

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

Interim report on unaudited consolidated results for the financial period ended 30 June 2019

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019**

	Current Quarter			Cumulative Quarter		
	Three Months Ended 30-Jun-19 RM' 000	30-Jun-18 RM' 000	Changes %	Nine Months ended 30-Jun-19 RM' 000	30-Jun-18 RM' 000	Changes %
Revenue	15,125	11,488	31.7	42,188	27,090	55.7
Cost of sales	<u>(14,666)</u>	<u>(10,624)</u>		<u>(41,047)</u>	<u>(26,785)</u>	
Gross profit	459	864	(46.9)	1,141	305	274.1
<b>Other income</b>						
- interest	-	-		-	4	
- others	31	-		120	-	
Administrative expenses	(478)	(320)		(1,314)	(962)	
Selling and marketing expenses	(387)	(371)		(1,273)	(1,031)	
Depreciation	(136)	(140)		(404)	(681)	
Finance costs	-	-		-	-	
<b>(Loss)/Profit before tax</b>	<u>(511)</u>	<u>33</u>	(1,648.5)	<u>(1,730)</u>	<u>(2,365)</u>	26.8
Income tax expense	-	-		-	-	
<b>(Loss)/Profit after tax representing total comprehensive (loss)/profit for the period</b>	<u>(511)</u>	<u>33</u>	(1,648.5)	<u>(1,730)</u>	<u>(2,365)</u>	26.8
<b>Attributable to:</b>						
Equity holders of the Company	(511)	33	(1,648.5)	(1,730)	(2,364)	26.8
Non-controlling interests	-	-		-	(1)	-
	<u>(511)</u>	<u>33</u>	(1,648.5)	<u>(1,730)</u>	<u>(2,365)</u>	26.8
<b>Loss per share (sen)</b>						
- basic	(0.75)	0.05		(2.54)	(3.46)	
- diluted	-	-		-	-	

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 30 September 2018 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 2019**

	<b>As at 30-Jun-19 RM' 000 (Unaudited)</b>	<b>As at 30-Sep-18 RM' 000 (Audited)</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	14,964	4,610
Other investments	249	249
	<u>15,213</u>	<u>4,859</u>
<b>Current assets</b>		
Inventories	9,354	4,075
Trade receivables	6,947	4,902
Other receivables	1,056	396
Cash and bank balances	917	1,376
	<u>18,274</u>	<u>10,749</u>
<b>TOTAL ASSETS</b>	<u><u>33,487</u></u>	<u><u>15,608</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the Company</b>		
Share capital	3,442	3,442
Accumulated losses	(31,145)	(29,415)
Shareholders' equity	<u>(27,703)</u>	<u>(25,973)</u>
Non-controlling interests	-	-
<b>Total equity</b>	<u><u>(27,703)</u></u>	<u><u>(25,973)</u></u>
<b>Current liabilities</b>		
Trade payables	42,081	32,368
Other payables	19,095	9,199
Current tax liabilities	14	14
	<u>61,190</u>	<u>41,581</u>
<b>Total liabilities</b>	<u>61,190</u>	<u>41,581</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>33,487</u></u>	<u><u>15,608</u></u>
Net assets per share attributable to ordinary owners of the Company (RM)	<u>(0.41)</u>	<u>(0.38)</u>

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 30 September 2018 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 2019**

	<---- Attributable to Owners of the Company ---->				
	<--Non-	Distributable		Non-	Total
	Share Capital RM' 000	Accumulated Losses RM' 000	Total RM' 000	Controlling Interests RM' 000	Equity RM' 000
Opening balance as at 01 October 2017	3,442	(26,512)	(23,070)	2	(23,068)
Total comprehensive loss	-	(2,903)	(2,903)	(2)	(2,905)
Closing balance as at 30 September 2018	<u>3,442</u>	<u>(29,415)</u>	<u>(25,973)</u>	-	<u>(25,973)</u>
Opening balance as at 01 October 2018	3,442	(29,415)	(25,973)	-	(25,973)
Total comprehensive loss	-	(1,730)	(1,730)	-	(1,730)
Closing balance as at 30 June 2019	<u>3,442</u>	<u>(31,145)</u>	<u>(27,703)</u>	-	<u>(27,703)</u>

