

KOTRA INDUSTRIES BERHAD [199901022732 (497632-P)]QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE THIRD FINANCIAL QUARTER ENDED 31 MARCH 2024

(The figures have not been audited)

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

	Note	Individual Quarter		Cumulative Quarter	
		Current Quarter Ended 31-03-24 RM'000	Corresponding Quarter Ended 31-03-23 RM'000	9 Months Cumulative To Date 31-03-24 RM'000	9 Months Cumulative To Date 31-03-23 RM'000
Revenue		55,878	59,396	166,733	186,399
Operating expenses		(44,818)	(42,543)	(131,937)	(136,020)
Other operating income		2,854	897	4,925	2,383
Profit from operations		13,914	17,750	39,721	52,762
Finance cost		(5)	(67)	(34)	(174)
Profit before tax		13,909	17,683	39,687	52,588
Tax expense	(B6)	(7,075)	(188)	(7,577)	(442)
Profit after tax, representing total comprehensive income for the period		6,834	17,495	32,110	52,146
Earnings per share (sen)					
(a) Basic	(B12)	4.61	11.82	21.65	35.23
(b) Diluted	(B12)	4.61	11.82	21.65	35.23

(The Condensed Consolidated Statement of Profit Or Loss And Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2023 and the accompanying explanatory notes attached to this interim financial report)

KOTRA INDUSTRIES BERHAD [199901022732 (497632-P)]

QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE THIRD FINANCIAL QUARTER ENDED 31 MARCH 2024

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Unaudited As at 31-03-24	Audited As at 30-06-23
	Note	RM '000	RM '000
ASSETS			
Non-Current Assets			
Property, plant and equipment		152,351	126,366
Investment properties		1,293	1,312
Right-of-use assets		9,812	10,634
Deferred tax assets		1,698	6,791
		165,154	145,103
Current Assets			
Inventories		54,098	59,200
Trade receivables		33,271	34,556
Other receivables, deposits and prepayments		2,717	2,471
Tax recoverable		25	-
Short term investment		-	945
Fixed deposits with licensed bank		55,401	80,654
Cash and bank balances		4,806	7,353
		150,318	185,179
TOTAL ASSETS		315,472	330,282
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital		86,276	84,896
Share option reserve		-	153
Retained earnings		176,677	186,030
		262,953	271,079
Non-Current Liabilities			
Lease liabilities		82	82
Deferred Income		613	823
		695	905
Current Liabilities			
Trade payables		16,230	20,554
Other payables and accruals		33,179	36,564
Lease liabilities		244	964
Current tax liabilities		2,171	216
Short term borrowings	(B8)	-	-
		51,824	58,298
Total Liabilities		52,519	59,203
TOTAL EQUITY AND LIABILITIES		315,472	330,282
Net assets per share attributable to ordinary equity holders of the parent (RM)	(B13)	1.77	1.83

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2023 and the accompanying explanatory notes attached to this interim financial report)

KOTRA INDUSTRIES BERHAD [199901022732 (497632-P)]

QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE THIRD FINANCIAL QUARTER ENDED 31 MARCH 2024
(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

	9 Months Ended 31-03-24 RM '000	9 Months Ended 31-03-23 RM '000
Cash Flows From Operating Activities		
Profit before taxation	39,687	52,588
Adjustment for:		
Property, plant and equipment written off	40	36
Impairment loss on trade receivables	-	336
Depreciation of property, plant and equipment and investment properties	9,972	10,142
Depreciation of right-of-use assets	822	859
Fair value gain on derivatives financial instrument	-	(15)
Unrealised (gain)/loss on foreign exchange	(35)	637
Provision for inventories obsolescence	166	1,692
Amortisation of deferred income	(210)	(221)
Interest expense	34	174
Interest income	(3,043)	(1,867)
Share based payment under ESOS	44	-
Operating profit before working capital changes	<u>47,477</u>	<u>64,361</u>
Decrease/(Increase) in inventories	4,936	(12,206)
Decrease in receivables	1,762	2,735
(Decrease)/Increase in payables	<u>(7,709)</u>	<u>1,789</u>
Cash generated from operations	46,466	56,679
Tax paid	<u>(554)</u>	<u>(114)</u>
Net cash from operating activities	<u>45,912</u>	<u>56,565</u>
Cash Flows For Investing Activities		
Interest received	3,043	1,867
Withdrawal / (Placement) of fixed deposit with tenure more than 3 months	9,667	(9,667)
Purchase of property, plant and equipment	<u>(35,978)</u>	<u>(26,680)</u>
Net cash for investing activities	<u>(23,268)</u>	<u>(34,480)</u>

