

Interim report on unaudited consolidated results for the financial period ended 30 June 2023

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023**

	Current Quarter			Cumulative Quarter		
	Three Months Ended		Changes %	Nine Months Ended		Changes %
	30-Jun-23 RM' 000	30-Jun-22 RM' 000		30-Jun-23 RM' 000	30-Jun-22 RM' 000	
Revenue	13,919	12,746	9.20%	44,921	48,237	-6.87%
Cost of sales	<u>(12,600)</u>	<u>(11,973)</u>		<u>(41,225)</u>	<u>(43,969)</u>	
Gross profit	1,319	773	70.63%	3,696	4,268	-13.40%
Other income						
- interest	116	76		293	351	
- others	642	140		929	482	
Administrative expenses	(675)	(289)		(1,345)	(887)	
Selling and marketing expenses	(26)	(20)		(96)	(75)	
Depreciation	(197)	(204)		(599)	(634)	
Depreciation of right-of-use assets	(203)	(201)		(613)	(607)	
Finance costs	(74)	(80)		(226)	(245)	
Profit before tax	<u>902</u>	<u>195</u>	362.56%	<u>2,039</u>	<u>2,653</u>	-23.14%
Income tax expense	<u>(20)</u>	<u>(23)</u>		<u>(60)</u>	<u>(122)</u>	
Profit after tax representing total comprehensive income for the period	<u><u>882</u></u>	<u><u>172</u></u>	412.79%	<u><u>1,979</u></u>	<u><u>2,531</u></u>	-21.81%
Attributable to:						
Equity holders of the Company	882	172	412.79%	1,979	2,531	-21.81%
Non-controlling interests	-	-		-	-	
	<u><u>882</u></u>	<u><u>172</u></u>	412.79%	<u><u>1,979</u></u>	<u><u>2,531</u></u>	-21.81%
Profit per share (sen)						
- basic	0.09	0.02		0.19	0.25	
- diluted	0.08	0.01		0.18	0.22	

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 30 JUNE 2023**

	As at 30-Jun-23 RM' 000 (Unaudited)	As at 30-Sep-22 RM' 000 (Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	14,488	15,086
Right-of-use assets	7,499	8,112
Goodwill	24,432	24,432
Other investments	-*	-*
	<u>46,419</u>	<u>47,630</u>
Current assets		
Inventories	1,267	1,480
Trade receivables	7,243	7,725
Other receivables	10,780	10,609
Tax receivable	-	7
Cash and bank balances	25,064	20,945
	<u>44,354</u>	<u>40,766</u>
TOTAL ASSETS	<u><u>90,773</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	(19,324)	(21,303)
Shareholders' equity	<u>78,096</u>	<u>76,117</u>
Non-controlling interests	-	-
TOTAL EQUITY	<u><u>78,096</u></u>	<u><u>76,117</u></u>
Non-current liability		
Lease liabilities	<u>7,532</u>	<u>8,039</u>
Current liabilities		
Trade payables	1,224	1,136
Other payables	1,046	1,013
Contract liabilities	2,192	1,415
Lease liabilities	673	654
Current tax liabilities	10	22
	<u>5,145</u>	<u>4,240</u>
TOTAL LIABILITIES	<u>12,677</u>	<u>12,279</u>
TOTAL EQUITY AND LIABILITIES	<u><u>90,773</u></u>	<u><u>88,396</u></u>
Net assets per share attributable to ordinary owners of the Company (RM)	<u>0.08</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 30 JUNE 2023**

	← 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
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	-	-	-	1,979	1,979	-	1,979
Closing balance as at 30 June 2023	88,701	-	8,719	(19,324)	78,096	-	78,096

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 30 JUNE 2023**

	Nine Months Ended	
	30-Jun-23	30-Jun-22
	RM' 000	RM' 000
OPERATING ACTIVITIES		
Profit before tax for the period	2,039	2,653
Adjustments for:		
Depreciation of property, plant and equipment	599	634
Gain on sale of investment	(480)	-
Depreciation of right-of-use assets	613	607
Interest income	(293)	(351)
Interest expense	226	245
Operating cash flows before working capital changes	<u>2,704</u>	<u>3,788</u>
<u>Changes in working capital</u>		
- contract liabilities	776	-
- trade and other receivables	311	(20,291)
- inventories	213	2,296
- trade and other payables	121	(2,274)
	<u>4,125</u>	<u>(16,481)</u>
Tax paid	(65)	-
Net cash flows from/(used in) operating activities	<u>4,060</u>	<u>(16,481)</u>
INVESTING ACTIVITIES		
Net cash inflow from investment	480	-
Interest received	120	482
Net cash flows from investing activities	<u>600</u>	<u>482</u>
FINANCING ACTIVITIES		
Payment of lease liabilities	(488)	(537)
Interest paid	(226)	(245)
Interest received	173	-
Placement of fixed deposit pledged to a licensed bank	(173)	-
Uplift of fixed deposits pledged with a licensed bank	2,500	-
Net cash flows from/(used in) financing activities	<u>1,786</u>	<u>(782)</u>
CASH AND CASH EQUIVALENTS		
Net changes	6,446	(16,782)
At beginning of period	10,573	24,055
At end of period	<u>17,019</u>	<u>7,273</u>

