

MALAYAN FLOUR MILLS BERHAD (4260-M)

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET**As at 30 September 2013**

	(Unaudited) As at 30.09.2013 RM '000	(Audited) As at 31.12.2012 RM '000
Assets		
Property, plant and equipment	474,923	415,323
Intangible assets	1,228	1,317
Investment properties	5,408	5,450
Investment in a jointly controlled entity	25,870	20,831
Investment in associates	2,786	2,202
Deferred tax assets	5,034	5,034
Total non-current assets	515,249	450,157
Trade and other receivables, including derivatives	290,454	260,396
Prepayments and other assets	4,985	4,907
Inventories	272,137	405,913
Current tax assets	3,199	4,831
Cash and cash equivalents	329,667	262,279
Total current assets	900,442	938,326
Total assets	1,415,691	1,388,483
Equity		
Share capital	269,112	269,112
Reserves	399,632	373,020
Total equity attributable to owners of the Company	668,744	642,132
Non-controlling interest	62,255	56,750
Total equity	730,999	698,882
Liabilities		
Deferred tax liabilities	7,237	7,237
Loans and borrowings	28,000	28,118
Total non-current liabilities	35,237	35,355
Trade and other payables, including derivatives	103,076	89,743
Loans and borrowings	540,960	560,357
Current tax liabilities	5,419	4,146
Total current liabilities	649,455	654,246
Total liabilities	684,692	689,601
Total equity and liabilities	1,415,691	1,388,483
Net assets per share attributable to owners of the Company (RM)	1.24	1.19

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 September 2013

	Note	3 months ended		Financial Period Ended	
		30.09.2013	30.09.2012	30.09.2013	30.09.2012
		RM '000	RM '000	RM '000	RM '000
Revenue		606,732	538,830	1,673,150	1,507,242
Cost of goods sold		(540,435)	(494,540)	(1,513,601)	(1,401,009)
Gross profit		66,297	44,290	159,549	106,233
Operating expenses		(30,714)	(28,511)	(93,081)	(85,110)
Results from operating activities		35,583	15,779	66,468	21,123
Interest expenses		(4,131)	(2,944)	(11,986)	(10,227)
Interest income		5,176	5,182	14,866	15,961
Net finance income		1,045	2,238	2,880	5,734
Share of loss of equity accounted jointly controlled entity, net of tax		(423)	(478)	(1,351)	(952)
Share of profit/(loss) of equity accounted associates, net of tax		172	(92)	584	(324)
Profit before tax		36,377	17,447	68,581	25,581
Tax expense	17	(7,358)	(2,599)	(14,326)	(6,409)
Profit for the period		29,019	14,848	54,255	19,172
Profit attributable to:					
Owners of the Company		24,899	11,694	43,891	15,308
Non-controlling interests		4,120	3,154	10,364	3,864
Profit for the period		29,019	14,848	54,255	19,172
Basic earnings per ordinary share (sen)	23	4.63	2.17	8.15	3.43
Diluted earnings per ordinary share (sen)	23	4.63	2.17	8.15	3.43

MALAYAN FLOUR MILLS BERHAD (4260-M)

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial period ended 30 September 2013

	3 months ended		Financial Period Ended	
	30.09.2013	30.09.2012	30.09.2013	30.09.2012
	RM '000	RM '000	RM '000	RM '000
Profit for the period	29,019	14,848	54,255	19,172
Other comprehensive income, net of tax				
Foreign currency translation differences for foreign operations	1,080	(8,428)	9,194	(8,411)
Total comprehensive income for the period	30,099	6,420	63,449	10,761
Total comprehensive income attributable to:				
Owners of the Company	25,032	4,684	50,832	8,279
Minority interests	5,067	1,736	12,617	2,482
Total comprehensive income for the period	30,099	6,420	63,449	10,761

