

**KUANTAN FLOUR MILLS BERHAD**

(Company No.: 119598-P)

Summary of Key Financial Information for the financial period ended 31 March 2013

		INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
		Current Year Quarter 31-Mar-13 RM'000	Preceding Year Corresponding Quarter 31-Mar-12 RM'000	Current Year To Date 31-Mar-13 RM'000	Preceding Year Corresponding Period 31-Mar-12 RM'000
1	Revenue	11,615	12,690	48,813	53,798
2	Loss before tax	(1,851)	(2,210)	(5,206)	(7,876)
3	Loss for the period	(1,851)	(2,210)	(5,206)	(7,876)
4	Loss attributable to ordinary equity holders of the parent	(1,850)	(2,209)	(5,205)	(7,875)
5	Loss per share - basic (sen)	(2.84)	(4.02)	(7.99)	(14.33)
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)	0.29	0.37

Remarks:

		INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
		Current Year Quarter 31-Mar-13 RM'000	Preceding Year Corresponding Quarter 31-Mar-12 RM'000	Current Year To Date 31-Mar-13 RM'000	Preceding Year Corresponding Period 31-Mar-12 RM'000
1	Loss from operations	(1,729)	(2,182)	(4,904)	(7,506)
2	Gross interest income	25	5	25	47
3	Gross interest expense	(147)	(33)	(327)	(417)

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

Interim report on unaudited consolidated results for the financial period ended 31 March 2013

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2013**

	Current Quarter Three Months Ended		Cumulative Quarter Twelve Months Ended	
	31-Mar-13 RM' 000	31-Mar-12 RM' 000	31-Mar-13 RM' 000	31-Mar-12 RM' 000
Revenue	11,615	12,690	48,813	53,798
Cost of sales	<u>(11,481)</u>	<u>(12,228)</u>	<u>(46,884)</u>	<u>(53,238)</u>
Gross profit	134	462	1,929	560
<b>Other income</b>				
- interest	25	5	25	47
- others	268	55	282	91
Administrative expenses	(896)	(737)	(3,291)	(3,947)
Selling and marketing expenses	(469)	(511)	(1,851)	(2,089)
Depreciation	(766)	(1,451)	(1,973)	(2,121)
Finance costs	(147)	(33)	(327)	(417)
<b>Loss before tax</b>	<u>(1,851)</u>	<u>(2,210)</u>	<u>(5,206)</u>	<u>(7,876)</u>
Income tax expense	-	-	-	-
<b>Loss after tax representing total comprehensive loss for the period</b>	<u>(1,851)</u>	<u>(2,210)</u>	<u>(5,206)</u>	<u>(7,876)</u>
<b>Loss net of tax/Total comprehensive loss attributable to:</b>				
Owners of the parent	(1,850)	(2,209)	(5,205)	(7,875)
Minority interests	(1)	(1)	(1)	(1)
	<u>(1,851)</u>	<u>(2,210)</u>	<u>(5,206)</u>	<u>(7,876)</u>
<b>Loss per share attributable to owners of the parent (sen)</b>				
- basic	(2.84)	(4.02)	(7.99)	(14.33)
- diluted	-	-	-	-

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 March 2012 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 2013**

