

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

Interim report on unaudited consolidated results for the financial period ended 30 June 2014

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 June 2014

	Current Quarter Three Months Ended		Cumulative Quarter Three Months Ended	
	30-Jun-14 RM' 000	30-Jun-13 RM' 000	30-Jun-14 RM' 000	30-Jun-13 RM' 000
Revenue	9,693	10,971	9,693	10,971
Cost of sales	<u>(9,681)</u>	<u>(10,817)</u>	<u>(9,681)</u>	<u>(10,817)</u>
Gross profit	12	154	12	154
Other income				
- others	2,028	62	2,028	62
Administrative expenses	(623)	(642)	(623)	(642)
Selling and marketing expenses	(416)	(431)	(416)	(431)
Depreciation	(450)	(466)	(450)	(466)
Finance costs	(63)	(150)	(63)	(150)
Profit/(Loss) before tax	<u>488</u>	<u>(1,473)</u>	<u>488</u>	<u>(1,473)</u>
Income tax expense	-	-	-	-
Profit/(Loss) after tax representing total comprehensive income/(loss) for the period	<u>488</u>	<u>(1,473)</u>	<u>488</u>	<u>(1,473)</u>
Profit/(Loss) net of tax/Total comprehensive income/(loss) attributable to:				
Equity holders of the Company	488	(1,473)	488	(1,473)
Non-controlling interests	-	-	-	-
	<u>488</u>	<u>(1,473)</u>	<u>488</u>	<u>(1,473)</u>
Earnings/(Loss) per share (sen)				
- basic	0.75	(2.26)	0.75	(2.26)
- diluted	-	-	-	-

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 March 2014 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 30 June 2014

	As at 30-Jun-14 RM' 000 (Unaudited)	As at 31-Mar-14 RM' 000 (Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	16,990	17,427
Other investments	1,736	1,736
Trade receivables	-	1
	<u>18,726</u>	<u>19,164</u>
Current assets		
Non-current assets held for disposal	744	748
Inventories	1,854	2,205
Trade receivables	5,857	5,806
Other receivables	824	773
Tax recoverable	-	-
Cash and bank balances	710	1,421
	<u>9,989</u>	<u>10,953</u>
TOTAL ASSETS	<u><u>28,715</u></u>	<u><u>30,117</u></u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	32,573	32,573
Accumulated losses	(15,531)	(16,019)
Shareholders' equity	<u>17,042</u>	<u>16,554</u>
Non-controlling interests	4	4
Total equity	<u><u>17,046</u></u>	<u><u>16,558</u></u>
Non-current liabilities		
Term loans	551	591
Hire purchase	119	158
	<u>670</u>	<u>749</u>
Current liabilities		
Term loans	127	117
Hire purchase	173	184
Trade payables	6,407	8,905
Other payables	4,278	3,590
Current tax liabilities	14	14
	<u>10,999</u>	<u>12,810</u>
Total liabilities	<u>11,669</u>	<u>13,559</u>
TOTAL EQUITY AND LIABILITIES	<u><u>28,715</u></u>	<u><u>30,117</u></u>
Net assets per share attributable to ordinary owners of the Company (RM)	<u>0.26</u>	<u>0.25</u>

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 March 2014 and the accompanying explanatory notes attached to the interim financial statements.

KUANTAN FLOUR MILLS BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 June 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 2013	32,573	-	(13,826)	18,747	4	18,751
Total comprehensive loss	-	-	(1,473)	(1,473)	-	(1,473)
Closing balance as at 30 June 2013	32,573	-	(15,299)	17,274	4	17,278
Opening balance as at 01 April 2014	32,573	-	(16,019)	16,554	4	16,558
Total comprehensive profit	-	-	488	488	-	488
Closing balance as at 30 June 2014	32,573	-	(15,531)	17,042	4	17,046

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 March 2014 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 30 June 2014

