

**MALAYAN FLOUR MILLS BERHAD (4260-M)**

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET**

As at 31 March 2013

	(Unaudited) As at 31.03.2013 RM '000	(Audited) As at 31.12.2012 RM '000
<b>Assets</b>		
Property, plant and equipment	431,008	415,323
Intangible assets	1,249	1,317
Investment properties	5,436	5,450
Investment in a jointly controlled entity	30,244	20,831
Investment in associates	2,188	2,202
Deferred tax assets	5,034	5,034
<b>Total non-current assets</b>	<u>475,159</u>	<u>450,157</u>
Trade and other receivables, including derivatives	255,814	260,396
Prepayments and other assets	4,032	4,907
Inventories	313,745	405,913
Current tax assets	5,129	4,831
Cash and cash equivalents	214,962	262,279
<b>Total current assets</b>	<u>793,682</u>	<u>938,326</u>
<b>Total assets</b>	<u><u>1,268,841</u></u>	<u><u>1,388,483</u></u>
<b>Equity</b>		
Share capital	269,112	269,112
Reserves	373,895	373,020
<b>Total equity attributable to owners of the Company</b>	<u>643,007</u>	<u>642,132</u>
<b>Non-controlling interest</b>	<u>61,144</u>	<u>56,750</u>
<b>Total equity</b>	<u><u>704,151</u></u>	<u><u>698,882</u></u>
<b>Liabilities</b>		
Deferred tax liabilities	7,237	7,237
Loans and borrowings	24,992	28,118
<b>Total non-current liabilities</b>	<u>32,229</u>	<u>35,355</u>
Trade and other payables, including derivatives	87,171	89,743
Loans and borrowings	441,278	560,357
Current tax liabilities	4,012	4,146
<b>Total current liabilities</b>	<u>532,461</u>	<u>654,246</u>
<b>Total liabilities</b>	<u>564,690</u>	<u>689,601</u>
<b>Total equity and liabilities</b>	<u><u>1,268,841</u></u>	<u><u>1,388,483</u></u>
<b>Net assets per share attributable to owners of the Company (RM)</b>	<b>1.19</b>	<b>1.19</b>

The Condensed Consolidated Balance Sheet should be read in conjunction with the audited financial statements for year ended 31 December 2012 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 2013

	Note	3 months ended	
		31.03.2013	31.03.2012
		RM '000	RM '000
<b>Revenue</b>		<b>521,258</b>	467,063
Cost of goods sold		(473,195)	(442,350)
<b>Gross profit</b>		<b>48,063</b>	24,713
Operating expenses		(30,575)	(24,973)
<b>Results from operating activities</b>		<b>17,488</b>	(260)
Interest expenses		(3,434)	(3,335)
Interest income		5,003	4,260
<b>Net finance income</b>		<b>1,569</b>	925
Share of loss of equity accounted jointly controlled entity, net of tax		(398)	(234)
Share of loss of equity accounted associates, net of tax		(13)	(355)
<b>Profit before tax</b>		<b>18,646</b>	76
Tax expense	17	(4,593)	(2,126)
<b>Profit/(Loss) for the period</b>		<b>14,053</b>	(2,050)
<b>Profit/(Loss) attributable to:</b>			
Owners of the Company		10,218	(598)
Non-controlling interests		3,835	(1,452)
<b>Profit/(Loss) for the period</b>		<b>14,053</b>	(2,050)
<b>Basic earnings per ordinary share (sen)</b>	23	<b>1.90</b>	(0.19)

The Condensed Consolidated Income Statement should be read in conjunction with the audited financial statements for year ended 31 December 2012 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 2013

	3 months ended	
	31.03.2013	31.03.2012
	RM '000	RM '000
<b>Profit/(Loss) for the period</b>	<b>14,053</b>	<b>(2,050)</b>
<b>Other comprehensive income, net of tax</b>		
Foreign currency translation differences for foreign operations	<b>3,326</b>	<b>(7,198)</b>
<b>Total comprehensive income for the period</b>	<b>17,379</b>	<b>(9,248)</b>
<b>Total comprehensive income attributable to:</b>		
Owners of the Company	<b>12,985</b>	<b>(6,736)</b>
Minority interests	<b>4,394</b>	<b>(2,512)</b>
<b>Total comprehensive income for the period</b>	<b>17,379</b>	<b>(9,248)</b>

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for year ended 31 December 2012 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 2013

