

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

Interim report on unaudited consolidated results for the financial period ended 31 March 2014

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 March 2014

	Current Quarter Three Months Ended		Cumulative Quarter Twelve Months Ended	
	31-Mar-14 RM' 000	31-Mar-13 RM' 000	31-Mar-14 RM' 000	31-Mar-13 RM' 000
Revenue	9,952	11,615	41,655	48,813
Cost of sales	<u>(9,889)</u>	<u>(11,481)</u>	<u>(41,242)</u>	<u>(46,884)</u>
Gross profit	63	134	413	1,929
Other income				
- interest	2	25	22	25
- others	4,275	268	4,343	282
Administrative expenses	(689)	(896)	(2,909)	(3,291)
Selling and marketing expenses	(446)	(469)	(1,759)	(1,851)
Depreciation	(448)	(766)	(1,826)	(1,973)
Finance costs	(80)	(147)	(477)	(327)
Profit/(Loss) before tax	<u>2,677</u>	<u>(1,851)</u>	<u>(2,193)</u>	<u>(5,206)</u>
Income tax expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Profit/(Loss) after tax representing total comprehensive loss for the period	<u>2,677</u>	<u>(1,851)</u>	<u>(2,193)</u>	<u>(5,206)</u>
Profit/(Loss) net of tax/Total comprehensive loss attributable to:				
Equity holders of the Company	2,677	(1,850)	(2,193)	(5,205)
Non-controlling interests	<u>-</u>	<u>(1)</u>	<u>-</u>	<u>(1)</u>
	<u>2,677</u>	<u>(1,851)</u>	<u>(2,193)</u>	<u>(5,206)</u>
Earnings/(Loss) per share (sen)				
- basic	4.11	(2.84)	(3.37)	(7.99)
- 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 March 2014

	As at 31-Mar-14 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	17,427	20,191	21,721
Other investments	1,736	1,736	1,736
Trade receivables	1	67	193
	<u>19,164</u>	<u>21,994</u>	<u>23,650</u>
Current assets			
Non-current assets held for disposal	748	-	-
Inventories	2,205	2,857	7,509
Trade receivables	5,803	7,979	8,222
Other receivables	777	905	251
Tax recoverable	-	-	28
Cash and bank balances	1,421	1,441	2,150
	<u>10,954</u>	<u>13,182</u>	<u>18,160</u>
TOTAL ASSETS	<u><u>30,118</u></u>	<u><u>35,176</u></u>	<u><u>41,810</u></u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	32,573	32,573	32,573
Accumulated losses	(16,019)	(13,826)	(8,621)
Shareholder's equity	<u>16,554</u>	<u>18,747</u>	<u>23,952</u>
Non-controlling interests	4	4	5
Total equity	<u><u>16,558</u></u>	<u><u>18,751</u></u>	<u><u>23,957</u></u>
Non-current liabilities			
Term loans	591	715	826
Hire purchase	159	284	127
	<u>750</u>	<u>999</u>	<u>953</u>
Current liabilities			
Term loans	117	110	399
Hire purchase	184	224	213
Trade payables	8,905	7,969	7,737
Other payables	3,590	7,117	8,551
Current tax liabilities	14	6	-
	<u>12,810</u>	<u>15,426</u>	<u>16,900</u>
Total liabilities	<u>13,560</u>	<u>16,425</u>	<u>17,853</u>
TOTAL EQUITY AND LIABILITIES	<u><u>30,118</u></u>	<u><u>35,176</u></u>	<u><u>41,810</u></u>
Net assets per share attributable to ordinary owners of the Company (RM)	<u>0.25</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 March 2014

	<--- Attributable to Owners of the Company --->					Total Equity RM' 000
	Non-Distributable			Total RM' 000	Non- Controlling Interests RM' 000	
	Share Capital RM' 000	Share Premium RM' 000	Accumulated Losses RM' 000			
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)
Closing balance as at 31 March 2013	<u>32,573</u>	<u>-</u>	<u>(13,826)</u>	<u>18,747</u>	<u>4</u>	<u>18,751</u>
Opening balance as at 01 April 2013	32,573	-	(13,826)	18,747	4	18,751
Total comprehensive loss	-	-	(2,193)	(2,193)	-	(2,193)
Closing balance as at 31 March 2014	<u>32,573</u>	<u>-</u>	<u>(16,019)</u>	<u>16,554</u>	<u>4</u>	<u>16,558</u>

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 March 2014

	Twelve Months Ended	
	31-Mar-14 RM' 000	31-Mar-13 RM' 000
OPERATING ACTIVITIES		
Loss before tax for the period	(2,193)	(5,206)
Adjustments for:		
Depreciation	1,826	1,973
Loss/(Gain) on disposal of property, plant and equipment	(303)	58
Property, plant and equipment written off	-	11
Property, plant and equipment - other adjustment	-	2
Unrealised foreign exchange loss	207	32
Inventories written down	-	41
Reversal of impairment loss on trade receivables	(7)	(32)
Impairment loss on trade receivables	17	53
Unwinding of discount on receivables	(7)	(15)
Liabilities no longer required	(4,025)	(102)
Interest income	(22)	(25)
Interest expense	477	327
Operating cash flows before working capital changes	(4,030)	(2,883)
Changes in working capital		
- trade and other receivables	2,367	(291)
- inventories	652	4,612
- trade and other payables	1,227	(1,133)
Cash flows from / (used in) operations	216	305
Interest paid	(477)	(327)
Tax paid	(1)	(3)
Tax refunded	9	38
Net cash flows (used in) / from operating activities	(253)	13
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(33)	(154)
Proceeds from disposal of property, plant and equipment	580	37
Interest income	22	25
Net cash flows from / (used in) investing activities	569	(92)
FINANCING ACTIVITIES		
Repayment of term loans	(117)	(399)
Repayment of obligations under financing leases	(219)	(231)
Net cash flows from / (used in) financing activities	(336)	(630)
CASH AND CASH EQUIVALENTS		
Net decrease	(20)	(709)
At beginning of period	1,441	2,150
At end of period	1,421	1,441

