

Interim report on unaudited consolidated results for the financial period ended 30 June 2021

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

	Current Quarter			Cumulative Quarter		
	30-Jun-21 RM' 000	30-Jun-20 RM' 000	Changes %	30-Jun-21 RM' 000	30-Jun-20 RM' 000	Changes %
Revenue	12,688	11,760	7.89%	39,726	41,617	-4.54%
Cost of sales	(11,269)	(10,243)		(35,222)	(36,843)	
Gross profit	1,419	1,517	-6.46%	4,504	4,774	-5.66%
Other income						
- interest	169	218		513	448	
- others	99	3,631		362	8,681	
Administrative expenses	(365)	(638)		(1,349)	(1,850)	
Selling and marketing expenses	(47)	(273)		(256)	(1,018)	
Depreciation of property, plant and equipment	(227)	(184)		(669)	(639)	
Depreciation of right-of-use assets	(217)	(224)		(664)	(457)	
Finance costs	(87)	(93)		(265)	(207)	
Profit before tax	<u>744</u>	<u>3,954</u>	-81.18%	<u>2,176</u>	<u>9,732</u>	-77.64%
Income tax expense	(41)	-		(124)	-	
Profit after tax representing total comprehensive income for the period	<u><u>703</u></u>	<u><u>3,954</u></u>	-82.22%	<u><u>2,052</u></u>	<u><u>9,732</u></u>	-78.91%
Attributable to:						
Equity holders of the Company	703	3,954	-82.22%	2,052	9,732	-78.91%
Non-controlling interests	-	-		-	-	
	<u><u>703</u></u>	<u><u>3,954</u></u>	-82.22%	<u><u>2,052</u></u>	<u><u>9,732</u></u>	-78.91%
Profit per share (sen)						
- basic	0.07	0.57		0.24	1.74	
- diluted	0.06	0.43		0.20	1.41	

The condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 30 September 2020 and the accompanying explanatory notes attached to the interim financial statements.

Lotus KFM Berhad
(Registration No. 198401007083 [119598-P])

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

	As at 30-Jun-21 RM' 000 (Unaudited)	As at 30-Sep-20 RM' 000 (Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	13,649	14,272
Right-of-use assets	8,494	9,174
Other investments	-*	-*
	<u>22,143</u>	<u>23,446</u>
Current assets		
Inventories	9,497	8,642
Trade receivables	5,576	6,512
Other receivables	9,632	5,280
Cash and bank balances	41,680	36,276
	<u>66,385</u>	<u>56,710</u>
TOTAL ASSETS	<u><u>88,528</u></u>	<u><u>80,156</u></u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	88,701	59,065
Redeemable convertible preference shares	-	15,000
Warrant reserves	8,719	8,719
Accumulated losses	<u>(24,967)</u>	<u>(27,019)</u>
Shareholders' equity	72,453	55,765
Non-controlling interests	-	-
TOTAL EQUITY	<u><u>72,453</u></u>	<u><u>55,765</u></u>
Non-current liability		
Lease liabilities	<u>8,225</u>	<u>8,737</u>
Current liabilities		
Trade payables	2,841	7,148
Other payables	4,276	7,614
Borrowings	-	84
Lease liabilities	671	660
Current tax liabilities	<u>62</u>	<u>148</u>
	<u>7,850</u>	<u>15,654</u>
TOTAL LIABILITIES	<u>16,075</u>	<u>24,391</u>
TOTAL EQUITY AND LIABILITIES	<u><u>88,528</u></u>	<u><u>80,156</u></u>
Net assets per share attributable to ordinary owners of the Company (RM)	<u>0.07</u>	<u>0.08</u>

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 30 September 2020 and the accompanying explanatory notes attached to the interim financial statements.

