

MALAYAN FLOUR MILLS BERHAD (4260-M)
(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET
As at 31 March 2012

	(Unaudited) As at 31.03.2012 RM '000	(Audited) As at 31.12.2011 RM '000
Assets		
Property, plant and equipment	356,611	315,320
Intangible assets	1,487	1,576
Investment properties	5,493	5,505
Investment in associates	5,431	1,484
Deferred tax assets	5,119	5,122
Total non-current assets	374,141	329,007
Trade and other receivables, including derivatives	237,252	250,976
Prepayments and other assets	4,759	4,884
Inventories	377,092	360,999
Current tax assets	3,145	2,013
Cash and cash equivalents	179,879	200,867
Total current assets	802,127	819,739
Total assets	1,176,268	1,148,746
Equity		
Share capital	107,645	107,645
Reserves	408,130	414,866
Total equity attributable to owners of the Company	515,775	522,511
Minority interests	51,360	53,872
Total equity	567,135	576,383
Liabilities		
Deferred tax liabilities	5,419	5,419
Loans and borrowings	37,496	-
Total non-current liabilities	42,915	5,419
Trade and other payables, including derivatives	98,880	108,310
Loans and borrowings	460,123	445,373
Current tax liabilities	7,215	13,261
Total current liabilities	566,218	566,944
Total liabilities	609,133	572,363
Total equity and liabilities	1,176,268	1,148,746
Net assets per share attributable to owners of the Company (RM)	2.40	2.43*

* The net assets per share for 31 December 2011 was computed based on the adjusted number of ordinary shares of 215,289,212 ordinary shares of RM0.50 each.

The Condensed Consolidated Balance Sheet should be read in conjunction with the audited financial statements for year ended 31 December 2011 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 period ended 31 March 2012

	Note	3 months ended	
		31.03.2012	31.03.2011
		RM '000	RM '000
Revenue		467,063	459,009
Cost of sales		(442,350)	(381,557)
Gross profit		24,713	77,452
Operating expenses		(24,973)	(38,037)
Results from operating activities		(260)	39,415
Finance costs		(3,335)	(2,832)
Finance income		4,260	3,391
Net finance income		925	559
Share of losses of associates, net of tax		(589)	-
Profit before tax		76	39,974
Income tax expense	18	(2,126)	(7,817)
(Loss)/Profit for the period		(2,050)	32,157
(Loss)/Profit attributable to:			
Owners of the Company		(598)	29,791
Minority interests		(1,452)	2,366
(Loss)/Profit for the period		(2,050)	32,157
Basic earnings per ordinary share (sen)	24	(0.33)	27.68

The Condensed Consolidated Income Statement should be read in conjunction with the audited financial statements for year ended 31 December 2011 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 period ended 31 March 2012**

	3 months ended	
	31.03.2012	31.03.2011
	RM '000	RM '000
(Loss)/Profit for the period	(2,050)	32,157
Other comprehensive income, net of tax		
Foreign currency translation differences for foreign operations	(7,198)	(24,170)
Total comprehensive income for the period	(9,248)	7,987
Total comprehensive income attributable to:		
Owners of the Company	(6,736)	9,608
Minority interests	(2,512)	(1,621)
Total comprehensive income for the period	(9,248)	7,987

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for year ended 31 December 2011 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 period 31 March 2012

	← Attributable to Owners of the Company →				Minority Interests	Total Equity	
	Share Capital RM '000	Reserve attributable to Capital RM '000	Reserve attributable to Revenue RM '000	Retained Earnings RM '000			Total RM '000
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	-	-	(20,183)	29,791	9,608	(1,621)	7,987
Balance at 31.03.2011	107,645	86,752	(73,838)	358,122	478,681	52,141	530,822
Balance at 1.1.2012	107,645	102,605	(64,942)	377,203	522,511	53,872	576,383
Total comprehensive income for the period	-	-	(6,138)	(598)	(6,736)	(2,512)	(9,248)
Balance at 31.03.2012	107,645	102,605	(71,080)	376,605	515,775	51,360	567,135

