

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

Interim report on unaudited consolidated results for the financial period ended 30 September 2015

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE FINANCIAL PERIOD ENDED 30 September 2015**

	Current Quarter		Cumulative Period	
	Three Months Ended 30-Sep-15 RM' 000	30-Sep-14 RM' 000	Eighteen Months Ended 30-Sep-15 RM' 000 (Unaudited)	Twelve Months Ended 31-Mar-14 RM' 000 (Audited)
Revenue	571	N/A	24,864	41,655
Cost of sales	<u>(4,760)</u>	<u>N/A</u>	<u>(30,594)</u>	<u>(41,242)</u>
Gross (loss) / profit	(4,189)	-	(5,730)	413
<b>Other income</b>				
- interest	-	N/A	24	22
- others	9	N/A	2,040	4,344
Administrative expenses	(3,709)	N/A	(7,265)	(2,910)
Selling and marketing expenses	(274)	N/A	(2,160)	(1,759)
Depreciation	(427)	N/A	(2,610)	(1,826)
Finance costs	(10)	N/A	(386)	(477)
<b>Loss before tax</b>	<u>(8,600)</u>	<u>-</u>	<u>(16,087)</u>	<u>(2,193)</u>
Income tax expense	-	N/A	-	-
<b>Loss after tax representing total comprehensive loss for the period</b>	<u>(8,600)</u>	<u>-</u>	<u>(16,087)</u>	<u>(2,193)</u>
<b>Loss net of tax/Total comprehensive loss attributable to:</b>				
Equity holders of the Company	(8,600)	N/A	(16,086)	(2,193)
Non-controlling interests	-	N/A	(1)	-
	<u>(8,600)</u>	<u>-</u>	<u>(16,087)</u>	<u>(2,193)</u>
<b>Loss per share (sen)</b>				
- basic	(12.80)	N/A	(23.94)	(3.37)
- diluted	-	-	-	-

The financial period of the Group has been changed from 31 March to 30 September to cover the 18-month period from 01 April 2014 to 30 September 2015 and thereafter, to end on 30 September each year. Accordingly, there are no comparative figures to be presented in this Condensed Consolidated Statement of Comprehensive Income.

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

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
as at 30 September 2015

	As at 30-Sep-15 RM' 000 (Unaudited)	As at 31-Mar-14 RM' 000 (Audited)
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	13,358	17,427
Other investments	1,353	1,736
Trade receivables	-	1
	<u>14,711</u>	<u>19,164</u>
<b>Current assets</b>		
Non-current assets held for disposal	1,237	748
Inventories	6,087	2,205
Trade receivables	368	5,806
Other receivables	300	773
Tax recoverable	-	-
Cash and bank balances	723	1,421
	<u>8,715</u>	<u>10,953</u>
<b>TOTAL ASSETS</b>	<u><u>23,426</u></u>	<u><u>30,117</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the Company</b>		
Share capital	3,411	32,573
Share premium	31	-
Accumulated losses	(1,402)	(16,019)
Shareholders' equity	<u>2,040</u>	<u>16,554</u>
Non-controlling interests	3	4
<b>Total equity</b>	<u><u>2,043</u></u>	<u><u>16,558</u></u>
<b>Non-current liabilities</b>		
Term loans	380	591
Hire purchase	32	158
	<u>412</u>	<u>749</u>
<b>Current liabilities</b>		
Term loans	137	117
Hire purchase	70	184
Trade payables	14,183	8,905
Other payables	6,568	3,590
Current tax liabilities	13	14
	<u>20,971</u>	<u>12,810</u>
<b>Total liabilities</b>	<u>21,383</u>	<u>13,559</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>23,426</u></u>	<u><u>30,117</u></u>
Net assets per share attributable to ordinary owners of the Company (RM)	<u>0.03</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 2015**

	<--- Attributable to Owners of the Company --->					
	<--Non-Distributable--		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 2013	32,573	-	(13,826)	18,747	4	18,751
Total comprehensive loss	-	-	(2,193)	(2,193)	-	(2,193)
<b>Closing balance as at 31 March 2014</b>	<b>32,573</b>	<b>-</b>	<b>(16,019)</b>	<b>16,554</b>	<b>4</b>	<b>16,558</b>
Opening balance as at 01 April 2014	32,573	-	(16,019)	16,554	4	16,558
Exercise of warrant shares	1,541	31	-	1,572	-	1,572
Total comprehensive loss	-	-	(16,086)	(16,086)	(1)	(16,087)
Capital reduction	(30,703)	-	30,703	-	-	-
<b>Closing balance as at 30 September 2015</b>	<b>3,411</b>	<b>31</b>	<b>(1,402)</b>	<b>2,040</b>	<b>3</b>	<b>2,043</b>