KOTRA INDUSTRIES BERHAD (497632-P)
QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE THIRD FINANCIAL QUARTER ENDED 31 MARCH 2024
(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW (continued)

	9 Months Ended 31-03-24 RM '000	9 Months Ended 31-03-23 RM '000
Cash Flows For Financing Activities		
Dividend paid	(41,528)	(38,479)
Repayment of lease liabilities	(720)	(721)
Repayment of term loans	-	(5,549)
Proceeds from issuance of shares	1,248	57
Interest paid	(34)	(174)
Net cash for financing activities	<u>(41,034)</u>	<u>(44,866)</u>
Net Decrease in Cash & Cash Equivalents	(18,390)	(22,781)
Effect of Exchange Rate Changes on Cash & Cash Equivalents	(688)	(540)
Cash & Cash Equivalents at beginning of the financial period	79,285	89,716
Cash & Cash Equivalents at end of financial period	<u>60,207</u>	<u>66,395</u>
The Cash & Cash Equivalents Comprise The Following :-		
Fixed deposits with licensed bank	55,401	69,628
Short term investment	-	945
Cash and bank balances	4,806	5,489
	<u>60,207</u>	<u>76,062</u>
Less: Fixed deposit with tenure more than 3 months	-	(9,667)
	<u>60,207</u>	<u>66,395</u>

(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2023 and the accompanying explanatory notes attached to this interim financial report)

KOTRA INDUSTRIES BERHAD [199901022732 (497632-P)]QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE THIRD FINANCIAL QUARTER ENDED 31 MARCH 2024

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital RM '000	Non - distributable Share Option Reserve RM '000	Distributable Retained Profits RM '000	Total RM '000
As at 31 March 2024				
Balance at 1 July 2023	84,896	153	186,030	271,079
Profit after tax, representing total comprehensive income for the year	-	-	32,110	32,110
Dividend paid	-	-	(41,528)	(41,528)
Share options exercised	1,380	(132)	-	1,248
Share based payment transactions	-	44	-	44
Share options expired transferred to retained earnings*	-	(65)	65	-
Balance at 31 March 2024	<u>86,276</u>	<u>-</u>	<u>176,677</u>	<u>262,953</u>
As at 31 March 2023				
As at 1 July 2022	84,766	99	159,275	244,140
Profit after tax, representing total comprehensive income for the year	-	-	52,146	52,146
Dividend paid	-	-	(38,479)	(38,479)
Share options exercised	75	(18)	-	57
Balance at 31 March 2023	<u>84,841</u>	<u>81</u>	<u>172,942</u>	<u>257,864</u>

*Balance in share options reserve is transferred to the retained earnings upon expiry of ESOS period on 29 July 2023.

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2023 and the accompanying explanatory notes attached to this interim financial report)

KOTRA INDUSTRIES BERHAD [199901022732 (497632-P)]

QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE THIRD FINANCIAL QUARTER ENDED 31 MARCH 2024

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 Main Market Listing Requirements. The figures for the cumulative period in the current quarter to 31 March 2024 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 2023.

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 2023 except for those mentioned in paragraph A1.1 below.

A1.1 During the current financial period, the Group has adopted the following new Malaysian Financial Reporting Standards and interpretations (including the consequential amendments, if any) which were effective for the financial periods beginning on or after 1 January 2023 :-

MFRSs and IC Interpretations (Including The Consequential Amendments)

Amendments to MFRS 101: Disclosure of Accounting Policies;
Amendments to MFRS 108: Definition of Accounting Estimates;
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction; and
Amendments to MFRS 112: International Tax Reform - Pillar Two Model Rules.