	←——— Attributable to Owners of the Company ———→				Total RM '000	Non- controlling interests RM '000	Total Equity RM '000
	Share Capital RM '000	Reserve attributable to Capital RM '000	Reserve attributable to Revenue RM '000	Retained Earnings RM '000			
<b>Balance at 1.1.2012</b>	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)
<b>Balance at 31.03.2012</b>	<b>107,645</b>	<b>102,605</b>	<b>(71,080)</b>	<b>376,605</b>	<b>515,775</b>	<b>51,360</b>	<b>567,135</b>
<b>Balance at 1.1.2013</b>	269,112	123,251	(72,118)	321,887	642,132	56,750	698,882
Total comprehensive income for the period	-	-	2,767	10,218	12,985	4,394	17,379
Dividends to owners of the Company	-	-	-	(12,110)	(12,110)	-	(12,110)
<b>Balance at 31.03.2013</b>	<b>269,112</b>	<b>123,251</b>	<b>(69,351)</b>	<b>319,995</b>	<b>643,007</b>	<b>61,144</b>	<b>704,151</b>

The Condensed Consolidated Statement Of Changes In Equity should be read in conjunction with the audited financial statements for year ended 31 December 2012 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 2013

	3 months ended	
	31.03.2013	31.03.2012
	RM'000	RM'000
<b>Cash Flows From Operating Activities</b>		
Profit before tax	18,646	76
Adjustments for:		
Amortisation and depreciation	6,198	5,059
Gain on disposal of property, plant and equipment	(100)	(12)
Interest expense	3,434	3,335
Interest income	(5,003)	(4,260)
Property, plant and equipment written off	24	53
Share of loss of equity accounted jointly controlled entity, net of tax	398	234
Share of loss of equity accounted associates, net of tax	13	355
Net unrealised loss/(gain) on foreign exchange	1,417	(494)
Operating profit before changes in working capital	<u>25,027</u>	4,346
Decrease/(Increase) in inventories	92,865	(20,241)
Increase/(Decrease) in trade and other payables	(4,106)	(8,342)
(Increase)/Decrease in trade and other receivables	5,825	11,734
Cash generated from /(used in) operations	<u>119,611</u>	(12,503)
Income tax paid	(5,068)	(8,929)
Interest received	5,003	4,260
Interest paid	(3,434)	(3,335)
Net cash generated from/(used in) operating activities	<u>116,112</u>	(20,507)
<b>Cash Flows From Investing Activities</b>		
Acquisition of property, plant and equipment and intangible assets	(21,517)	(48,040)
Acquisition of intangible assets	(6)	(53)
Subscription of shares in an associate	(9,400)	(4,536)
Proceeds from disposal of property, plant and equipment	161	51
Net cash used in investing activities	<u>(30,762)</u>	(52,578)
<b>Cash Flows From Financing Activities</b>		
Dividends paid to equity holders of the Company	(12,110)	-
Proceeds from loans and borrowings	(123,107)	56,678
Net cash (used in)/generated from financing activities	<u>(135,217)</u>	56,678
<b>Net Decrease In Cash and Cash Equivalents</b>	<b>(49,867)</b>	<b>(16,407)</b>
Effect of exchange rate fluctuations on cash held	2,550	(4,581)
<b>Cash and Cash Equivalents at Beginning of Year</b>	<b>262,279</b>	<b>200,867</b>
<b>Cash and Cash Equivalents at End of financial period</b>	<b><u>214,962</u></b>	<b><u>179,879</u></b>

**Cash and cash equivalents**

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

	3 months ended	
	31.03.2013	31.03.2012
	RM'000	RM'000
Deposits placed with licensed banks	200,716	168,623
Cash and bank balances	14,246	11,256
	<u>214,962</u>	<u>179,879</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for year ended 31 December 2012 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 should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012.

**2. Significant accounting policies**

The audited financial statements of the Group for the year ended 31 December 2012 were prepared in accordance with MFRS. 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 2012, except for those standards, amendments and IC interpretation which are effective from the annual period beginning 1 July 2012 and onward. The adoption of these standards, amendments and IC interpretations have no material impact on this Condensed Report.

**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 2013.

**7. Dividend Paid**

The interim dividend of 3 sen per ordinary share, less tax at 25% in respect of previous financial year ended 31 December 2012, amounting to RM12,110,014 was paid on 29 March 2013.

**8. 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.

**9. Contingent Liabilities or Assets**

There were no contingent liabilities or contingent assets since the last annual balance sheet as at 31 December 2012.

