

MALAYAN FLOUR MILLS BERHAD (4260-M)

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET**As at 31 March 2014**

	(Unaudited) As at 31.03.2014 RM '000	(Audited) As at 31.12.2013 RM '000
Assets		
Property, plant and equipment	501,751	493,880
Intangible assets	1,131	1,192
Investment properties	5,379	5,394
Investment in a joint venture	31,627	30,501
Investment in associates	3,595	2,648
Deferred tax assets	5,804	5,804
Total non-current assets	549,287	539,419
Trade and other receivables, including derivatives	281,459	290,803
Prepayments and other assets	4,884	4,182
Inventories	341,199	338,514
Current tax assets	1,298	3,213
Cash and cash equivalents	294,470	307,261
Total current assets	923,310	943,973
Total assets	1,472,597	1,483,392
Equity		
Share capital	269,112	269,112
Reserves	423,703	398,697
Total equity attributable to owners of the Company	692,815	667,809
Non-controlling interest	68,675	65,041
Total equity	761,490	732,850
Liabilities		
Deferred tax liabilities	587	587
Loans and borrowings	33,000	28,000
Total non-current liabilities	33,587	28,587
Trade and other payables, including derivatives	107,892	123,571
Loans and borrowings	566,456	593,344
Current tax liabilities	3,172	5,040
Total current liabilities	677,520	721,955
Total liabilities	711,107	750,542
Total equity and liabilities	1,472,597	1,483,392
Net assets per share attributable to owners of the Company (RM)	1.29	1.24

The Condensed Consolidated Balance Sheet should be read in conjunction with the audited financial statements for year ended 31 December 2013 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 2014

	Note	Financial	
		Period Ended	
		31.03.2014	31.03.2013
		RM '000	RM '000
Revenue		579,379	521,258
Cost of goods sold		(516,652)	(473,195)
Gross profit		62,727	48,063
Operating expenses		(31,853)	(30,575)
Results from operating activities		30,874	17,488
Interest expenses		(4,335)	(3,434)
Interest income		4,784	5,003
Net finance income		449	1,569
Share of loss of equity accounted joint venture, net of tax		(1,476)	(398)
Share of profit/(loss) of equity accounted associates, net of tax		947	(13)
Profit before tax		30,794	18,646
Tax expense	17	(3,872)	(4,593)
Profit for the period		26,922	14,053
Profit attributable to:			
Owners of the Company		23,135	10,218
Non-controlling interests		3,787	3,835
Profit for the period		26,922	14,053
Basic earnings per ordinary share (sen)	22	4.30	1.90
Diluted earnings per ordinary share (sen)	22	4.30	1.90

MALAYAN FLOUR MILLS BERHAD (4260-M)
(Incorporated in Malaysia)
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the financial period ended 31 March 2014

	Financial Period Ended	
	31.03.2014	31.03.2013
	RM '000	RM '000
Profit for the period	26,922	14,053
Other comprehensive income, net of tax		
Foreign currency translation differences for foreign operations	1,718	3,326
Total comprehensive income for the period	<u>28,640</u>	<u>17,379</u>
Total comprehensive income attributable to:		
Owners of the Company	25,006	12,985
Minority interests	3,634	4,394
Total comprehensive income for the period	<u>28,640</u>	<u>17,379</u>

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for year ended 31 December 2013 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 2014

	←——— 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 1.1.2013	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)
Balance at 31.03.2013	269,112	123,251	(69,351)	319,995	643,007	61,144	704,151
Balance at 1.1.2014	269,112	123,251	(64,979)	340,425	667,809	65,041	732,850
Total comprehensive income for the period	-	-	1,871	23,135	25,006	3,634	28,640
Balance at 31.03.2014	269,112	123,251	(63,108)	363,560	692,815	68,675	761,490

The Condensed Consolidated Statement Of Changes In Equity should be read in conjunction with the audited financial statements for year ended 31 December 2013 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 period 31 March 2014