* Represents RM2

Lotus KFM Berhad
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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021**

	← Attributable to Owners of the Company →						
	← Non-Distributable →						
	Share Capital RM' 000	Redeemable Convertible Preference Shares RM' 000	Warrant Reserves RM' 000	Accumulated Losses RM' 000	Total RM' 000	Non- controlling Interests RM' 000	Total Equity RM' 000
Opening balance as at 1 October 2019	3,442	-	-	(33,373)	(29,931)	-	(29,931)
Issuance of placement shares	2,729	-	-	-	2,729	-	2,729
Issuance of settlement shares	9,760	-	1,898	-	11,658	-	11,658
Issuance of rights shares	39,985	-	7,775	-	47,760	-	47,760
Issue of shares upon exercise of warrants	3,881	-	(954)	-	2,927	-	2,927
Share issuance expenses	(732)	-	-	-	(732)	-	(732)
Issuance of settlement preference shares	-	15,000	-	-	15,000	-	15,000
Dividend	-	-	-	(3,573)	(3,573)	-	(3,573)
Total comprehensive income	-	-	-	9,927	9,927	-	9,927
Closing balance as at 30 September 2020	<u>59,065</u>	<u>15,000</u>	<u>8,719</u>	<u>(27,019)</u>	<u>55,765</u>	<u>-</u>	<u>55,765</u>
Opening balance as at 1 October 2020	59,065	15,000	8,719	(27,019)	55,765	-	55,765
Total comprehensive income	-	-	-	2,052	2,052	-	2,052
Transactions with owners:-							
Conversion of RCPS	30,000	(15,000)	-	-	15,000	-	15,000
Share issuance expenses	(364)	-	-	-	(364)	-	(364)
Closing balance as at 30 June 2021	<u>88,701</u>	<u>-</u>	<u>8,719</u>	<u>(24,967)</u>	<u>72,453</u>	<u>-</u>	<u>72,453</u>

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 30 September 2020 and the accompanying explanatory notes attached to the interim financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021**

	Nine Months Ended	
	30-Jun-21 RM' 000	30-Jun-20 RM' 000
OPERATING ACTIVITIES		
Profit before tax for the period	2,176	9,732
Adjustments for:		
Depreciation of property, plant and equipment	669	639
Depreciation of right-of-use assets	664	457
Gain on termination of leases	(*)	-
Gain on disposal of property, plant and equipment	(**)	-
Decapitalisation of property, plant and equipment	5	-
Waiver of liabilities	-	(4,996)
Interest income	(513)	(448)
Interest expense	265	207
Dividend income	-	(3,540)
Operating cash flows before working capital changes	3,266	2,051
<u>Changes in working capital</u>		
- trade and other receivables	(3,417)	(1,478)
- inventories	(855)	(307)
- trade and other payables	(7,642)	(20,457)
Cash flows used in operations	(8,648)	(20,191)
Tax paid	(210)	-
Net cash flows used in operating activities	(8,858)	(20,191)
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(53)	(617)
Interest received	391	448
Dividend received	-	3,540
Net cash flows from investing activities	338	3,371
FINANCING ACTIVITIES		
Interest paid	(265)	(207)
Payment of lease liabilities	(485)	(299)
Placement of fixed deposits pledged to a licensed bank	(5,000)	(9)
Repayment of borrowings	(84)	-
Proceeds from issuance of shares	-	47,858
Proceeds from conversion of RCPS	15,000	-
Proceeds from conversion of warrants	-	649
Share issuance expenses	(364)	-
Net cash flows from financing activities	8,802	47,992
CASH AND CASH EQUIVALENTS		
Net increase	282	31,172
At beginning of period	26,449	3,335
At end of period	26,731	34,507

Cash and cash equivalents at the end of the financial period comprise of the following:

	As at 30-Jun-21 RM' 000	As at 30-Jun-20 RM' 000
<u>Cash and cash equivalents included in consolidated statement of cash flows comprise the following:-</u>		
Fixed deposits with a licensed bank	14,949	143
Cash and bank balances	26,731	34,507
	41,680	34,650
Less: Fixed deposits pledged as security	(14,949)	(143)
	26,731	34,507

The condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements for the financial year ended 30 September 2020 and the accompanying explanatory notes attached to the interim financial statements.

* Represents RM335

** Represents RM185

Part A - MFRS 134 Requirements

A1 Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards ("MFRS") No. 134: Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial report should be read in conjunction with the Group's audited financial statements for the period ended 30 September 2020. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes on the financial position and performance of the Group since the financial period ended 30 September 2020.

