

MALAYAN FLOUR MILLS BERHAD (4260-M)

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET**As at 31 December 2013**

	(Unaudited) As at 31.12.2013 RM '000	(Audited) As at 31.12.2012 RM '000
Assets		
Property, plant and equipment	493,880	415,323
Intangible assets	1,192	1,317
Investment properties	5,394	5,450
Investment in a jointly controlled entity	30,501	20,831
Investment in associates	2,648	2,202
Deferred tax assets	5,804	5,034
Total non-current assets	539,419	450,157
Trade and other receivables, including derivatives	290,302	260,396
Prepayments and other assets	4,164	4,907
Inventories	339,033	405,913
Current tax assets	3,213	4,831
Cash and cash equivalents	307,261	262,279
Total current assets	943,973	938,326
Total assets	1,483,392	1,388,483
Equity		
Share capital	269,112	269,112
Reserves	398,697	373,020
Total equity attributable to owners of the Company	667,809	642,132
Non-controlling interest	65,041	56,750
Total equity	732,850	698,882
Liabilities		
Deferred tax liabilities	587	7,237
Loans and borrowings	28,000	28,118
Total non-current liabilities	28,587	35,355
Trade and other payables, including derivatives	123,571	89,743
Loans and borrowings	593,344	560,357
Current tax liabilities	5,040	4,146
Total current liabilities	721,955	654,246
Total liabilities	750,542	689,601
Total equity and liabilities	1,483,392	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 year ended 31 December 2013

	Note	3 months ended		Financial Year Ended	
		31.12.2013	31.12.2012	31.12.2013	31.12.2012
		RM '000	RM '000	RM '000	RM '000
Revenue		632,888	521,233	2,306,038	2,028,475
Cost of goods sold		(572,198)	(466,123)	(2,085,799)	(1,867,132)
Gross profit		60,690	55,110	220,239	161,343
Operating expenses		(34,359)	(30,681)	(127,440)	(115,791)
Results from operating activities		26,331	24,429	92,799	45,552
Interest expenses		(4,589)	(3,371)	(16,575)	(13,598)
Interest income		4,892	4,996	19,758	20,957
Net finance income		303	1,625	3,183	7,359
Share of loss of equity accounted jointly controlled entity, net of tax		(1,169)	(389)	(2,520)	(1,341)
Share of (loss)/profit of equity accounted associates, net of tax		(138)	(63)	446	(387)
Profit before tax		25,327	25,602	93,908	51,183
Tax expense	17	594	(7,138)	(13,732)	(13,547)
Profit for the period		25,921	18,464	80,176	37,636
Profit attributable to:					
Owners of the Company		23,087	13,203	66,978	28,511
Non-controlling interests		2,834	5,261	13,198	9,125
Profit for the period		25,921	18,464	80,176	37,636
Basic earnings per ordinary share (sen)	22	4.29	2.45	12.44	6.07
Diluted earnings per ordinary share (sen)	22	4.29	2.45	12.44	6.07

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 year ended 31 December 2013

	3 months ended		Financial Period Ended	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
	RM '000	RM '000	RM '000	RM '000
Profit for the period	25,921	18,464	80,176	37,636
Other comprehensive income, net of tax				
Foreign currency translation differences for foreign operations	150	(8)	9,344	(8,419)
Total comprehensive income for the period	26,071	18,456	89,520	29,217
Total comprehensive income attributable to:				
Owners of the Company	23,285	13,056	74,117	21,335
Minority interests	2,786	5,400	15,403	7,882
Total comprehensive income for the period	26,071	18,456	89,520	29,217

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 year 31 December 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	-	-	(7,176)	28,511	21,335	7,882	29,217
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 31.12.2012	269,112	123,251	(72,118)	321,887	642,132	56,750	698,882
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	-	-	7,139	66,978	74,117	15,403	89,520
Dividends to owners of the Company	-	-	-	(48,440)	(48,440)	-	(48,440)
Dividends to non-controlling interests	-	-	-	-	-	(7,112)	(7,112)
Balance at 31.12.2013	269,112	123,251	(64,979)	340,425	667,809	65,041	732,850