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 30 September 2018 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 2019**

	Nine Months ended	
	30-Jun-19	30-Jun-18
	RM' 000	RM' 000
<b>OPERATING ACTIVITIES</b>		
Loss before tax for the period	(1,730)	(2,365)
Adjustments for:		
Depreciation for property, plant and equipment	404	681
Realised foreign exchange gain	-	(44)
Reversal of impairment loss on trade receivables	(3)	-
Interest income	-	(4)
<b>Operating cash flows before working capital changes</b>	<u>(1,329)</u>	<u>(1,732)</u>
<u>Changes in working capital</u>		
- trade and other receivables	(2,702)	(2,558)
- inventories	(5,279)	3,027
- trade and other payables	19,609	1,832
<b>Cash flows from/(used in) operations</b>	<u>10,299</u>	<u>569</u>
Tax refund/(paid)	-	(1)
<b>Net cash flows from/(used in) operating activities</b>	<u>10,299</u>	<u>568</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(10,758)	(106)
Interest income	-	4
<b>Net cash flows from/(used in) investing activities</b>	<u>(10,758)</u>	<u>(102)</u>
<b>FINANCING ACTIVITIES</b>		
	-	-
<b>Net cash flows from /(used in) financing activities</b>	<u>-</u>	<u>-</u>
<b>CASH AND CASH EQUIVALENTS</b>		
Net increase/(decrease)	(459)	466
At beginning of period	1,376	334
<b>At end of period</b>	<u>917</u>	<u>800</u>

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

	As at 30-Jun-19 RM' 000	As at 30-Jun-18 RM' 000
Cash and bank balances	<u>917</u>	<u>800</u>
	<u>917</u>	<u>800</u>

The condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements for the year ended 30 September 2018 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 2019

**Part A - MFRS 134 Requirements**

**A1 Basis of Preparation**

The interim financial statements are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards ("MFRS") No. 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 period ended 30 September 2018. 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 period ended 30 September 2018.

**A2 Accounting Policies**

The accounting policies adopted in the interim financial statements are consistent with those adopted in the audited financial statements for the financial year ended 30 September 2018. The Group has adopted those standards, amendments and interpretations that have become effective and such adoptions do not have material impact on the financial position and performance of the Group.

**A3 Auditors' Report on Preceding Annual Financial Statements**

The auditors' report on the financial statements for the financial year ended 30 September 2018 was an unqualified opinion.

The audited financial statements for the financial year ended 30 September 2018 indicated that the Group and the Company incurred net losses during the financial year with RM2,904,588 and RM2,886,285 respectively and, as at that date, the Group and the Company had net current liabilities of RM30,831,352 and RM30,776,023 respectively and negative shareholders' funds of RM25,972,426 and RM25,911,730 respectively.

The Company had submitted a revised Proposed Regularisation Plan to Bursa Securities for approval on 07 August 2018.

The going concern assumption is highly dependent upon successful approval and implementation of the Regularisation Plan and the ability of the Group and the Company to generate sufficient cash flows to fulfil their obligation as and when fall due.

These events or conditions indicated that a material uncertainty exists that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. The auditor's opinion is not modified in respect of this matter.

**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 30 September 2018.

**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 current financial quarter.

**A14 Changes in the Composition of the Group**

Five(5) of the subsidiaries are in process of dissolution.

