

Interim report on unaudited consolidated results for the financial period ended 30 June 2022

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022**

	Current Quarter			Cumulative Quarter		
	Three Months Ended 30-Jun-22 RM' 000	30-Jun-21 RM' 000	Changes %	Three Months Ended 30-Jun-22 RM' 000	30-Jun-21 RM' 000	Changes %
Revenue	12,746	12,688	0.46%	48,237	39,726	21.42%
Cost of sales	<u>(11,973)</u>	<u>(11,269)</u>		<u>(43,969)</u>	<u>(35,222)</u>	
Gross profit	773	1,419	-45.53%	4,268	4,504	-5.25%
Other income						
- interest	76	169		351	513	
- others	140	99		482	362	
Administrative expenses	(289)	(365)		(887)	(1,349)	
Selling and marketing expenses	(20)	(47)		(75)	(256)	
Depreciation	(204)	(227)		(634)	(669)	
Depreciation of right-of-use assets	(201)	(217)		(607)	(664)	
Finance costs	(80)	(87)		(245)	(265)	
Profit before tax	<u>195</u>	<u>744</u>	-73.79%	<u>2,653</u>	<u>2,176</u>	21.92%
Income tax expense	<u>(23)</u>	<u>(41)</u>		<u>(122)</u>	<u>(124)</u>	
Profit after tax representing total comprehensive income for the period	<u>172</u>	<u>703</u>	-75.53%	<u>2,531</u>	<u>2,052</u>	23.34%
Attributable to:						
Equity holders of the Company	172	703	-75.53%	2,531	2,052	23.34%
Non-controlling interests	-	-		-	-	
	<u>172</u>	<u>703</u>	-75.53%	<u>2,531</u>	<u>2,052</u>	23.34%
Profit per share (sen)						
- basic	0.02	0.07		0.25	0.24	
- diluted	0.01	0.06		0.22	0.20	

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 30 JUNE 2022**

	As at 30-Jun-22 RM' 000 (Unaudited)	As at 30-Sep-21 RM' 000 (Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	12,811	13,445
Right-of-use assets	7,500	8,270
Goodwill	3,177	-
Other investments	-*	-*
	<u>23,488</u>	<u>21,715</u>
Current assets		
Inventories	2,201	4,497
Trade receivables	5,848	5,940
Other receivables	35,685	15,302
Cash and bank balances	19,214	39,467
	<u>62,948</u>	<u>65,206</u>
TOTAL ASSETS	<u><u>86,436</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	(21,827)	(24,358)
Shareholders' equity	<u>75,593</u>	<u>73,062</u>
Non-controlling interests	-	-
TOTAL EQUITY	<u><u>75,593</u></u>	<u><u>73,062</u></u>
Non-current liability		
Lease liabilities	<u>7,539</u>	<u>8,051</u>
Current liabilities		
Trade payables	636	2,095
Other payables	1,984	2,799
Borrowings	-	191
Lease liabilities	652	677
Current tax liabilities	32	46
	<u>3,304</u>	<u>5,808</u>
TOTAL LIABILITIES	<u>10,843</u>	<u>13,859</u>
TOTAL EQUITY AND LIABILITIES	<u><u>86,436</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>0.07</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 30 JUNE 2022**

	← 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	-	-	-	2,531	2,531	-	2,531
Closing balance as at 30 June 2022	88,701	-	8,719	(21,827)	75,593	-	75,593

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 30 JUNE 2022**

	Nine Months Ended	
	30-Jun-22	30-Jun-21
	RM' 000	RM' 000
OPERATING ACTIVITIES		
Profit before tax for the period	2,653	2,176
Adjustments for:		
Depreciation of property, plant and equipment	634	669
Depreciation of right-of-use assets	607	664
Decapitalisation of property, plant and equipment	-	5
Interest income	(351)	(513)
Interest expense	245	265
Operating cash flows before working capital changes	<u>3,788</u>	<u>3,266</u>
<u>Changes in working capital</u>		
- trade and other receivables	(20,291)	(3,417)
- inventories	2,296	(855)
- trade and other payables	<u>(2,274)</u>	<u>(7,642)</u>
Cash flows used in operations	<u>(16,481)</u>	<u>(8,648)</u>
Tax paid	-	(210)
Net cash flows used in operating activities	<u>(16,481)</u>	<u>(8,858)</u>
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	-	(53)
Interest received	482	391
Net cash flows from investing activities	<u>482</u>	<u>338</u>
FINANCING ACTIVITIES		
Payment of lease liabilities	(537)	(485)
Interest paid	(245)	(265)
Placement of fixed deposits pledged to a licensed bank	-	(5,000)
Repayment of borrowings	-	(84)
Proceeds from conversion of RCPS	-	15,000
Share issuance expenses	-	(364)
Net cash flows (used in)/from financing activities	<u>(782)</u>	<u>8,802</u>
CASH AND CASH EQUIVALENTS		
Net (decrease)/ increase	(16,782)	282
At beginning of period	24,055	26,449
At end of period	<u>7,273</u>	<u>26,731</u>

