

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

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

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

	Current Quarter Three Months Ended		Cumulative Quarter Six Months Ended	
	30-Sep-14 RM' 000	30-Sep-13 RM' 000	30-Sep-14 RM' 000	30-Sep-13 RM' 000
Revenue	8,271	9,850	17,964	20,821
Cost of sales	<u>(8,239)</u>	<u>(9,924)</u>	<u>(17,920)</u>	<u>(20,741)</u>
Gross profit / (loss)	32	(74)	44	80
<b>Other income</b>				
- interest	20	19	20	19
- others	-	2	2,028	64
Administrative expenses	(781)	(820)	(1,404)	(1,462)
Selling and marketing expenses	(445)	(445)	(861)	(876)
Depreciation	(440)	(459)	(890)	(925)
Finance costs	(133)	(126)	(196)	(276)
<b>Loss before tax</b>	<u>(1,747)</u>	<u>(1,903)</u>	<u>(1,259)</u>	<u>(3,376)</u>
Income tax expense	-	-	-	-
<b>Loss after tax representing total comprehensive loss for the period</b>	<u><u>(1,747)</u></u>	<u><u>(1,903)</u></u>	<u><u>(1,259)</u></u>	<u><u>(3,376)</u></u>
<b>Loss net of tax/Total comprehensive loss attributable to:</b>				
Equity holders of the Company	(1,747)	(1,903)	(1,259)	(3,376)
Non-controlling interests	-	-	-	-
	<u><u>(1,747)</u></u>	<u><u>(1,903)</u></u>	<u><u>(1,259)</u></u>	<u><u>(3,376)</u></u>
<b>Loss per share (sen)</b>				
- basic	(2.66)	(2.92)	(1.92)	(5.18)
- 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 September 2014**

	<b>As at 30-Sep-14 RM' 000 (Unaudited)</b>	<b>As at 31-Mar-14 RM' 000 (Audited)</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	16,558	17,427
Other investments	1,736	1,736
Trade receivables	-	1
	<u>18,294</u>	<u>19,164</u>
<b>Current assets</b>		
Non-current assets held for disposal	738	748
Inventories	1,759	2,205
Trade receivables	5,152	5,806
Other receivables	694	773
Tax recoverable	-	-
Cash and bank balances	1,179	1,421
	<u>9,522</u>	<u>10,953</u>
<b>TOTAL ASSETS</b>	<u><u>27,816</u></u>	<u><u>30,117</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the Company</b>		
Share capital	33,514	32,573
Share premium	19	-
Accumulated losses	(17,278)	(16,019)
Shareholders' equity	<u>16,255</u>	<u>16,554</u>
Non-controlling interests	4	4
<b>Total equity</b>	<u><u>16,259</u></u>	<u><u>16,558</u></u>
<b>Non-current liabilities</b>		
Term loans	518	591
Hire purchase	89	158
	<u>607</u>	<u>749</u>
<b>Current liabilities</b>		
Term loans	129	117
Hire purchase	157	184
Trade payables	5,711	8,905
Other payables	4,939	3,590
Current tax liabilities	14	14
	<u>10,950</u>	<u>12,810</u>
<b>Total liabilities</b>	<u>11,557</u>	<u>13,559</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>27,816</u></u>	<u><u>30,117</u></u>
Net assets per share attributable to ordinary owners of the Company (RM)	<u>0.24</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**  
**(Company No. 119598-P)**

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL PERIOD ENDED 30 September 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			
<b>Opening balance as at 01 April 2013</b>	32,573	-	(13,826)	18,747	4	18,751
Total comprehensive loss	-	-	(3,376)	(3,376)	-	(3,376)
<b>Closing balance as at 30 September 2013</b>	<u>32,573</u>	<u>-</u>	<u>(17,202)</u>	<u>15,371</u>	<u>4</u>	<u>15,375</u>
<b>Opening balance as at 01 April 2014</b>	32,573	-	(16,019)	16,554	4	16,558
Total comprehensive loss	-	-	(1,259)	(1,259)	-	(1,259)
Exercise of Warrant shares	941	19	-	960	-	960
<b>Closing balance as at 30 September 2014</b>	<u>33,514</u>	<u>19</u>	<u>(17,278)</u>	<u>16,255</u>	<u>4</u>	<u>16,259</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 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 September 2014**