**10. Capital Commitments**

	As at 31.03.2013 RM'000	As at 31.12.2012 RM'000
<b>Property, plant and equipment</b>		
Authorised but not contracted for	41,292	60,010
Contracted but not provided for	<u>87,822</u>	<u>81,786</u>
<b>Investment in a jointly controlled entity</b>		
Authorised but not contracted for	<u>23,224</u>	<u>32,114</u>

**11. 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 Asia Pacific 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. As at 31 March 2013, the Company had acquired 30% of the total issued shares of 35,000 shares of USD1,000 each in PT Bungasari Flour Mills Indonesia for a cash consideration of approximately USD10.5 million.

Other than the above, there were no other changes to the corporate structure of the Group for the financial period ended 31 March 2013.

**12. Segmental Information**

	← Results for 3 months ended 31 March 2013 →			
	Flour and trading in grains and other allied products	Poultry integration	Others	Total
	RM'000	RM'000	RM'000	RM'000
Total segment revenue	368,192	245,414	-	613,606
Eliminations- inter-segment	(90,838)	(1,510)	-	(92,348)
<b>Revenue from external customers</b>	<u>277,354</u>	<u>243,904</u>	<u>-</u>	<u>521,258</u>
Results from operating activities	12,002	5,490	(4)	17,488
Interest expense				(3,434)
Interest income				5,003
Share of loss of equity accounted jointly controlled entity, net of tax				(398)
Share of loss of equity accounted associates, net of tax				(13)
<b>Profit before tax</b>				<u>18,646</u>
				← Results for 3 months ended 31 March 2012 →
	Flour and trading in grains and other allied products	Poultry integration	Others	Total
	RM'000	RM'000	RM'000	RM'000
Total segment revenue	374,899	200,412	-	575,311
Eliminations- inter-segment	(100,063)	(8,185)	-	(108,248)
<b>Revenue from external customers</b>	<u>274,836</u>	<u>192,227</u>	<u>-</u>	<u>467,063</u>
Results from operating activities	1,581	(1,841)	-	(260)
Interest expense				(3,335)
Interest income				4,260
Share of loss of equity accounted jointly controlled entity, net of tax				(234)
Share of loss of equity accounted associates, net of tax				(355)
<b>Profit before tax</b>				<u>76</u>

### **13. Performance Review**

For the quarter ended 31 March 2013 (Q1 2013), the Group recorded a revenue of RM521.3 million, an increase of 12% from RM467.1 million registered in 31 March 2012 (Q1 2012). This was mainly attributable to higher sales from the poultry integration segment.

Profit before tax for Q1 2013 had improved to RM18.6 million as compared to RM0.1 million posted in Q1 2012. This was mainly due to the improved profit margins in both flour and trading in grains as well as poultry integration segments.

#### **Flour and trading in grains and other allied products**

The flour and trading in grains segment recorded a revenue of RM277.4 million in Q1 2013, a slight increase of 1% compared to RM274.8 million in Q1 2012 mainly due to lower sales volume which was partially offset by higher selling prices. In Q1 2013, the operating profit had improved significantly to RM12.0 million from RM1.6 million registered in Q1 2012 as a result of better profit margin.

#### **Poultry integration**

The poultry integration segment recorded a 27% increase in revenue to RM243.94 million in Q1 2013 as compared to RM192.2 million in Q1 2012. The operating profit had improved to RM5.5 million from an operating loss of RM1.8 million posted in Q1 2012. This was mainly attributed to higher sales volume and selling prices of live birds.

### **14. Material Changes in Quarterly Results compared to the Results of the Preceding Quarter**

For Q1 2013, the Group's revenue was RM521.3 million which was similar to the revenue of RM521.2 million registered in the quarter ended 31 December 2012 (Q4 2012). The lower revenue of flour and trading in grains in Q1 2013 of RM277.4 million was offset by the corresponding increase in the revenue of poultry integration to RM243.9 million. The profit before tax for Q1 2013 had declined to RM18.6 million from RM25.6 million registered in Q4 2012, mainly due to higher raw material cost which had reduced the profit margin during the quarter.

### **15. Prospects**

The commodity prices and foreign exchange rates continue to be volatile in the midst of an uncertain global economic environment. Despite the uncertainties above, and the very competitive market environment, the Board is optimistic of the performance for 2013.