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 September 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			
Balance at 1.1.2012	107,645	86,323	(64,942)	393,485	522,511	53,872	576,383
Total comprehensive income for the period	-	-	(7,029)	15,308	8,279	2,482	10,761
Rights shares issued	107,645	92,574	-	-	200,219	-	200,219
Bonus shares issued	53,822	(53,822)	-	-	-	-	-
Issuance of shares pursuant to the exercise of warrants	*	-	-	-	-	-	-
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)
Balance at 30.09.2012	269,112	123,251	(71,971)	308,684	629,076	51,350	680,426
Balance at 1.1.2013	269,112	123,251	(72,118)	321,887	642,132	56,750	698,882
Total comprehensive income for the period	-	-	6,941	43,891	50,832	12,617	63,449
Dividends to owners of the Company	-	-	-	(24,220)	(24,220)	-	(24,220)
Dividends to non-controlling interests	-	-	-	-	-	(7,112)	(7,112)
Balance at 30.09.2013	269,112	123,251	(65,177)	341,558	668,744	62,255	730,999

* 50 new ordinary shares of RM0.50 each was issued pursuant to the exercise of warrants.

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 September 2013

	9 months ended	
	30.09.2013	30.09.2012
	RM'000	RM'000
Cash Flows From Operating Activities		
Profit before tax	68,581	25,581
Adjustments for:		
Amortisation and depreciation	23,082	15,716
Loss/(gain) on disposal of property, plant and equipment	72	(203)
Interest expense	11,986	10,227
Interest income	(14,866)	(15,961)
Property, plant and equipment written off	124	82
Share of loss of equity accounted jointly controlled entity, net of tax	1,351	952
Share of (profit)/loss of equity accounted associates, net of tax	(584)	324
Net unrealised loss on foreign exchange	1,797	495
	<u>91,543</u>	<u>37,213</u>
Operating profit before changes in working capital		
Decrease in inventories	139,376	31,522
Increase in trade and other payables	12,913	16,196
Increase in trade and other receivables	(27,185)	(26,359)
	<u>216,647</u>	<u>58,572</u>
Cash generated from operations		
Net income tax paid	(11,586)	(15,518)
Interest received	14,866	15,961
Interest paid	(11,986)	(10,227)
	<u>207,941</u>	<u>48,788</u>
Net cash generated from operating activities		
Cash Flows From Investing Activities		
Acquisition of property, plant and equipment and intangible assets	(80,037)	(107,476)
Subscription of shares in an associate	(9,400)	(9,303)
Proceeds from disposal of property, plant and equipment	106	473
	<u>(89,331)</u>	<u>(116,306)</u>
Net cash used in investing activities		
Cash Flows From Financing Activities		
Dividends paid to owners of the Company	(7,112)	(5,004)
Dividends paid to non-controlling shareholders	(24,220)	(100,109)
Proceeds from loans and borrowings	(29,218)	24,487
Share issuance expenses	-	(1,824)
Proceeds from issuance of shares pursuant to the Rights Issue	-	200,219
	<u>(60,550)</u>	<u>117,769</u>
Net cash (used in)/generated from financing activities		
Net Increase In Cash and Cash Equivalents	58,060	50,251
Effect of exchange rate fluctuations on cash held	9,328	(5,440)
Cash and Cash Equivalents at Beginning of Year	262,279	200,867
Cash and Cash Equivalents at End of financial period	<u>329,667</u>	<u>245,678</u>

Cash and cash equivalents

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

	9 months ended	
	30.09.2013	30.09.2012
	RM'000	RM'000
Deposits placed with licensed banks	296,937	230,036
Cash and bank balances	32,730	15,642
	<u>329,667</u>	<u>245,678</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 September 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.

The interim dividend of 3 sen per ordinary share , less tax at 25% in respect of current financial year ending 31 December 2013, amounting to RM12,110,014 was paid on 20 September 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 30.09.2013 RM'000	As at 31.12.2012 RM'000
Property, plant and equipment		
Authorised but not contracted for	42,915	60,010
Contracted but not provided for	<u>67,837</u>	<u>81,786</u>
Investment in a jointly controlled entity		
Authorised but not contracted for	<u>24,446</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 30 September 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 September 2013.