**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**

The following items have been charged/(credited) in arriving at profit/(loss) before tax:

	Current quarter		Cumulative Quarter	
	Three Months Ended		Nine Months ended	
	30-Jun-19	30-Jun-18	30-Jun-19	30-Jun-18
	RM' 000	RM' 000	RM' 000	RM' 000
Interest income	-	-	-	(4)
Depreciation of property, plant and equipment	136	140	404	681
Reversal of impairment loss on trade receivables	-	-	(3)	-
Realised foreign exchange gain	-	-	-	(44)

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

**B1 Review of Performance**

	Individual Period		Changes %	Cumulative Period		Changes %
	Three Months	Three Months		Current Year To-date	Preceding Year Corresponding Period	
	1-Apr-19 to 30-Jun-19	1-Apr-18 to 30-Jun-18	01-Oct-18 to 30-Jun-19	01-Oct-17 to 30-Jun-18		
	RM' 000	RM' 000	RM' 000	RM' 000		
Revenue	15,125	11,488	31.7	42,188	27,090	55.7
Gross profit/(loss)	459	864	(46.9)	1,141	305	274.1
Profit/(Loss) Before Interest and Tax	(511)	33	(1,648.5)	(1,730)	(2,365)	26.8
Profit/(Loss) Before Tax	(511)	33	(1,648.5)	(1,730)	(2,365)	26.8
Profit/(Loss) After Tax	(511)	33	(1,648.5)	(1,730)	(2,365)	26.8

There have been a continuous improvement in wheat flour sales of the Group with an increase of 31.7% from RM11.488 million in previous year corresponding quarter to RM15.125 million in the current quarter.

Despite with an increase in revenue, the gross profit of the Group during the period have reduced marginally as a result of higher raw material and production overhead cost. Consequently the Group also suffered a pre-tax loss of RM0.511 million as compared to a pre-tax profit RM0.033 million for previous year corresponding quarter.

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

	Current Quarter	Immediate Preceding Quarter	Changes %
	01-Apr-19 to 30-Jun-19	01-Jan-19 to 31-Mar-19	
	RM' 000	RM' 000	
Revenue	15,125	14,355	5.4
Gross profit/(Loss)	459	204	125.0
Profit/(Loss) Before Interest and Tax	(511)	(781)	34.6
Profit/(Loss) Before Tax	(511)	(781)	34.6
Profit/(Loss) After Tax	(511)	(781)	34.6

As compared with the immediate preceding quarter, the Group has achieved a further improvement in sales performance of 5.4% to RM15.125 million for the quarter under review. Coupled with a lower raw material cost incurred, the Group has achieved a higher gross profit and lower pre-tax loss of RM0.459 million and RM0.511 million respectively as compared to a gross profit of RM0.204 million and pre-tax loss of RM0.781 million in the preceding quarter.

**B3 Prospect**

Upon commissioning of the new production line during the financial year, the Board envisage that the production efficiency of the Group will further improve. Thereby enhancing the financial performance 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**

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**

The Shareholders of Company had on 27 May 2019 approved the Regularisation Plan involving :-

- (i) Private Placement ;
- (ii) Restructuring of debts
- (iii) Rights issue ;
- (iv) Set-off ; and
- (v) Amendments to the Articles of Association of the Company's Constitution.

Details can be obtained from the Company's announcement dated 27 May 2019.

On 19 June 2019 KAF Investment Bank Berhad had on behalf of the Company applied to Bursa Securities for an extension of time of up to 11 January 2020 to complete the implementation of the Regularisation Plan. Bursa Securities had approved the application vide its letter dated 20 June 2019.

**B9 Group Borrowings and Debt Securities**

During the quarter under review, the Group has no borrowings.

**B10 Off Balance Sheet Financial Instruments**

The Group does not have any financial instrument with off balance sheet risks as at 19 August 2019 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**

There were no material litigation during the financial period under review.

**B12 Dividend**

No interim dividend has been declared for the financial period ended 30 June 2019.

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

Basic profit/(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-Jun-19	30-Jun-18	Nine Months Ended 30-Jun-19	30-Jun-18
Net profit/(loss) attributable to equity holders of the Company (RM' 000)	(511)	33	(1,730)	(2,364)
Weighted average number of ordinary shares in issue ('000)	68,229	68,229	68,229	68,229
Basic profit/(loss) per share (sen)	(0.75)	0.05	(2.54)	(3.46)

**(b) Diluted**

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