	As at 31-Mar-13 RM' 000	As at 31-Mar-12 RM' 000 (Audited)	As at 01-Apr-11 RM' 000 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	20,191	21,721	23,732
Other investments	1,736	1,736	1,736
Trade receivables	67	193	245
	<u>21,994</u>	<u>23,650</u>	<u>25,713</u>
<b>Current assets</b>			
Inventories	2,857	7,509	8,330
Trade receivables	7,979	8,222	8,626
Other receivables	914	251	222
Tax recoverable	-	28	23
Cash and bank balances	1,441	2,150	1,648
	<u>13,191</u>	<u>18,160</u>	<u>18,849</u>
<b>TOTAL ASSETS</b>	<u><u>35,185</u></u>	<u><u>41,810</u></u>	<u><u>44,562</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital	32,573	32,573	45,053
Share premium	-	-	6,447
Accumulated losses	(13,826)	(8,621)	(29,719)
	<u>18,747</u>	<u>23,952</u>	<u>21,781</u>
Minority interests	4	5	-*
<b>Total equity</b>	<u><u>18,751</u></u>	<u><u>23,957</u></u>	<u><u>21,781</u></u>
<b>Non-current liabilities</b>			
Term loans	709	826	1,225
Hire purchase	284	127	275
	<u>993</u>	<u>953</u>	<u>1,500</u>
<b>Current liabilities</b>			
Term loans	117	399	3,575
Hire purchase	224	213	354
Trade payables	7,975	7,737	8,933
Other payables	7,125	8,551	8,419
	<u>15,441</u>	<u>16,900</u>	<u>21,281</u>
<b>Total liabilities</b>	<u>16,434</u>	<u>17,853</u>	<u>22,781</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>35,185</u></u>	<u><u>41,810</u></u>	<u><u>44,562</u></u>
Net assets per share attributable to ordinary owners of the parent (RM)	<u>0.29</u>	<u>0.37</u>	<u>0.48</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 2012 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 2013**

	<-- Attributable to Owners of the Parent -->					Total Equity RM' 000
	Share Capital RM' 000	Share Premium RM' 000	Accumulated Losses RM' 000	Total RM' 000	Minority Interests RM' 000	
Opening balance as at 01 April 2011	45,053	6,447	(29,719)	21,781	- *	21,781
Total comprehensive loss			(7,875)	(7,875)	(1)	(7,876)
	45,053	6,447	(37,594)	13,906	(1)	13,905
Capital reduction	(22,527)	(6,447)	28,974	-	-	-
Issuance of shares	10,047	201	-	10,248	-	10,248
Share issuance expenses	-	(201)	-	(201)	-	(201)
Issuance of ordinary shares in a subsidiary	-	-	-	-	5	5
Loss on deemed disposal in investment in a subsidiary	-	-	(1)	(1)	1	-
<b>Closing balance as at 31 March 2012</b>	<b>32,573</b>	<b>-</b>	<b>(8,621)</b>	<b>23,952</b>	<b>5</b>	<b>23,957</b>
Opening balance as at 01 April 2012	32,573	-	(8,621)	23,952	5	23,957
Total comprehensive loss	-	-	(5,205)	(5,205)	(1)	(5,206)
<b>Closing balance as at 31 March 2013</b>	<b>32,573</b>	<b>-</b>	<b>(13,826)</b>	<b>18,747</b>	<b>4</b>	<b>18,751</b>

\* 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 2012 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 2013**

	Twelve Months Ended	
	31-Mar-13 RM' 000	31-Mar-12 RM' 000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before tax for the period	(5,206)	(7,876)
Adjustments for:		
Depreciation	1,973	2,121
Loss/(Gain) on disposal of property, plant and equipment	59	-
Assets written off	10	-
Unrealised foreign exchange loss	32	10
Impairment loss on trade receivable	53	-
Reversal of impairment loss on trade receivable	(32)	(51)
Short term accumulating compensated absences	-	16
Write down of inventories	41	-
Unwinding of discount on receivables	(15)	(20)
Interest income	(25)	(47)
Interest expense	327	417
<b>Operating cash flows before working capital changes</b>	<b>(2,783)</b>	<b>(5,430)</b>
(Increase)/Decrease in receivables	(294)	493
Decrease in inventories	4,611	821
Decrease in payables	(1,232)	(1,090)
<b>Cash flows from operations</b>	<b>302</b>	<b>(5,206)</b>
Interest paid	(327)	(417)
Tax paid	(3)	-
Tax refunded	38	-
<b>Net cash flows from/(used in) operating activities</b>	<b>10</b>	<b>(5,623)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(151)	(57)
Proceeds from disposal of property, plant and equipment	37	-
Proceeds from issuance of shares in a subsidiary	-	5
Interest income	25	47
<b>Net cash flows from/(used in) investing activities</b>	<b>(89)</b>	<b>(5)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of term loans	(399)	(3,574)
Repayment of obligations under financing leases	(231)	(342)
Proceeds from issuance of ordinary shares	-	10,247
Share issuance expenses	-	(201)
<b>Net cash flows (used in)/from financing activities</b>	<b>(630)</b>	<b>6,130</b>
<b>CASH AND CASH EQUIVALENTS</b>		
Net increase/(decrease)	(709)	502
At beginning of period	2,150	1,648
At end of period	1,441	2,150