12. Segmental Information

← **Results for 9 months ended 30 September 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	1,171,403	802,441		1,973,844
Eliminations- inter-segment	(271,541)	(29,153)		(300,694)
Revenue from external customers	<u>899,862</u>	<u>773,288</u>	-	<u>1,673,150</u>
Results from operating activities	40,875	25,609	(16)	66,468
Interest expense				(11,986)
Interest income				14,866
Share of loss of equity accounted jointly controlled entity, net of tax				(1,351)
Share of gain of equity accounted associates, net of tax				584
Profit before tax				<u><u>68,581</u></u>

← **Results for 9 months ended 30 September 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	1,141,071	670,699	-	1,811,770
Eliminations- inter-segment	(280,470)	(24,058)	-	(304,528)
Revenue from external customers	<u>860,601</u>	<u>646,641</u>	-	<u>1,507,242</u>
Results from operating activities	20,092	1,040	(9)	21,123
Interest expense				(10,227)
Interest income				15,961
Share of loss of equity accounted jointly controlled entity, net of tax				(952)
Share of loss of equity accounted associates, net of tax				(324)
Profit before tax				<u><u>25,581</u></u>

13. Performance Review

For the quarter ended 30 September 2013 (Q3 2013), the Group recorded a revenue of RM606.7 million, an increase of 13% from RM538.8 million registered in 30 September 2012 (Q3 2012). This was mainly attributable to higher sales from both flour and trading in grains segment and poultry integration segment.

Profit before tax for Q3 2013 had improved to RM36.4 million as compared to RM17.4 million posted in Q3 2012. This was mainly due to the improved profit margins in poultry integration segment.

The revenue grew by 11% to RM1,673.2 million for the financial period ended 30 September 2013 as compared to RM1,507.2 million posted in corresponding period in the preceding year. This was mainly due to higher sales volume and selling prices from poultry integration segment and flour segment. For the financial period ended 30 September 2013, the PBT increased by 168% to RM68.6 million as compared to RM25.6 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 RM329.6 million in Q3 2013 as compared to RM299.5 million in Q3 2012 mainly due to improved selling prices of flour products. In Q3 2013, the operating profit improved slightly to RM19.3 million from RM18.0 million registered in Q3 2012.

The flour and trading in grains and other allied products segment registered a revenue of RM899.9 million for the 9 months ended 30 September 2013, a 5% increase as compared to RM860.6 million posted in the same period of the preceding year due to higher selling prices and sales volume. The profit margin had improved as a result of better selling prices. The operating profit for the 9 months ended 30 September 2013 increased to RM40.9 million as compared to RM20.1 million posted in the same period in the preceding year.

Poultry integration

The poultry integration segment recorded a 16% increase in revenue to RM277.1 million in Q3 2013 as compared to RM239.3 million in Q3 2012 due to higher sales volume and selling prices of live birds, poultry products and animal feeds. In Q3 2013, the poultry integration achieved an operating profit of RM16.3 million as compared to an operating loss of RM2.2 million in Q3 2012. This was mainly attributed to improved profit margin of live birds, poultry products and animal feeds.

The poultry integration segment recorded a 20% increase in revenue to RM773.3 million for the 9 months ended 30 September 2013 as compared to RM646.6 million for the same period in the preceding year. The segment had registered a higher operating profit of RM25.6 million for the 9 months period ended 30 September 2013 as compared to an operating profit of RM1.0 million posted in the same period in the preceding year. It was mainly due to higher sales volume and better selling prices of live birds, poultry products and animal feeds.

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

For Q3 2013, the Group achieved a revenue of RM606.7 million which represented a 11% increase from RM545.2 million registered in the quarter ended 30 June 2013 (Q2 2013). The higher revenue was contributed from both flour and trading in grains and poultry integration segments. The profit before tax for Q3 2013 had increased to RM36.4 million as compared to RM13.6 million registered in Q2 2013, mainly due to higher sales volume of flour and trading in grains and other allied products segment and animal feeds as well as improved profit margins of live birds and poultry products during the quarter.