The adoption of the above Malaysian Financial Reporting Standards and/or IC interpretations (including the consequential amendments, if any) did not have any material impact on the Group's financial statements for the period under review.

A1.2 The Group has not applied in advance the following Malaysian Financial Reporting 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
Amendments to MFRS 16: Lease Liability in a Sale and Leaseback	01-Jan-24
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	01-Jan-24
Amendments to MFRS 101: Non-current Liabilities with Covenants	01-Jan-24
Amendments to MFRS 107 and MFRS 7: Supplier Finance Arrangements	01-Jan-24
Amendments to MFRS 121: Lack of Exchangeability	01-Jan-25

The adoption of the above-mentioned Malaysian Financial Reporting Standards and IC interpretations (including the consequential amendments, if any), insofar as they are applicable to the Group, 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 were no items affecting the assets, liabilities, equity, net income or cash flows that were unusual because of their nature, size or incidence.

KOTRA INDUSTRIES BERHAD [199901022732 (497632-P)]

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD FINANCIAL QUARTER ENDED 31 MARCH 2024

A4. Changes in Estimates

There were 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 2024 except for the issuance of 250,000 ordinary shares that was issued in July 2023 pursuant to the Company's Employee Share Option Scheme at the exercise price of RM4.99 each.

A6. Dividend Paid

A second interim single tier dividend of 15.5 sen per ordinary share in respect of the financial year ended 30 June 2023 amounting to RM22,988,682 was paid on 12 October 2023.

An interim single tier dividend of 12.5 sen per ordinary share in respect of the financial year ending 30 June 2024 amounting to RM18,539,261 was paid on 21 March 2024.

A7. Segmental Information

In determining the geographical segments of the Group, sales are based on the country in which the customer is located.

Non-current assets are determined according to the country where these assets are located. The amounts of non-current assets do not include financial instruments and deferred tax assets.

The segment information in respect of the Group's operating segments for the period ended 31 March 2024 is as follows:

	Revenue		Revenue		Non-current assets	
	Current Quarter		9 Months		9 Months	
	Ended 31 Mar		Ended 31 Mar		Ended 31 Mar	
	2024	2023	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Malaysia	38,060	41,012	112,425	126,718	163,456	128,050
Overseas	17,818	18,384	54,308	59,681	-	-
	<u>55,878</u>	<u>59,396</u>	<u>166,733</u>	<u>186,399</u>	<u>163,456</u>	<u>128,050</u>

Revenue is recognised at a point in time.

No other segmental information such as segment assets, liabilities and results is presented as the Group is principally engaged in pharmaceutical and healthcare products manufacturing and trading business and operates from Malaysia only.

Revenue from one major customer (quarter ended 31 March 2023 : one major customer), with revenue equal to or more than 10% of Group revenue, amounted to RM18.5 million (9 months ended 31 March 2023: RM22.0 million) arising from export sales.

A8. Events After the Interim Period

There were no material events after the quarter ended 31 March 2024 and up to 20 May 2024 that have not been reflected in these financial statements.

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, restructuring, or discontinuance of operations during the period under review.

KOTRA INDUSTRIES BERHAD [199901022732 (497632-P)]QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE THIRD FINANCIAL QUARTER ENDED 31 MARCH 2024**A10. Changes in Contingent Liabilities or Contingent Assets**

There were no contingent liabilities or contingent assets at the end of this reporting period and 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 are as follows:

	As at 31-03-24 RM'000	As at 31-03-23 RM'000
Contracted but not provided for	93,537	37,618

A12. Significant Related Party Transactions

The Group's significant related party transactions for the current financial period ended 31 March 2024 are as follows:

	Current Quarter Ended 31 Mar		9 Months Ended 31 Mar	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Companies in which certain key management personnel have significant financial interests:				
- Lease payment on short term leases	2	12	9	39
- Lease payment for right-of-use asset	246	246	738	738
A company in which a close member of the family of certain key management personnel has significant financial interests:				
- Sales of goods	(89)	(148)	(248)	(408)

The above recurrent transactions were entered into based on normal commercial terms.