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

	As at	As at
	30-Jun-22	30-Jun-21
	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	10,323	14,949
Cash and bank balances	<u>7,273</u>	<u>26,731</u>
	17,596	41,680
Less: Fixed deposits pledged as security	<u>(10,323)</u>	<u>(14,949)</u>
	<u>7,273</u>	<u>26,731</u>

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 30 June 2022, the Group has not issued any new ordinary shares.

As at 30 June 2022, 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 30 June 2022 are as follows:

	3 Months Ended 30-Jun-22 RM'000	Year-to-date ended 30-Jun-22 RM'000
Transactions with a company in which a major shareholder and Director has interests:		
Rental Income	(131)	(393)
Purchases	11,790	38,137
	<u>11,659</u>	<u>37,744</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 Nine Months Ended	
	30-Jun-22 RM' 000	30-Jun-21 RM' 000	30-Jun-22 RM' 000	30-Jun-21 RM' 000
Interest income	(76)	(169)	(351)	(513)
Rental income	(131)	(92)	(393)	(275)
Interest on lease liabilities	80	87	245	265
Depreciation of property, plant and equipment	204	227	634	669
Depreciation of right-of-use assets	201	217	607	664
Realised foreign exchange gain	-	(3)	-	(8)

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-Apr-22 to 30-Jun-22	1-Apr-21 to 30-Jun-21		1-Oct-21 to 30-Jun-22	1-Oct-20 to 30-Jun-21	
	RM' 000	RM' 000		RM' 000	RM' 000	
Revenue	12,746	12,688	0.46	48,237	39,726	21.42
Gross profit	773	1,419	(45.53)	4,268	4,504	(5.25)
Profit Before Interest and Tax	275	831	(66.91)	2,898	2,441	18.72
Profit Before Tax	195	744	(73.79)	2,653	2,176	21.92
Profit After Tax	172	703	(75.53)	2,531	2,052	23.34

The Group maintained their revenue at RM 12.746 million as compared to RM 12.688 million in the previous year's corresponding quarter.

The Group recorded gross profit at RM 0.773 million for current quarter as compared to RM 1.419 million in the previous year's corresponding quarter. The rising in raw material cost lowered down gross profit of the Group.

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

	Current Quarter	Immediate Preceding Quarter	Changes %
	01-Apr-22 to 30-Jun-22	01-Jan-22 to 31-Mar-22	
	RM' 000	RM' 000	
Revenue	12,746	18,374	(30.63)
Gross profit	773	1,500	(48.47)
Profit Before Interest and Tax	275	1,022	(73.09)
Profit Before Tax	195	940	(79.26)
Profit After Tax	172	881	(80.48)

The Group's revenue had decreased by 30.63% from RM 12.746 million in the current quarter compare to preceding quarter of RM18.374 million. This was due to one of the customer is upgrading their machinery and stop order since May 2022.

The Group recorded lower gross profit of RM 0.73 million in the current year as compared to a gross profit RM 1.5 million in the preceding financial year. The lower gross profit is mainly due to the higher raw material cost and labour cost.

B3 Prospect

The Board anticipates that the future prospects of the Flour Business will continue to be challenging particularly due to the recent announcement of rising in OPR. The rise in interest rate impacted market slow due to the burden with rising cost of living and reduce purchasing power. The group diversification into new business segment in forest plantation industry in Malaysia and the Plantation Business is expected to provide a new source of recurring income stream for the Lotus Group to mitigate the risk of overdependence on its existing business.

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 RM0.23 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 19 August 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 30-Jun-22	30-Jun-21	Six Months Ended 30-Jun-22	30-Jun-21
Net profit attributable to equity holders of the Company (RM' 000)	172	703	2,531	2,052
Weighted average number of ordinary shares in issue ('000)	1,018,975	1,017,217	1,018,975	870,697
Basic profit per share (sen)	0.02	0.07	0.25	0.24
(b) Diluted				
Net profit attributable to equity holders of the Company (RM' 000)	172	703	2,531	2,052
Weighted average number of ordinary shares in issue ('000)	1,155,990	1,177,338	1,155,990	1,033,288
Diluted profit per share (sen)	0.01	0.06	0.22	0.20