The Condensed Consolidated Statement Of Changes In Equity should be read in conjunction with the audited financial statements for year ended 31 December 2011 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 period 31 March 2012

	3 months ended	
	31.03.2012	31.03.2011
	RM'000	RM'000
Cash Flows From Operating Activities		
Profit before tax	76	39,974
Adjustments for:		
Amortisation and depreciation	5,059	4,347
Gain on disposal of property, plant and equipment	(12)	(207)
Interest expense	3,335	2,832
Interest income	(4,260)	(3,391)
Property, plant and equipment written off	53	15
Share of loss of equity accounted associate	589	-
Net unrealised (gain)/loss on foreign exchange	(494)	6,301
Operating profit before changes in working capital	<u>4,346</u>	49,871
Increase in inventories	(20,241)	(63,424)
(Decrease)/increase in trade and other payables	(8,342)	1,264
Decrease/(Increase) in trade and other receivables	<u>11,734</u>	(5,588)
Cash utilised in operations	<u>(12,503)</u>	(17,877)
Income tax paid	(8,929)	(8,066)
Interest received	4,260	3,391
Interest paid	<u>(3,335)</u>	(2,832)
Net cash used in operating activities	<u>(20,507)</u>	(25,384)
Cash Flows From Investing Activities		
Acquisition of property, plant and equipment and intangible assets	(48,093)	(28,236)
Subscription of shares in an associate	(4,536)	-
Proceeds from disposal of property, plant and equipment	51	217
Net cash used in investing activities	<u>(52,578)</u>	(28,019)
Cash Flows From Financing Activities		
Proceeds from loans and borrowings	56,678	77,697
Net cash generated from financing activities	<u>56,678</u>	<u>77,697</u>
Net (Decrease)/Increase In Cash and Cash Equivalents	(16,407)	24,294
Effect of exchange rate fluctuations on cash held	(4,581)	(19,244)
Cash and Cash Equivalents at Beginning of financial period	200,867	221,974
Cash and Cash Equivalents at End of financial period	<u>179,879</u>	<u>227,024</u>

Cash and cash equivalents

Cash and cash equivalents included in the condensed consolidated statement of cash flows comprise:-

	3 months ended	
	31.03.2012	31.03.2011
	RM'000	RM'000
Deposits placed with licensed banks	168,623	205,386
Cash and bank balances	11,256	21,638
	<u>179,879</u>	<u>227,024</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.

1. Basis of preparation

This condensed consolidated interim financial statements (Condensed Report) has been prepared in accordance with MFRS134: Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. This Condensed Report also complies with IAS34: Interim Financial Reporting issued by the International Accounting Standards Board (IASB). For the periods up to and including the year ended 31 December 2011, the Group prepared its financial statements in accordance with Financial Reporting Standards (FRSs).

This Condensed Report is the Group's first MFRS compliant Condensed Report and hence MFRS1: First-Time Adoption of Malaysian Financial Reporting Standards (MFRS 1) has been applied.

The adoptions of these standards, amendments and interpretations have no material impact to these interim financial statements.

2. Significant accounting policies

The audited financial statements of the Group for the year ended 31 December 2011 were prepared in accordance with FRS. As the requirement under FRS and MFRS are similar, the significant accounting policies adopted in preparing this Condensed Report are consistent with those of the audited financial statements for the year ended 31 December 2011.

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 period-to-date.

5. Changes in Estimates

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

6. Debt and Equity Securities

There were no issuances, repurchases and repayments of debt and equity securities during the financial period ended 31 March 2012.

7. Dividend Paid

No dividend was paid during the financial period under review.

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 After the Reporting Period

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 except as disclosed in note 20 - Status of Corporate Proposals.

10. Contingent Liabilities or Assets

There were no contingent liabilities or contingent assets since the last annual balance sheet as at 31 December 2011.

