

Interim report on unaudited consolidated results for the financial period ended 31 December 2021

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2021**

	Current Quarter			Cumulative Quarter		
	31-Dec-21	31-Dec-20	Changes	31-Dec-21	31-Dec-20	Changes
	RM' 000	RM' 000	%	RM' 000	RM' 000	%
Revenue	17,122	13,654	25.40%	17,122	13,654	25.40%
Cost of sales	<u>(15,068)</u>	<u>(12,169)</u>		<u>(15,068)</u>	<u>(12,169)</u>	
Gross profit	2,054	1,485	38.32%	2,054	1,485	38.32%
Other income						
- interest	168	164		168	164	
- others	148	98		148	98	
Administrative expenses	(297)	(589)		(297)	(589)	
Selling and marketing expenses	(43)	(142)		(43)	(142)	
Depreciation	(224)	(220)		(224)	(220)	
Depreciation of right-of-use assets	(205)	(228)		(205)	(228)	
Finance costs	(83)	(90)		(83)	(90)	
Profit before tax	<u>1,518</u>	<u>478</u>	-217.57%	<u>1,518</u>	<u>478</u>	-217.57%
Income tax expense	<u>(40)</u>	<u>(40)</u>		<u>(40)</u>	<u>(40)</u>	
Profit after tax representing total comprehensive income for the period	<u><u>1,478</u></u>	<u><u>438</u></u>	-237.44%	<u><u>1,478</u></u>	<u><u>438</u></u>	-237.44%
Attributable to:						
Equity holders of the Company	1,478	438	-237.44%	1,478	438	-237.44%
Non-controlling interests	-	-		-	-	
	<u><u>1,478</u></u>	<u><u>438</u></u>	-237.44%	<u><u>1,478</u></u>	<u><u>438</u></u>	-237.44%
Profit per share (sen)						
- basic	0.15	0.06		0.15	0.06	
- diluted	0.13	0.04		0.13	0.04	

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 30 September 2021 and the accompanying explanatory notes attached to the interim financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021**

	As at 31-Dec-21 RM' 000 (Unaudited)	As at 30-Sep-21 RM' 000 (Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	13,221	13,445
Right-of-use assets	8,047	8,270
Other investments	-*	-*
	<u>21,268</u>	<u>21,715</u>
Current assets		
Inventories	2,492	4,497
Trade receivables	7,717	5,940
Other receivables	19,516	15,302
Cash and bank balances	38,220	39,467
	<u>67,945</u>	<u>65,206</u>
TOTAL ASSETS	<u><u>89,213</u></u>	<u><u>86,921</u></u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	88,701	88,701
Warrant reserves	8,719	8,719
Accumulated losses	(22,880)	(24,358)
Shareholders' equity	<u>74,540</u>	<u>73,062</u>
Non-controlling interests	-	-
TOTAL EQUITY	<u><u>74,540</u></u>	<u><u>73,062</u></u>
Non-current liability		
Lease liabilities	<u>7,938</u>	<u>8,051</u>
Current liabilities		
Trade payables	2,184	2,095
Other payables	764	1,298
Contract liabilities	3,102	1,501
Borrowings	-	191
Lease liabilities	640	677
Current tax liabilities	45	46
	<u>6,735</u>	<u>5,808</u>
TOTAL LIABILITIES	<u>14,673</u>	<u>13,859</u>
TOTAL EQUITY AND LIABILITIES	<u><u>89,213</u></u>	<u><u>86,921</u></u>
Net assets per share attributable to ordinary owners of the Company (RM)	<u>0.07</u>	<u>0.09</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 2021 and the accompanying explanatory notes attached to the interim financial statements.

* Represents RM2

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

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 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 2020	59,065	15,000	8,719	(27,019)	55,765	-	55,765
Transactions with owners:-							
Conversion of RCPS	30,000	(15,000)	-	-	15,000	-	15,000
Share issuance expenses	(364)	-	-	-	(364)	-	(364)
Total comprehensive income	-	-	-	2,661	2,661	-	2,661
Closing balance as at 30 September 2021	88,701	-	8,719	(24,358)	73,062	-	73,062
Opening balance as at 1 October 2021	88,701	-	8,719	(24,358)	73,062	-	73,062
Total comprehensive income	-	-	-	1,478	1,478	-	1,478
Closing balance as at 31 December 2021	88,701	-	8,719	(22,880)	74,540	-	74,540

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 2021 and the accompanying explanatory notes attached to the interim financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2021**

	Three Months Ended	
	31-Dec-21	31-Dec-20
	RM' 000	RM' 000
OPERATING ACTIVITIES		
Profit before tax for the period	1,518	478
Adjustments for:		
Depreciation of property, plant and equipment	224	220
Depreciation of right-of-use assets	205	228
Waiver of liabilities	-	-
Inventories written down	-	-
Interest income	(168)	(164)
Interest expense	83	90
Operating cash flows before working capital changes	1,862	852
<u>Changes in working capital</u>		
- contract liabilities	(1,501)	-
- trade and other receivables	(5,991)	581
- inventories	2,005	3,847
- trade and other payables	2,657	(5,428)
Cash flows used in operations	(968)	(148)
Tax paid	(40)	-
Net cash flows used in operating activities	(1,008)	(148)
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	-	(5)
Interest received	168	164
Net cash flows from investing activities	168	160
FINANCING ACTIVITIES		
Payment of lease liabilities	(200)	(170)
Interest paid	(83)	(90)
Placement of fixed deposits pledged to a licensed bank	-	-
Repayment of borrowings	(191)	(84)
Proceeds from issuance of shares	-	3,000
Net cash flows (used in)/from financing activities	(474)	2,656
CASH AND CASH EQUIVALENTS		
Net (decrease)/ increase	(1,313)	2,667
At beginning of period	24,431	3,335
At end of period	23,118	6,002

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

	As at	As at
	31-Dec-21	31-Dec-20
	RM' 000	RM' 000
<u>Cash and cash equivalents included in consolidated statement of cash flows comprise the following:-</u>		
Fixed deposits with a licensed bank	15,102	9,827
Cash and bank balances	23,118	29,117
	38,220	38,944
Less: Fixed deposits pledged as security	(15,102)	(9,827)
	23,118	29,117

The condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements for the financial year ended 30 September 2021 and the accompanying explanatory notes attached to the interim financial statements.