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

	As at	As at
	30-Jun-23	30-Jun-22
	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	10,046	10,323
Cash and bank balances	15,018	7,273
	<u>25,064</u>	<u>17,596</u>
Less: Fixed deposits pledged as security	(8,045)	(10,323)
	<u>17,019</u>	<u>7,273</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 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 2022, 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 2023.

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 30 June 2023, the Group has not issued any new ordinary shares.

As at 30 June 2023, 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 30 June 2023 are as follows:

	3 Months Ended 30-Jun-23 RM'000	Year-to-date ended 30-Jun-23 RM'000
Transactions with a company in which a major shareholder and Director has interests:		
Rental Income	(140)	(401)
Purchases	10,521	34,179
	<u>10,381</u>	<u>33,778</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-23 RM' 000	30-Jun-22 RM' 000	30-Jun-23 RM' 000	30-Jun-22 RM' 000
Interest income	(116)	(76)	(293)	(351)
Rental income	(140)	(131)	(401)	(393)
Interest on lease liabilities	74	80	226	245
Depreciation of property, plant and equipment	197	204	599	634
Depreciation of right-of-use assets	203	201	613	607
Gain on sale of investment	(480)	-	(480)	-
Realised foreign exchange gain	-	-	(*)	-

* Represents RM1

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-23 to 30-Jun-23	1-Apr-22 to 30-Jun-22		1-Oct-22 to 30-Jun-23	1-Oct-21 to 30-Jun-22	
	RM' 000	RM' 000		RM' 000	RM' 000	
Revenue	13,919	12,746	9.20	44,921	48,237	(6.87)
Gross profit	1,319	773	70.63	3,696	4,268	(13.40)
Profit Before Interest and Tax	976	275	254.91	2,265	2,898	(21.84)
Profit Before Tax	902	195	362.56	2,039	2,653	(23.14)
Profit After Tax	882	172	412.79	1,979	2,531	(21.81)

The Group's revenue for current quarter ended 30 June 2023 of 9.20% is slightly higher than previous corresponding quarter, which is RM13.919 million in current quarter compared with RM12.746 million in the previous corresponding quarter. The revenue increased was mainly due to increase in sales volume .

For current quarter ended 30 June 2023, the Group's gross profit was increased from RM0.773 million to RM1.319 million, which represent 70.63% compared with the previous year's corresponding quarter. This is mainly due to stabilisation of the commodity price.

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

	Current Quarter	Immediate Preceding Quarter	Changes %
	1-Apr-23 to 30-Jun-23	1-Jan-23 to 31-Mar-23	
	RM' 000	RM' 000	
Revenue	13,919	13,912	0.05
Gross profit	1,319	1,557	(15.29)
Profit Before Interest and Tax	976	991	(1.51)
Profit Before Tax	902	916	(1.53)
Profit After Tax	882	896	(1.56)

The Group's maintained its revenue in current quarter if compare with immediate preceding quarter, which represent RM13.919 million and RM13.912 million respectively.

The Group recorded gross profit of RM 1.319 million in the current quarter as compared to a gross profit of RM 1.557 million in the immediate preceding quarter.

B3 Prospect

Despite the challenges of commodity price, the Group will continue to expand into new customer bases and seek more opportunities for business growth in near future, especially in the face of volatile commodity prices and high interest rate. The Group anticipates that the business operation for the following quarters is an optimistic outlook in the foreseeable future.

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 August 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 Three Months Ended		Cumulative Quarter Nine Months Ended	
	30-Jun-23	30-Jun-22	30-Jun-23	30-Jun-22
Net profit attributable to equity holders of the Company (RM' 000)	882	172	1,979	2,531
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)	0.09	0.02	0.19	0.25
(b) Diluted				
Net profit attributable to equity holders of the Company (RM' 000)	882	172	1,979	2,531
Weighted average number of ordinary shares in issue ('000)	1,072,408	1,155,990	1,088,486	1,155,990
Diluted profit per share (sen)	0.08	0.01	0.18	0.22