

MALAYAN FLOUR MILLS BERHAD (4260-M)

(Incorporated in Malaysia)

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

	(Unaudited) As at 31.12.2014 RM '000	(Audited) As at 31.12.2013 RM '000
Assets		
Property, plant and equipment	563,213	493,880
Intangible assets	1,033	1,192
Investment properties	5,337	5,394
Investment in a joint venture	20,988	30,501
Investment in associates	3,018	2,648
Deferred tax assets	17,640	5,804
Total non-current assets	611,229	539,419
Trade and other receivables, including derivatives	314,500	290,803
Prepayments and other assets	6,395	4,182
Inventories	448,988	338,514
Current tax assets	424	3,213
Cash and cash equivalents	346,354	307,261
Total current assets	1,116,661	943,973
Total assets	1,727,890	1,483,392
Equity		
Share capital	269,114	269,112
Reserves	461,446	398,697
Total equity attributable to owners of the Company	730,560	667,809
Non-controlling interest	72,297	65,041
Total equity	802,857	732,850
Liabilities		
Deferred tax liabilities	1,948	587
Loans and borrowings	32,112	28,000
Total non-current liabilities	34,060	28,587
Trade and other payables, including derivatives	120,251	123,571
Loans and borrowings	767,684	593,344
Current tax liabilities	3,038	5,040
Total current liabilities	890,973	721,955
Total liabilities	925,033	750,542
Total equity and liabilities	1,727,890	1,483,392
Net assets per share attributable to owners of the Company (RM)	1.36	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 year ended 31 December 2014

	Note	3 months ended		Financial Period Ended	
		31.12.2014	31.12.2013	31.12.2014	31.12.2013
		RM '000	RM '000	RM '000	RM '000
Revenue		574,142	632,888	2,286,575	2,306,038
Cost of goods sold		(528,476)	(572,198)	(2,060,286)	(2,085,799)
Gross profit		45,666	60,690	226,289	220,239
Operating expenses		(38,731)	(34,359)	(131,080)	(127,440)
Results from operating activities		6,935	26,331	95,209	92,799
Interest expenses		(5,162)	(4,589)	(19,127)	(16,575)
Interest income		4,339	4,892	18,040	19,758
Net finance income/(expenses)		(823)	303	(1,087)	3,183
Share of loss of equity accounted joint venture, net of tax		(4,378)	(1,169)	(10,763)	(2,520)
Share of (loss)/profit of equity accounted associates, net of tax		(418)	(138)	370	446
Profit before tax		1,316	25,327	83,729	93,908
Tax credit/(expense)	17	6,914	594	(4,235)	(13,732)
Profit for the period		8,230	25,921	79,494	80,176
Profit attributable to:					
Owners of the Company		4,644	23,087	67,778	66,978
Non-controlling interests		3,586	2,834	11,716	13,198
Profit for the period		8,230	25,921	79,494	80,176
Basic earnings per ordinary share (sen)	22	0.86	4.29	12.59	12.44
Diluted earnings per ordinary share (sen)	22	0.86	4.29	12.59	12.44

The Condensed Consolidated Income Statement 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 COMPREHENSIVE INCOME

For the financial year ended 31 December 2014

	3 months ended		Financial Period Ended	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	RM '000	RM '000	RM '000	RM '000
Profit for the period	8,230	25,921	79,494	80,176
Other comprehensive income, net of tax				
Foreign currency translation differences for foreign operations	14,206	150	13,008	9,344
Total comprehensive income for the period	22,436	26,071	92,502	89,520
Total comprehensive income attributable to:				
Owners of the Company	16,687	23,285	78,888	74,117
Minority interests	5,749	2,786	13,614	15,403
Total comprehensive income for the period	22,436	26,071	92,502	89,520

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 year ended 31 December 2014

	← Attributable to Owners of the Company →				→	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	-	-	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
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	-	-	11,110	67,778	78,888	13,614	92,502
Issuance of shares pursuant to the exercise of warrants	2	8	-	-	10	-	10
Dividends to owners of the Company	-	-	-	(16,147)	(16,147)	-	(16,147)
Dividends to non-controlling interests	-	-	-	-	-	(6,358)	(6,358)
Balance at 31.12.2014	269,114	123,259	(53,869)	392,056	730,560	72,297	802,857

