

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

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

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

	Current Quarter		Cumulative Quarter	
	Three Months Ended		Nine Months Ended	
	31-Dec-13	31-Dec-12	31-Dec-13	31-Dec-12
	RM' 000	RM' 000	RM' 000	RM' 000
Revenue	10,882	12,502	31,703	37,198
Cost of sales	<u>(10,612)</u>	<u>(11,858)</u>	<u>(31,353)</u>	<u>(35,403)</u>
Gross profit	270	644	350	1,795
Other income				
- interest	1	-	20	-
- others	4	4	68	13
Administrative expenses	(758)	(805)	(2,220)	(2,395)
Selling and marketing expenses	(437)	(436)	(1,313)	(1,382)
Depreciation	(453)	(400)	(1,378)	(1,207)
Finance costs	(121)	(137)	(397)	(180)
Loss before tax	<u>(1,494)</u>	<u>(1,130)</u>	<u>(4,870)</u>	<u>(3,356)</u>
Income tax expense	-	-	-	-
Loss after tax representing total comprehensive loss for the period	<u>(1,494)</u>	<u>(1,130)</u>	<u>(4,870)</u>	<u>(3,356)</u>
Loss net of tax/Total comprehensive loss attributable to:				
Equity holders of the Company	(1,494)	(1,129)	(4,870)	(3,355)
Non-controlling interests	-	(1)	-	(1)
	<u>(1,494)</u>	<u>(1,130)</u>	<u>(4,870)</u>	<u>(3,356)</u>
Loss per share (sen)				
- basic	(2.29)	(1.73)	(7.48)	(5.15)
- diluted	-	-	-	-

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

	As at 31-Dec-13 RM' 000 (Unaudited)	As at 31-Mar-13 RM' 000 (Audited)	As at 01-Apr-12 RM' 000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	18,687	20,191	21,721
Other investments	1,736	1,736	1,736
Trade receivables	2	67	193
	<u>20,425</u>	<u>21,994</u>	<u>23,650</u>
Current assets			
Inventories	2,226	2,857	7,509
Trade receivables	7,157	7,979	8,222
Other receivables	503	905	251
Tax recoverable	-	-	28
Cash and bank balances	1,257	1,441	2,150
	<u>11,143</u>	<u>13,182</u>	<u>18,160</u>
TOTAL ASSETS	<u>31,568</u>	<u>35,176</u>	<u>41,810</u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the company			
Share capital	32,573	32,573	32,573
Accumulated losses	(18,696)	(13,826)	(8,621)
Shareholder's equity	<u>13,877</u>	<u>18,747</u>	<u>23,952</u>
Non-controlling interests	4	4	5
Total equity	<u>13,881</u>	<u>18,751</u>	<u>23,957</u>
Non-current liabilities			
Term loans	615	715	826
Hire purchase	190	284	127
	<u>805</u>	<u>999</u>	<u>953</u>
Current liabilities			
Term loans	123	110	399
Hire purchase	208	224	213
Trade payables	8,485	7,969	7,737
Other payables	8,055	7,117	8,551
Current tax liabilities	11	6	-
	<u>16,882</u>	<u>15,426</u>	<u>16,900</u>
Total liabilities	<u>17,687</u>	<u>16,425</u>	<u>17,853</u>
TOTAL EQUITY AND LIABILITIES	<u>31,568</u>	<u>35,176</u>	<u>41,810</u>
Net assets per share attributable to ordinary owners of the Company (RM)	<u>0.21</u>	<u>0.29</u>	<u>0.37</u>

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 March 2013 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 December 2013

<--- Attributable to Owners of the Company ---->
Non-Distributable

	Share Capital RM' 000	Share Premium RM' 000	Accumulated Losses RM' 000	Total RM' 000	Non- Controlling Interests RM' 000	Total Equity RM' 000
Opening balance as at 01 April 2012	32,573	-	(8,621)	23,952	5	23,957
Total comprehensive loss	-	-	(3,355)	(3,355)	(1)	(3,356)
MI share of accumulated loss in subsidiary	-	-	-	-	(10)	(10)
Closing balance as at 31 December 2012	32,573	-	(11,976)	20,597	(6)	20,591
Opening balance as at 01 April 2013	32,573	-	(13,826)	18,747	4	18,751
Total comprehensive loss	-	-	(4,870)	(4,870)	-	(4,870)
Closing balance as at 31 December 2013	32,573	-	(18,696)	13,877	4	13,881

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 March 2013 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 December 2013

