

KUANTAN FLOUR MILLS BERHAD

(Company No.: 119598-P)

Summary of Key Financial Information for the financial period ended 31 March 2011

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	Current Year Quarter 31-Mar-11 RM'000	Preceding Year Corresponding Quarter 31-Mar-10 RM'000	Current Year To Date 31-Mar-11 RM'000	Preceding Year Corresponding Period 31-Mar-10 RM'000
1 Revenue	12,938	17,370	63,160	86,312
2 Profit/(Loss) before tax	(385)	419	(1,176)	(3,809)
3 Profit/(Loss) for the period	(385)	419	(1,176)	(3,796)
4 Profit/(Loss) attributable to ordinary equity holders of the parent	(385)	419	(1,176)	(3,796)
5 Earnings/(Loss) per share - basic (sen)	(0.85)	0.93	(2.61)	(8.43)
6 Dividends per share(sen)	-	-	-	-

	As at end of current quarter	As at preceding financial year end
7 Net tangible assets per share attributable to ordinary equity holders of the parent (RM)	0.48	0.51
Remarks:		

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	Current Year Quarter 31-Mar-11 RM'000	Preceding Year Corresponding Quarter 31-Mar-10 RM'000	Current Year To Date 31-Mar-11 RM'000	Preceding Year Corresponding Period 31-Mar-10 RM'000
1 Profit/(Loss) from operations	(289)	568	(625)	(2,795)
2 Gross interest income	25	23	48	23
3 Gross interest expense	121	172	599	1,037

KUANTAN FLOUR MILLS BERHAD
(Company No. 119598-P)

Interim report on unaudited consolidated results for the financial period ended 31 March 2011

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 March 2011**

	Current Quarter Three Month Ended		Cumulative Quarter Twelve Month Ended	
	31-Mar-11 RM' 000	31-Mar-10 RM' 000	31-Mar-11 RM' 000	31-Mar-10 RM' 000
Revenue	12,938	17,370	63,160	86,312
Cost of sales	<u>(12,096)</u>	<u>(15,416)</u>	<u>(58,564)</u>	<u>(83,363)</u>
Gross profit	842	1,954	4,596	2,949
Other income	409	73	649	599
Administrative expenses	(821)	(701)	(2,847)	(3,144)
Selling and marketing expenses	(459)	(487)	(2,023)	(2,183)
Depreciation	(235)	(248)	(952)	(993)
Finance costs	(121)	(172)	(599)	(1,037)
Profit/(Loss) before tax	<u>(385)</u>	<u>419</u>	<u>(1,176)</u>	<u>(3,809)</u>
Income tax expense	-	-	-	13
Profit/(Loss) after tax representing total comprehensive income for the period	<u>(385)</u>	<u>419</u>	<u>(1,176)</u>	<u>(3,796)</u>
Profit/(Loss) net of tax/Total comprehensive income attributable to:				
Owners of the parent	(385)	419	(1,176)	(3,796)
Minority interests	-	-	-	-
	<u>(385)</u>	<u>419</u>	<u>(1,176)</u>	<u>(3,796)</u>
Earnings/(Loss) per share attributable to owners of the parent (sen)				
- basic	(0.85)	0.93	(2.61)	(8.43)
- diluted	-	-	-	-

The condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 March 2010 and the accompanying explanatory notes attached to the interim financial statements.

KUANTAN FLOUR MILLS BERHAD
(Company No. 119598-P)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2011

	As at 31-Mar-11 RM' 000	As at 31-Mar-10 RM' 000 (Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	23,733	24,324
Other investments	1,736	1,736
	<u>25,469</u>	<u>26,060</u>
Current assets		
Inventories	8,330	6,107
Trade receivables	8,525	10,399
Other receivables	570	3,738
Tax recoverable	23	23
Marketable securities	-	17
Cash and bank balances	1,648	1,672
	<u>19,096</u>	<u>21,956</u>
TOTAL ASSETS	<u>44,565</u>	<u>48,016</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	45,053	45,053
Share premium	6,447	6,447
Accumulated losses	(29,717)	(28,470)
	<u>21,783</u>	<u>23,030</u>
Minority interests	-*	-*
Total equity	<u>21,783</u>	<u>23,030</u>
Non-current liabilities		
Term loans	1,225	3,858
Hire purchase	276	399
	<u>1,501</u>	<u>4,257</u>
Current liabilities		
Term loans	2,915	5,989
Hire purchase	354	647
Trade payables	8,933	10,624
Other payables	9,079	3,469
	<u>21,281</u>	<u>20,729</u>
Total liabilities	<u>22,782</u>	<u>24,986</u>
TOTAL EQUITY AND LIABILITIES	<u>44,565</u>	<u>48,016</u>
Net assets per share attributable to ordinary owners of the parent (RM)	<u>0.48</u>	<u>0.51</u>