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

	As at 31-Mar-13 RM' 000	As at 31-Mar-12 RM' 000
Cash and bank balances	1,441	2,150
	<u>1,441</u>	<u>2,150</u>

The condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements for the year ended 31 March 2012 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 2013.

**Part A - FRS 134 Requirements**

**A1 Basis of Preparation**

The Group has adopted the Malaysian Financial Reporting Standard (MFRS) framework and MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards in these condensed interim financial statements. The Group has elected 1 April 2011, being the beginning date of the immediate preceding financial period as the date of transition to MFRS accordingly.

The interim financial statements have been prepared using historical cost basis except for certain financial assets and financial liabilities that are stated at fair value.

The interim financial statements are unaudited and have been prepared in accordance with FRS 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 year ended 31 March 2012. 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 2012.

The interim financial report for the first quarter ended 31 March 2013 is the first set of interim report prepared in accordance with MFRSs, including MFRS 1 "First-time adoption of MFRS".

**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 2012. The adoption of the MFRS framework does not have any material 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 2012 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 Assets**

The value of property, plant and equipment has been brought forward without amendment from the previous financial year ended 31 March 2012.

**A11 Capital Commitments**

There were no capital commitment as the end of the reporting period.

**A12 Related Party Transactions**

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

**A13 Material Subsequent Events**

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

**A14 Changes in the Composition of the Group**

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

**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 Loss before tax**

Included in loss before tax are the following items :

	Current quarter		Cumulative quarter	
	Three months ended		Twelve months ended	
	31-Mar-13	31-Mar-12	31-Mar-13	31-Mar-12
	RM' 000	RM' 000	RM' 000	RM' 000
Interest income	25	5	25	47
Interest expense	147	33	327	417
Depreciation of property, plant and equipment	766	1,451	1,973	2,121
Impairment of goodwill	-	-	-	-
Net realised foreign exchange loss	2	-	4	12
Net unrealised foreign exchange loss	32	10	32	10

**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**

The sales revenue has declined to RM11.615 million for the current quarter which is mainly due to lower sales volume recorded as a result of market competition as compared to previous year's corresponding quarter of RM12.690 million. Despite a lower turnover, the Group still managed to improve the financial performance marginally with a pre-tax loss of RM1.851 million for the current quarter as compared to previous year's corresponding quarter's pre-tax loss of RM2.210 million. This is partly due to higher depreciation charge recorded for the latter. On a year to date basis the continuing intense flour market competitions have resulted in a decline in sales revenue from RM53.798 million for previous financial period to current period of RM48.813 million. However, the Group has managed to record a lower pre-tax loss of RM5.206 million for the current financial period as compared to a pre-tax loss of RM7.876 million for the previous financial period. This was mainly due to cheaper raw materials procured for the current period. The increased depreciation charge of approximately RM1.2 million and the net Rights Issue exercise cost of RM0.699 million incurred has also caused the higher pre-tax loss for the previous financial period.

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

Lower sales during the festive season in the current quarter has contributed to a lower turnover of RM11.615 million as compared to RM12.502 million for the preceding quarter. The average higher raw material cost incurred during the current quarter has resulted in a higher pre-tax loss of RM1.851 million compared to RM1.130 million pre-tax loss for the preceding quarter.