	Nine Months Ended	
	31-Dec-13 RM' 000	31-Dec-12 RM' 000
OPERATING ACTIVITIES		
Loss before tax for the period	(4,870)	(3,356)
Adjustments for:		
Depreciation	1,378	1,207
Impairment of goodwill	-	9
Loss/(Gain) on disposal of property, plant and equipment	17	62
Bad debts recovered	(1)	(1)
Unwinding of discount on receivables	(8)	(12)
Interest income	(20)	-
Interest expense	397	180
Operating cash flows before working capital changes	(3,107)	(1,911)
<u>Changes in working capital</u>		
- trade and other receivables	1,297	(559)
- inventories	631	4,153
- trade and other payables	1,454	(1,845)
Cash flows from / (used in) operations	275	(162)
Interest paid	(397)	(180)
Tax paid	(1)	-
Tax refunded	6	28
Net cash flows from / (used in) operating activities	(117)	(314)
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(16)	(65)
Proceeds from disposal of property, plant and equipment	180	34
Interest income	20	-
Net cash flows from / (used in) investing activities	184	(31)
FINANCING ACTIVITIES		
Repayment of term loans	(87)	(371)
Repayment of obligations under financing leases	(164)	(185)
Net cash flows from / (used in) financing activities	(251)	(556)
CASH AND CASH EQUIVALENTS		
Net decrease	(184)	(901)
At beginning of period	1,441	2,150
At end of period	1,257	1,249

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

	As at 31-Dec-13 RM' 000	As at 31-Dec-12 RM' 000
Cash and bank balances	1,257	1,249
	1,257	1,249

The condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements for the year ended 31 March 2013 and the accompanying explanatory notes attached to the interim financial statements.

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Notes to the quarterly report on consolidated results for the financial quarter ended 31 December 2013.

Part A - FRS 134 Requirements

A1 Basis of Preparation

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 2013. 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 2013.

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 2013 except for the adoption of new FRSs¹, amendments and IC Interpretations that are mandatory for the Group for the financial year beginning 1 April 2013. 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 and its subsidiaries for the preceding financial year ended 31 March 2013 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 2013.

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		Nine Months Ended	
	31-Dec-13	31-Dec-12	31-Dec-13	31-Dec-12
	RM' 000	RM' 000	RM' 000	RM' 000
Interest income	1	-	20	-
Interest expense	121	137	397	180
Depreciation of property, plant and equipment	453	400	1,378	1,207
Net realised foreign exchange (gain)/loss	2	1	1	2

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

B1 Review of Performance

Revenue has dropped from RM12.502 million for previous financial year's corresponding quarter to current quarter of RM10.882 million as a result of continuing stiff market competitions. Further, with comparatively higher raw material cost incurred the Group has suffered a higher pre-tax loss of RM1.494 million for current quarter as compared to a pre-tax loss of RM1.130 million for previous financial year's corresponding quarter.

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

The revenue of the Group has improved slightly from RM9.850 million for the preceding quarter to current quarter of RM10.882 million. The marginal improvement in revenue and cheaper raw material cost incurred have resulted in a lower pre-tax loss of RM1.494 million for current quarter as compared to a pre-tax loss of RM1.903 million for preceding quarter.

B3 Prospect

The global commodities prices, ocean freight and currency exchange rates shall continue to be volatile. The increase in energy cost in the coming quarter shall also have some impact to the Group's performance in the next quarter. Thus, the prospect for the remaining quarter of this financial year is rather uncertain.

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

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 the current quarter and financial period ended 31 December 2013.

B9 Group Borrowings and Debt Securities

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

	Short Term RM' 000	Long Term RM' 000	Total RM' 000
Bank borrowings			
- Secured	123	615	738
- Unsecured	-	-	-
Hire purchase liabilities	208	190	398
	331	805	1,136

B10 Off Balance Sheet Financial Instruments

The Group does not have any financial instrument with off balance sheet risks as at 27 February 2014, 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

The Group does not have any material litigation as at the date of this announcement.

B12 Dividend

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

B13 Earnings / (Loss) Per Share**(a) Basic**

Basic loss per share are calculated by dividing the net loss 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	Nine Months Ended	Nine Months Ended
	31-Dec-13	31-Dec-12	31-Dec-13	31-Dec-12
Net loss attributable to equity holders of the Company (RM' 000)	(1,494)	(1,129)	(4,870)	(3,355)
Weighted average number of ordinary shares in issue ('000)	65,146	65,146	65,146	65,146
Basic loss per share (sen)	(2.29)	(1.73)	(7.48)	(5.15)

(b) Diluted

Diluted loss per share is not presented as the effect is anti-dilutive.

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-Dec-13	31-Mar-13
	RM' 000	RM' 000
Total accumulated losses of the Company and subsidiaries		
- Realised	(16,916)	(11,095)
- Unrealised	417	420
- Consolidated adjustments	(2,197)	(3,151)
	<u>(18,696)</u>	<u>(13,826)</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 27 February 2014

By order of the Board
KUANTAN FLOUR MILLS BERHAD

Tan Yoke May
Company Secretary
Dated: 27 February 2014