* Represents RM2

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 March 2010 and the accompanying explanatory notes attached to the interim financial statements.

KUANTAN FLOUR MILLS BERHAD
(Company No. 119598-P)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 March 2011

<-- Attributable to Owners of the Parent -->

	Share Capital RM' 000	Non- Distributable Share Premium RM' 000	Accumulated Losses RM' 000	Total RM' 000	Minority Interests RM' 000	Total Equity RM' 000
Balance as at 01 April 2009	45,053	6,447	(24,674)	26,826	-*	26,826
Total comprehensive income	-	-	(3,796)	(3,796)	-	(3,796)
Balance as at 31 March 2010	<u>45,053</u>	<u>6,447</u>	<u>(28,470)</u>	<u>23,030</u>	<u>-*</u>	<u>23,030</u>
Balance as at 01 April 2010	45,053	6,447	(28,470)	23,030	-*	23,030
Effects of adopting FRS 139	-	-	(71)	(71)	-	(71)
	<u>45,053</u>	<u>6,447</u>	<u>(28,541)</u>	<u>22,959</u>	<u>-*</u>	<u>22,959</u>
Total comprehensive income	-	-	(1,176)	(1,176)	-	(1,176)
Balance as at 31 March 2011	<u>45,053</u>	<u>6,447</u>	<u>(29,717)</u>	<u>21,783</u>	<u>-*</u>	<u>21,783</u>

* Represents RM2

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 March 2010 and the accompanying explanatory notes attached to the interim financial statements.

KUANTAN FLOUR MILLS BERHAD
(Company No. 119598-P)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE FINANCIAL PERIOD ENDED 31 March 2011

	12 Month Ended	
	31-Mar-11	31-Mar-10
	RM' 000	RM' 000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax for the period	(1,176)	(3,809)
Adjustments for:		
Effects of adopting FRS 139	(71)	-
Depreciation	952	993
Provision for doubtful debts	1	70
Reversal of provision for doubtful debts	(110)	(120)
(Gain)/Loss on disposal of property, plant and equipment	(23)	32
(Gain)/Loss on claim of property, plant and equipment written off	(47)	43
Loss on disposal of marketable securities	7	-
Provision for onerous contracts	-	(2,445)
Write down of inventories	4	82
Unrealised foreign exchange (gain)/loss	(245)	(412)
Short term accumulating compensated absences	-	(9)
Interest income	(48)	(23)
Interest expense	599	1,037
Operating profit/(loss) before working capital changes	<u>(157)</u>	<u>(4,561)</u>
Decrease in receivables	5,155	5,979
(Increase)/Decrease in inventories	(2,227)	753
Increase in payables	3,017	2,829
Cash generated from operations	<u>5,788</u>	<u>5,000</u>
Interest paid	(599)	(1,037)
Income tax refund	-	23
Net cash generated from operating activities	<u>5,189</u>	<u>3,986</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(368)	(761)
Proceeds from disposal of property, plant and equipment	30	100
Proceeds from disposal of marketable securities	10	-
Interest income	48	23
Insurance claim	47	-
Net cash used in investing activities	<u>(233)</u>	<u>(638)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of term loans	(4,563)	(3,556)
Drawdown of term loan	-	442
Repayment of hire purchase instalments	(417)	(700)
Net cash used in financing activities	<u>(4,980)</u>	<u>(3,814)</u>
CASH AND CASH EQUIVALENTS		
Net (decrease)	(24)	(466)
At beginning of period	<u>1,672</u>	<u>2,138</u>
At end of period	<u>1,648</u>	<u>1,672</u>

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

	As at	As at
	31-Mar-11	31-Mar-10
	RM' 000	RM' 000
Cash and bank balances	<u>1,648</u>	<u>1,672</u>
	<u>1,648</u>	<u>1,672</u>

The condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements for the year ended 31 March 2010 and the accompanying explanatory notes attached to the interim financial statements.

