

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

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

	Current Quarter			Cumulative Quarter		
	30-Sep-22	30-Sep-21	Changes	30-Sep-22	30-Sep-21	Changes
	RM' 000	RM' 000	%	RM' 000	RM' 000	%
Revenue	17,842	12,036	48.24%	66,079	51,762	27.66%
Cost of sales	<u>(16,839)</u>	<u>(10,975)</u>		<u>(60,808)</u>	<u>(46,197)</u>	
Gross profit	1,003	1,061	-5.47%	5,271	5,565	-5.28%
<b>Other income</b>						
- interest	85	193		436	706	
- others	361	112		843	474	
Administrative expenses	(392)	(137)		(1,279)	(1,486)	
Selling and marketing expenses	(23)	(39)		(98)	(295)	
Depreciation	(209)	(240)		(843)	(909)	
Depreciation of right-of-use assets	(213)	(210)		(820)	(874)	
Finance costs	(78)	(85)		(323)	(350)	
<b>Profit before tax</b>	<u>534</u>	<u>655</u>	-18.47%	<u>3,187</u>	<u>2,831</u>	12.58%
Income tax expense	<u>(10)</u>	<u>(46)</u>		<u>(132)</u>	<u>(170)</u>	
<b>Profit after tax representing total comprehensive income for the period</b>	<u><u>524</u></u>	<u><u>609</u></u>	-13.96%	<u><u>3,055</u></u>	<u><u>2,661</u></u>	14.81%
<b>Attributable to:</b>						
Equity holders of the Company	524	609	-13.96%	3,055	2,661	14.81%
Non-controlling interests	-	-		-	-	
	<u><u>524</u></u>	<u><u>609</u></u>	-13.96%	<u><u>3,055</u></u>	<u><u>2,661</u></u>	14.81%
<b>Profit per share (sen)</b>						
- basic	0.05	0.06		0.30	0.34	
- diluted	0.05	0.05		0.27	0.28	

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 SEPTEMBER 2022**

	<b>As at 30-Sep-22 RM' 000 (Unaudited)</b>	<b>As at 30-Sep-21 RM' 000 (Audited)</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	15,086	13,445
Right-of-use assets	8,112	8,270
Goodwill	24,432	-
Other investments	-*	-*
	<u>47,630</u>	<u>21,715</u>
<b>Current assets</b>		
Inventories	1,480	4,497
Trade receivables	7,725	5,940
Other receivables	10,609	15,302
Tax receivable	7	-
Cash and bank balances	20,945	39,467
	<u>40,766</u>	<u>65,206</u>
<b>TOTAL ASSETS</b>	<u><u>88,396</u></u>	<u><u>86,921</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the Company</b>		
Share capital	88,701	88,701
Warrant reserves	8,719	8,719
Accumulated losses	(21,303)	(24,358)
Shareholders' equity	<u>76,117</u>	<u>73,062</u>
Non-controlling interests	-	-
<b>TOTAL EQUITY</b>	<u><u>76,117</u></u>	<u><u>73,062</u></u>
<b>Non-current liability</b>		
Lease liabilities	<u>8,039</u>	<u>8,051</u>
<b>Current liabilities</b>		
Trade payables	1,136	2,095
Other payables	1,013	1,298
Contract liabilities	1,415	1,501
Borrowings	-	191
Lease liabilities	654	677
Current tax liabilities	22	46
	<u>4,240</u>	<u>5,808</u>
<b>TOTAL LIABILITIES</b>	<u>12,279</u>	<u>13,859</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>88,396</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.