A2 Accounting Policies

The accounting policies and presentation applied by the Group in these interim financial statements are the same as those applied by the Group in its consolidated annual financial statements as at and for the year ended 30 September 2020, except for the adoption of the new and amended MFRSs, and Issues Committee (IC) Interpretations mandatory for annual financial periods beginning on or after 1 January 2020.

These new MFRSs and revision and amendments not adopted by the Group do not have any significant impact on the financial statements of the Group.

A3 Auditors' Report on Preceding Annual Financial Statements

The audited financial statements of the Group for the preceding financial year ended 30 September 2020 were not subject to any qualification.

A4 Comments about Seasonal or Cyclical Factors

The businesses of the Group are generally not affected by the seasonal and cyclical factors.

A5 Unusual Items due to their Nature, Size or Incidence

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the financial period under review.

A6 Changes in Estimates

There were no changes in estimates that have any material effect on the current quarterly results.

A7 Debt and Equity Securities

During the 3-month period ended 30 June 2021, the Group has issued new ordinary shares as follows:-

	Issue Price	No. of Shares
Conversion of RCPS	RM0.05	40,000,000

As at 30 June 2021, the total number of outstanding warrants was 267,808,360.

Other than as disclosed above, there was no issuance, cancellation, repurchase, resale and repayment for debt and equity securities during the current financial quarter under review.

A8 Dividend Paid

No dividend has been paid for the financial period under review.

A9 Segmental Information

There is no segmental reporting by the Group.

A10 Capital Commitments

There were no capital commitments as at the end of the reporting period.

A11 Related Party Transactions

The Group's recurrent related party transactions during the quarter and cumulative period-to-date ended 30 June 2021 are as follows:

	3 Months Ended 30-Jun-21 RM' 000	Year-to-date ended 30-Jun-21 RM' 000
Transactions with a company in which a major shareholder and Director has interests:		
Rental Income	(91)	(275)
Purchases	13,051	33,507
	<u>12,960</u>	<u>33,232</u>

A12 Material Subsequent Events

There were no material events subsequent to the end of current financial quarter.

A13 Changes in the Composition of the Group

There were no changes in the composition of the Group during this current quarter.

A14 Changes in Contingent Liabilities or Contingent Assets

There were no changes in contingent liabilities or contingent assets during the financial period under review.

A15 Profit Before Tax

The following items have been charged/(credited) in arriving at profit before tax:

	Current quarter		Cumulative Quarter	
	Three Months Ended	Three Months Ended	Nine Months Ended	Nine Months Ended
	30-Jun-21	30-Jun-20	30-Jun-21	30-Jun-20
	RM' 000	RM' 000	RM' 000	RM' 000
Interest income	(169)	(218)	(513)	(448)
Dividend income	-	(3,540)	-	(3,540)
Rental income	(92)	(91)	(275)	(91)
Gain on termination of lease	-	-	(*)	-
Gain on disposal of property, plant and equipment	-	-	(**)	-
Interest on lease liabilities	87	93	265	207
Depreciation of property, plant and equipment	227	184	669	639
Depreciation of right-of-use assets	217	224	664	457
Waiver of liabilities	-	-	-	(4,996)
Realised foreign exchange gain	(3)	-	(8)	-
Insurance claims received	-	-	-	(54)

* Represents RM335

** Represents RM185

Part B - Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities

B1 Review of Performance

	Individual Period		Changes	Cumulative Period		Changes		
	Three Months	Three Months	%	Current Year To-date	Preceding Year Corresponding Period	%		
			1-Apr-21 to 30-Jun-21			1-Apr-20 to 30-Jun-20	01-Oct-20 to 30-Jun-21	01-Oct-19 to 30-Jun-20
			RM' 000			RM' 000	RM' 000	RM' 000
Revenue	12,688	11,760	7.89	39,726	41,617	(4.54)		
Gross profit	1,419	1,517	(6.46)	4,504	4,774	(5.66)		
Profit Before Interest and Tax	831	4,047	(79.47)	2,441	9,939	(75.44)		
Profit Before Tax	744	3,954	(81.18)	2,176	9,732	(77.64)		
Profit After Tax	703	3,954	(82.22)	2,052	9,732	(78.91)		

The revenue for the Group had increased slightly by 7.89% in the current quarter compared to previous year's corresponding quarter. This was mainly due to a less restrictive MCO environment between the two quarters. In previous year corresponding quarter, the economy is down due to first total lockdown enforced.