KUANTAN FLOUR MILLS BERHAD
(Company No. 119598-P)

Notes to the quarterly report on consolidated results for the financial quarter ended 31 March 2011

Part A - FRS 134 Requirements

A1 Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with FRS 134: Interim Financial Reporting and paragraph 9.22 of the 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 year ended 31 March 2010. 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 year ended 31 March 2010.

A2 Changes in Accounting Policies

The significant accounting policies adopted by the Group in this quarterly financial statements are consistent with those adopted in the financial statements for the financial year ended 31 March 2010, except for the following :-

FRSs , Amendments to FRSs and Interpretations

FRS 7	Financial Instruments: Disclosures
FRS 8	Operating Segments
FRS 101	Presentation of Financial Statements (Revised 2009)
FRS 123	Borrowing Costs
FRS 139	Financial Instruments: Recognition and Measurement
Amendment to FRS 1	First-time Adoption of Financial Reporting Standards
Amendment to FRS 7	Financial Instruments: Disclosures
Amendment to FRS 107	Statement of Cash Flows
Amendment to FRS 117	Leases
Amendment to FRS 118	Revenue
Amendment to FRS 120	Accounting for Government Grants and Disclosure of Government Assistance
Amendment to FRS 123	Borrowing Costs
Amendment to FRS 128	Investments in Associates
Amendment to FRS 132	Financial Instruments: Presentation
Amendment to FRS 134	Interim Financial Reporting
Amendment to FRS 139	Financial Instruments: Recognition and Measurement
IC Interpretation 10	Interim Financial Reporting and Impairment

Other than the impact of FRS 139 of RM71,003, the adoption of the above FRSs, Amendments to FRSs and Interpretations 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 Company for the preceding financial year ended 31 March 2010 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

There were no issuances and repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current financial year to date.

A8 Dividend Paid

No dividend has been declared or paid for the financial period under review.

A9 Segmental Information

There is no segmental reporting by the Group.

A10 Carrying Amount of Revalued Assets

The value of property, plant and equipment has been brought forward without amendment from the previous financial year ended 31 March 2010.

A11 Subsequent Events

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

A12 Changes in the Composition of the Group

There were no changes in the composition of the Group during the financial period under review.

A13 Changes in Contingent Liabilities or Contingent Assets

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

A14 Significant Events

On 23 March 2011, the Company has decided to undertake a corporate exercise to raise funds for working capital purposes, details of which are included in paragraph B8 of Part B of the Notes below.

KUANTAN FLOUR MILLS BERHAD
(Company No. 119598-P)

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

B1 Review of Performance

With the prevailing stiff competition amongst flour millers, the Group's revenue declined substantially from RM86.312 million in the previous financial year ended 2010 to current financial year of RM63.159 million. Despite a tremendous drop in sales revenue, the Group recorded a much lower loss before tax of RM1.176 million for current financial year as compared to a loss before tax of RM3.809 million in the previous financial year. This is attributed to lower raw material cost contracted during the current financial year.

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

In addition to tough local flour market competition, the Group's tight cash flow situation is also a contributing factor causing the declining sales revenue from RM14.764 million in the preceding quarter to current quarter of RM12.938 million. However, the loss before tax has narrowed down from RM1.103 million during the previous quarter to current quarter of RM0.385 million as a result of a more stable raw material cost.

B3 Prospects

Local flour market is expected to remain competitive and the global wheat price movements, fuel cost and ocean freight rates will still be the main determining factors affecting the profitability of the Group. However, with cautious strategies on wheat procurement and optimum sales mix, the Group is confident of achieving better financial results for the coming financial period. With the impending corporate exercise which was announced on 23 March 2011, the funds raised upon completion of the corporate exercise shall improve the Group's cash flow and enable it to generate much higher sales level thereby further enhancing its financial performance, barring any unforeseen circumstances.

B4 Profit Forecast

There were no profit forecast nor profit guarantee made during the financial period under review.

B5 Taxation

There is no provision for taxation for this quarter as there are unused tax losses, unabsorbed capital allowances and unutilised reinvestment tax allowances available to be offset against taxable income.

