

MALAYAN FLOUR MILLS BERHAD (4260-M)
(Incorporated in Malaysia)
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET
As at 31 December 2011

	(Unaudited) As at 31.12.2011 RM '000	(Audited) As at 31.12.2010 RM '000
Assets		
Property, plant and equipment	318,737	224,222
Intangible assets	1,576	1,903
Investment properties	5,507	5,562
Investment in an associate	1,484	-
Deferred tax assets	5,122	4,131
Total non-current assets	332,426	235,818
Receivables, deposits and prepayments	250,466	232,890
Inventories	360,995	324,940
Current tax assets	2,013	90
Cash and cash equivalents	200,867	221,974
Total current assets	814,341	779,894
Total assets	1,146,767	1,015,712
Equity		
Share capital	107,645	107,645
Reserves	414,866	361,428
Total equity attributable to owners of the Company	522,511	469,073
Minority interests	53,872	53,762
Total equity	576,383	522,835
Liabilities		
Deferred tax liabilities	5,419	7,100
Total non-current liabilities	5,419	7,100
Payables and accruals	106,405	87,407
Loans and borrowings	445,299	385,172
Current tax liabilities	13,261	13,198
Total current liabilities	564,965	485,777
Total liabilities	570,384	492,877
Total equity and liabilities	1,146,767	1,015,712
Net assets per share attributable to owners of the Company (RM)	4.85	4.36

The Condensed Consolidated Balance Sheet should be read in conjunction with the audited financial statements for year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.

MALAYAN FLOUR MILLS BERHAD (4260-M)

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

For the financial year ended 31 December 2011

	3 months ended		Financial Year Ended	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010
	RM '000	RM '000	RM '000	RM '000
Revenue	519,413	459,318	1,918,415	1,555,091
Cost of sales	(469,619)	(376,603)	(1,697,000)	(1,317,134)
Gross profit	49,794	82,715	221,415	237,957
Operating expenses	(29,701)	(37,487)	(124,068)	(111,828)
Results from operating activities	20,093	45,228	97,347	126,129
Finance costs	(3,139)	(2,856)	(12,318)	(8,136)
Finance income	3,611	3,938	17,113	10,043
Net finance income	472	1,082	4,795	1,907
Share of profit/(loss) of associates, net of tax	33	-	1,469	(143)
Profit before tax	20,598	46,310	103,611	127,893
Income tax expense	4,047	(12,215)	(11,413)	(27,567)
Profit for the period	24,645	34,095	92,198	100,326
Profit attributable to:				
Owners of the Company	20,487	28,103	80,872	84,824
Minority interests	4,158	5,992	11,326	15,502
Profit for the period	24,645	34,095	92,198	100,326
Basic earnings per ordinary share (sen)	19.03	26.11	75.13	78.80

The Condensed Consolidated Income Statement should be read in conjunction with the audited financial statements for year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.

MALAYAN FLOUR MILLS BERHAD (4260-M)

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2011

	3 months ended		Financial year ended	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010
	RM '000	RM '000	RM '000	RM '000
Profit for the period	24,645	34,095	92,198	100,326
Other comprehensive income, net of tax				
Foreign currency translation differences for foreign operations	(1,160)	5,578	(13,703)	(29,081)
Total comprehensive income for the period	23,485	39,673	78,495	71,245
Total comprehensive income attributable to:				
Owners of the Company	19,489	32,768	69,585	60,592
Minority interests	3,996	6,905	8,910	10,653
Total comprehensive income for the period	23,485	39,673	78,495	71,245

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.

MALAYAN FLOUR MILLS BERHAD (4260-M)
(Incorporated in Malaysia)
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the financial year 31 December 2011