KOTRA INDUSTRIES BERHAD [199901022732 (497632-P)]QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE THIRD FINANCIAL QUARTER ENDED 31 MARCH 2024**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**

	Current Quarter		Changes %
	Ended 31 Mar		
	2024	2023	
	RM'000	RM'000	
Turnover	55,878	59,396	-5.92%
Profit from operations	13,914	17,750	-21.61%
Profit before tax	13,909	17,683	-21.34%
Profit after tax (PAT)	6,834	17,495	-60.94%
Net PAT margin	12.23%	29.45%	

The Group recorded a decrease in turnover of 5.92% for the current quarter ended 31 March 2024 as compared to the corresponding quarter ended 31 March 2023. This was mainly due to a decrease in the sales of pharmaceutical products in local and export markets as well as supplement products in local market.

The Group recorded a profit before tax of RM13.91 million for current quarter ended 31 March 2024 as compared to a profit before tax of RM17.68 million in corresponding quarter of the preceding year. The decline in profit before tax was mainly due to product mix and lower sales, compounded by certain expenses which were relatively fixed in nature.

The decrease in the profit after tax margin from 29.45% to 12.23% was mainly due to income tax expense related to the Group's 9 months business profit and interest income, as well as the reversal of deferred tax assets arising from the utilisation of tax losses and incentives brought forward. This resulted in a higher tax payable compared to the corresponding quarter.

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

	9 Months		Changes %
	Ended 31 Mar		
	2024	2023	
	RM'000	RM'000	
Turnover	166,733	186,399	-10.55%
Profit from operations	39,721	52,762	-24.72%
Profit before tax	39,687	52,588	-24.53%
Profit after tax (PAT)	32,110	52,146	-38.42%
Net PAT margin	19.26%	27.98%	

The Group recorded a decrease in turnover of 10.55% for the current period ended 31 March 2024 as compared to the corresponding 9 months ended 31 March 2023. In the corresponding quarter ended 31 March 2023, there was an increase in demand for medication from the local market, where there were major shortages of various prescriptions items in the country. This demand began to normalise subsequent to that quarter.

In the current period ended 31 March 2024, there was a decrease in sales of supplement products to the export and local market.

The Group recorded a profit before tax of RM39.69 million for the 9 months ended 31 March 2024 as compared to a profit before tax of RM52.59 million for the 9 months ended 31 March 2023. The lower profit before tax was primarily due to lower sales while certain expenses were relatively fixed in nature.

Profit after tax margin decreased from 27.98% to 19.26% mainly due to income tax expense related to the Group's 9 months business profit and interest income, as well as the reversal of deferred tax assets arising from the utilisation of tax losses and incentives brought forward. This resulted in a higher tax payable compared to the corresponding quarter.

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B2. Comparison with Preceding Quarter's Results

	Quarter Ended		Changes %
	31 Mar 2024	31 Dec 2023	
	RM'000	RM'000	
Turnover	55,878	57,546	-2.90%
Profit from operations	13,914	11,890	17.02%
Profit before tax	13,909	11,882	17.06%
Profit after tax (PAT)	6,834	11,616	-41.17%
Net PAT margin	12.23%	20.19%	

For the quarter ended 31 March 2024, the Group recorded a decrease in revenue of 2.90% to RM55.88 million as compared to RM57.55 million in the preceding quarter. This was mainly due to decreased sales to the export market for pharmaceutical products partly offset by increase in sales in the local market for pharmaceutical products.

The Group recorded a profit before tax of RM13.91 million in the current quarter as compared to the profit before tax of RM11.88 million in the preceding quarter. The increase in net profit margin was mainly due to the foreign exchange gain recorded in the current quarter.

B3. Current Year Prospects

The prevailing economic uncertainty is a result of a complex global landscape, marked by inflationary pressures and exchange rate volatility. This situation, characterized by rising inflation and weak local currency, is likely to persist for the remaining financial year 2024, potentially driving up operational costs.

Furthermore, the challenging economic environment may weaken consumer purchasing power, ultimately leading to reduced demand for non-essential pharmaceutical products, which could, in turn, impact pharmaceutical sales.

