

**KOTRA INDUSTRIES BERHAD (497632-P)**  
 QUARTERLY REPORT ON CONSOLIDATED RESULTS  
 FOR THE THIRD FINANCIAL QUARTER ENDED 31 MARCH 2017  
 (The figures have not been audited)

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

	Individual Quarter		Cumulative Quarter	
	Current Quarter Ended 31/03/17 RM'000	Corresponding Quarter Ended 31/03/16 RM'000	9 Months Cumulative To Date 31/03/17 RM'000	9 Months Cumulative To Date 31/03/16 RM'000
Revenue	45,220	42,259	124,186	119,376
Operating expenses	(39,479)	(40,959)	(113,317)	(114,110)
Other operating income	303	1,111	4,137	4,928
Profit from operations	6,044	2,411	15,006	10,194
Finance cost	(1,460)	(1,735)	(4,540)	(5,295)
Profit before tax	4,584	676	10,466	4,899
Tax expense	-	-	-	-
Profit after tax, representing total comprehensive income for the period	<u>4,584</u>	<u>676</u>	<u>10,466</u>	<u>4,899</u>
Profit per share (sen)				
(a) Basic	3.46	0.51	7.89	3.70
(b) Diluted	3.30	0.49	7.53	3.55

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with  
 the Audited Financial Statements for the year ended 30 June 2016 and the accompanying  
 explanatory notes attached to this interim financial report)

**KOTRA INDUSTRIES BERHAD (497632-P)**  
 QUARTERLY REPORT ON CONSOLIDATED RESULTS  
 FOR THE THIRD FINANCIAL QUARTER ENDED 31 MARCH 2017  
 (The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	Unaudited As at 31.03.2017 RM '000	Audited As at 30.06.2016 RM '000
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	154,503	161,743
Investment properties	1,474	1,493
	155,977	163,236
<b>Current Assets</b>		
Derivative assets	-	15
Inventories	40,853	34,355
Trade receivables	39,924	37,647
Other receivables, deposits and prepayments	4,444	2,136
Tax recoverable	52	-
Cash and bank balances	14,720	16,276
	99,993	90,429
<b>TOTAL ASSETS</b>	255,970	253,665
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	67,849	66,227
Share premium reserve	-	1,165
Share option reserve	6,368	5,944
Retained earnings	65,686	57,878
	139,903	131,214
<b>Non-Current Liabilities</b>		
Long term borrowings	59,440	66,548
Deferred Income	2,269	1,845
	61,709	68,393
<b>Current Liabilities</b>		
Trade payables	18,812	13,383
Other payables and accruals	11,671	10,264
Provision for taxation	-	30
Short term borrowings	23,875	30,381
	54,358	54,058
<b>Total Liabilities</b>	116,067	122,451
<b>TOTAL EQUITY AND LIABILITIES</b>	255,970	253,665
<b>Net assets per share attributable to ordinary equity holders of the parent (RM)</b>	1.03	0.99

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2016 and the accompanying explanatory notes attached to this interim financial report)

**KOTRA INDUSTRIES BERHAD (497632-P)**  
**QUARTERLY REPORT ON CONSOLIDATED RESULTS**  
**FOR THE THIRD FINANCIAL QUARTER ENDED 31 MARCH 2017**  
(The figures have not been audited)

---

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW**

	<b>9 Months Ended 31/03/17 RM '000</b>	<b>9 Months Ended 31/03/16 RM '000</b>
<b>Cash Flows From Operating Activities</b>		
Profit before taxation	10,466	4,899
Adjustment for:		
Property, plant and equipment written off	40	38
Impairment loss on trade receivables	150	150
Bad debts written off	2	-
Depreciation and amortisation	10,093	9,935
Fair value loss / (gain) on derivatives	15	(2)
Unrealised (gain) / loss on foreign exchange	(273)	1,690
Impairment loss on inventories	588	678
Amortisation of deferred income	(176)	(32)
(Gain) / Loss on disposal of property, plant and equipment	(5)	11
Interest expense	4,540	5,295
Interest income	(27)	-
Rental income from investment properties	(67)	(67)
Share based payment under ESOS	424	1,255
Operating profit before working capital changes	25,770	23,850
(Increase) / Decrease in inventories	(7,086)	986
Increase in receivables	(4,604)	(4,318)
Increase in payables	6,836	2,896
Cash generated from operations	20,916	23,414
Interest paid	(654)	(982)
Tax paid	(82)	(91)
Net cash from operating activities	20,180	22,341
<b>Cash Flows For Investing Activities</b>		
Interest received	27	-
Purchase of property, plant and equipment	(2,873)	(8,663)
Rental received	67	67
Proceed from disposal of property, plant and equipment	5	10
Net cash for investing activities	(2,774)	(8,586)

