

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

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET**

As at 30 June 2013

	(Unaudited) As at 30.06.2013 RM '000	(Audited) As at 31.12.2012 RM '000
<b>Assets</b>		
Property, plant and equipment	448,390	415,323
Intangible assets	1,198	1,317
Investment properties	5,422	5,450
Investment in a jointly controlled entity	29,725	20,831
Investment in associates	2,613	2,202
Deferred tax assets	5,034	5,034
<b>Total non-current assets</b>	<b>492,382</b>	<b>450,157</b>
Trade and other receivables, including derivatives	273,270	260,396
Prepayments and other assets	4,481	4,907
Inventories	354,223	405,913
Current tax assets	5,719	4,831
Cash and cash equivalents	276,095	262,279
<b>Total current assets</b>	<b>913,788</b>	<b>938,326</b>
<b>Total assets</b>	<b>1,406,170</b>	<b>1,388,483</b>
<b>Equity</b>		
Share capital	269,112	269,112
Reserves	386,710	373,020
<b>Total equity attributable to owners of the Company</b>	<b>655,822</b>	<b>642,132</b>
<b>Non-controlling interest</b>	<b>57,279</b>	<b>56,750</b>
<b>Total equity</b>	<b>713,101</b>	<b>698,882</b>
<b>Liabilities</b>		
Deferred tax liabilities	7,237	7,237
Loans and borrowings	21,866	28,118
<b>Total non-current liabilities</b>	<b>29,103</b>	<b>35,355</b>
Trade and other payables, including derivatives	102,379	89,743
Loans and borrowings	558,528	560,357
Current tax liabilities	3,059	4,146
<b>Total current liabilities</b>	<b>663,966</b>	<b>654,246</b>
<b>Total liabilities</b>	<b>693,069</b>	<b>689,601</b>
<b>Total equity and liabilities</b>	<b>1,406,170</b>	<b>1,388,483</b>
<b>Net assets per share attributable to owners of the Company (RM)</b>	<b>1.22</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 30 June 2013

	Note	3 months ended		Financial Period Ended	
		30.06.2013	30.06.2012	30.06.2013	30.06.2012
		RM '000	RM '000	RM '000	RM '000
<b>Revenue</b>		<b>545,160</b>	501,349	1,066,418	968,412
Cost of goods sold		<b>(499,971)</b>	(465,169)	(973,166)	(907,519)
<b>Gross profit</b>		<b>45,189</b>	<b>36,180</b>	<b>93,252</b>	<b>60,893</b>
Operating expenses		<b>(31,792)</b>	(30,576)	(62,367)	(55,549)
<b>Results from operating activities</b>		<b>13,397</b>	<b>5,604</b>	<b>30,885</b>	<b>5,344</b>
Interest expenses		<b>(4,421)</b>	(3,948)	(7,855)	(7,283)
Interest income		<b>4,687</b>	6,519	9,690	10,779
<b>Net finance income</b>		<b>266</b>	<b>2,571</b>	<b>1,835</b>	<b>3,496</b>
Share of loss of equity accounted jointly controlled entity, net of tax		<b>(530)</b>	(240)	(928)	(474)
Share of profit/(loss) of equity accounted associates, net of tax		<b>425</b>	123	412	(232)
<b>Profit before tax</b>		<b>13,558</b>	8,058	32,204	8,134
Tax expense	17	<b>(2,375)</b>	(1,684)	(6,968)	(3,810)
<b>Profit for the period</b>		<b>11,183</b>	6,374	25,236	4,324
<b>Profit attributable to:</b>					
Owners of the Company		<b>8,774</b>	4,212	<b>18,992</b>	3,614
Non-controlling interests		<b>2,409</b>	2,162	<b>6,244</b>	710
<b>Profit for the period</b>		<b>11,183</b>	6,374	<b>25,236</b>	4,324
<b>Basic earnings per ordinary share (sen)</b>	23	<b>1.63</b>	0.88	<b>3.53</b>	0.90
<b>Diluted earnings per ordinary share (sen)</b>	23	<b>1.63</b>	0.88	<b>3.53</b>	0.90

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 30 June 2013

	3 months ended		Financial Period Ended	
	30.06.2013	30.06.2012	30.06.2013	30.06.2012
	RM '000	RM '000	RM '000	RM '000
<b>Profit for the period</b>	<b>11,183</b>	6,374	<b>25,236</b>	4,324
<b>Other comprehensive income, net of tax</b>				
Foreign currency translation differences for foreign operations	<b>4,788</b>	7,215	<b>8,114</b>	17
<b>Total comprehensive income for the period</b>	<b>15,971</b>	13,589	<b>33,350</b>	4,341
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	<b>12,815</b>	10,331	<b>25,800</b>	3,595
Minority interests	<b>3,156</b>	3,258	<b>7,550</b>	746
<b>Total comprehensive income for the period</b>	<b>15,971</b>	13,589	<b>33,350</b>	4,341