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

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 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
<b>Transactions with owners:-</b>							
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
<b>Closing balance as at 30 September 2021</b>	<b>88,701</b>	<b>-</b>	<b>8,719</b>	<b>(24,358)</b>	<b>73,062</b>	<b>-</b>	<b>73,062</b>
Opening balance as at 1 October 2021	88,701	-	8,719	(24,358)	73,062	-	73,062
Total comprehensive income	-	-	-	3,055	3,055	-	3,055
<b>Closing balance as at 30 September 2022</b>	<b>88,701</b>	<b>-</b>	<b>8,719</b>	<b>(21,303)</b>	<b>76,117</b>	<b>-</b>	<b>76,117</b>

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 SEPTEMBER 2022**

	Twelve Months Ended	
	30-Sep-22 RM' 000	30-Sep-21 RM' 000
<b>OPERATING ACTIVITIES</b>		
Profit before tax for the period	3,187	2,831
Adjustments for:		
Allowance for expected credit loss on trade receivables	-	(48)
Depreciation of property, plant and equipment	843	909
Depreciation of right-of-use assets	820	874
Property, plant and equipment written off	-	5
Interest income	(436)	(706)
Interest expense	323	350
Gain on termination of lease	(2)	-
Property, plant and equipment written off	4	-
Inventories written off	270	-
Inventories written down	(228)	-
<b>Operating cash flows before working capital changes</b>	<u>4,781</u>	<u>4,215</u>
<u>Changes in working capital</u>		
- contract liabilities	(86)	(1,393)
- trade and other receivables	3,656	(3,044)
- inventories	2,974	4,145
- trade and other payables	(2,192)	(8,476)
<b>Cash flows from/(used in) operations</b>	<u>9,133</u>	<u>(4,553)</u>
Tax paid	(211)	(272)
<b>Net cash flows from/(used in) operating activities</b>	<u>8,922</u>	<u>(4,825)</u>
<b>INVESTING ACTIVITIES</b>		
Proceeds from disposal of property, plant and equipment	-	3
Purchase of property, plant and equipment	(75)	(90)
Interest received	202	496
Cash outflow for acquisition of subsidiaries	(26,671)	(6,357)
<b>Net cash flows used in investing activities</b>	<u>(26,544)</u>	<u>(5,948)</u>
<b>FINANCING ACTIVITIES</b>		
Payment of lease liabilities	(622)	(639)
Interest paid	(323)	(350)
Placement of fixed deposits pledged to a licensed bank	-	(5,000)
Repayment of borrowings	191	106
Proceeds from conversion of RCPS	-	14,636
Interest received	235	-
Placement of fixed deposit pledged to a licensed bank	(235)	-
Split of fixed deposit pledge to a licensed bank	4,900	-
Repayment from subsidiaries	(381)	-
<b>Net cash flows from financing activities</b>	<u>3,765</u>	<u>8,753</u>
<b>CASH AND CASH EQUIVALENTS</b>		
Net decrease	(13,857)	(2,020)
At beginning of period	24,429	26,449
<b>At end of period</b>	<u>10,572</u>	<u>24,429</u>

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

	As at 30-Sep-22 RM' 000	As at 30-Sep-21 RM' 000
<u>Cash and cash equivalents included in consolidated statement of cash flows comprise the following:-</u>		
Fixed deposits with a licensed bank	10,373	15,038
Cash and bank balances	10,572	24,429
	20,945	39,467
Less: Fixed deposits pledged as security	(10,373)	(15,038)
	<u>10,572</u>	<u>24,429</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 2021, 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 September 2022, the Group has not issued any new ordinary shares.

As at 30 September 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 September 2022 are as follows:

	<b>3 Months Ended 30-Sep-22 RM'000</b>	<b>Year-to-date ended 30-Sep-22 RM'000</b>
Transactions with a company in which a major shareholder and Director has interests:		
Rental Income	(129)	(522)
Purchases	14,603	52,740
	<u>14,474</u>	<u>52,218</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:

	<b>Current quarter Three Months Ended</b>		<b>Cumulative Quarter Twelve Months Ended</b>	
	<b>30-Sep-22 RM' 000</b>	<b>30-Sep-21 RM' 000</b>	<b>30-Sep-22 RM' 000</b>	<b>30-Sep-21 RM' 000</b>
Interest income	(85)	(193)	(436)	(706)
Rental income	(129)	(92)	(522)	(366)
Allowance for expected credit loss on trade receivable	-	-	-	(48)
Gain on termination lease	-	(*)	(2)	(**)
(Gain)/Loss on disposal of property, plant and equipment	-	-	-	(***)
Interest on lease liabilities	78	85	323	350
Depreciation of property, plant and equipment	209	240	843	909
Property, plant and equipment written off	-	-	-	5
Depreciation of right-of-use assets	213	210	820	874
Realised foreign exchange gain	-	-	-	(8)

\* Represents RM132

\*\* Represents RM467

\*\*\* 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-Jul-22 to 30-Sep-22	1-Jul-21 to 30-Sep-21		1-Oct-21 to 30-Sep-22	1-Oct-20 to 30-Sep-21	
	RM' 000	RM' 000		RM' 000	RM' 000	
Revenue	17,842	12,036	48.24	66,079	51,762	27.66
Gross profit	1,003	1,061	(5.47)	5,271	5,565	(5.28)
Profit Before Interest and Tax	612	740	(17.30)	3,510	3,181	10.34
Profit Before Tax	534	655	(18.47)	3,187	2,831	12.58
Profit After Tax	524	609	(13.96)	3,055	2,661	14.81

For the quarter ended 30 September 2022, the Group recorded a revenue of RM 17.842 million as compared to RM 12.036 million in the previous year's corresponding quarter.

The Group recorded gross profit at RM 1.003 million for current quarter as compared to RM 1.061 million in the previous year's corresponding quarter.

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

	Current Quarter	Immediate Preceding Quarter	Changes %
	01-Jul-22 to 30-Sep-22	01-Apr-22 to 30-Jun-22	
	RM' 000	RM' 000	
Revenue	17,842	12,746	39.98
Gross profit	1,003	773	29.75
Profit Before Interest and Tax	612	275	122.55
Profit Before Tax	534	195	173.85
Profit After Tax	524	172	204.65

The Group's revenue had increased by 39.98% from RM12.746 million in the preceding quarter compare to RM 17.842 million in the current quarter. The higher revenue is mainly due to the increase in sales volume for starch.

The Group recorded higher gross profit of RM 1.003 million in the current year as compared to a gross profit RM 0.773 million in the preceding financial year. The gross profit increased due to the increase in selling price.

B3 Prospect

The Board foreseen the Flour Business will continue competitive in future operating environment. Adding to this, MYR "Malaysia Ringgit" seem to be on weakening trend against USD, it has despite surging on raw materials cost. Nevertheless, rising of the inflation rate eventually will increase the cost of production.

In this context, the Group diversification the business into different segment in order to minimize the risk of overdependence on its existing business. The new business segment in forest plantation business in Malaysia is expected to provide a positive income contribution to the Lotus Group in future. Last but not least, the Group will continued to put its best efforts to run the group business effectively and efficiency in order to enhance shareholder value.

**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 RM 0.132 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**

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 25 November 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.

	<b>Current Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Three Months Ended</b>		<b>Twelve Months Ended</b>	
	<b>30-Sep-22</b>	<b>30-Sep-21</b>	<b>30-Sep-22</b>	<b>30-Sep-21</b>
Net profit attributable to equity holders of the Company (RM' 000)	524	609	3,055	2,661
Weighted average number of ordinary shares in issue ('000)	1,018,975	1,018,975	1,018,975	794,249
Basic profit per share (sen)	0.05	0.06	0.30	0.34
<b>(b) Diluted</b>				
Net profit attributable to equity holders of the Company (RM' 000)	524	609	3,055	2,661
Weighted average number of ordinary shares in issue ('000)	1,148,678	1,170,923	1,148,678	954,396
Diluted profit per share (sen)	0.05	0.05	0.27	0.28