	← Attributable to Owners of the Company →				Minority Interests	Total Equity	
	← Non-Distributable →		Distributable				
	Share Capital RM '000	Reserve attributable to Capital RM '000	Reserve attributable to Revenue RM '000	Retained Profit RM '000			Total RM '000
Balance at 1.1.2010	107,645	87,537	(29,423)	259,676	425,435	39,340	464,775
Total comprehensive income for the period	-	-	(24,232)	84,824	60,592	10,653	71,245
Dividends to owners of the Company	-	-	-	(16,954)	(16,954)	-	(16,954)
Dividends to minority interests	-	-	-	-	-	(6,031)	(6,031)
Realisation of revaluation reserve	-	(785)	-	785	-	-	-
Share issued to minority interests	-	-	-	-	-	9,800	9,800
Balance at 31.12.2010	107,645	86,752	(53,655)	328,331	469,073	53,762	522,835
Balance at 1.1.2011	107,645	86,752	(53,655)	328,331	469,073	53,762	522,835
Total comprehensive income for the period	-	-	(11,287)	80,872	69,585	8,910	78,495
Bonus shares issued by a subsidiary	-	15,853	-	(15,853)	-	-	-
Dividends to owners of the Company	-	-	-	(16,147)	(16,147)	-	(16,147)
Dividends to minority interests	-	-	-	-	-	(8,800)	(8,800)
Balance at 31.12.2011	107,645	102,605	(64,942)	377,203	522,511	53,872	576,383

The Condensed Consolidated Statement Of Changes In Equity should be read in conjunction with the audited financial statements for year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.

MALAYAN FLOUR MILLS BERHAD (4260-M)
(Incorporated in Malaysia)
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the financial year ended 31 December 2011

	Year Ended 31.12.2011 RM'000	Year Ended 31.12.2010 RM'000
Cash Flows From Operating Activities		
Profit before tax	103,611	127,893
Adjustments for:		
Amortisation and depreciation	19,050	17,123
Gain on disposal of property, plant and equipment	(3,985)	(369)
Impairment loss on property, plant and equipment	2,144	17,015
Impairment loss on other investments	-	60
Intangible assets written off	17	104
Interest expense	12,318	8,136
Interest income	(17,113)	(10,043)
Property, plant and equipment written off	751	-
Share of (gain)/loss of equity accounted associate	(1,469)	143
Net unrealised loss/(gain) on foreign exchange	1,629	(3,256)
Operating profit before changes in working capital	116,953	156,806
Increase in inventories	(41,157)	(84,280)
Decrease in trade and other payables	19,937	6,203
Increase in trade and other receivables	(20,841)	(43,866)
Cash generated from operations	74,892	34,863
Income tax paid	(16,017)	(21,628)
Taxation refund	270	-
Interest received	17,113	10,043
Interest paid	(12,318)	(8,136)
Net cash generated from operating activities	63,940	15,142
Cash Flows From Investing Activities		
Acquisition of property, plant and equipment and intangible assets	(120,828)	(67,602)
Acquisition of intangible assets	(281)	-
Proceeds from disposal of other investments	-	29
Proceeds from disposal of property, plant and equipment	6,452	610
Net cash used in investing activities	(114,657)	(66,963)

MALAYAN FLOUR MILLS BERHAD (4260-M)
(Incorporated in Malaysia)
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the financial year ended 31 December 2011

	Year Ended 31.12.2011 RM'000	Year Ended 31.12.2010 RM'000
Cash Flows From Financing Activities		
Dividends paid to owners of the Company	(16,147)	(20,991)
Dividends paid to minority shareholders	(8,800)	(6,031)
Proceeds from loans and borrowings	65,011	165,460
Subscription of shares in a subsidiary by minority interests	-	9,800
	<hr/>	<hr/>
Net cash generated from financing activities	40,064	148,238
Net (Decrease)/Increase In Cash and Cash Equivalents	(10,653)	96,417
Effect of exchange rate fluctuations on cash held	(10,454)	(16,622)
Cash and Cash Equivalents at Beginning of financial year	221,974	142,179
	<hr/>	<hr/>
Cash and Cash Equivalents at End of financial year	200,867	221,974
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The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.

1. Basis of preparation

The interim financial statements and notes are unaudited and have been prepared in accordance with the requirements of Financial Reporting Standard (FRS) 134: Interim Financial Reporting and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The statements should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2010. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2010.

The accounting policies and methods of computation adopted by the Group in these quarterly financial statements are consistent with those adopted in the most recent annual audited financial statements for the year ended 31 December 2010, except for those standards, amendments and interpretations which are effective from the annual period beginning 1 March 2010, 1 July 2010 and 1 January 2011. The adoption of these standards, amendments and interpretations have no material impact to the interim financial statements.

2. Status of Audit Report

The Audit Report of the Group's financial statements for the year ended 31 December 2010 was not subject to any qualification.