11. Capital Commitments

	As at 31.03.2012 RM'000	As at 31.12.2011 RM'000
Property, plant and equipment		
Authorised and contracted for	58,124	40,783
Authorised but not contracted for	<u>17,724</u>	<u>64,635</u>
Investment in an associate		
Authorised and contracted for	<u>9,193</u>	<u>14,258</u>

12. Changes in Composition of the Group

On 21 February 2012, the Company entered into a Share Purchase Agreement with PT FKS Capital, Smart Capital Investment Pte Ltd, Toyota Tsusho Corporation, Toyota Tsusho (Singapore) Pte Ltd and PT Toyota Tsusho Indonesia for the sale and purchase of the equity in the joint venture company, PT Bungasari Flour Mills Indonesia. The Company acquired 30% of the total issued shares of 15,000 shares of USD1,000 each in PT Bungasari Flour Mills Indonesia for a cash consideration of approximately USD4.5 million.

Other than the above, there were no other changes to the corporate structure of the Group for the financial period ended 31 March 2012.

13. Segmental Information

	← Results for 3 months ended 31 March 2012 →				
	Flour and trading in grains and other allied products	Feeds and trading in feed ingredients	Poultry integration	Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Total segment revenue	211,678	138,385	127,613	-	477,676
Eliminations- inter-segment	(3,847)	(5,591)	(1,175)	-	(10,613)
Revenue from external customers	<u>207,831</u>	<u>132,794</u>	<u>126,438</u>	<u>-</u>	<u>467,063</u>
Results from operating activities	7,883	(5,450)	(2,693)	-	(260)
Interest Income					4,260
Interest Expense					(3,335)
Share of losses after tax of equity accounted associates					(589)
Profit before tax					<u>76</u>

	← Results for 3 months ended 31 March 2011 →				
	Flour and trading in grains and other allied products	Feeds and trading in feed ingredients	Poultry integration	Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Total segment revenue	226,995	136,067	101,595	-	464,657
Eliminations- inter-segment	(3,157)	(2,060)	(431)	-	(5,648)
Revenue from external customers	<u>223,838</u>	<u>134,007</u>	<u>101,164</u>	<u>-</u>	<u>459,009</u>
Results from operating activities	33,977	1,674	3,571	193	39,415
Interest Income					3,391
Interest Expense					(2,832)
Profit before tax					<u>39,974</u>

14. Performance Review

For the quarter ended 31 March 2012 (Q1 2012), the Group recorded a revenue of RM467.1 million, an increase of 2% from RM459.0 million registered in 31 March 2011 (Q1 2011). This was mainly attributable to higher sales from the poultry integration segment.

Profit before tax for Q1 2012 had declined to RM0.1 million as compared to RM40.0 million posted in Q1 2011. This was mainly due to the significantly lower profit margins arising from high raw material cost and stiff competition in the market.

Flour and trading in grains and other allied products

The flour segment recorded a revenue of RM207.8 million in Q1 2012, a decrease of 7% compared to RM223.8 million in Q1 2011 mainly due to lower sales volume and selling prices. This was attributed to the very competitive state of the market. Due to the lower selling prices as well as higher raw material cost, the margin for our products had reduced significantly. As a result, the operating profit for Q1 2012 was 77% lower at RM7.9 million as compared to RM34.0 million posted in Q1 2011.

Feeds and trading in feed ingredients

The revenue of the feeds and trading of feed ingredient segment in Q1 2012 decreased by marginally 1% to RM132.8 million from RM134.0 million registered in Q1 2011. The feeds and trading in feed ingredients segment had suffered an operating loss of RM5.5 million as compared to an operating profit of RM1.7 million reported in Q1 2011 due to losses incurred in the trading of feed ingredients arising from high raw material cost and a very competitive market situation.

Poultry integration

The poultry integration segment recorded a 25% increase in revenue to RM126.4 million in Q1 2012 as compared to RM101.1 million in Q1 2011. However, the segment had suffered an operating loss of RM2.7 million in Q1 2012 as compared to an operating profit of RM3.6 million posted in Q1 2011. The increase in revenue in Q1 2012 was mainly due to higher sales volume. However, a significant drop in selling prices of live birds in the market had significantly eroded the margin for this product.

