

Interim report on unaudited consolidated results for the financial period ended 31 December 2022

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022**

	Current Quarter			Cumulative Quarter		
	31-Dec-22	31-Dec-21	Changes	31-Dec-22	31-Dec-21	Changes
	RM' 000	RM' 000	%	RM' 000	RM' 000	%
Revenue	17,090	17,122	-0.19%	17,090	17,122	-0.19%
Cost of sales	<u>(16,269)</u>	<u>(15,068)</u>		<u>(16,269)</u>	<u>(15,068)</u>	
Gross profit	821	2,054	-60.03%	821	2,054	-60.03%
Other income						
- interest	84	168		84	168	
- others	137	148		137	148	
Administrative expenses	(308)	(297)		(308)	(297)	
Selling and marketing expenses	(35)	(43)		(35)	(43)	
Depreciation	(201)	(224)		(201)	(224)	
Depreciation of right-of-use assets	(204)	(205)		(204)	(205)	
Finance costs	(77)	(83)		(77)	(83)	
Profit before tax	<u>217</u>	<u>1,518</u>	-85.70%	<u>217</u>	<u>1,518</u>	-85.70%
Income tax expense	<u>(20)</u>	<u>(40)</u>		<u>(20)</u>	<u>(40)</u>	
Profit after tax representing total comprehensive income for the period	<u><u>197</u></u>	<u><u>1,478</u></u>	-86.67%	<u><u>197</u></u>	<u><u>1,478</u></u>	-86.67%
Attributable to:						
Equity holders of the Company	197	1,478	-86.67%	197	1,478	-86.67%
Non-controlling interests	<u>-</u>	<u>-</u>		<u>-</u>	<u>-</u>	
	<u><u>197</u></u>	<u><u>1,478</u></u>	-86.67%	<u><u>197</u></u>	<u><u>1,478</u></u>	-86.67%
Profit per share (sen)						
- basic	0.02	0.15		0.02	0.15	
- diluted	0.02	0.13		0.02	0.13	

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 30 September 2022 and the accompanying explanatory notes attached to the interim financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022**

	As at 31-Dec-22 RM' 000 (Unaudited)	As at 30-Sep-22 RM' 000 (Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	14,956	15,086
Right-of-use assets	7,908	8,112
Goodwill	24,432	24,432
Other investments	_*	_*
	<u>47,296</u>	<u>47,630</u>
Current assets		
Inventories	569	1,480
Trade receivables	7,836	7,725
Other receivables	19,004	10,609
Tax receivable	6	7
Cash and bank balances	18,610	20,945
	<u>46,025</u>	<u>40,766</u>
TOTAL ASSETS	<u><u>93,321</u></u>	<u><u>88,396</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	(21,106)	(21,303)
Shareholders' equity	<u>76,314</u>	<u>76,117</u>
Non-controlling interests	-	-
TOTAL EQUITY	<u><u>76,314</u></u>	<u><u>76,117</u></u>
Non-current liability		
Lease liabilities	<u>7,915</u>	<u>8,039</u>
Current liabilities		
Trade payables	4,918	1,136
Other payables	1,019	1,013
Contract liabilities	2,525	1,415
Lease liabilities	617	654
Current tax liabilities	13	22
	<u>9,092</u>	<u>4,240</u>
TOTAL LIABILITIES	<u>17,007</u>	<u>12,279</u>
TOTAL EQUITY AND LIABILITIES	<u><u>93,321</u></u>	<u><u>88,396</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 2022 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 31 DECEMBER 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 2021	88,701	-	8,719	(24,358)	73,062	-	73,062
Transactions with owners:-							
Conversion of RCPS	-	-	-	-	-	-	-
Share issuance expenses	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	3,055	3,055	-	3,055
Closing balance as at 30 September 2022	88,701	-	8,719	(21,303)	76,117	-	76,117
Opening balance as at 1 October 2022	88,701	-	8,719	(21,303)	76,117	-	76,117
Total comprehensive income	-	-	-	197	197	-	197
Closing balance as at 31 December 2022	88,701	-	8,719	(21,106)	76,314	-	76,314

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 2022 and the accompanying explanatory notes attached to the interim financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022**

