Interest paid	(1,287)	(1,668)
Tax paid	(122)	(138)
Tax refund	23	-
Net cash from operating activities	28,405	26,789
Cash Flows For Investing Activities		
Purchase of property, plant and equipment	(12,165)	(5,619)
Rental received	89	89
Proceed from disposal of property, plant and equipment	10	35
Net cash for investing activities	(12,066)	(5,495)

KOTRA INDUSTRIES BERHAD (497632-P)
QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FOURTH FINANCIAL QUARTER ENDED 30 JUNE 2016
(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW (continued)

	12 Months	12 Months
	Ended	Ended
	30/06/16	30/06/15
	RM '000	RM '000
Cash Flows For Financing Activities		
Repayment of hire purchase payables	(509)	(474)
Repayment of term loans	(7,985)	(7,624)
Other short term borrowings	884	(6,797)
Proceeds from issuance of shares	89	137
Grant received	1,541	102
Interest paid	(5,688)	(6,050)
Net cash for financing activities	(11,668)	(20,706)
Net Increase / (Decrease) in Cash & Cash Equivalents	4,671	588
Effect of Exchange Rate Changes on Cash & Cash Equivalents	(106)	84
Cash & Cash Equivalents at beginning of the financial period	11,711	11,039
Cash & Cash Equivalents at end of financial period	16,276	11,711

(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2015 and the accompanying explanatory notes attached to this interim financial report)

KOTRA INDUSTRIES BERHAD (497632-P)
 QUARTERLY REPORT ON CONSOLIDATED RESULTS
 FOR THE FOURTH FINANCIAL QUARTER ENDED 30 JUNE 2016
 (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	
As at 30 June 2016					
Balance at 1 July 2015	66,158	1,081	4,386	50,117	121,742
Profit after tax, representing total comprehensive income for the year	-	-	-	7,761	7,761
Share options exercised	69	83	(63)	-	89
Share based payment transactions	-	-	1,622	-	1,622
Balance at 30 June 2016	<u>66,227</u>	<u>1,164</u>	<u>5,945</u>	<u>57,878</u>	<u>131,214</u>
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>

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with
 the Audited Financial Statements for the year ended 30 June 2015 and the accompanying
 explanatory notes attached to this interim financial report)

KOTRA INDUSTRIES BERHAD (497632-P)
 QUARTERLY REPORT ON CONSOLIDATED RESULTS
 FOR THE FOURTH FINANCIAL QUARTER ENDED 30 JUNE 2016

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 2016 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 2015.

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 2015.

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 14 Regulatory Deferral Accounts	01-Jan-16
MFRS 15 Revenue from Contracts with Customers	01-Jan-18
MFRS 16 Leases	01-Jan-19
Amendments to MFRS 10 and MFRS 128 (2011): Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice
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 15: Effective Date of MFRS 15	01-Jan-18
Amendments to MFRS 15: Clarifications to MFRS 15 'Revenue from Contracts with Customers	01-Jan-18
Amendments to MFRS 101: Presentation of Financial Statements - Disclosure Initiative	01-Jan-16
Amendments to MFRS 107: Disclosure Initiative	01-Jan-17
Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses	01-Jan-17
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.

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.

KOTRA INDUSTRIES BERHAD (497632-P)
 QUARTERLY REPORT ON CONSOLIDATED RESULTS
 FOR THE FOURTH FINANCIAL QUARTER ENDED 30 JUNE 2016

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 2016 except for the issuance of 138,000 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 2016 are as follows:-

	Local		Export		Total	
	Ended 30 Jun		Ended 30 Jun		Ended 30 Jun	
	2016	2015	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	87,477	87,232	72,753	57,942	160,230	145,174
Profit/(loss) from operations	8,535	13,657	13,025	(414)	21,560	13,243

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

	Total	
	2016	2015
	RM'000	RM'000
Profit from operations for reportable segments	21,560	13,243
Expenses managed on a central basis	(13,120)	(11,021)
Other operating income	6,400	6,674
Consolidated profit from operations	14,840	8,896
Finance cost	(6,975)	(7,718)
Consolidated Profit before tax	7,865	1,178

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.

KOTRA INDUSTRIES BERHAD (497632-P)
 QUARTERLY REPORT ON CONSOLIDATED RESULTS
 FOR THE FOURTH FINANCIAL QUARTER ENDED 30 JUNE 2016

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 2016 are as follows:

	RM'000
Approved and contracted for	572
Approved but not contracted for	10,550
	11,122

A12 Significant Related Party Transactions

The Group's significant related party transactions in the current financial period to-date ended 30 June 2016 are as follows:

	Quarter Ended 30 Jun 2016 RM'000	12 Months Ended 30 Jun 2016 RM'000
Companies in which key management personnel have significant financial interests:		
- Rental of premises paid/payable	262	980
- Royalty paid/payable	2	16
- Contract manufacturing cost paid / payable	-	84
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	(35)	(470)
	(49)	(507)

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	
	2016 RM'000	2015 RM'000
Turnover	40,854	38,215
Profit before tax	2,966	894
	2,966	894

The Group recorded an increase in turnover of 6.91% for the current quarter ended 30 June 2016 as compared to the corresponding quarter ended 30 June 2015. This was mainly attributed to higher sales in the export markets.

The Group recorded a profit before tax of RM 2.97 million for the current quarter ended 30 June 2016 as compared to a profit before tax of RM0.89million in the preceding year mainly due to lower advertisement and promotional expenditure.

