

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

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET**

As at 31 March 2015

	(Unaudited) As at 31.03.2015 RM '000	(Audited) As at 31.12.2014 RM '000
<b>Assets</b>		
Property, plant and equipment	582,212	563,213
Intangible assets	1,014	1,033
Investment properties	5,323	5,337
Investment in a joint venture	14,785	20,988
Investment in associates	3,026	3,018
Deferred tax assets	17,640	17,640
<b>Total non-current assets</b>	<b>624,000</b>	<b>611,229</b>
Trade and other receivables, including derivatives	332,607	313,827
Prepayments and other assets	4,206	6,395
Inventories	358,986	408,894
Biological assets	40,850	40,094
Current tax assets	523	424
Cash and cash equivalents	296,021	346,354
<b>Total current assets</b>	<b>1,033,193</b>	<b>1,115,988</b>
<b>Total assets</b>	<b>1,657,193</b>	<b>1,727,217</b>
<b>Equity</b>		
Share capital	269,114	269,114
Reserves	459,173	461,446
<b>Total equity attributable to owners of the Company</b>	<b>728,287</b>	<b>730,560</b>
<b>Non-controlling interest</b>	<b>75,953</b>	<b>72,297</b>
<b>Total equity</b>	<b>804,240</b>	<b>802,857</b>
<b>Liabilities</b>		
Deferred tax liabilities	1,948	1,948
Loans and borrowings	65,280	32,112
<b>Total non-current liabilities</b>	<b>67,228</b>	<b>34,060</b>
Trade and other payables, including derivatives	104,134	119,578
Loans and borrowings	678,946	767,684
Current tax liabilities	2,645	3,038
<b>Total current liabilities</b>	<b>785,725</b>	<b>890,300</b>
<b>Total liabilities</b>	<b>852,953</b>	<b>924,360</b>
<b>Total equity and liabilities</b>	<b>1,657,193</b>	<b>1,727,217</b>
<b>Net assets per share attributable to owners of the Company (RM)</b>	<b>1.35</b>	<b>1.36</b>

The Condensed Consolidated Balance Sheet should be read in conjunction with the audited financial statements for year ended 31 December 2014 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 2015

	Note	Financial Period Ended	
		31.03.2015	31.03.2014
		RM '000	RM '000
<b>Revenue</b>		556,060	579,379
Cost of goods sold		(498,107)	(516,652)
<b>Gross profit</b>		<b>57,953</b>	<b>62,727</b>
Operating expenses		(38,451)	(31,853)
<b>Results from operating activities</b>		<b>19,502</b>	<b>30,874</b>
Interest expenses		(5,404)	(4,335)
Interest income		4,025	4,784
<b>Net finance income/(expenses)</b>		<b>(1,379)</b>	<b>449</b>
Share of loss of equity accounted joint venture, net of tax		(6,268)	(1,476)
Share of profit of equity accounted associates, net of tax		8	947
<b>Profit before tax</b>		11,863	30,794
Tax expense	17	(4,037)	(3,872)
<b>Profit for the period</b>		<b>7,826</b>	<b>26,922</b>
<b>Profit attributable to:</b>			
Owners of the Company		5,398	23,135
Non-controlling interests		2,428	3,787
<b>Profit for the period</b>		<b>7,826</b>	<b>26,922</b>
<b>Basic earnings per ordinary share (sen)</b>	22	<b>1.00</b>	4.30
<b>Diluted earnings per ordinary share (sen)</b>	22	<b>1.00</b>	4.30

The Condensed Consolidated Income Statement should be read in conjunction with the audited financial statements for year ended 31 December 2014 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 31 March 2015