* 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 31 December 2013

	12 months ended	
	31.12.2013 RM'000	31.12.2012 RM'000
Cash Flows From Operating Activities		
Profit before tax	93,908	51,183
Adjustments for:		
Amortisation and depreciation	32,067	22,904
Gain on disposal of property, plant and equipment	(20)	(251)
Interest expense	16,575	13,598
Interest income	(19,758)	(20,957)
Property, plant and equipment and intangible assets written off	902	77
Share of loss of equity accounted jointly controlled entity, net of tax	2,520	1,341
Share of (profit)/loss of equity accounted associates, net of tax	(446)	387
Net unrealised gain on foreign exchange	(932)	(1,550)
Operating profit before changes in working capital	<u>124,816</u>	66,732
Decrease/(increase) in inventories	73,006	(49,057)
Increase/(decrease) in trade and other payables	32,652	(15,915)
Increase in trade and other receivables	<u>(24,105)</u>	(11,030)
Cash generated from operations	206,369	(9,270)
Net income tax paid	(18,817)	(23,231)
Interest received	19,758	20,957
Interest paid	<u>(16,575)</u>	(13,598)
Net cash generated from/(used in) operating activities	<u>190,735</u>	<u>(25,142)</u>
Cash Flows From Investing Activities		
Acquisition of property, plant and equipment and intangible assets	(108,491)	(124,796)
Subscription of shares in a jointly controlled entity	(16,274)	(23,063)
Subscription of shares in associates	-	(1,105)
Proceeds from disposal of property, plant and equipment	205	605
Net cash used in investing activities	<u>(124,560)</u>	<u>(148,359)</u>
Cash Flows From Financing Activities		
Dividends paid to owners of the Company	(48,440)	(100,109)
Dividends paid to non-controlling shareholders	(7,112)	(5,004)
Proceeds from loans and borrowings	24,041	146,483
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>(31,511)</u>	<u>239,765</u>
Net Increase In Cash and Cash Equivalents	34,664	66,264
Effect of exchange rate fluctuations on cash held	10,318	(4,852)
Cash and Cash Equivalents at Beginning of Year	262,279	200,867
Cash and Cash Equivalents at End of financial period	<u>307,261</u>	<u>262,279</u>

Cash and cash equivalents

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

	12 months ended	
	31.12.2013 RM'000	31.12.2012 RM'000
Deposits placed with licensed banks	264,188	234,537
Cash and bank balances	43,073	27,742
	<u>307,261</u>	<u>262,279</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 December 2013.

7. Dividend

(a) 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 first 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.

The second interim dividend of 6 sen per ordinary share , less tax at 25% in respect of current financial year ending 31 December 2013, amounting to RM24,220,028 was paid on 20 December 2013.

(b) The Directors do not recommend any payment of final dividend for the period and year under review as a total interim dividend of 9 sen per share has been paid during the year.

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 31.12.2013 RM'000	As at 31.12.2012 RM'000
Property, plant and equipment		
Authorised but not contracted for	61,455	60,010
Contracted but not provided for	52,737	71,977
Investment in a jointly controlled entity		
Authorised but not contracted for	14,314	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 31 December 2013, the Company had acquired 30% of the total issued shares of 42,100 shares of USD1,000 each in PT Bungasari Flour Mills Indonesia for a cash consideration of approximately USD12.63 million.

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

12. Segmental Information

← **Results for 12 months ended 31 December 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	1,649,747	1,089,620		2,739,367
Eliminations- inter-segment	(399,198)	(34,131)		(433,329)
Revenue from external customers	<u>1,250,549</u>	<u>1,055,489</u>	-	<u>2,306,038</u>
Results from operating activities	59,606	33,213	(20)	92,799
Interest expense				(16,575)
Interest income				19,758
Share of loss of equity accounted jointly controlled entity, net of tax				(2,520)
Share of gain of equity accounted associates, net of tax				446
Profit before tax				<u>93,908</u>

← **Results for 12 months ended 31 December 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	1,528,552	911,182	-	2,439,734
Eliminations- inter-segment	(380,023)	(31,236)	-	(411,259)
Revenue from external customers	<u>1,148,529</u>	<u>879,946</u>	-	<u>2,028,475</u>
Results from operating activities	48,791	(3,222)	(17)	45,552
Interest expense				(13,598)
Interest income				20,957
Share of loss of equity accounted jointly controlled entity, net of tax				(1,341)
Share of loss of equity accounted associates, net of tax				(387)
Profit before tax				<u>51,183</u>

13. Performance Review

For the quarter ended 31 December 2013 (Q4 2013), the Group recorded a revenue of RM632.9 million, an increase of 21% from RM521.2 million registered in 31 December 2012 (Q4 2012). This was mainly attributable to higher sales from both flour and trading in grains segment and poultry integration segment.

Profit before tax for Q4 2013 had decreased slightly to RM25.3 million as compared to RM25.6 million posted in Q4 2012.

The revenue grew by 14% to RM2,306.0 million for the financial period ended 31 December 2013 as compared to RM2,028.5 million posted in the corresponding period in the preceding year. This was mainly due to higher sales volume and selling prices from poultry integration and flour segment. For the financial period ended 31 December 2013, the PBT increased by 83% to RM93.9 million as compared to RM51.2 million recorded in the same period in preceding year. This was mainly due to improved revenue and profit margin.

Flour and trading in grains and other allied products

The flour and trading in grains segment recorded a revenue of RM350.7 million in Q4 2013 as compared to RM287.9 million in Q4 2012 mainly due to higher volume of flour and grains sold in Q4 2013. In Q4 2013, the operating profit decreased to RM18.7 million from RM28.7 million registered in Q4 2012 due to lower profit margin for flour and trading in grains in Q4 2013.