KOTRA INDUSTRIES BERHAD (497632-P)
 QUARTERLY REPORT ON CONSOLIDATED RESULTS
 FOR THE FOURTH FINANCIAL QUARTER ENDED 30 JUNE 2016

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

	12 Months	
	Ended 30 Jun	
	2016	2015
	RM'000	RM'000
Turnover	160,230	145,174
Profit before tax	7,865	1,178

The Group recorded an increase in turnover of 10.37% for the current period ended 30 June 2016 as compared to the corresponding 12 months ended 30 June 2015. This was attributed to higher sales from export markets.

The Group recorded a profit before tax of RM 7.86 million for the 12 months ended 30 June 2016 as compared to a profit of RM1.18 million for the 12 months ended 30 June in the preceding year. This was mainly due to higher sales achieved from overseas markets and lower advertising and promotional expenditure.

B2. Comparison with Preceding Quarter's Results

	Quarter Ended	
	30 Jun	31 Mar
	2016	2016
	RM'000	RM'000
Turnover	40,854	42,259
Profit before tax	2,966	676

For the quarter ended 30 June 2016, the Group recorded an decrease in revenue of 3.32% to RM40.85 million as compared to RM 42.26 million in the preceding quarter. This was mainly due to decrease in sales from local markets offset by increase in overseas markets.

The Group recorded a profit before tax of RM2.97 million in the current quarter as compared to the profit before tax of RM0.68 million in the preceding quarter mainly due to higher unrealised foreign exchange loss in the preceding quarter.

B3. Commentary on Prospects

The Group will continue to strive to increase its market share in both the local and export markets. It will also seek to secure new tenders to utilise its available production capacity while 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

	Quarter		12 Months	
	Ended 30 Jun		Ended 30 Jun	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Income tax:				
- Current tax expense	118	117	118	117
- Under / (Over) provision in prior period	(14)	1	(14)	1
Total tax expenses	104	118	104	118

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.

KOTRA INDUSTRIES BERHAD (497632-P)
 QUARTERLY REPORT ON CONSOLIDATED RESULTS
 FOR THE FOURTH FINANCIAL QUARTER ENDED 30 JUNE 2016

B7. Realised and Unrealised Profits of the Group

Total retained earnings as at 30 June 2016 and 30 June 2015 are analysed as follows:

	As at 30.06.2016 RM'000	As at 30.06.2015 RM'000
Realised profits	58,511	49,180
Unrealised (loss) / gain	(633)	937
Total Group retained earnings as per consolidated accounts	<u>57,878</u>	<u>50,117</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 2016 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	15,671	8,118	7,553
- Denominated in Euros	5,383	1,029	4,354
HP Creditors	545	545	-
Term loan	8,781	8,781	-
	<u>30,380</u>	<u>18,473</u>	<u>11,907</u>
(b) Long Term Borrowings			
HP Creditors	789	789	-
Term loan	65,760	65,760	-
	<u>66,549</u>	<u>66,549</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 Contract as at 30 June 2016 are as follows:

	Contract Amount RM'000	Fair Value RM'000	
Foreign Exchange Forward Contracts			
- Less than 1 year	<u>1,227</u>	<u>1,212</u>	USD 0.30 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 2016 to August 2016.

(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 2016 and up to 23 August 2016.

KOTRA INDUSTRIES BERHAD (497632-P)
 QUARTERLY REPORT ON CONSOLIDATED RESULTS
 FOR THE FOURTH FINANCIAL QUARTER ENDED 30 JUNE 2016

B12. Dividend Declared

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

B13. Profit before tax

	Quarter		12 Months	
	Ended 30 Jun		Ended 30 Jun	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Profit before tax is arrived at after (crediting)/charging:-				
Other income	(94)	(141)	(821)	(455)
Depreciation and amortisation	3,356	3,188	13,291	12,305
Amortisation of deferred income	(37)	(10)	(69)	(40)
Reversal of impairment loss on trade receivables	(307)	(246)	(307)	(246)
Impairment loss on trade receivables	611	285	761	452
Loss / (Gain) on disposal of property, plant and equipment	-	-	11	(2)
Impairment loss on inventories	468	-	1,146	-
Foreign exchange (gain) / loss				
- realised	250	(2,446)	(2,030)	(4,121)
- unrealised	(1,040)	1,799	650	(937)
Fair value (gain) / loss on derivatives	(15)	2	(17)	89

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 2016.

B14. Profit Per Share

	Quarter		12 Months	
	Ended 30 Jun		Ended 30 Jun	
	2016	2015	2016	2015
(a) Basic Profit Per Share				
Net Profit attributable to shareholders (RM'000)	2,862	776	7,761	1,060
Weighted average number of ordinary shares ('000)	132,118	132,058	132,118	132,058
Basic Profit per share (sen)	2.17	0.59	5.87	0.80
(b) Diluted Profit Per Share				
Net Profit attributable to shareholders (RM'000)	2,862	776	7,761	1,060
Weighted average number of ordinary shares ('000)	132,118	132,058	132,118	132,058
Adjustment for ESOS ('000)	5,767	7,324	5,767	7,324
	137,885	139,382	137,885	139,382
Diluted Profit per share (sen)	2.08	0.56	5.63	0.76

KOTRA INDUSTRIES BERHAD (497632-P)
QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FOURTH FINANCIAL QUARTER ENDED 30 JUNE 2016

B15. Audit Report

The auditors' report of the Group's annual financial statements for the year ended 30 June 2015 did not contain any qualification.

BY ORDER OF THE BOARD

CHUA SIEW CHUAN
Secretary

Date : 29 August 2016