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 year ended 31 December 2014

	12 months ended	
	31.12.2014 RM'000	31.12.2013 RM'000
Cash Flows From Operating Activities		
Profit before tax	83,729	93,908
Adjustments for:		
Amortisation and depreciation	38,353	32,066
Gain on disposal of property, plant and equipment	(108)	(20)
Interest expense	19,127	16,575
Interest income	(18,040)	(19,758)
Property, plant and equipment and intangible assets written off	10	902
Share of loss of equity accounted jointly controlled entity, net of tax	10,763	2,520
Share of loss of equity accounted associates, net of tax	(370)	(446)
Net unrealised loss/(gain) on foreign exchange	2,859	(932)
Operating profit before changes in working capital	<u>136,323</u>	124,815
(Increase)/decrease in inventories	(104,466)	73,525
(Decrease)/increase in trade and other payables	(4,910)	32,652
Increase in trade and other receivables	(18,574)	(24,624)
Cash generated from operations	8,373	206,368
Net income tax paid	(14,033)	(18,816)
Interest received	18,040	19,758
Interest paid	(19,127)	(16,575)
Net cash from operating activities	<u>(6,747)</u>	190,735
Cash Flows From Investing Activities		
Acquisition of property, plant and equipment and intangible assets	(104,822)	(108,492)
Subscription of shares in a joint venture	-	(16,274)
Proceeds from disposal of property, plant and equipment	258	205
Net cash used in investing activities	<u>(104,564)</u>	(124,561)
Cash Flows From Financing Activities		
Dividends paid to owners of the Company	(16,147)	(48,440)
Dividends paid to non-controlling shareholders	(6,358)	(7,112)
Proceeds from loans and borrowings	164,095	24,042
Proceeds from issuance of shares pursuant to exercise of warrants	10	-
Net cash from/(used in) financing activities	<u>141,600</u>	(31,510)
Net (decrease)/increase In Cash and Cash Equivalents	30,289	34,664
Effect of exchange rate fluctuations on cash held	8,804	10,318
Cash and Cash Equivalents at Beginning of Year	307,261	262,279
Cash and Cash Equivalents at End of financial period	<u>346,354</u>	<u>307,261</u>

Cash and cash equivalents

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

	12 months ended	
	31.12.2014 RM'000	31.12.2013 RM'000
Deposits placed with licensed banks	301,483	264,188
Cash and bank balances	44,871	43,073
	<u>346,354</u>	<u>307,261</u>

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

On 17 July 2014, 5,000 new ordinary shares of RM0.50 each were issued pursuant to the exercise of warrants.

Accordingly, the issued and paid-up share capital of the Company increased to RM269,114,040 comprising 538,228,080 ordinary shares of RM0.50 each.

Other than the above, there were no issuances, repurchases and repayments of debt and equity securities during the financial period ended 31 December 2014.

7. Dividend

(a) The interim single tier dividend of 3.0 sen per ordinary share in respect of the current financial year ended 31 December 2014, amounting to RM16,146,842 was paid on 19 September 2014.

(b) The board has declared a second interim single tier dividend of 3.5 sen per ordinary share for the current financial year ended 31 December 2014 (Period ended 31 December 2013: Gross interim dividend of 6.0 sen per ordinary share, less tax at 25%). The dividend will be paid on 25 March 2015 to holders of ordinary shares whose names appear in the Record of Depositors at the close of business on 11 March 2015.

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 31.12.2014 RM'000	As at 31.12.2013 RM'000
Property, plant and equipment		
Authorised but not contracted for	451,029	61,455
Contracted but not provided for	55,752	58,883
Investment in a joint venture		
Authorised but not contracted for	15,280	14,314

The authorised but not contracted for amount of RM451.0 million includes a sum of RM429.6 million relating to expansion projects in poultry integration which is expected to be incurred over the next 3 years.