The flour and trading in grains and other allied products segment registered a revenue of RM1,250.5 million for the 12 months ended 31 December 2013, a 9% increase as compared to RM1,148.5 million posted in the same period of the preceding year due to higher selling prices and sales volume. The operating profit for the 12 months ended 31 December 2013 increased to RM59.6 million as compared to RM48.8 million posted in the same period in the preceding year.

Poultry integration

The poultry integration segment recorded a 21% increase in revenue to RM282.2 million in Q4 2013 as compared to RM233.3 million in Q4 2012 due to higher sales volume and selling prices of live birds, poultry products and animal feeds. In Q4 2013, the poultry integration achieved an operating profit of RM7.6 million as compared to an operating loss of RM4.3 million in Q4 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 RM1,055.5 million for the 12 months ended 31 December 2013 as compared to RM879.9 million for the same period in the preceding year. The segment had registered a higher operating profit of RM33.2 million for the 12 months period ended 31 December 2013 as compared to an operating loss of RM3.2 million posted in the same period in the preceding year. This 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 Q4 2013, the Group achieved a revenue of RM632.9 million which represented a 4% increase from RM606.7 million registered in the quarter ended 30 September 2013 (Q3 2013). The higher revenue was contributed by flour and trading in grains segment. The profit before tax for Q4 2013 had decreased to RM25.3 million as compared to RM36.4 million registered in Q3 2013, mainly due to lower profit margin of live birds and poultry products during the quarter.

15. Prospects

There are uncertainties in the global economic environment and the commodity prices, ocean freight and foreign exchange rates remain volatile. Despite the very competitive market environment, and the uncertainties above, the Board is optimistic of the performance in 2014.

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		12 months ended	
		31.12.2013	31.12.2012	31.12.2013	31.12.2012
		RM'000	RM'000	RM'000	RM'000
Current income tax					
Malaysian	- current year	273	1,781	7,768	2,697
	- prior year	2,004	-	1,906	(67)
Overseas	- current year	4,549	3,051	11,478	8,547
	- prior year	-	403	-	467
		-	-		
Deferred tax	- Origination and reversal of temporary difference	(7,420)	2,268	(7,420)	2,268
	- recognition of previously unrecognised temporary difference	-	(365)	-	(365)
		<u>(594)</u>	<u>7,138</u>	<u>13,732</u>	<u>13,547</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 31.12.2013 RM'000	As at 31.12.2012 RM'000
Realised	254,206	235,116
Unrealised	<u>7,170</u>	<u>(437)</u>
	261,376	234,679
Add: Consolidation adjustments	<u>79,049</u>	<u>87,208</u>
Total retained earnings	<u><u>340,425</u></u>	<u><u>321,887</u></u>

19. Status of Corporate Proposals

- (a) There were no new proposals announced as at 13 February 2014, 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 December 2013 →				%
	Proposed Utilisation RM' million	Utilisation RM' million	Balance Unutilised RM' million	Deviation Over spent RM' million	
Capital expenditure	120.00	120.00	-	-	
Working capital	78.60	78.60	-	-	
Estimated expenses	1.60	1.80	-	(0.20)	(13)*
	<u>200.20</u>	<u>200.40</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 31 December 2013 were as follows:

	As at 31.12.2013 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	328,464	304,863
Denominated in US Dollar	<u>264,880</u>	<u>255,494</u>
	<u><u>593,344</u></u>	<u><u>560,357</u></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. 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		12 months ended	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
			RM'000	RM'000
Profit attributable to ordinary shareholders of the Company	23,087	13,203	66,978	28,511
Weighted average number of Ordinary Shares in issue for basic EPS computation ('000)	538,223	538,223	538,223	469,402
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	469,402
Basic earnings per ordinary share (sen)	4.29	2.45	12.44	6.07
Diluted earnings per ordinary share (sen)	4.29	2.45	12.44	6.07

(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.

23. Profit for the period

	3 months ended		12 months ended	
	31.12.2013	31.12.2012	31.12.2013 RM'000	31.12.2012 RM'000
Profit for the period is arrived at after charging:				
Amortisation and depreciation	8,985	7,188	32,067	22,904
Fair value loss/(gain) from future and option	(853)	(4,985)	448	(530)
Interest expense from unsecured bankers' acceptances /unsecured revolving credits	4,589	3,371	16,575	13,598
Loss/(gain) on disposal of property, plant and equipment	(92)	(48)	(20)	(251)
Net realised loss/(gain) on foreign exchange	880	(218)	2,112	534
Impairment loss on trade receivables	624	1,390	624	1,390
Property, plant and equipment and intangible assets written off	778	(5)	902	77
and after crediting:				
Bad debts recovered	-	-	3	9
Interest Income from deposits placed with licensed banks	4,892	4,996	19,758	20,957
Net unrealised gain/(loss) on foreign exchange	2,730	2,045	933	1,550
Insurance recoveries	41	520	584	4,727
Reversal of impairment loss on trade receivables	-	841	-	841
Reversal of inventories written down	-	133	-	11,089

By Order of the Board

MAH WAI MUN
Secretary
MAICSA 7009729

Kuala Lumpur
26 February 2014