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 30 June 2013

	← Attributable to Owners of the Company →						Non-controlling interests RM '000	Total Equity RM '000
	← Non-Distributable →			Distributable				
	Share Capital RM '000	Reserve attributable to Capital RM '000	Reserve attributable to Revenue RM '000	Retained Earnings RM '000	Total RM '000			
<b>Balance at 1.1.2012</b>	107,645	86,323	(64,942)	393,485	522,511	53,872	576,383	
Total comprehensive income for the period	-	-	(19)	3,614	3,595	746	4,341	
Rights shares issued	107,645	92,574	-	-	200,219	-	200,219	
Bonus shares issued	53,822	(53,822)	-	-	-	-	-	
Share Issuance expenses	-	(1,824)	-	-	(1,824)	-	(1,824)	
Dividends to owners of the Company	-	-	-	(100,109)	(100,109)	-	(100,109)	
Dividends to non-controlling interests	-	-	-	-	-	(5,004)	(5,004)	
<b>Balance at 30.06.2012</b>	<b>269,112</b>	<b>123,251</b>	<b>(64,961)</b>	<b>296,990</b>	<b>624,392</b>	<b>49,614</b>	<b>674,006</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	-	-	6,808	18,992	25,800	7,550	33,350	
Dividends to owners of the Company	-	-	-	(12,110)	(12,110)	-	(12,110)	
Dividends to non-controlling interests	-	-	-	-	-	(7,021)	(7,021)	
<b>Balance at 30.06.2013</b>	<b>269,112</b>	<b>123,251</b>	<b>(65,310)</b>	<b>328,769</b>	<b>655,822</b>	<b>57,279</b>	<b>713,101</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 30 June 2013

	6 months ended	
	30.06.2013 RM'000	30.06.2012 RM'000
<b>Cash Flows From Operating Activities</b>		
Profit before tax	32,204	8,134
Adjustments for:		
Amortisation and depreciation	14,565	10,327
Loss/(gain) on disposal of property, plant and equipment	45	(101)
Interest expense	7,855	7,283
Interest income	(9,690)	(10,779)
Property, plant and equipment written off	60	74
Share of loss of equity accounted jointly controlled entity, net of tax	928	474
Share of (profit)/loss of equity accounted associates, net of tax	(412)	232
Net unrealised loss/(gain) on foreign exchange	2,242	(1,068)
Operating profit before changes in working capital	<u>47,797</u>	14,576
Decrease in inventories	53,105	18,533
Increase/(Decrease) in trade and other payables	10,099	(11,566)
Increase in trade and other receivables	<u>(11,713)</u>	(8,533)
Cash generated from operations	99,288	13,010
Net income tax paid	(8,987)	(12,188)
Interest received	9,690	10,779
Interest paid	<u>(7,855)</u>	(7,283)
Net cash generated from operating activities	<u>92,136</u>	4,318
<b>Cash Flows From Investing Activities</b>		
Acquisition of property, plant and equipment and intangible assets	(46,694)	(82,750)
Subscription of shares in an associate	(9,400)	(4,536)
Proceeds from disposal of property, plant and equipment	73	171
Net cash used in investing activities	<u>(56,021)</u>	(87,115)
<b>Cash Flows From Financing Activities</b>		
Dividends paid to owners of the Company	(7,021)	(100,109)
Dividends paid to equity holders of the Company	(12,110)	(5,004)
Proceeds from loans and borrowings	(9,785)	29,820
Share issuance expenses	-	(1,824)
Proceeds from issuance of shares pursuant to the Rights Issue	-	200,219
Net cash (used in)/generated from financing activities	<u>(28,916)</u>	123,102
<b>Net Decrease In Cash and Cash Equivalents</b>	7,199	40,305
Effect of exchange rate fluctuations on cash held	6,617	256
<b>Cash and Cash Equivalents at Beginning of Year</b>	<u>262,279</u>	200,867
<b>Cash and Cash Equivalents at End of financial period</b>	<u><u>276,095</u></u>	<u><u>241,428</u></u>

**Cash and cash equivalents**

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

	6 months ended	
	30.06.2013 RM'000	30.06.2012 RM'000
Deposits placed with licensed banks	252,587	217,814
Cash and bank balances	23,508	23,614
	<u><u>276,095</u></u>	<u><u>241,428</u></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 30 June 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 30.06.2013 RM'000	As at 31.12.2012 RM'000
<b>Property, plant and equipment</b>		
Authorised but not contracted for	45,082	60,010
Contracted but not provided for	75,741	81,786
<b>Investment in a jointly controlled entity</b>		
Authorised but not contracted for	23,704	32,114

**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 30 June 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 30 June 2013.