15. Prospects

The commodity prices, ocean freight and foreign exchange rates remain volatile in the midst of the current uncertain global economic environment. Despite the very competitive market environment, and the uncertainties above, the Board remains optimistic of the performance for the remaining part of 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		9 months ended	
		30.09.2013	30.09.2012	30.09.2013	30.09.2012
		RM'000	RM'000	RM'000	RM'000
Current income tax					
Malaysian	- current year	4,537	(314)	7,495	916
	- prior year	(69)	(445)	(98)	(67)
Overseas	- current year	2,890	3,385	6,929	5,496
	- prior year	-	(27)	-	64
		<u>7,358</u>	<u>2,599</u>	<u>14,326</u>	<u>6,409</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 and utilisation of tax losses in Malaysia.

18. Disclosure of Realised and Unrealised Profits/Losses

	As at 30.09.2013 RM'000	As at 31.12.2012 RM'000
Realised	263,164	235,116
Unrealised	(4,797)	(437)
	<u>258,367</u>	<u>234,679</u>
Add: Consolidation adjustments	83,191	87,208
Total retained earnings	<u>341,558</u>	<u>321,887</u>

19. Status of Corporate Proposals

- (a) There were no new proposals announced as at 13 November 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 September 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	119.60	0.40	within 6 months	-	
Working capital	78.60	78.60	-		-	
Estimated expenses	1.60	1.80	-		(0.20)	(13)*
	<u>200.20</u>	<u>200.00</u>	<u>0.40</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 September 2013 were as follows:

	As at 30.09.2013 RM'000	As at 31.12.2012 RM'000
Unsecured Long Term Borrowings		
Denominated in Ringgit Malaysia	<u>28,000</u>	<u>28,118</u>
Unsecured Short Term Borrowings		
Denominated in Ringgit Malaysia	251,747	304,863
Denominated in US Dollar	289,213	255,494
	<u>540,960</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 second interim dividend of 6.0 sen per ordinary share, less tax at 25% for the financial year ending 31 December 2013 (Period ended 30 September 2012: NIL). The dividend will be paid on 20 December 2013 to holders of ordinary shares whose names appear in the Record of Depositors at the close of business on 4 December 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		9 months ended	
	30.09.2013	30.09.2012	30.09.2013 RM'000	30.09.2012 RM'000
Profit attributable to ordinary shareholders of the Company	24,899	11,694	43,891	15,308
Weighted average number of Ordinary Shares in issue for basis EPS computation ('000)	538,223	538,223	538,223	446,293
Dilutive potential ordinary shares - Assumed exercise of Warrants	-	-	-	-
Weighted average number of Ordinary Shares in issue for diluted EPS computation ('000)	538,223	538,223	538,223	446,293
Basic earnings per ordinary share (sen)	4.63	2.17	8.15	3.43
Diluted earnings per ordinary share (sen)	4.63	2.17	8.15	3.43

(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 diluted 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		9 months ended	
	30.09.2013	30.09.2012	30.09.2013 RM'000	30.09.2012 RM'000
Profit for the period is arrived at after charging:				
Amortisation and depreciation	8,517	5,389	23,082	15,716
Fair value loss from future and option contracts	1,478	188	1,301	4,455
Interest expense from unsecured bankers' acceptances /unsecured revolving credits	4,131	2,944	11,986	10,227
Loss/(gain) on disposal of property, plant and equipment	27	(102)	72	(203)
Net realised loss on foreign exchange	591	(436)	1,232	752
Net unrealised loss/(gain) on foreign exchange	(445)	1,563	1,797	495
Property, plant and equipment written off	64	8	124	82
and after crediting:				
Bad debts recovered	3	2	3	9
Interest Income from deposits placed with licensed banks	5,176	5,182	14,866	15,961
Insurance recoveries	307	1,739	543	4,207
Reversal of inventories written down	-	-	-	10,956

By Order of the Board

MAH WAI MUN
Secretary
MAICSA 7009729

Kuala Lumpur
20 November 2013