	3 months ended	
	31.03.2014 RM'000	31.03.2013 RM'000
Cash Flows From Operating Activities		
Profit before tax	30,794	18,646
Adjustments for:		
Amortisation and depreciation	9,235	6,198
Loss/(gain) on disposal of property, plant and equipment	1	(100)
Interest expense	4,335	3,434
Interest income	(4,784)	(5,003)
Property, plant and equipment and intangible assets written off	13	24
Share of loss of equity accounted jointly controlled entity, net of tax	1,476	398
Share of (profit)/loss of equity accounted associates, net of tax	(947)	13
Net unrealised loss on foreign exchange	1,569	1,417
	<hr/>	<hr/>
Operating profit before changes in working capital	41,692	25,027
(Increase)/decrease in inventories	(3,033)	92,865
Decrease in trade and other payables	(18,064)	(4,106)
Decrease in trade and other receivables	8,432	5,825
	<hr/>	<hr/>
Cash generated from operations	29,027	119,611
Net income tax paid	(3,841)	(5,068)
Interest received	4,784	5,003
Interest paid	(4,335)	(3,434)
	<hr/>	<hr/>
Net cash generated from operating activities	25,635	116,112
Cash Flows From Investing Activities		
Acquisition of property, plant and equipment and intangible assets	(17,569)	(21,523)
Subscription of shares in a joint venture	-	(9,400)
Proceeds from disposal of property, plant and equipment	11	161
	<hr/>	<hr/>
Net cash used in investing activities	(17,558)	(30,762)
Cash Flows From Financing Activities		
Dividends paid to owners of the Company	-	(12,110)
Repayment of loans and borrowings	(20,154)	(123,107)
	<hr/>	<hr/>
Net cash used in financing activities	(20,154)	(135,217)
Net decrease In Cash and Cash Equivalents	(12,077)	(49,867)
Effect of exchange rate fluctuations on cash held	(714)	2,550
Cash and Cash Equivalents at Beginning of Year	307,261	262,279
Cash and Cash Equivalents at End of financial period	<hr/> 294,470 <hr/>	<hr/> 214,962 <hr/>

Cash and cash equivalents

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

	3 months ended	
	31.03.2014 RM'000	31.03.2013 RM'000
Deposits placed with licensed banks	256,775	200,716
Cash and bank balances	37,695	14,246
	<hr/> 294,470 <hr/>	<hr/> 214,962 <hr/>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for year ended 31 December 2013 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 2013.

2. Significant accounting policies

The audited financial statements of the Group for the year ended 31 December 2013 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 2013, except for those standards, amendments and IC interpretation which are effective from the annual period beginning 1 January 2014 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 2014.

7. Dividend

The Directors do not recommend any payment of dividend for the current financial period ended 31 March 2014.

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

Since the last annual balance sheet as at 31 December 2013, the Company has provided a proportionate corporate guarantee of USD10.5 million for financing facilities granted by a financial institution to the joint venture company, PT Bungasari Flour Mills Indonesia.

10. Capital Commitments

	As at 31.03.2014 RM'000	As at 31.12.2013 RM'000
Property, plant and equipment		
Authorised but not contracted for	100,470	61,455
Contracted but not provided for	56,914	58,883
Investment in a joint venture		
Authorised but not contracted for	14,270	14,314

11. Changes in Composition of the Group

There were no changes to the corporate structure of the Group for the financial period ended 31 March 2014.

12. Segmental Information

	← Results for 3 months ended 31 March 2014 →			
	Flour and trading in grains and other allied products RM'000	Poultry integration RM'000	Others RM'000	Total RM'000
Total segment revenue	395,843	277,083		672,926
Eliminations- inter-segment	(79,536)	(14,011)		(93,547)
Revenue from external customers	<u>316,307</u>	<u>263,072</u>	-	<u>579,379</u>
Results from operating activities	15,054	15,824	(4)	30,874
Interest expense				(4,335)
Interest income				4,784
Share of loss of equity accounted joint venture, net of tax				(1,476)
Share of gain of equity accounted associates, net of tax				947
Profit before tax				<u>30,794</u>
				← Results for 3 months ended 31 March 2013 →
	Flour and trading in grains and other allied products RM'000	Poultry integration RM'000	Others RM'000	Total RM'000
Total segment revenue	368,192	245,414	-	613,606
Eliminations- inter-segment	(90,838)	(1,510)	-	(92,348)
Revenue from external customers	<u>277,354</u>	<u>243,904</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 joint venture, net of tax				(398)
Share of loss of equity accounted associates, net of tax				(13)
Profit before tax				<u>18,646</u>

13. Performance Review

For the quarter ended 31 March 2014 (Q1 2014), the Group recorded a revenue of RM579.4 million, an increase of 11% from RM521.3 million registered in 31 March 2013 (Q1 2013). This was mainly attributable to higher sales from both flour and trading in grains segment and poultry integration segment.