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

For Q1 2012, the Group's revenue was RM467.1 million, a decrease of 10% from RM519.4 million for the quarter ended 31 December 2011 (Q4 2011) due to lower feed sales and lower prices for all products. The profit before tax for Q1 2012 had declined to RM0.1 million from RM20.6 million registered in 4Q 2011, due to lower margins for poultry integration as well as feeds and trading in feed ingredients segments.

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. Higher costs of raw materials would at times have to be absorbed by our Group as we adopt a long term view in maintaining our presence in the market. In view of the uncertainties above, and the very competitive market environment, the board expects that 2012 will continue to be a very challenging year. Nevertheless, our prospects for long term growth is positive as we leverage on our value chain and drive to attain further economies of scale in our core businesses.

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	
		31.03.2012	31.03.2011
		RM'000	RM'000
Current income tax			
Malaysian	- current year	237	4,573
	- prior year	378	-
Overseas	- current year	1,511	3,249
	- prior year	-	(5)
		<u>2,126</u>	<u>7,817</u>

The Group's effective tax rate for the current financial year was higher than the Malaysian statutory tax rate of 25% mainly due to tax expenses incurred by the profitable subsidiaries and an under provision of tax for the previous year.

19. Disclosure of Realised and Unrealised Profits/Losses

	As at 31.03.2012 RM'000	As at 31.12.2011 RM'000
Realised	280,149	284,539
Unrealised	(536)	(1,767)
	<u>279,613</u>	<u>282,772</u>
Consolidation adjustments	96,992	94,431
Total retained earnings	<u>376,605</u>	<u>377,203</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. On the same day, the Company had increased its' 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.

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.

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 had been paid out on 13 April 2012.

The 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 was completed on 14 May 2012.

The Proposed Amendments to the Memorandum and Articles of Association of the Company had been carried out.

Besides the above Proposals, there were no new proposals announced as at 15 May 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 March 2012 were as follows:

	As at 31.03.2012 RM'000	As at 31.12.2011 RM'000
Unsecured Long Term Borrowings		
Denominated in Ringgit Malaysia	37,496	-
Unsecured Short Term Borrowings		
Denominated in Ringgit Malaysia	253,170	202,833
Denominated in US Dollar	206,953	242,540
	<u>460,123</u>	<u>445,373</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

No interim dividend has been recommended for the current financial period ended 31 March 2012 (Period ended 31 March 2011: NIL)

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 RM0.50 each in issue during the period.

	3 months ended	
	31.03.2012 RM'000	31.03.2011 RM'000
(Loss)/ profit attributable to ordinary shareholders of the Company	(598)	29,791
Weighted average number of Ordinary Shares ('000)	<u>178,619</u>	<u>107,645</u>
Basic earnings per ordinary share for: (Loss)/Profit for the period (sen)	<u>(0.33)</u>	<u>27.68</u>

(b) Diluted Earnings Per Ordinary Share

Not applicable for the Company.

25. Profit for the period

	3 months ended	
	31.03.2012	31.03.2011
	RM'000	RM'000
Profit for the period/year is arrived at after charging:		
Amortisation and depreciation	5,059	4,347
Interest expense from unsecured bankers' acceptances/unsecured revolving credits	3,335	2,832
Net realised loss on foreign exchange	523	2,517
Net unrealised (gain)/loss on foreign exchange	(494)	6,301
Property, plant and equipment written off	53	15
	<u>5</u>	4
and after crediting:		
Bad debts recovered	5	4
Gain on disposal of property, plant and equipment	12	207
Interest Income from deposits placed with licensed banks	4,260	3,391
Insurance recoveries	2,156	1,404
Reversal of inventories written down	7,900	-

By Order of the Board

MAH WAI MUN
Secretary
MAICSA 7009729

Kuala Lumpur
17 May 2012