**12. Segmental Information**

← **Results for 6 months ended 30 June 2013** →

	<b>Flour and trading in grains and other allied products</b>	<b>Poultry integration</b>	<b>Others</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Total segment revenue	745,111	514,834		1,259,945
Eliminations- inter-segment	(174,843)	(18,684)		(193,527)
<b>Revenue from external customers</b>	<b>570,268</b>	<b>496,150</b>	-	<b>1,066,418</b>
Results from operating activities	21,597	9,302	(14)	30,885
Interest expense				(7,855)
Interest income				9,690
Share of loss of equity accounted jointly controlled entity, net of tax				(928)
Share of gain of equity accounted associates, net of tax				412
<b>Profit before tax</b>				<b>32,204</b>

← **Results for 6 months ended 30 June 2012** →

	<b>Flour and trading in grains and other allied products</b>	<b>Poultry integration</b>	<b>Others</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Total segment revenue	735,523	424,513	-	1,160,036
Eliminations- inter-segment	(174,444)	(17,180)	-	(191,624)
<b>Revenue from external customers</b>	<b>561,079</b>	<b>407,333</b>	-	<b>968,412</b>
Results from operating activities	2,076	3,270	(2)	5,344
Interest expense				(7,283)
Interest income				10,779
Share of loss of equity accounted jointly controlled entity, net of tax				(474)
Share of loss of equity accounted associates, net of tax				(232)
<b>Profit before tax</b>				<b>8,134</b>

### **13. Performance Review**

For the quarter ended 30 June 2013 (Q2 2013), the Group recorded a revenue of RM545.2 million, an increase of 9% from RM501.3 million registered in 30 June 2012 (Q2 2012). This was mainly attributable to higher sales from the poultry integration segment.

Profit before tax for Q2 2013 had improved to RM13.6 million as compared to RM8.1 million posted in Q2 2012. This was mainly due to the improved profit margins in both flour and trading in grains as well as poultry integration segments.

The revenue grew by 10% to RM1,066.4 million for the financial period ended 30 June 2013 as compared to RM968.4 million posted in corresponding period in the preceding year. This was mainly due to higher sales volume from poultry integration division. For the financial period ended 30 June 2012, the PBT increased by 398% to RM32.2 million as compared to RM8.1 million recorded in the same period in preceding year. This was mainly due to improved profit margins from all segments.

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

The flour and trading in grains segment recorded a revenue of RM292.9 million in Q2 2013 as compared to RM286.2 million in Q2 2012 mainly due to higher selling prices. In Q2 2013, the operating profit improved to RM9.6 million from RM0.5 million registered in Q2 2012 as a result of better profit margin.

The flour and trading in gains and other allied products segment registered a revenue of RM570.3 million for the 6 months ended 30 June 2012, an 2% increase as compared to RM560.1 million posted in the same period of the preceding year due to higher selling prices. The profit margin had improved as a result of better selling prices. The operating profit for the 6 months ended 30 June 2013 increased to RM21.6 million as compared to RM2.1 million posted in the same period in the preceding year.

#### **Poultry integration**

The poultry integration segment recorded a 17% increase in revenue to RM252.2 million in Q2 2013 as compared to RM215.1 million in Q2 2012. The operating profit had reduced to RM3.8 million in Q2 2013 from RM5.1 million posted in Q2 2012. This was mainly attributed to higher raw material cost and partially offset by the higher selling prices of live birds.

The poultry integration segment recorded a 22% increase in revenue to RM496.2 million for the 6 months ended 30 June 2013 as compared to RM407.3 million for the same period in the preceding year. This was mainly due to higher sales volume of poultry products in the financial period ended 30 June 2013. The segment had registered a higher operating profit of RM9.3 million for the 6 months period ended 30 June 2013 as compared to an operating profit of RM3.3 million posted in the same period in the preceding year. It was due mainly to better profit margin as a result from higher selling prices of live birds and animal feeds.