	<b>Financial Period Ended</b>	
	<b>31.03.2015</b>	<b>31.03.2014</b>
	<b>RM '000</b>	<b>RM '000</b>
<b>Profit for the period</b>	7,826	26,922
<b>Other comprehensive income, net of tax</b>		
Foreign currency translation differences for foreign operations	13,375	1,718
<b>Total comprehensive income for the period</b>	<u>21,201</u>	<u>28,640</u>
<b>Total comprehensive income attributable to:</b>		
Owners of the Company	16,565	25,006
Minority interests	4,636	3,634
<b>Total comprehensive income for the period</b>	<u>21,201</u>	<u>28,640</u>

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for year ended 31 December 2014 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 ended 31 March 2015

	← 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			
<b>Balance at 1.1.2014</b>	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
<b>Balance at 31.03.2014</b>	<b>269,112</b>	<b>123,251</b>	<b>(63,108)</b>	<b>363,560</b>	<b>692,815</b>	<b>68,675</b>	<b>761,490</b>
<b>Balance at 1.1.2015</b>	269,114	123,259	(53,869)	392,056	730,560	72,297	802,857
Total comprehensive income for the period	-	-	11,167	5,398	16,565	4,636	21,201
Dividends to owners of the Company	-	-	-	(18,838)	(18,838)	-	(18,838)
Dividends to non-controlling interests	-	-	-	-	-	(980)	(980)
<b>Balance at 31.03.2015</b>	<b>269,114</b>	<b>123,259</b>	<b>(42,702)</b>	<b>378,616</b>	<b>728,287</b>	<b>75,953</b>	<b>804,240</b>

The Condensed Consolidated Statement Of Changes In Equity should be read in conjunction with the audited financial statements for year ended 31 December 2014 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 ended 31 March 2015

	3 months ended	
	31.03.2015 RM'000	31.03.2014 RM'000
<b>Cash Flows From Operating Activities</b>		
Profit before tax	11,863	30,794
Adjustments for:		
Amortisation and depreciation	10,059	9,235
(Gain)/loss on disposal of property, plant and equipment	(55)	1
Interest expense	5,404	4,335
Interest income	(4,025)	(4,784)
Property, plant and equipment and intangible assets written off	-	13
Share of loss of equity accounted jointly controlled entity, net of tax	6,268	1,476
Share of profit of equity accounted associates, net of tax	(8)	(947)
Net unrealised loss on foreign exchange	92	1,569
	<u>29,598</u>	<u>41,692</u>
Operating profit before changes in working capital	29,598	41,692
Decrease/(increase) in inventories	55,591	(4,644)
(Increase)/decrease in biological assets	(756)	1,611
Decrease in trade and other payables	(19,018)	(18,064)
(Increase)/decrease in trade and other receivables	(12,290)	8,432
	<u>53,125</u>	<u>29,027</u>
Cash generated from operations	53,125	29,027
Net income tax paid	(4,672)	(3,841)
Interest received	4,025	4,784
Interest paid	(5,404)	(4,335)
	<u>47,074</u>	<u>25,635</u>
Net cash from operating activities	47,074	25,635
<b>Cash Flows From Investing Activities</b>		
Acquisition of property, plant and equipment and intangible assets	(25,707)	(17,569)
Proceeds from disposal of property, plant and equipment	66	11
	<u>(25,641)</u>	<u>(17,558)</u>
Net cash used in investing activities	(25,641)	(17,558)
<b>Cash Flows From Financing Activities</b>		
Dividends paid to owners of the Company	(18,838)	-
Dividends paid to non-controlling shareholders	(980)	-
Repayment of loans and borrowings	(64,067)	(20,154)
	<u>(83,885)</u>	<u>(20,154)</u>
Net cash used in financing activities	(83,885)	(20,154)
<b>Net decrease In Cash and Cash Equivalents</b>	<b>(62,452)</b>	<b>(12,077)</b>
Effect of exchange rate fluctuations on cash held	12,119	(714)
<b>Cash and Cash Equivalents at Beginning of Year</b>	<b>346,354</b>	<b>307,261</b>
<b>Cash and Cash Equivalents at End of financial period</b>	<b>296,021</b>	<b>294,470</b>

**Cash and cash equivalents**

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

	3 months ended	
	31.03.2015 RM'000	31.03.2014 RM'000
Deposits placed with licensed banks	266,987	256,775
Cash and bank balances	29,034	37,695
	<u>296,021</u>	<u>294,470</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for year ended 31 December 2014 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 2014.