11. Changes in Composition of the Group

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

12. Segmental Information

← Results for 12 months ended 31 December 2014 →

	Flour and trading in grains and other allied products	Poultry integration	Others	Total
	RM'000	RM'000	RM'000	RM'000
Total segment revenue	1,772,061	923,728		2,695,789
Eliminations- inter-segment	(347,506)	(61,708)		(409,214)
Revenue from external customers	<u>1,424,555</u>	<u>862,020</u>	-	<u>2,286,575</u>
Results from operating activities	42,294	52,948	(33)	95,209
Interest expense				(19,127)
Interest income				18,040
Share of loss of equity accounted joint venture, net of tax				(10,763)
Share of gain of equity accounted associates, net of tax				370
Profit before tax				<u>83,729</u>

← 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 joint venture, net of tax				(2,520)
Share of gain of equity accounted associates, net of tax				446
Profit before tax				<u>93,908</u>

13. Performance Review

For the quarter ended 31 December 2014 (Q4 2014), the Group recorded a revenue of RM574.1 million, a decrease of 9% from RM632.9 million registered in 31 December 2014 (Q4 2013). This was mainly attributable to lower sales recorded in the poultry integration segment.

The Group recorded a profit before tax amounting to RM1.3 million in Q4 2014 as compared to a profit before tax of RM25.3 million in Q4 2013. This was mainly due to lower profit margins in both flour and trading in grains segment and poultry integration segment in Q4 2014 and higher share of loss on equity accounted joint venture in Q4 2014.

The revenue decreased by 1% to RM2,286.6 million for the financial period ended 31 December 2014 as compared to RM2,306.0 million posted in the corresponding period in the preceding year. This was mainly due to lower sales recorded in the poultry integration segment in 2014. For the financial period ended 31 December 2014, the PBT decreased by 11% to RM83.7 million as compared to RM93.9 million recorded in the same period in preceding year. This was mainly due to lower margins from the flour and trading in grains segment coupled with higher net interest expenses and higher share of loss on equity accounted joint venture in 2014.

Flour and trading in grains and other allied products

The flour and trading in grains segment recorded a revenue of RM395.8 million in Q4 2014 as compared to RM350.7 million in Q4 2013 mainly due to higher volume of flour and grains sold in Q4 2014. However, the operating profit decreased to RM9.9 million in Q4 2014 from RM18.7 million registered in Q4 2013 due to lower profit margin in Q4 2014.

The flour and trading in grains and other allied products segment registered a revenue of RM1,424.6 million for the 12 months ended 31 December 2014, a 14% increase as compared to RM1,250.5 million posted in the same period of the preceding year due to higher sales volume of flour and grains. Despite the increase in volume, the operating profit for the 12 months ended 31 December 2014 was 29% lower at RM42.3 million as compared to RM59.6 million posted in the same period in the preceding year due to lower profit margin arising from lower selling prices.

Poultry integration

The poultry integration segment recorded a 37% decrease in revenue to RM178.3 million in Q4 2014 as compared to RM282.2 million in Q4 2013 due to lower sales recorded in Q4 2014 as a result of new contract farming arrangement in Q4 2014 where day-old-chicks and feeds were transferred instead of sold to contract farmers and lower selling price of live birds. In Q4 2014, the poultry integration incurred an operating loss of RM2.9 million as compared to an operating profit of RM7.6 million in Q4 2013 due to lower selling price giving rise to negative margin on live bird sold in Q4 2014. This was attributable to lower demand and floods in December 2014.

The poultry integration segment recorded a 18% decrease in revenue to RM862.0 million for the 12 months ended 31 December 2014 as compared to RM1,055.5 million for the same period in the preceding year. The segment had registered a higher operating profit of RM52.9 million for the 12 months period ended 31 December 2014 as compared to an operating profit of RM33.2 million posted in the same period in the preceding year. This was mainly due to improved margin and insurance recovery of RM8.1 million in the poultry integration segment in the 12 months ended 31 December 2014.

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

For Q4 2014, the Group recorded a revenue of RM574.1 million which represented a 1% increase from RM569.3 million registered in the quarter ended 30 September 2014 (Q3 2014). The higher revenue was attributed to higher sales in the flour and trading in grains segment. The Group recorded a lower profit before tax of RM1.3 million in Q4 2014 as compared to a profit before tax of RM32.8 million registered in Q3 2014, mainly due to lower profit margins in both flour and grain trading segment as well as the poultry integration segment and higher share of loss in equity accounted joint venture.