### **16. Variance of Actual from Forecast Profit After Tax and Profit Guarantee**

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



**17. Income Tax Expense**

		3 months ended	
		31.03.2013	31.03.2012
		RM'000	RM'000
Current income tax			
Malaysian	- current year	1,876	237
	- prior year	(29)	378
Overseas	- current year	2,746	1,511
		<u>4,593</u>	<u>2,126</u>

**18. Disclosure of Realised and Unrealised Profits/Losses**

		As at	As at
		31.03.2013	31.12.2012
		RM'000	RM'000
Realised		238,988	235,116
Unrealised		(1,956)	(437)
		<u>237,032</u>	<u>234,679</u>
Add: Consolidation adjustments		82,963	87,208
Total retained earnings		<u>319,995</u>	<u>321,887</u>

**19. Status of Corporate Proposals**

(a) There were no new proposals announced as at 9 May 2013, the latest practicable date which is not earlier than seven (7) days from the date of this report.

(b) **The status of the utilisation of proceeds from the Rights Issue with Warrants are as follows:**

Purpose	← As at 31 March 2013 →			Intended Timeframe for Utilisation	Deviation	
	Proposed Utilisation	Utilisation	Balance Unutilised		Over spent	
	RM' million	RM' million	RM' million		RM' million	%
Capital expenditure	120.00	107.30	12.70	within 2 years	-	
Working capital	78.60	78.60	-		-	
Estimated expenses	1.60	1.80	-		(0.20)	(13)*
	<u>200.20</u>	<u>187.70</u>	<u>12.70</u>		<u>(0.20)</u>	

\* The additional expenses incurred were paid from working capital.

**20. Group's Borrowings and Debt Securities**

The details of the Group's borrowings as at 31 March 2013 were as follows:

	As at	As at
	31.03.2013	31.12.2012
	RM'000	RM'000
<b>Unsecured Long Term Borrowings</b>		
Denominated in Ringgit Malaysia	<u>24,992</u>	<u>28,118</u>
<b>Unsecured Short Term Borrowings</b>		
Denominated in Ringgit Malaysia	229,918	304,863
Denominated in US Dollar	211,360	255,494
	<u>441,278</u>	<u>560,357</u>

**21. Changes in Material Litigation**

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

**22. Dividend**

No interim dividend has been recommended for the current financial period ended 31 March 2013 (Period ended 31 March 2012: NIL)

**23. Earnings Per Share ("EPS")**

**(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	
	31.03.2013	31.03.2012
	RM'000	RM'000
Profit/(Loss) attributable to ordinary shareholders of the Company	10,218	(598)
Weighted average number of Ordinary Shares in issue for basis EPS computation ('000)	538,223	322,935
Dilutive potential ordinary shares - Assumed exercise of Warrants	-	N/A
Weighted average number of Ordinary Shares in issue for diluted EPS computation ('000)	538,223	322,935
Basic earnings per ordinary share (sen)	1.90	(0.19)
Diluted earnings per ordinary share (sen)	1.90	N/A

**(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.

The weighted average number of ordinary shares in issue for the preceding year corresponding quarter have been restated to reflect the retrospective adjustments arising from the Share Split which was completed on 31 January 2012, and Bonus Issue and Rights Issue which was completed on 14 May 2012, as required by MFRS133 on Earnings per Share.

**(b) Diluted Earnings Per Ordinary Share**

The diluted 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 after adjustment for the effects of all dilutive potential ordinary shares comprising Warrants.

The Warrants are anti-dilutive for the current quarter as the Warrants exercise price is higher than the average market price of the Company shares during the period. Accordingly, the exercise of Warrants has been ignored in the calculation of diluted earnings per ordinary share.

In the corresponding quarter for the preceding year, the Company did not have any diluted earning per share.

**24. Profit for the period**

	3 months ended	
	31.03.2013	31.03.2012
	RM'000	RM'000
Profit for the period is arrived at after charging:		
Amortisation and depreciation	6,198	5,059
Interest expense from unsecured bankers' acceptances/unsecured revolving credits	3,434	3,335
Net realised loss on foreign exchange	342	523
Net unrealised loss/(gain) on foreign exchange	1,417	(494)
Property, plant and equipment written off	24	53
	<u>6,198</u>	<u>5,059</u>
and after crediting:		
Bad debts recovered	-	5
Fair value gain from future and option contracts	232	-
Gain on disposal of property, plant and equipment	100	12
Interest Income from deposits placed with licensed banks	5,003	4,260
Insurance recoveries	118	2,156
Reversal of inventories written down	-	7,900
	<u>5,453</u>	<u>14,383</u>

**By Order of the Board**

**MAH WAI MUN**  
**Secretary**  
 MAICSA 7009729

Kuala Lumpur  
 16 May 2013