3. Seasonal or Cyclical Factors

There were no material changes brought about by seasonal or cyclical factors that affect the performance of the Group for the financial period under review.

4. Unusual Items Due to Their Nature, Size or Incidence

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows because of their nature, size or incidence for the financial year-to-date.

5. Changes in Estimates

There were no changes in estimates that have had any material effect on the financial year-to-date results.

6. Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the financial period ended 31 December 2011.

7. Dividend Paid

The final dividend of 5 sen per ordinary share, less tax at 25% and a special dividend of 15 sen per ordinary share, less tax at 25%, in respect of previous financial year ended 31 December 2010 amounting to RM16.1 million was paid on 13 June 2011.

8. Property, Plant and Equipment

The Group's property, plant and equipment are stated at cost less accumulated depreciation and impairment. The valuation of certain land and buildings have been brought forward without amendment from the previous audited financial statements.

9. Events Subsequent to the Balance Sheet Date

There were no material events subsequent to the end of the financial period that would affect the financial results for the current financial period under review.

10. Contingent Liabilities or Assets

There were no contingent liabilities or contingent assets since the last annual balance sheet as at 31 December 2010.

11. Capital Commitments

	As at 31.12.2011 RM'000	As at 31.12.2010 RM'000
Property, plant and equipment		
Authorised and contracted for	72,599	97,916
Authorised but not contracted for	37,925	89,317

12. Changes in Composition of the Group

There were no changes to the corporate structure of the Group for the financial period ended 31 December 2011.

13. Segmental Information

	← Results for 12 months ended 31 December 2011 →				
	Flour and trading in grains and other allied products RM'000	Feeds and trading in feed ingredients RM'000	Poultry integration RM'000	Others RM'000	Total RM'000
Total segment revenue	878,462	597,770	475,167	-	1,951,399
Eliminations- inter-segment	(20,191)	(11,250)	(1,543)	-	(32,984)
Revenue from external customers	<u>858,271</u>	<u>586,520</u>	<u>473,624</u>	<u>-</u>	<u>1,918,415</u>
Results from operating activities	65,927	10,949	17,094	3,377	97,347
Interest Income					17,113
Interest Expense					(12,318)
Share of profit after tax of equity accounted associate					1,469
Profit before tax					<u>103,611</u>
	← Results for 12 months ended 31 December 2010 →				
	Flour and trading in grains and other allied products RM'000	Feeds and trading in feed ingredients RM'000	Poultry integration RM'000	Others RM'000	Total RM'000
Total segment revenue	777,023	444,162	354,986	-	1,576,171
Eliminations- inter-segment	(12,534)	(4,064)	(4,482)	-	(21,080)
Revenue from external customers	<u>764,489</u>	<u>440,098</u>	<u>350,504</u>	<u>-</u>	<u>1,555,091</u>
Results from operating activities	109,075	12,375	4,847	(168)	126,129
Interest Income					10,043
Interest Expense					(8,136)
Share of loss after tax of equity accounted associate					(143)
Profit before tax					<u>127,893</u>

14. Performance Review

For the quarter ended 31 December 2011 (4Q 11), the Group recorded a revenue of RM519.4 million, an increase of 13% from RM459.3 million recorded in the quarter ended 31 December 2010 (4Q 10). This was attributable to higher sales from the feeds and trading of feed ingredients as well as the poultry integration segments.

Profit before tax for financial year ended 31 December 2011 (FY2011) declined by 19% to RM103.6 million from RM127.9 million in financial year ended 31 December 2010 (FY2010) mainly due to lower profit margins.

Flour and trading in grains and other allied products

The flour segment recorded a revenue of RM858.3 million in FY2011, an increase of 12% compared to RM764.5 million in FY2010 mainly due to higher selling prices. However, the operating profit of RM65.9 million in FY2011 was 40% lower than RM109.1 million in FY2010 due to a higher increment in raw material cost resulting in lower profit margin for our products. Although the demand for our products remained stable, there was severe competition in the market. The segment was adversely affected by a loss on foreign exchange and inventories written down.

The profit margin for 4Q 11 was adversely affected resulting in a decrease in the operating profit of 76% compared to 4Q 10.