**KOTRA INDUSTRIES BERHAD (497632-P)**  
**QUARTERLY REPORT ON CONSOLIDATED RESULTS**  
**FOR THE THIRD FINANCIAL QUARTER ENDED 31 MARCH 2017**  
(The figures have not been audited)

---

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

	<b>9 Months</b>	<b>9 Months</b>
	<b>Ended</b>	<b>Ended</b>
	<b>31/03/17</b>	<b>31/03/16</b>
	<b>RM '000</b>	<b>RM '000</b>
<b>Cash Flows For Financing Activities</b>		
Dividend paid	(2,658)	-
Repayment of hire purchase payables	(406)	(378)
Repayment of term loans	(6,369)	(5,942)
(Repayment) / drawdown of other short term borrowings	(6,839)	350
Proceeds from issuance of shares	457	70
Grant received	600	-
Interest paid	(3,886)	(4,313)
Net cash for financing activities	(19,101)	(10,213)
<b>Net (Decrease) / Increase in Cash &amp; Cash Equivalents</b>	<b>(1,695)</b>	<b>3,542</b>
<b>Effect of Exchange Rate Changes on Cash &amp; Cash Equivalents</b>	<b>139</b>	<b>(357)</b>
<b>Cash &amp; Cash Equivalents at beginning of the financial period</b>	<b>16,276</b>	<b>11,711</b>
<b>Cash &amp; Cash Equivalents at end of financial period</b>	<b>14,720</b>	<b>14,896</b>

(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2016 and the accompanying explanatory notes attached to this interim financial report)

**KOTRA INDUSTRIES BERHAD (497632-P)**  
 QUARTERLY REPORT ON CONSOLIDATED RESULTS  
 FOR THE THIRD FINANCIAL QUARTER ENDED 31 MARCH 2017  
 (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
<b>As at 31 March 2017</b>					
Balance at 1 July 2016	66,227	1,165	5,944	57,878	131,214
Profit after tax, representing total comprehensive income for the year	-	-	-	10,466	10,466
Dividend paid	-	-	-	(2,658)	(2,658)
Share options exercised	352	105	-	-	457
Adjustments for effects of Companies Act 2016 (Note a)	1,270	(1,270)	-	-	-
Share based payment transactions	-	-	424	-	424
Balance at 31 March 2017	<u>67,849</u>	<u>-</u>	<u>6,368</u>	<u>65,686</u>	<u>139,903</u>
<b>As at 31 March 2016</b>					
Balance at 1 July 2015	66,158	1,081	4,386	50,117	121,742
Profit after tax, representing total comprehensive expense for the year	-	-	-	4,899	4,899
Share options exercised	54	16	-	-	70
Share based payment transactions	-	-	1,255	-	1,255
Balance at 31 March 2016	<u>66,212</u>	<u>1,097</u>	<u>5,641</u>	<u>55,016</u>	<u>127,966</u>

**Note a**

With the Companies Act 2016 ("New Act") coming into effect on 31 January 2017, the credit standing in the share premium account of RM 1,270,000 has been transferred to the share capital account. Pursuant to subsection 618(3) of the New Act, the Group may exercise its right to use the credit amount being transferred from share premium account within 24 months after the commencement of the New Act. The Board of Directors will make a decision thereon by 31 January 2019.

**(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2016 and the accompanying explanatory notes attached to this interim financial report)**

**KOTRA INDUSTRIES BERHAD (497632-P)**  
 QUARTERLY REPORT ON CONSOLIDATED RESULTS  
 FOR THE THIRD FINANCIAL QUARTER ENDED 31 MARCH 2017

**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 31 March 2017 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 2016.

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 2016.