However, the profit after tax has decreased significantly mainly due to the one-off event occurred in the previous year's corresponding quarter, which is dividend income amounted to RM3.540 million.

However, if the dividend income is excluded in this comparison, there will be only RM0.414 million of net profit after tax for the previous year's corresponding quarter. This implies that current quarter is more profitable than previous year's corresponding quarter in this comparison.

B2 Material Changes in the Quarterly Results as compared to Results of the Preceding Quarter

	Current Quarter	Immediate Preceding Quarter	Changes %
	01-Apr-21 to 30-Jun-21	01-Jan-21 to 31-Mar-21	
	RM' 000	RM' 000	
Revenue	12,688	13,384	(5.20)
Gross profit	1,419	1,599	(11.26)
Profit Before Interest and Tax	831	1,041	(20.17)
Profit Before Tax	744	953	(21.93)
Profit After Tax	703	910	(22.75)

The revenue and gross profit for the Group had decreased slightly by 5.2% and 11.26% respectively in the current quarter compared to immediate preceding current quarter.

The profit after tax had decreased by 22.75% from RM0.910 million to RM0.703 million in the current quarter compared to immediate preceding quarter. This was mainly due to fluctuation in the price of raw materials.

B3 Prospect

The full movement control order ("FMCO") and the subsequent National Recovery Plan ("NRP") Phase 1 implemented since 1 June 2021 by the Malaysian government has also added onto the difficult operating environment. Even though the manufacturing division are able to operate during this period, production output are slowed down due to less manpower and suppliers being allowed to operate.

B4 Profit Forecast

There were no profit forecast nor profit guarantee made during the financial period under review.

B5 Taxation

There is provision of taxation of RM0.041 million for the current quarter.

B6 Profit / (Loss) on Sales of Unquoted Investments and/or Properties

There were no sales of unquoted investments and properties during the quarter under review.

B7 Quoted Securities

For the period under review, the Group does not hold any quoted securities.

B8 Corporate Exercise

The status of utilisation of proceeds of RM34.114 million raised from the regularisation plan which was completed on 28 November 2019 are as follows:

Purpose	Proposed Utilisation	Actual Utilisation	Balance	Estimated timeframe
	RM' 000	RM' 000	RM' 000	
Wheat flour business	21,414	19,989	1,425	Within 24 months
Tapioca starch business	10,000	10,000	-	Within 24 months
Expenses relating to the regularisation	2,700	2,700	-	Within 3 months
	34,114	32,689	1,425	

B9 Group Borrowings and Debt Securities

During the quarter under review, the Group has no borrowings.

B10 Off Balance Sheet Financial Instruments

The Group does not have any financial instrument with off balance sheet risks as at 20 August 2021 the latest practicable date which is not earlier than 7 days from the date of issuance of this quarterly report.

B11 Changes in Material Litigation

There were no material litigation during the financial period under review.

B12 Dividend Declared

No dividend has been declared for the financial period under review.

B13 Profit Per Share**(a) Basic**

Basic profit per share are calculated by dividing the net earnings for the period attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issued during the period.

	Current Quarter		Cumulative Quarter	
	Three Months Ended		Nine Months Ended	
	30-Jun-21	30-Jun-20	30-Jun-21	30-Jun-20
Net profit attributable to equity holders of the Company (RM' 000)	703	3,954	2,052	9,732
Weighted average number of ordinary shares in issue ('000)	1,017,217	689,813	870,697	558,183
Basic profit per share (sen)	0.07	0.57	0.24	1.74

(b) Diluted

Net profit attributable to equity holders of the Company (RM' 000)	703	3,954	2,052	9,732
Weighted average number of ordinary shares in issue ('000)	1,177,338	929,387	1,033,288	688,864
Diluted profit per share (sen)	0.06	0.43	0.20	1.41