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

For Q2 2013, the Group achieved a revenue of RM545.2 million which represented a 5% increase from RM521.3 million registered in the quarter ended 31 March 2013 (Q1 2013). The higher revenue was contributed from both flour and trading in grains and poultry integration segments. The profit before tax for Q2 2013 had declined to RM13.6 million as compared to RM18.6 million registered in Q1 2013, mainly due to lower selling price which had reduced the profit margin during the quarter.

### **15. Prospects**

The global economic environment continues to be uncertain and commodity prices and foreign exchange rates remain very volatile. 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		6 months ended	
		30.06.2013	30.06.2012	30.06.2013	30.06.2012
		RM'000	RM'000	RM'000	RM'000
Current income tax					
Malaysian	- current year	1,082	993	2,958	1,230
	- prior year	-	-	(29)	378
Overseas	- current year	1,293	600	4,039	2,111
	- prior year	-	91	-	91
		<u>2,375</u>	<u>1,684</u>	<u>6,968</u>	<u>3,810</u>

The Group's effective tax rate for the current quarter and current financial period were lower than Malaysian statutory tax rate of 25% mainly due to tax incentives in Vietnam.

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

	As at 30.06.2013 RM'000	As at 31.12.2012 RM'000
Realised	234,674	235,116
Unrealised	(3,563)	(437)
	<u>231,111</u>	<u>234,679</u>
Add: Consolidation adjustments	97,658	87,208
Total retained earnings	<u>328,769</u>	<u>321,887</u>

**19. Status of Corporate Proposals**

(a) There were no new proposals announced as at 14 August 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 30 June 2013 →			Intended Timeframe for Utilisation	Deviation Over spent	
	Proposed Utilisation RM' million	Utilisation RM' million	Balance Unutilised RM' million		RM' million	%
Capital expenditure	120.00	115.70	4.30	within 2 years	-	
Working capital	78.60	78.60	-		-	
Estimated expenses	1.60	1.80	-		(0.20)	(13)*
	<u>200.20</u>	<u>196.10</u>	<u>4.30</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 30 June 2013 were as follows:

	As at 30.06.2013 RM'000	As at 31.12.2012 RM'000
<b>Unsecured Long Term Borrowings</b>		
Denominated in Ringgit Malaysia	<u>21,866</u>	<u>28,118</u>
<b>Unsecured Short Term Borrowings</b>		
Denominated in Ringgit Malaysia	271,392	304,863
Denominated in US Dollar	287,136	255,494
	<u>558,528</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**

The board has declared a gross interim dividend of 3.0 sen per ordinary share, less tax at 25% for the financial year ended 31 December 2013 (Period ended 30 June 2012: NIL). The dividend will be paid on 20 September 2013 to holders of ordinary shares whose names appear in the Record of Depositors at the close of business on 4 September 2013.

**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		6 months ended	
	30.06.2013	30.06.2012	30.06.2013	30.06.2012
			RM'000	RM'000
Profit attributable to ordinary shareholders of the Company	8,774	4,212	18,992	3,614
Weighted average number of Ordinary Shares in issue for basis EPS computation ('000)	538,223	476,712	538,223	399,823
Dilutive potential ordinary shares - Assumed exercise of Warrants	-	-	-	-
Weighted average number of Ordinary Shares in issue for diluted EPS computation ('000)	538,223	476,712	538,223	399,823
Basic earnings per ordinary share (sen)	1.63	0.88	3.53	0.90
Diluted earnings per ordinary share (sen)	1.63	0.88	3.53	0.90

**(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.

**(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 and year to date 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 dilutive earnings per ordinary share.

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

**24. Profit for the period**

	3 months ended		6 months ended	
	30.06.2013	30.06.2012	30.06.2013 RM'000	30.06.2012 RM'000
Profit for the period is arrived at after charging:				
Amortisation and depreciation	8,367	5,268	14,565	10,327
Interest expense from unsecured bankers' acceptances /unsecured revolving credits	3,907	3,948	7,855	7,283
Loss/(gain) on disposal of property, plant and equipment	145	(89)	45	(101)
Net realised loss on foreign exchange	299	665	641	1,188
Net unrealised loss/(gain) on foreign exchange	825	(574)	2,242	(1,068)
Property, plant and equipment written off	36	21	60	74
and after crediting:				
Bad debts recovered	-	2	-	7
Fair value gain/(loss) from future and option contracts	409	(188)	177	(188)
Interest Income from deposits placed with licensed banks	4,687	6,519	9,690	10,779
Insurance recoveries	118	312	236	2,468
Reversal of inventories written down	-	3,056	-	10,956

**By Order of the Board**

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

Kuala Lumpur  
21 August 2013