**A1.1** During the current financial period, the Group has adopted the following new accounting standards and interpretations (including the consequential amendments, if any) :-

- MFRS 14 Regulatory Deferral
- Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities: Applying the Consolidation Exception
- Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations
- Amendments to MFRS 101: Disclosure Initiative
- Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to MFRS 116 and MFRS 141: Agriculture – Bearer Plants
- Amendments to MFRS 127 (2011): Equity Method in Separate Financial Statements
- Annual Improvements to MFRSs 2012 - 2014 Cycle

**A1.2** 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 Financial Instruments (IFRS 9 issued by IASB in July 2014)	01-Jan-18
MFRS 15 Revenue from Contracts with Customers	01-Jan-18
MFRS 16 Leases	01-Jan-19
IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	01-Jan-18
Amendments to MFRS 2: Classification and Measurement of share based payment transactions	01-Jan-18
Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts	01-Jan-18
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 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 107: Disclosure Initiative	01-Jan-17
Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses	01-Jan-17
Amendments to MFRS 140 – Transfers of Investment Property	01-Jan-18
Annual Improvements to MFRS Standards 2014 – 2016 Cycles:	
• Amendments to MFRS 12: Clarification of the Scope of Standard	01-Jan-17
Annual Improvements to MFRS Standards 2014 – 2016 Cycles:	
• Amendments to MFRS 128: Measuring an Associate or Joint Venture at Fair Value	01-Jan-18

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.

**KOTRA INDUSTRIES BERHAD (497632-P)**  
 QUARTERLY REPORT ON CONSOLIDATED RESULTS  
 FOR THE THIRD FINANCIAL QUARTER ENDED 31 MARCH 2017

**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 31 March 2017 except for the issuance of 702,800 ordinary shares pursuant to its Employee Share Option Scheme at the exercise price of RM0.65 each.

**A6. Dividends Paid**

An interim single tier dividend of 2 sen per share in respect of the current financial year ended 30 June 2017 amounting to RM 2,658,142.46 was paid on 30 March 2017.

**A7. Segmental Information**

The segment information in respect of the Group's operating segments for the period Ended 31 Mar 2017 are as follows:-

	Local		Export		Total	
	Ended 31 Mar		Ended 31 Mar		Ended 31 Mar	
	2017	2016	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	66,425	66,630	57,761	52,746	124,186	119,376
Profit/(loss) from operations	5,734	9,086	11,991	7,092	17,725	16,178

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

	Total	
	Ended 31 Mar	
	2017	2016
	RM'000	RM'000
Profit from operations for reportable segments	17,725	16,178
Expenses managed on a central basis	(6,856)	(10,912)
Other operating income	4,137	4,928
Consolidated profit from operations	15,006	10,194
Finance cost	(4,540)	(5,295)
Consolidated Profit before tax	10,466	4,899

**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.

**KOTRA INDUSTRIES BERHAD (497632-P)**  
 QUARTERLY REPORT ON CONSOLIDATED RESULTS  
 FOR THE THIRD FINANCIAL QUARTER ENDED 31 MARCH 2017

**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 31 March 2017 are as follows:

	<b>RM'000</b>
Approved and contracted for	1,559
Approved but not contracted for	4,271
	5,830

**A12 Significant Related Party Transactions**

The Group's significant related party transactions in the current financial period to-date ended 31 March 2017 are as follows:

	<b>Quarter Ended 31 Mar 2017 RM'000</b>	<b>9 Months Ended 31 Mar 2017 RM'000</b>
Companies in which key management personnel have significant financial interests:		
- Rental of premises paid/payable	264	787
- Royalty paid/payable	5	15
- Contract manufacturing cost paid / payable	-	19
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)	(43)
- Sales of goods	(152)	(510)
	(166)	(510)



**KOTRA INDUSTRIES BERHAD (497632-P)**  
 QUARTERLY REPORT ON CONSOLIDATED RESULTS  
 FOR THE THIRD FINANCIAL QUARTER ENDED 31 MARCH 2017

**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**

	<b>Quarter</b>	
	<b>Ended 31 Mar</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>
Turnover	45,220	42,259
Profit before tax	4,584	676

The Group recorded an increase in turnover of 7.01% for the current quarter ended 31 March 2017 as compared to the corresponding quarter ended 31 March 2016. This was mainly due to increase in sales of both local and export markets.

The Group recorded a profit before tax of RM 4.58 million for the current quarter ended 31 March 2017 as compared to a profit before tax of RM0.68 million in the preceding year. This was mainly due to higher sales achieved and lower selling and administration expenses.

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

	<b>9 Months</b>	
	<b>Ended 31 Mar</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>
Turnover	124,186	119,376
Profit before tax	10,466	4,899

The Group recorded an increase in turnover of 4.03% for the current period ended 31 March 2017 as compared to the corresponding 9 months ended 31 March 2016. This was attributed to higher sales from export markets.

The Group recorded a profit before tax of RM 10.47 million for the 9 months ended 31 March 2017 as compared to a profit of RM 4.90 million for the 9 months ended 31 March in the preceding year. This was mainly due to higher sales from export markets and lower selling and administration expenses.