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

	As at 31-Mar-14 RM' 000	As at 31-Mar-13 RM' 000
Cash and bank balances	1,421	1,441
	1,421	1,441

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.

KUANTAN FLOUR MILLS BERHAD

(Company No. 119598-P)

Notes to the quarterly report on consolidated results for the financial quarter ended 31 March 2014.

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 FRSs', 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 Profit/(Loss) before tax

Included in profit/(loss) before tax are the following items :

	Current quarter		Cumulative quarter	
	Three Months Ended		Twelve Months Ended	
	31-Mar-14	31-Mar-13	31-Mar-14	31-Mar-13
	RM' 000	RM' 000	RM' 000	RM' 000
Interest income	2	25	22	25
Interest expense	80	147	477	327
Depreciation of property, plant and equipment	448	766	1,826	1,973
Net realised foreign exchange (gain)/loss	2	2	1	4
Net unrealised foreign exchange (gain)/loss	207	32	207	32

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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

The continuing intense market competition had caused the Group's sales revenue to decline from RM11.615 million for previous year's corresponding quarter to current quarter of RM9.952 million. This had also resulted in the annual turnover to shrink from RM48.813 million for previous financial year to current financial year of RM41.655 million. However, the Group managed to record a pre-tax profit of RM2.677 million for current quarter instead of a pre-tax loss of RM1.851 million for previous year's corresponding quarter. This was mainly due to a lower raw material cost incurred, improved operating efficiency, gain on disposal of assets, waiver of directors fees, written back of liabilities no longer required and forfeiture of deposits. For current financial year, apart from incurring marginally higher raw material cost, the aforesaid factors had contributed to a lower pre-tax loss of RM2.193 million for current financial year as compared to a pre-tax loss of RM5.206 million for previous financial year.

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

The Group's revenue has dropped marginally from RM10.882 million for preceding quarter to RM9.952 million for current quarter as a result of market competition. The various factors as stated in B1 above had also rendered the Group to record a pre-tax profit of RM2.677 million for current quarter as compared to a pre-tax loss of RM1.494 million for preceding quarter.

B3 Prospect

The Group envisage that the prospect for the coming financial year shall continue to be challenging and will largely dependent on the selling prices of flour and the efforts in minimising its costs of production to the best of its ability. The Board is also actively in the process of identifying several business ventures to improve the financial position of the Group.

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

During the quarter, the Group has disposed off a property held under HS(M) 13839 Lot. No. 23617 Mukim of Kuala Kuantan, Kuantan, Pahang with a gain of RM0.321 million.

B7 Quoted Securities

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

B8 Corporate Exercise

On 19 March 2014, the Company had announced the following proposal:-

- (a) Private Placement of new ordinary shares of RM0.50 each in the Company representing up to 10% of the issued and paid-up share capital of the Company, to investors to be identified at an issued price to be determined and announced by the Board at a later date.

Affin Investment Bank Berhad has been appointed as advisor to the Company for the proposed scheme. Bursa Malaysia Securities Berhad has, vide its letter dated 09 May 2014, granted its approval.

B9 Group Borrowings and Debt Securities

Total Group borrowings as at 31 March 2014 are as follows :-

	Short Term RM' 000	Long Term RM' 000	Total RM' 000
Bank borrowings			
- Secured	117	591	708
- Unsecured	-	-	-
Hire purchase liabilities	184	159	343
	301	750	1,051

B10 Off Balance Sheet Financial Instruments

The Group does not have any financial instrument with off balance sheet risks as at 28 May 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 March 2014.

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

Basic earnings / loss per share are calculated by dividing the net earnings / 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 Three Months Ended		Cumulative Quarter Twelve Months Ended	
	31-Mar-14	31-Mar-13	31-Mar-14	31-Mar-13
Net profit/(loss) attributable to equity holders of the Company (RM' 000)	2,677	(1,850)	(2,193)	(5,205)
Weighted average number of ordinary shares in issue ('000)	65,146	65,146	65,146	65,146
Basic earnings/(loss) per share (sen)	4.11	(2.84)	(3.37)	(7.99)

(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 current Quarter	As at end of financial year ended
	31-Mar-14 RM' 000	31-Mar-13 RM' 000
Total accumulated losses of the Company and subsidiaries		
- Realised	(14,026)	(11,095)
- Unrealised	204	420
- Consolidated adjustments	(2,197)	(3,151)
	<u>(16,019)</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 29 May 2014

By order of the Board

KUANTAN FLOUR MILLS BERHAD

Tan Yoke May

Company Secretary

Dated: 29 May 2014