	Three Months Ended	
	31-Dec-22	31-Dec-21
	RM' 000	RM' 000
OPERATING ACTIVITIES		
Profit before tax for the period	217	1,518
Adjustments for:		
Depreciation of property, plant and equipment	201	224
Depreciation of right-of-use assets	204	205
Interest income	(84)	(168)
Interest expense	77	83
Operating cash flows before working capital changes	615	1,862
<u>Changes in working capital</u>		
- contract liabilities	1,110	(1,501)
- trade and other receivables	(8,504)	(5,991)
- inventories	911	2,005
- trade and other payables	3,788	2,657
Cash flows from/(used in) operations	(2,080)	(968)
Tax paid	(30)	(40)
Net cash flows from/(used in) operating activities	(2,110)	(1,008)
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(71)	-
Interest received	35	168
Net cash flows used in investing activities	(36)	168
FINANCING ACTIVITIES		
Payment of lease liabilities	(161)	(200)
Interest paid	(77)	(83)
Repayment of borrowings	-	(191)
Interest received	48	-
Placement of fixed deposit pledged to a licensed bank	(48)	-
Net cash flows from financing activities	(238)	(474)
CASH AND CASH EQUIVALENTS		
Net decrease	(2,384)	(1,313)
At beginning of period	10,573	24,431
At end of period	8,189	23,118

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

	As at	As at
	31-Dec-22	31-Dec-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	10,421	15,102
Cash and bank balances	8,189	23,118
	18,610	38,220
Less: Fixed deposits pledged as security	(10,421)	(15,102)
	8,189	23,118

The condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements for the financial year ended 30 September 2022 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 2022. 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 2022.

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

As at 31 December 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 2022.

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 2022 are as follows:

	3 Months Ended 31-Dec-22 RM'000	Year-to-date ended 31-Dec-22 RM'000
Transactions with a company in which a major shareholder and Director has interests:		
Rental Income	(130)	(130)
Purchases	13,655	13,655
	<u>13,525</u>	<u>13,525</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-22 RM' 000	31-Dec-21 RM' 000	31-Dec-22 RM' 000	31-Dec-21 RM' 000
Interest income	(84)	(168)	(84)	(168)
Rental income	(130)	(131)	(130)	(131)
Interest on lease liabilities	77	83	77	83
Depreciation of property, plant and equipment	201	224	201	224
Depreciation of right-of-use assets	204	205	204	205

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-Oct-22 to 31-Dec-22	1-Oct-21 to 31-Dec-21		1-Oct-22 to 31-Dec-22	1-Oct-21 to 31-Dec-21	
	RM' 000	RM' 000	RM' 000	RM' 000		
Revenue	17,090	17,122	(0.19)	17,090	17,122	(0.19)
Gross profit	821	2,054	(60.03)	821	2,054	(60.03)
Profit Before Interest and Tax	294	1,601	(81.64)	294	1,601	(81.64)
Profit Before Tax	217	1,518	(85.70)	217	1,518	(85.70)
Profit After Tax	197	1,478	(86.67)	197	1,478	(86.67)

For the current quarter ended 31 December 2022, the Group maintained the revenue of RM 17.090 million as compared to RM 17.122 million in the previous year's corresponding quarter. The sales volume had dropped but because of increase in average selling price so the revenue is maintained.

The Group recorded gross profit at RM 0.821 million for current quarter as compared to RM 2.054 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 %
	1-Oct-22 to 31-Dec-22	1-Jul-22 to 30-Sep-22	
	RM' 000	RM' 000	
Revenue	17,090	17,842	(4.21)
Gross profit	821	1,003	(18.15)
Profit Before Interest and Tax	294	612	(51.96)
Profit Before Tax	217	534	(59.36)
Profit After Tax	197	524	(62.40)

The Group's revenue had slightly decrease by 4.21% from RM17.842 million in the preceding quarter as compared to RM 17.090 million in the current quarter.

The Group recorded gross profit of RM 0.821 million in the current quarter as compared to a gross profit of RM 1.003 million in the preceding quarter. The decrease of 18.15% in gross profit is mainly due to higher material costs.

B3 Prospect

The Board foreseen the operating environment remain competitive and challenging due to the escalation in the material cost. Nevertheless, the Management will continue monitor the performance of the Group to ensure the overall Group's business is on positive trend.

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 0.002 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 24 February 2023 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		Three Months Ended	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
Net profit attributable to equity holders of the Company (RM' 000)	197	1,478	197	1,478
Weighted average number of ordinary shares in issue ('000)	1,018,975	1,018,975	1,018,975	1,018,975
Basic profit per share (sen)	0.02	0.15	0.02	0.15
(b) Diluted				
Net profit attributable to equity holders of the Company (RM' 000)	197	1,478	197	1,478
Weighted average number of ordinary shares in issue ('000)	1,095,918	1,166,125	1,095,918	1,166,125
Diluted profit per share (sen)	0.02	0.13	0.02	0.13