	Six Months Ended	
	30-Sep-14	30-Sep-13
	RM' 000	RM' 000
<b>OPERATING ACTIVITIES</b>		
Profit/(Loss) before tax for the period	(1,259)	(3,376)
Adjustments for:		
Depreciation	890	925
Loss/(Gain) on disposal of property, plant and equipment	-	17
Unwinding of discount on receivables	(1)	(4)
Liabilities no longer required	(2,027)	-
Interest income	(20)	(19)
Interest expense	196	276
<b>Operating cash flows before working capital changes</b>	<b>(2,221)</b>	<b>(2,181)</b>
<u>Changes in working capital</u>		
- trade and other receivables	734	1,641
- inventories	446	(581)
- trade and other payables	182	1,187
<b>Cash flows from / (used in) operations</b>	<b>(859)</b>	<b>66</b>
Interest paid	(196)	(276)
Tax paid	-	(1)
Tax refunded	-	6
<b>Net cash flows (used in) / from operating activities</b>	<b>(1,055)</b>	<b>(205)</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(10)	(11)
Proceeds from disposal of property, plant and equipment	-	180
Interest income	20	19
<b>Net cash flows from / (used in) investing activities</b>	<b>10</b>	<b>188</b>
<b>FINANCING ACTIVITIES</b>		
Repayment of term loans	(61)	(58)
Repayment of obligations under financing leases	(96)	(111)
Proceeds from exercise of warrants	960	-
<b>Net cash flows from / (used in) financing activities</b>	<b>803</b>	<b>(169)</b>
<b>CASH AND CASH EQUIVALENTS</b>		
Net decrease	(242)	(186)
At beginning of period	1,421	1,441
<b>At end of period</b>	<b>1,179</b>	<b>1,255</b>

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

	As at 30-Sep-14 RM' 000	As at 30-Sep-13 RM' 000
Cash and bank balances	1,179	1,255
	<b>1,179</b>	<b>1,255</b>

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 September 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**

The Company had issued 1,882,500 new ordinary shares through Warrant Conversion during the current quarter

Except for the above, 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 at 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		Six Months Ended	
	30-Sep-14	30-Sep-13	30-Sep-14	30-Sep-13
	RM' 000	RM' 000	RM' 000	RM' 000
Interest income	20	19	20	19
Interest expense	133	126	196	276
Depreciation of property, plant and equipment	440	459	890	925
Net realised foreign exchange (gain)/loss	1	(4)	(29)	(1)

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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 had recorded a lower revenue of RM8.271 million and lower pre-tax loss of RM1.747 million for current quarter as compared to RM9.850 million in revenue and pre-tax loss of RM1.903 million for previous financial year's corresponding quarter. Continuing stiff market competitions had dampened the Group's sales further. However, with average lower raw material cost procured, the Group had managed to narrow down its losses to some extent for the quarter.

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

The Group had recorded a lower revenue of RM8.271 million and pre-tax loss of RM1.747 million for current quarter as compared to revenue of RM9.693 million and pre-tax profit of RM0.488 million for preceding quarter. As stated in B1 above, continuing stiff market competitions had dampened further on the Group's sales. Average thin margin with lower sales turnover had resulted the Group to incur losses. The Group managed to register a pre-tax profit for preceding quarter was due to other income.

**B3 Prospect**

The global commodities market and the currency exchange rate shall remain volatile and uncertain. The Group shall continue with cautious approach in sustaining the business while continuing with its effort to look for other potential business opportunity.

**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:-

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 had been appointed as advisor to the Company for the proposed scheme. Bursa Malaysia Securities Berhad had, vide its letter dated 09 May 2014, granted its approval. On 09 November 2014, the aforesaid approval had lapsed and the Company did not seek for extension of time to pursue the Private Placement.

**B9 Group Borrowings and Debt Securities**

Total Group borrowings as at 30 September 2014 are as follows :-

	Short Term RM' 000	Long Term RM' 000	Total RM' 000
Bank borrowings			
- Secured	129	518	647
- Unsecured	-	-	-
Hire purchase liabilities	157	89	246
	286	607	893

**B10 Off Balance Sheet Financial Instruments**

The Group does not have any financial instrument with off balance sheet risks as at 24 November 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 September 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 30-Sep-14	30-Sep-13	Six Months Ended 30-Sep-14	30-Sep-13
Net profit/(loss) attributable to equity holders of the Company (RM' 000)	(1,747)	(1,903)	(1,259)	(3,376)
Weighted average number of ordinary shares in issue ('000)	65,606	65,146	65,606	65,146
Basic earnings/(loss) per share (sen)	(2.66)	(2.92)	(1.92)	(5.18)

**(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
	30-Sep-14 RM' 000	31-Mar-14 RM' 000
Total accumulated losses of the Company and subsidiaries		
- Realised	(15,345)	(14,026)
- Unrealised	264	204
- Consolidated adjustments	(2,197)	(2,197)
	<u>(17,278)</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 25 November 2014.

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

Tan Yoke May  
Company Secretary  
Dated: 25 November 2014