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 2021. 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 2021.

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 MFRS 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 2021 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 31 December 2021, the Group has not issued any new ordinary shares.

As at 31 December 2021, the total number of outstanding warrants was 267,808,360.

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 Carrying Amount of Assets

The value of property, plant and equipment has been brought forward without amendment from the previous financial year ended 30 September 2021.

A11 Capital Commitments

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

A12 Related Party Transactions

The Group's recurrent related party transactions during the quarter and cumulative period-to-date ended 31 December 2021 are as follows:

	3 Months Ended 31-Dec-21 RM'000	Year-to-date ended 31-Dec-21 RM'000
Transactions with a company in which a major shareholder and Director has interests:		
Rental Income	(131)	(131)
Purchases	11,989	11,989
	<u>11,858</u>	<u>11,858</u>

A13 Material Subsequent Events

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

A14 Changes in the Composition of the Group

There were no other changes in the composition of the Group during the current financial period other than the recent Bursa announcements.

A15 Changes in Contingent Liabilities or Contingent Assets

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

A16 Profit Before Tax

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

	Current quarter Three Months Ended		Cumulative Quarter Three Months Ended	
	31-Dec-21 RM' 000	31-Dec-20 RM' 000	31-Dec-21 RM' 000	31-Dec-20 RM' 000
Interest income	(168)	(164)	(168)	(164)
Rental income	(131)	(91)	(131)	(91)
Interest on lease liabilities	83	90	83	90
Depreciation of property, plant and equipment	224	220	224	220
Depreciation of right-of-use assets	205	228	205	228

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

B1 Review of Performance

	Individual Period		Changes	Cumulative Period		Changes
			%			%
	Three Months	Three Months		Current Year To-date	Preceding Year Corresponding Period	
	1-Oct-21 to 31-Dec-21	1-Oct-20 to 31-Dec-20		1-Oct-21 to 31-Dec-21	1-Oct-20 to 31-Dec-20	
	RM' 000	RM' 000		RM' 000	RM' 000	
Revenue	17,122	13,654	25.40	17,122	13,654	25.40
Gross profit	2,054	1,485	38.32	2,054	1,485	38.32
Profit Before Interest and Tax	1,601	568	181.92	1,601	568	(181.92)
Profit Before Tax	1,518	478	217.57	1,518	478	(217.57)
Profit After Tax	1,478	438	237.44	1,478	438	(237.44)

The revenue for the Group had increased 25.40% from RM13.654 million in the previous year's corresponding quarter to RM17.122 million in the current quarter. This was mainly due to the improvement in starch sales and expand to more new customers.

The Group has a higher gross profit at RM2.054 million for current quarter as compared to RM1.485 million in the previous year's corresponding quarter. This was due to the Group manage to get better margin for starch because of its competitive price as compared with flour which is price-controlled item.

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

	Current Quarter	Immediate Preceding Quarter	Changes %
	01-Oct-21 to 31-Dec-21	01-Jul-21 to 30-Sep-21	
	RM' 000	RM' 000	
Revenue	17,122	12,036	42.26
Gross profit	2,054	1,061	93.59
Profit Before Interest and Tax	1,601	740	116.39
Profit Before Tax	1,518	655	131.76
Profit After Tax	1,478	609	142.69

The Group's revenue had increased by 42.26% from RM12.036 million in the preceding quarter to current quarter of RM17.122 million. This was mainly due to the improvement in starch sales.

The Group has a higher gross profit of RM2.054 million for current quarter as compared to RM1.061 million in the preceding quarter. This was mainly due to the gradually improvement in the economy.

Besides that, the Group is doing well in cost-controlling especially within the administrative expenses. The management are paying much attention on cost during this crucial period. Saving cost are vitally important for every company to survive in the long run.

B3 Prospect

The Board anticipates that the future prospects of the Flour Business will continue to be challenging. The recent Proposed Diversification allows the Group to enter into forest plantation industry in Malaysia and the Plantation Business is expected to provide a new source of recurring income stream for the Lotus Group.

The Board believes that the future revenue contribution from the new business segment will contribute positively to the Group's earnings and enhance the shareholders' value of the Group moving forward.

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 due of RM0.040 million for the financial period.

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

There were no corporate proposals for current quarter.

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 18 February 2022 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 31-Dec-21	31-Dec-20	Three Months Ended 31-Dec-21	31-Dec-20
Net profit attributable to equity holders of the Company (RM' 000)	1,478	438	1,478	438
Weighted average number of ordinary shares in issue ('000)	1,018,975	737,236	1,018,975	737,236
Basic profit per share (sen)	0.15	0.06	0.15	0.06
(b) Diluted				
Net profit attributable to equity holders of the Company (RM' 000)	1,478	438	1,478	438
Weighted average number of ordinary shares in issue ('000)	1,166,125	1,160,701	1,166,125	1,160,701
Diluted profit per share (sen)	0.13	0.04	0.13	0.04