Feeds and trading in feed ingredients

The revenue of the feeds and trading of feed ingredient segment in FY2011 increased by 33% to RM586.5 million from RM440.1 million in FY2010, mainly due to higher sales volume and selling prices. Lower profit margin was recorded due to higher raw material costs. This had resulted in a decline in the operating profit from RM12.4 million in FY 2010 to RM10.9 million in FY 2011.

For 4Q 11, the operating profit for feeds and trading in feed ingredients segment increased by 81% compared to 4Q 10, mainly due to better profit margin in 4Q 11 and the reversal of impairment on trade receivables as well as gain on derivatives.

Poultry integration

The poultry integration segment recorded a 35% increase in revenue to RM473.6 million in FY2011 compared to RM350.5 million in FY2010. The increase of revenue in FY2011 was mainly due to improvement in the sales volume and higher selling price of poultry products. As a result, the poultry integration segment recorded a much improved operating profit of RM17.1 million in FY2011 compared to an operating profit of RM4.8 million in FY2010.

In 4Q 11, the poultry segment recorded an operating profit of RM0.5 million, an improvement compared to an operating loss of RM0.2 million in 4Q 10 attributable by improved sales volume and efficiency in the poultry integration. It was however negatively impacted by an impairment loss on property, plant and machinery.

Others

An operating profit of RM3.4 million was recorded in FY 2011 due to a gain on disposal of property, plant and equipment recorded in 4Q 11.

15. Material Changes in Quarterly Results compared to the Results of the Preceding Quarter

For the quarter ended 31 December 2011, the Group's revenue was RM519.4 million, an increase of 9% from RM473.7 million for the quarter ended 30 September 2011. The profit before tax for 4Q 11 increased by 1% to RM20.6 million from RM20.3 million in 3Q 11, mainly due to a gain on disposal of property, plant and equipment of RM3.55 million in 4Q 11. Excluding the gain on disposal of property, plant and equipment the Group's profit before tax was lower due to a decrease in profit margin.

16. Prospects

The commodity prices, fuel, ocean freight and foreign exchange rates continue to be volatile in the midst of an uncertain global economic environment. In view of the uncertainties above, and the very competitive market environment, the board is cautiously optimistic of the performance for 2012.

17. Variance of Actual from Forecast Profit After Tax and Profit Guarantee

- (a) Profit forecast : Not applicable
- (b) Profit guarantee: Not applicable

18. Income Tax Expense

		3 months ended		12 months ended	
		31.12.2011	31.12.2010	31.12.2011	31.12.2010
		RM'000	RM'000	RM'000	RM'000
Current income tax					
Malaysian	- current year	(970)	8,836	6,284	15,646
	- prior year	(64)	(1,780)	(11)	(1,780)
Overseas	- current year	(341)	6,794	7,817	15,336
	- prior year	-	-	(5)	-
Deferred tax		(2,672)	(1,635)	(2,672)	(1,635)
		<u>(4,047)</u>	<u>12,215</u>	<u>11,413</u>	<u>27,567</u>

The Group's effective tax rate for the current financial year was lower than the Malaysian statutory tax rate of 25% mainly due to tax incentives in Vietnam, recognition of deferred tax asset and utilisation of tax losses in Malaysia.

For 4Q 11, there was a reversal of current year income tax provision in Malaysia and Vietnam, and the recognition of deferred tax assets in Malaysia.

19. Disclosure of Realised and Unrealised Profits/Losses

	As at	As at
	31.12.2011	31.12.2010
	RM'000	RM'000
Realised	284,539	234,469
Unrealised	(1,767)	(1,627)
	<u>282,772</u>	<u>232,842</u>
Consolidation adjustments	94,431	95,489
Total retained earnings	<u>377,203</u>	<u>328,331</u>

20. Status of Corporate Proposals

The following Proposals were announced on 30 May 2011 and 15 August 2011:

- (i) Proposed Share Split involving the subdivision of every one (1) existing ordinary share of RM1.00 each ("MFM Share(s)") in Malayan Flour Mills Berhad ("MFM" or "the Company") into two (2) new ordinary shares of RM0.50 each in MFM ("Subdivided MFM Shares");
- (ii) Proposed Declaration and Payment of Special Dividend of 62.0 sen per Subdivided MFM share less 25% income tax to the entitled shareholders of MFM;
- (iii) Proposed Renounceable Rights Issue of 215,289,212 new Subdivided MFM shares ("Rights Share(s)") together with 107,644,606 Free Detachable New Warrants ("Warrant(s)") and 107,644,606 New Subdivided MFM Shares ("Bonus Shares") attached on the basis of two (2) Rights Shares together with one (1) Warrant and one (1) Bonus Share for every two (2) Subdivided MFM Shares held after the Proposed Share Split;
- (iv) Proposed increase in authorized share capital from RM200,000,000 comprising 200,000,000 MFM Shares to RM500,000,000, comprising 1,000,000,000 Subdivided MFM Shares; and
- (v) Proposed amendments to the Memorandum and Articles of Association of the Company

The above Proposals had been approved by the shareholders at the Extraordinary General Meeting held on 19 October 2011.

The Proposed Share Split has been completed following the listing of and quotation for 215,289,212 Subdivided MFM Shares on the Main Market of Bursa Securities with effect from 31 January 2012. Other than the proposed Share Split, the rest of the Proposals are pending completion.

Besides the above Proposals, there were no new proposals announced as at 20 February 2012, the latest practicable date which is not earlier than seven (7) days from the date of this report.

21. Group's Borrowings and Debt Securities

The details of the Group's borrowings as at 31 December 2011 were as follows:

	As at 31.12.2011 RM'000	As at 31.12.2010 RM'000
Unsecured Short Term Borrowings		
Denominated in Ringgit Malaysia	202,833	213,325
Denominated in US Dollar	242,466	171,847
	<u>445,299</u>	<u>385,172</u>

22. Changes in Material Litigation

There was no material litigation action since the last annual balance sheet date to the date of this report.

23. Dividend

In view of the Proposed Declaration and Payment of Special Dividend of 62.0 sen per Subdivided MFM share less 25% income tax to the entitled shareholders of MFM as mentioned in Note 20 (ii) above, there is no final dividend proposed.

24. Earnings Per Share

(a) Basic Earnings Per Ordinary Share

Basic earnings per ordinary share amounts are calculated by dividing profit for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares of RM1.00 each in issue during the period.

	3 months ended		12 months ended	
	31.12.2011 RM'000	31.12.2010 RM'000	31.12.2011 RM'000	31.12.2010 RM'000
Profit attributable to ordinary shareholders of the Company	<u>20,487</u>	<u>28,103</u>	<u>80,872</u>	<u>84,824</u>
Weighted average number of Ordinary Shares ('000)	<u>107,645</u>	<u>107,645</u>	<u>107,645</u>	<u>107,645</u>
Basic earnings per ordinary share for: Profit for the period (sen)	<u>19.03</u>	<u>26.11</u>	<u>75.13</u>	<u>78.80</u>

(b) Diluted Earnings Per Ordinary Share

Not applicable for the Company.

25. Profit for the period/year

	3 months ended		12 months ended	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010
	RM'000	RM'000	RM'000	RM'000
Profit for the period/year is arrived at after charging:				
Amortisation and depreciation	5,385	4,471	19,050	17,123
Net realised loss on foreign exchange	1,054	872	9,016	2,579
Net unrealised (gain)/loss on foreign exchange	(1,572)	(263)	1,629	-
Impairment loss:-				
- Property, plant and equipment	2,144	17,015	2,144	17,015
- Trade Receivables	573	1,817	573	2,087
- Other investments	-	-	-	60
Interest expense from unsecured bankers' acceptances/ unsecured revolving credits	3,139	2,856	12,318	8,136
Inventories written down	752	60	11,089	901
Bad debts written off	-	-	9	-
Property, plant and equipment written off	728	-	751	-
Intangible assets written off	17	104	17	104
and after crediting:				
Bad debts recovered	3	-	13	-
Derivatives gain/(loss)	3,316	1,587	7,948	(1,914)
Gain on disposal of property, plant and equipment	3,550	322	3,985	369
Interest Income from deposits placed with licensed banks	3,611	3,938	17,113	10,043
Insurance recoveries	112	13,298	2,815	14,860
Net unrealised gain on foreign exchange	-	3,519	-	3,256
Reversal of impairment loss on trade receivables	2,358	1,663	2,467	2,675
Reversal of inventories written down	1,279	-	1,279	811

By Order of the Board

MAH WAI MUN
Secretary
MAICSA 7009729

Kuala Lumpur
27 February 2012