Despite these formidable challenges, the Board is committed to prudent decision-making and will proactively monitor and review the Group's strategic plans in its quest to create sustainable value for shareholders.

Although the current market sentiment reflects an uncertain economic outlook, the Board remains positive in the Group's prospects. Given the sustained demand for its products, the Group anticipates continued profitability throughout the financial year ending 30 June 2024.

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		9 Months	
	Ended 31 Mar		Ended 31 Mar	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Income tax:				
- Current tax expense	1,982	188	2,484	442
Deferred Taxation				
- Origination and reversal of temporary differences	5,093	-	5,093	-
Total tax expenses	<u>7,075</u>	<u>188</u>	<u>7,577</u>	<u>442</u>

The current income tax expense for the period under review relates to the profit from the Group's business and interest income of the Group. The reversal of recognised deferred tax assets, due to the utilisation of the brought forward tax allowances and incentives. The Group recognises tax liabilities based on prevailing tax laws and approved financial reporting standard on deferred taxation.

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FOR THE THIRD FINANCIAL QUARTER ENDED 31 MARCH 2024

B7. Status of Corporate Proposals

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

B8. Details of Group Borrowings and Debt Securities

The Group's borrowings as at the end of this financial period were as follows:

	As at 31-03-24 RM'000	As at 31-03-23 RM'000
(a) Short Term Borrowings		
<u>Secured</u>		
Term loan	-	1,122
	-	1,122
(b) Long Term Borrowings		
<u>Secured</u>		
Term loan	-	-
	-	-
	-	-

B9. Material Litigation

There was no material litigation since the financial period ended 31 March 2024 and up to 20 May 2024.

B10. Dividend Declared

No dividend has been proposed in respect of the current financial period ended 31 March 2024.

B11. Profit before tax

	Quarter Ended 31 Mar		9 Months Ended 31 Mar	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Profit before tax is arrived at after (crediting)/charging:				
Interest income	(930)	(798)	(3,043)	(1,867)
Other income	(114)	(25)	(285)	(279)
Depreciation of property, plant and equipment and investment properties	3,281	3,357	9,972	10,142
Depreciation of right-of-use assets	274	286	822	859
Amortisation of deferred income	(66)	(74)	(210)	(221)
Impairment loss on trade receivables	-	336	-	336
Property, plant and equipment written off	-	36	40	36
Provision for/(Write-back of) inventories obsolescence	663	(267)	166	1,692
Foreign exchange (gain)/loss				
- realised	(864)	399	(1,352)	(396)
- unrealised	(881)	(599)	(35)	637
Fair value gain on derivatives financial instrument	-	-	-	(15)

There was no gain or loss on disposal of quoted or unquoted investment or properties nor any exceptional items for the current quarter and financial period ended 31 March 2024.

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B12. Earnings Per Share

	Quarter		9 Months	
	Ended 31 Mar		Ended 31 Mar	
	2024	2023	2024	2023
(a) Basic Earnings Per Share				
Net Profit attributable to shareholders (RM'000)	6,834	17,495	32,110	52,146
Weighted average number of ordinary shares ('000)	148,296	147,998	148,296	147,998
Basic Earnings per share (sen)	4.61	11.82	21.65	35.23
(b) Diluted Earnings Per Share				
Net Profit attributable to shareholders (RM'000)	6,834	17,495	32,110	52,146
Weighted average number of ordinary shares ('000)	148,296	147,998	148,296	147,998
Adjustment for ESOS ('000)	-	31	-	31
	148,296	148,029	148,296	148,029
Diluted Earnings per share (sen)	4.61	11.82	21.65	35.23

B13. Net assets per share

	Unaudited As at 31-03-24	Audited As at 30-06-23
Number of ordinary shares issued ('000)	148,314	148,064
Net assets per share attributable to ordinary equity holders of the parent (RM)	1.77	1.83

B14. Audit Report

The auditors' report on the Group's annual financial statements for the year ended 30 June 2023 did not contain any qualification.

BY ORDER OF THE BOARD

CHUA SIEW CHUAN
Secretary

Date : 20 May 2024