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 2015**

	Eighteen Months Ended 30-Sep-15 RM' 000 (Unaudited)	Twelve Months Ended 31-Mar-14 RM' 000 (Audited)
<b>OPERATING ACTIVITIES</b>		
Loss before tax for the period	(16,087)	(2,193)
Adjustments for:		
Depreciation	2,610	1,826
Loss/(Gain) on disposal of property, plant and equipment	515	(303)
Property, plant and equipment written off	10	-
Unrealised foreign exchange loss	1,760	207
Provision for onerous contract	1,350	-
Reversal of impairment loss on trade receivables	(4)	(8)
Impairment loss on trade receivables	82	17
Unwinding of discount on receivables	(1)	(7)
Impairment loss on other investment	383	-
Liabilities no longer required	(2,027)	(4,026)
Interest income	(24)	(22)
Interest expense	386	477
<b>Operating cash flows before working capital changes</b>	<b>(11,047)</b>	<b>(4,032)</b>
<b>Changes in working capital</b>		
- trade and other receivables	5,835	2,369
- inventories	(5,232)	652
- trade and other payables	8,523	1,227
<b>Cash flows (used in) / from operations</b>	<b>(1,921)</b>	<b>216</b>
Interest paid	(386)	(477)
Tax paid	(1)	(1)
Tax refunded	-	9
<b>Net cash flows used in operating activities</b>	<b>(2,308)</b>	<b>(253)</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(28)	(33)
Proceeds from disposal of property, plant and equipment	473	580
Interest income	24	22
<b>Net cash flows from investing activities</b>	<b>469</b>	<b>569</b>
<b>FINANCING ACTIVITIES</b>		
Repayment of term loans	(191)	(117)
Repayment of obligations under financing leases	(240)	(219)
Proceeds from exercise of warrants	1,572	-
<b>Net cash flows from / (used in) financing activities</b>	<b>1,141</b>	<b>(336)</b>
<b>CASH AND CASH EQUIVALENTS</b>		
Net decrease	(698)	(20)
At beginning of period	1,421	1,441
<b>At end of period</b>	<b>723</b>	<b>1,421</b>

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

	As at 30-Sep-15 RM' 000	As at 31-Mar-14 RM' 000
Cash and bank balances	723	1,421
	<b>723</b>	<b>1,421</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.

**KUANTAN FLOUR MILLS BERHAD**

**(Company No. 119598-P)**

Notes to the quarterly report on consolidated results for the financial quarter ended 30 September 2015.

**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 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 financial 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 period	
	Three Months Ended		Eighteen	Twelve
	30-Sep-15	30-Sep-14	Months	Months
	RM' 000	RM' 000	Ended	Ended
			30-Sep-15	31-Mar-14
			RM' 000	RM' 000
Interest income	-	N/A	(24)	(22)
Interest expense	10	N/A	386	477
Impairment loss on trade receivable	-	N/A	82	17
Provision for onerous contract	1,350	N/A	1,350	-
Property, plant and equipment written off	10	N/A	10	-
Impairment loss on other investment	383	N/A	383	-
Loss/(Gain) on disposal of property, plant and equipment	565	N/A	515	(303)
Depreciation of property, plant and equipment	427	N/A	2,610	1,826
Net realised foreign exchange loss/(gain)	23	N/A	(2)	1
Net unrealised foreign exchange loss	1,481	N/A	1,760	207

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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**

For the current quarter under review, the Group had recorded a revenue of RM0.574 million and a pre-tax loss of RM8.600 million. The weak financial results was mainly due to low production as a result of financial constrain faced by the Group. The financial year end of the Company had changed from 31 March to 30 September. Hence, there are no comparative figures to be presented for the current sixth quarter of the extended financial period.

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

The Group had recorded a pre-tax loss of RM8.600 million for current quarter as compared to the preceding quarter's pre-tax loss of RM1.774 million. The higher pre-tax loss incurred for current quarter was mainly due to the unrealised foreign exchange loss, provision for onerous contract, impairment loss on other investment and loss on disposal of assets.

**B3 Prospect**

The weak Malaysian economy and the Ringgit are not expected to have much improvement in the very short-term. As such, the Group is expecting an even tougher 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**

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 29 June 2015, the Company, Kuantan Flour Mills Berhad (KFM), had announced the following Exercise : -

- a) proposed reduction of RM0.45 of the par value of each existing ordinary share of RM0.50 each in KFM pursuant to Section 64 of the Companies Act, 1965 ("Proposed Par Value Reduction") ; and
- b) proposed amendments to the Memorandum of Association of KFM ("Proposed MOA Amendments").

(The above shall be collectively be referred to as the 'Proposal').

The proposal was fully completed on 17 September 2015.

**B9 Group Borrowings and Debt Securities**

Total Group borrowings as at 30 September 2015 are as follows :-

	<b>Short Term RM' 000</b>	<b>Long Term RM' 000</b>	<b>Total RM' 000</b>
Bank borrowings			
- Secured	137	380	517
- Unsecured	-	-	-
Hire purchase liabilities	70	32	102
	<b>207</b>	<b>412</b>	<b>619</b>

**B10 Off Balance Sheet Financial Instruments**

The Group does not have any financial instrument with off balance sheet risks as at 24 November 2015, 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**

On 03 March 2015, the Company received a Writ of Summons and Statement of Claim filed by LH Asian Trade Finance Fund Ltd claiming a sum of USD1,615,074.95 together with interest thereon with reference to the various trade finance facilities granted to the Company. The Company, via its solicitors Krish Maniam & Co, had entered into a Consent Order with LH Asian Trade Finance Fund Ltd on 25 June 2015.

**B12 Dividend**

No interim dividend has been declared for the financial period ended 30 September 2015.

**B13 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.

	<b>Current Quarter Three Months Ended 30-Sep-15</b>	<b>Cumulative Period Eighteen Months Ended 30-Sep-15</b>
Net loss attributable to equity holders of the Company (RM' 000)	(8,600)	(16,086)
Weighted average number of ordinary shares in issue ('000)	67,183	67,183
Basic loss per share (sen)	(12.80)	(23.94)

**(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 30-Sep-15 RM' 000	As at end of financial year ended 31-Mar-14 RM' 000
Total accumulated losses of the Company and subsidiaries		
- Realised	(964)	(14,026)
- Unrealised	1,760	204
- Consolidated adjustments	(2,198)	(2,197)
	<u>(1,402)</u>	<u>(16,019)</u>

#### B15 Change of Financial Year End

On 29 April 2015, the Board has approved to change its financial year end from 31 March to 30 September and the next audited financial statements shall be for a period of 18 months, covering 01 April 2014 to 30 September 2015.

#### 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 November 2015.

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

Tan Yoke May  
Company Secretary  
Dated: 30 November 2015