B6 Profit/(Loss) on Sales of Unquoted Investments and/or Properties

There were no sales of properties nor unquoted investments in the current quarter under review.

B7 Quoted Securities

For the period under review, the Group does not hold any quoted securities.

B8 Status of Corporate Proposals

On 23 March 2011, the Company, Kuantan Flour Mills Berhad (KFM), had announced the following Proposal :-

- (a) Proposed share capital reduction of KFM existing issued and paid-up share capital of RM45, 053, 000 comprising 45, 053, 000 shares of RM1.00 each in KFM via the cancellation of RM0.50 of the par value of KFM shares pursuant to Section 64 of the Companies Act, 1965 and proposed reduction of the share premium account of KFM pursuant to Section 60 and Section 64 of the Act;
- (b) Private Placement of up to 4, 505, 300 new ordinary shares of RM0.50 each in KFM representing up to 10% of issued and paid-up share capital of the Company, to investors to be identified at an issue price to be determined ;
- (c) Proposed renounceable rights issue of new ordinary shares on the basis of one (1) Rights Share for every two (2) existing shares held together with new free detachable warrants on the basis of three (3) Warrants for every two (2) Rights Shares subscribed ;
- (d) Proposed increase in authorised share capital of KFM from RM50, 000, 000 comprising 50, 000, 000 of RM1.00 each to RM75, 000, 000 comprising 150, 000, 000 ordinary shares of RM0.50 each ; and
- (e) Proposed amendments to the Memorandum and Articles of Association of KFM to facilitate the implementation of the Proposed Capital Reduction as well as the Proposed Increase in Authorised Share Capital.

Bursa Malaysia Securities Berhad ("Bursa"), via its letter dated 19 April 2011, had approved the above item (b) and (c), details of which had been announced by the Company to Bursa on 20 April 2011.

On 22 April 2011, Bank Negara Malaysia had approved the issuance of Warrants to non-residents of Malaysia for item (c) above.

On 30 May 2011, the shareholders of the Company in an Extraordinary General Meeting have unanimously approved item (a), (c), (d) and (e) above.

B9 Group Borrowings and Debt Securities

Total Group borrowings as at 31 March 2011 are as follows :-

	Short Term RM' 000	Long Term RM' 000	Total RM' 000
Bank borrowings			
- Secured	1,747	1,225	2,972
- Unsecured	1,168	-	1,168
Hire purchase liabilities	354	276	630
	<u>3,269</u>	<u>1,501</u>	<u>4,770</u>

B10 Off Balance Sheet Financial Instruments

The Group does not have any financial instruments with off balance sheet risks as at 23 May 2011, the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report.

B11 Changes in Material Litigation

Sidney Marketing Sdn Bhd [SM] has initiated a claim of RM1,000,000 against KFM Marketing Sdn Bhd [KFMM], (a subsidiary of Kuantan Flour Mills Berhad) for an alleged breach of purported agreement to set up a joint venture business as announced on 11 January 2008. The matter is now fixed for Case Management on 10 June 2011.

B12 Dividend

No interim dividend has been declared for the financial period ended 31 March 2011.

B13 Earnings/(Loss) Per Share

	Current Quarter Three Month Ended		Cumulative Quarter Twelve Month Ended	
	31-Mar-11	31-Mar-10	31-Mar-11	31-Mar-10
Profit/(Loss) attributable to ordinary owners of the parent (RM' 000)	(385)	419	(1,176)	(3,796)
Weighted average number of ordinary shares ('000)	45,053	45,053	45,053	45,053
Basic earnings/(loss) per share (sen)	(0.85)	0.93	(2.61)	(8.43)

B14 Capital Commitments

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

B15 Related Party Transactions

There were no related party transactions during the period under review.

B16 Realised and unrealised profits/(losses) disclosure

	As at end of current Quarter 31-Mar-11 RM'000	As at end of Preceding Quarter 31-Dec-10 RM'000
Total accumulated losses of the Company and subsidiaries		
- Realised	(30,239)	(29,609)
- Unrealised	522	277
	<u>(29,717)</u>	<u>(29,332)</u>

Authorisation for Issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 30 May 2011

By order of the Board
KUANTAN FLOUR MILLS BERHAD

Tan Yoke May
Company Secretary
Dated: 30 May 2011