15. Prospects

The global and local economic environment continues to be uncertain whilst commodity prices and foreign exchange rates become increasingly volatile amidst the declining oil price. Nonetheless, the Board expects the Group's performance in 2015 to be favourable.

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 (Credit)/Expense

		3 months ended		12 months ended	
		31.12.2014	31.12.2013	31.12.2014	31.12.2013
		RM'000	RM'000	RM'000	RM'000
Current income tax					
Malaysian	- current year	993	273	7,334	7,768
	- prior year	-	2,004	(1,325)	1,906
Overseas	- current year	2,567	4,549	8,700	11,478
Deferred tax					
	- Origination and reversal of temporary difference	-	(7,420)	-	(7,420)
	- recognition of previously unrecognised temporary difference	(10,474)	-	(10,474)	-
		<u>(6,914)</u>	<u>(594)</u>	<u>4,235</u>	<u>13,732</u>

The Group is in a tax credit position in the current quarter due to the recognition of deferred tax assets. The Group's effective tax rate for the current income tax during the quarter was higher than the Malaysian statutory tax rate of 25% mainly due to share of losses of joint venture and lower profits during the quarter, which was offset by the tax incentives in Vietnam.

18. Disclosure of Realised and Unrealised Profits/Losses

		As at	As at
		31.12.2014	31.12.2013
		RM'000	RM'000
Realised		377,791	254,206
Unrealised		13,273	7,170
		<u>391,064</u>	<u>261,376</u>
Add: Consolidation adjustments		992	79,049
Total retained earnings		<u>392,056</u>	<u>340,425</u>

19. Status of Corporate Proposals

There were no new proposals announced as at 17 February 2015, 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 December 2014 were as follows:

		As at	As at
		31.12.2014	31.12.2013
		RM'000	RM'000
Unsecured Long Term Borrowings			
Denominated in Ringgit Malaysia		<u>32,112</u>	<u>28,000</u>
Unsecured Short Term Borrowings			
Denominated in Ringgit Malaysia		344,962	328,464
Denominated in US Dollar		422,722	264,880
		<u>767,684</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		12 months ended	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	RM'000	RM'000	RM'000	RM'000
Profit attributable to ordinary shareholders of the Company	4,644	23,087	67,778	66,978
Weighted average number of Ordinary Shares in issue for basic EPS computation ('000)	538,228	538,223	538,225	538,223
Dilutive potential ordinary shares - Assumed exercise of Warrants	-	-	-	-
Weighted average number of Ordinary Shares in issue for diluted EPS computation ('000)	538,228	538,223	538,225	538,223
Basic earnings per ordinary share (sen)	0.86	4.29	12.59	12.44
Diluted earnings per ordinary share (sen)	0.86	4.29	12.59	12.44

(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.

23. Profit for the period

	3 months ended		12 months ended	
	31.12.2014 RM'000	31.12.2013 RM'000	31.12.2014 RM'000	31.12.2013 RM'000
Profit for the period is arrived at after charging:				
Amortisation and depreciation	10,271	8,984	38,353	32,066
Net fair value (gain)/loss from future and option	2,905	(853)	(1,705)	448
Interest expense from unsecured bankers' acceptances /unsecured revolving credits/ unsecured term loans	5,162	4,589	19,127	16,575
(Gain)/loss on disposal of property, plant and equipment	(104)	(92)	(108)	(20)
Net realised loss on foreign exchange	2,230	880	2,764	2,112
Net unrealised (gain)/loss on foreign exchange	4,417	(2,730)	2,859	(932)
Impairment loss on trade receivables	164	624	164	624
Property, plant and equipment and intangible assets written off	(15)	778	10	902
and after crediting:				
Bad debts recovered	9	4	20	7
Reversal of impairment loss on trade receivables	429	-	803	-
Interest Income from deposits placed with licensed banks	4,339	4,892	18,040	19,758
Insurance recoveries	125	41	9,016	584

By Order of the Board

MAH WAI MUN
Secretary
MAICSA 7009729

Kuala Lumpur
23 February 2015