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

	<b>Quarter Ended</b>	
	<b>31 Mar</b>	<b>31 Dec</b>
	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>
Turnover	45,220	45,073
Profit before tax	4,584	5,752

For the quarter ended 31 March 2017, the Group recorded an increase in revenue of 0.33% to RM45.22 million as compared to RM 45.07 million in the preceding quarter. This was mainly due to increase in sales from local markets offset by decrease in overseas markets.

The Group recorded a profit before tax of RM4.58 million in the current quarter as compared to the profit before tax of RM 5.75 million in the preceding quarter. This was mainly due to higher foreign exchange gain in preceding quarter.

**KOTRA INDUSTRIES BERHAD (497632-P)**  
 QUARTERLY REPORT ON CONSOLIDATED RESULTS  
 FOR THE THIRD FINANCIAL QUARTER ENDED 31 MARCH 2017

**B3. Commentary on Prospects**

While the current economic condition remains challenging for the rest of the financial year, the Group will nonetheless 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**

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 31 March 2017 and 30 June 2016 are analysed as follows:

	As at 31.03.2017 RM'000	As at 30.06.2016 RM'000
Realised profits	65,413	58,511
Unrealised gain / (loss)	273	(633)
Total Group retained earnings as per consolidated statement of changes in equity	<u>65,686</u>	<u>57,878</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 31 March 2017 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	12,932	6,907	6,025
- Denominated in Euros	1,283	273	1,010
HP Creditors	572	572	-
Term loan	9,088	9,088	-
	<u>23,875</u>	<u>16,840</u>	<u>7,035</u>
(b) Long Term Borrowings			
HP Creditors	356	356	-
Term loan	59,084	59,084	-
	<u>59,440</u>	<u>59,440</u>	<u>-</u>

**KOTRA INDUSTRIES BERHAD (497632-P)**  
 QUARTERLY REPORT ON CONSOLIDATED RESULTS  
 FOR THE THIRD FINANCIAL QUARTER ENDED 31 MARCH 2017

**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.

There was no outstanding Forward Foreign Exchange Contract as at 31 March 2017.

(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 material litigation since the last financial period ended 31 March 2017 and up to 12 May 2017.

**B12. Dividend Declared**

No dividend has been proposed for current quarter ended 31 March 2017.

**B13. Profit before tax**

	Quarter		9 Months	
	Ended 31 Mar		Ended 31 Mar	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Profit before tax is arrived at after (crediting)/charging:-				
Interest income	(21)	-	(27)	-
Other income	(161)	(551)	(963)	(727)
Depreciation and amortisation	3,375	3,435	10,093	9,935
Amortisation of deferred income	(65)	(10)	(176)	(32)
Bad debts written off	2	-	2	-
Impairment loss on trade receivables	50	50	150	150
(Gain)/Loss on disposal of property, plant and equipment	(5)	2	(5)	11
Impairment loss on inventories	-	-	588	678
Foreign exchange (gain) / loss				
- realised	(1,646)	(274)	(2,567)	(2,280)
- unrealised	1,710	2,103	(273)	1,690
Fair value loss / (gain) on derivatives	-	-	15	(2)

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 31 March 2017.

**KOTRA INDUSTRIES BERHAD (497632-P)**  
 QUARTERLY REPORT ON CONSOLIDATED RESULTS  
 FOR THE THIRD FINANCIAL QUARTER ENDED 31 MARCH 2017

**B14. Profit Per Share**

	Quarter		9 Months	
	Ended 31 Mar		Ended 31 Mar	
	2017	2016	2017	2016
<b>(a) Basic Profit Per Share</b>				
Net Profit attributable to shareholders (RM'000)	4,584	676	10,466	4,899
Weighted average number of ordinary shares ('000)	132,663	132,424	132,663	132,424
Basic Profit per share (sen)	3.46	0.51	7.89	3.70
<b>(b) Diluted Profit Per Share</b>				
Net Profit attributable to shareholders (RM'000)	4,584	676	10,466	4,899
Weighted average number of ordinary shares ('000)	132,663	132,424	132,663	132,424
Adjustment for ESOS ('000)	6,313	5,764	6,313	5,764
	138,976	138,188	138,976	138,188
Diluted Profit per share (sen)	3.30	0.49	7.53	3.55

**B15. Audit Report**

The auditors' report of the Group's annual financial statements for the year ended 30 June 2016 did not contain any qualification.

**BY ORDER OF THE BOARD**

**CHUA SIEW CHUAN**  
**Secretary**

Date : 19 May 2017