**B3 Prospects**

With the uncertainty of global economy couple with the fluctuation in the wheat prices and foreign exchange, the Company is anticipating a more challenging year in the next financial year.

**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 the Company is in an adjusted business loss position and 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**

Apart from the disposal of motor vehicles amounting to RM36,580, there were no sales of other properties nor unquoted investments in 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 the current quarter and financial period ended 31 March 2013.

**B9 Group Borrowings and Debt Securities**

Total Group borrowings as at 31 March 2013 are as follows :-

	Short Term RM' 000	Long Term RM' 000	Total RM' 000
Bank borrowings			
- Secured	117	709	826
- Unsecured	-	-	-
Hire purchase liabilities	224	284	508
	341	993	1,334

**B10 Off Balance Sheet Financial Instruments**

The Group does not have any financial instrument with off balance sheet risks as at 29 May 2013, 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**

(a) 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 has been withdrawn by Sidney Marketing Sdn Bhd on 02 May 2013.

- (b) The Company has on 22 July 2011, filed a legal suit against Chan Boon Lim, Prabir Kumar Mitra, Michael Camillus Fernandez and Sidney Marketing Sdn Bhd for a sum of RM500, 000, being amount of a cheque of the Company issued on 03 August 2005 without the knowledge and authorisation of the Company by Prabir Kumar Mitra and Michael Camillus Fernandez to Sidney Marketing Sdn Bhd, in which Chan Boon Lim at the material time was also a director. Sidney Marketing Sdn Bhd has on 02 May 2013 agreed to a Consent Judgment to be recorded for a sum of RM250,000 to be paid to Kuantan Flour Mills Berhad by 36 instalments as full and final settlement.
- (c) The Company has also on 22 July 2011, via its subsidiary company, KFM Marketing Sdn Bhd (KFMM) filed a legal suit against Sidney Marketing Sdn Bhd for a sum of RM1, 216, 002.70 being outstanding payment for goods sold and delivered. The matter has been withdrawn by KFM Marketing Sdn Bhd on 02 May 2013.

The above three(3) cases were disposed off together on 02 May 2013 in the manner as stated above on the basis of an overall settlement.

#### B12 Dividend

No interim dividend has been declared for the financial period ended 31 March 2013.

#### B13 Earnings/(Loss) Per Share

##### (a) Basic

Basic earnings per share are calculated by dividing the net profit for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares in issued during the period.

	Current Quarter		Cumulative Quarter	
	Three Months Ended	Three Months Ended	Twelve Months Ended	Twelve Months Ended
	31-Mar-13	31-Mar-12	31-Mar-13	31-Mar-12
Loss attributable to ordinary owners of the parent (RM' 000)	(1,850)	(2,209)	(5,205)	(7,875)
Weighted average number of ordinary shares in issue ('000)	65,146	54,950	65,146	54,950
Basic loss per share (sen)	(2.84)	(4.02)	(7.99)	(14.33)

##### (b) Diluted

The diluted earnings per share have not been presented as the average fair value of the shares of the Company is lower than the exercise price of the warrants attached to the Rights Shares. The effect would be anti-dilutive to the earnings per share.

#### B14 Supplementary information of the Breakdown of Realised and Unrealised Profits or Losses

	As at end of	As at end of
	current	financial year
	Quarter	ended
	31-Mar-13	31-Mar-12
	RM' 000	RM' 000
Total accumulated losses of the Company and subsidiaries		
- Realised	(11,095)	(5,938)
- Unrealised	420	467
- Consolidated adjustments	(3,151)	(3,150)
	<u>(13,826)</u>	<u>(8,621)</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 2013.

By order of the Board  
**KUANTAN FLOUR MILLS BERHAD**

Tan Yoke May  
 Company Secretary  
 Dated: 30 May 2013