	Three Months Ended	
	30-Jun-14	30-Jun-13
	RM' 000	RM' 000
OPERATING ACTIVITIES		
Profit/(Loss) before tax for the period	488	(1,473)
Adjustments for:		
Depreciation	450	466
Loss/(Gain) on disposal of property, plant and equipment	-	(60)
Unwinding of discount on receivables	(1)	(2)
Liabilities no longer required	(2,027)	-
Interest expense	63	150
Operating cash flows before working capital changes	(1,027)	(919)
Changes in working capital		
- trade and other receivables	(100)	684
- inventories	351	456
- trade and other payables	217	(81)
Cash flows from / (used in) operations	(559)	140
Interest paid	(63)	(150)
Tax paid	-	(1)
Tax refunded	-	6
Net cash flows (used in) / from operating activities	(622)	(5)
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(8)	(5)
Proceeds from disposal of property, plant and equipment	-	60
Net cash flows from / (used in) investing activities	(8)	55
FINANCING ACTIVITIES		
Repayment of term loans	(30)	(28)
Repayment of obligations under financing leases	(51)	(59)
Net cash flows from / (used in) financing activities	(81)	(87)
CASH AND CASH EQUIVALENTS		
Net decrease	(711)	(37)
At beginning of period	1,421	1,441
At end of period	710	1,404

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

	As at	As at
	30-Jun-14	30-Jun-13
	RM' 000	RM' 000
Cash and bank balances	710	1,404
	710	1,404

The condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements for the year ended 31 March 2014 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 30 June 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 2014. 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 2014.

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 2014 except for the adoption of new FRSs', amendments and IC Interpretations that are mandatory for the Group for the financial year beginning 1 April 2014. 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 2014 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 2014.

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		Three Months Ended	
	30-Jun-14	30-Jun-13	30-Jun-14	30-Jun-13
	RM' 000	RM' 000	RM' 000	RM' 000
Interest expense	63	150	63	150
Depreciation of property, plant and equipment	450	466	450	466
Net realised foreign exchange (gain)/loss	(30)	3	(30)	3

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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 Group recorded a lower revenue of RM9.693 million against the previous financial year's corresponding quarter of RM10.971 million as a result of lower sales volume coupled with the lower selling prices of the by-products. However, the Group managed to record a pre-tax profit of RM0.488 million for the current quarter as compared to a pre-tax loss of RM1.473 million for previous year's corresponding quarter. This was mainly due to comparatively lower raw material cost incurred and other income for current quarter.

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

Due to continuing stiff market competitions, the sales revenue had declined further from previous quarter of RM9.952 million to current quarter of RM9.693 million. The Group had registered a lower pre-tax profit of RM0.488 million for current quarter as compared to a pre-tax profit of RM2.677 million in preceeding quarter was mainly due to the higher other income in preceeding quarter.

B3 Prospect

The Group is very cautious of the possible El Nino effect that may impact the raw material cost drastically. Otherwise, the Group is optimistic that the global wheat production shall remain good, thus stabilizing the wheat prices.

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

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 30 June 2014 are as follows :-

	Short Term RM' 000	Long Term RM' 000	Total RM' 000
Bank borrowings			
- Secured	127	551	678
- Unsecured	-	-	-
Hire purchase liabilities	173	119	292
	300	670	970

B10 Off Balance Sheet Financial Instruments

The Group does not have any financial instrument with off balance sheet risks as at 22 August 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 30 June 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		Cumulative Quarter	
	Three Months Ended	Three Months Ended	Three Months Ended	Three Months Ended
	30-Jun-14	30-Jun-13	30-Jun-14	30-Jun-13
Net profit/(loss) attributable to equity holders of the Company (RM' 000)	488	(1,473)	488	(1,473)
Weighted average number of ordinary shares in issue ('000)	65,146	65,146	65,146	65,146
Basic earnings/(loss) per share (sen)	0.75	(2.26)	0.75	(2.26)

(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
	30-Jun-14	31-Mar-14
	RM' 000	RM' 000
Total accumulated losses of the Company and subsidiaries		
- Realised	(13,598)	(14,026)
- Unrealised	264	204
- Consolidated adjustments	(2,197)	(2,197)
	<u>(15,531)</u>	<u>(16,019)</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 26 August 2014.

By order of the Board
KUANTAN FLOUR MILLS BERHAD

Tan Yoke May
 Company Secretary
 Dated: 26 August 2014