Profit before tax for Q1 2014 had increased to RM30.8 million as compared to RM18.6 million posted in Q1 2013. 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 RM316.3 million in Q1 2014 as compared to RM277.4 million in Q1 2013 mainly due to higher volume of flour and grains sold in Q1 2014. In Q1 2014, the operating profit increased to RM15.1 million from RM12.0 million registered in Q1 2013 due to higher profit margin in Q1 2014.

Poultry integration

The poultry integration segment recorded a 8% increase in revenue to RM263.1 million in Q1 2014 as compared to RM243.9 million in Q1 2013 due to higher sales volume of poultry products and animal feeds as well as better selling prices for live birds and poultry products. In Q1 2014, the poultry integration achieved an operating profit of RM15.8 million as compared to an operating profit of RM5.5 million in Q1 2013. This was mainly attributed to improved profit margin.

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

For Q1 2014, the Group recorded a revenue of RM579.4 million which represented a 8% decrease from RM632.9 million registered in the quarter ended 31 December 2013 (Q4 2013). The lower revenue was attributed to lower sales in both flour and trading in grains and poultry integration segments. However, the profit before tax for Q1 2014 had increased to RM30.8 million as compared to RM25.3 million registered in Q4 2013, mainly due to improved profit margin in live birds and poultry products in Q1 14.

15. Prospects

The commodity prices and foreign exchange rates continue to be volatile in the midst of an uncertain global economic environment. Despite the very competitive market environment, and the uncertainties above, the Board is optimistic of the Group's 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	
		31.03.2014	31.03.2013
		RM'000	RM'000
Current income tax			
Malaysian	- current year	1,366	1,876
	- prior year	(176)	(29)
Overseas	- current year	2,682	2,746
		<u>3,872</u>	<u>4,593</u>

The Group's effective tax rate for the current quarter was 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	As at
		31.03.2014	31.12.2013
		RM'000	RM'000
Realised		289,204	254,206
Unrealised		(617)	7,170
		<u>288,587</u>	<u>261,376</u>
Add: Consolidation adjustments		74,973	79,049
Total retained earnings		<u>363,560</u>	<u>340,425</u>

19. Status of Corporate Proposals

There were no new proposals announced as at 2 May 2014, the latest practicable date which is not earlier than seven (7) days from the date of this report.

20. Group's Borrowings and Debt Securities

The details of the Group's borrowings as at 31 March 2014 were as follows:

		As at	As at
		31.03.2014	31.12.2013
		RM'000	RM'000
Unsecured Long Term Borrowings			
Denominated in Ringgit Malaysia		<u>33,000</u>	<u>28,000</u>
Unsecured Short Term Borrowings			
Denominated in Ringgit Malaysia		295,353	328,464
Denominated in US Dollar		271,103	264,880
		<u>566,456</u>	<u>593,344</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	
	31.03.2014	31.03.2013
	RM'000	RM'000
Profit attributable to ordinary shareholders of the Company	23,135	10,218
Weighted average number of Ordinary Shares in issue for basic EPS computation ('000)	538,223	538,223
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
Basic earnings per ordinary share (sen)	4.30	1.90
Diluted earnings per ordinary share (sen)	4.30	1.90

(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.

23. Profit for the period

	3 months ended	
	31.03.2014	31.03.2013
	RM'000	RM'000
Profit for the period is arrived at after charging:		
Amortisation and depreciation	9,235	6,198
Net fair value loss from future and option contracts	4,177	232
Interest expense from unsecured bankers' acceptances /unsecured revolving credits	4,335	3,434
Loss/(gain) on disposal of property, plant and equipment	1	(100)
Net realised loss on foreign exchange	-	342
Net unrealised loss on foreign exchange	1,569	1,417
Impairment loss on trade receivables	124	-
Property, plant and equipment and intangible assets written off	13	24
and after crediting:		
Bad debts recovered	4	-
Interest Income from deposits placed with licensed banks	4,784	5,003
Net realised gain on foreign exchange	23	-
Insurance recoveries	329	118

By Order of the Board

MAH WAI MUN
Secretary
MAICSA 7009729

Kuala Lumpur
14 May 2014