**2. Significant accounting policies**

The audited financial statements of the Group for the year ended 31 December 2014 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 2014, except for those standards, amendments and IC interpretation which are effective from the annual period beginning 1 July 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 2015.

**7. Dividend**

The second interim single tier dividend of 3.5 sen per ordinary share in respect of previous financial year ended 31 December 2014, amounting to RM18,837,988 was paid on 25 March 2015.

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

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 31.03.2015 RM'000	As at 31.12.2014 RM'000
<b>Property, plant and equipment</b>		
Authorised but not contracted for	448,009	451,029
Contracted but not provided for	63,076	55,752
<b>Investment in a joint venture</b>		
Authorised but not contracted for	16,184	15,280

The authorised but not contracted for amount of RM448.0 million includes a sum of RM424.2 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 March 2015.

**12. Segmental Information**

	← Results for 3 months ended 31 March 2015 →			
	Flour and trading in grains and other allied products RM'000	Poultry integration RM'000	Others RM'000	Total RM'000
Total segment revenue	459,780	191,257	-	651,037
Eliminations- inter-segment	(85,951)	(9,026)	-	(94,977)
<b>Revenue from external customers</b>	<b>373,829</b>	<b>182,231</b>	<b>-</b>	<b>556,060</b>
Results from operating activities	12,532	6,967	3	19,502
Interest expense				(5,404)
Interest income				4,025
Share of loss of equity accounted joint venture, net of tax				(6,268)
Share of profit of equity accounted associates, net of tax				8
<b>Profit before tax</b>				<b>11,863</b>

	← 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)
<b>Revenue from external customers</b>	<b>316,307</b>	<b>263,072</b>	<b>-</b>	<b>579,379</b>
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 profit of equity accounted associates, net of tax				947
<b>Profit before tax</b>				<b>30,794</b>

### **13. Performance Review**

For the quarter ended 31 March 2015 (Q1 2015), the Group recorded a revenue of RM556.1 million, a decrease of 4% from RM579.4 million registered in 31 March 2014 (Q1 2014). This was mainly attributable to lower sales recorded in the poultry integration segment.

The Group recorded a profit before tax amounting to RM11.9 million in Q1 2015 as compared to a profit before tax of RM30.8 million in Q1 2014. This was mainly due to lower profit margins in both flour and trading in grains segment and poultry integration segment in Q1 2015 and higher share of loss on equity accounted joint venture in Q1 2015. The loss incurred in the joint venture was attributed by the unfavourable product margins and weakening of Indonesian Rupiah (IDR) against the United States Dollar (USD) in Q1 2015 which resulted in realised and unrealised losses on foreign exchange amounting to RM3.8 million on its USD borrowings.

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

The flour and trading in grains segment recorded a revenue of RM373.8 million in Q1 2015 as compared to RM316.3 million in Q1 2014 mainly due to higher volume of flour and grains sold in Q1 2015. However, the operating profit decreased to RM12.5 million in Q1 2015 from RM15.1 million registered in Q1 2014 due to lower profit margin in Q1 2015, attributed by the competitive market and weakening of the Malaysian Ringgit against the USD.

#### **Poultry integration**

The poultry integration segment recorded a 31% decrease in revenue to RM182.2 million in Q1 2015 as compared to RM263.1 million in Q1 2014 mainly as a result of new contract farming arrangement which began since quarter ended 30 June 2014 (Q2 2014) where day-old-chicks and feeds were transferred instead of sold to contract farmers and lower selling prices of live birds and feeds. The new contract farming arrangement was implemented to improve efficiency of our operations. Excluding the sales of day-old-chicks and feeds sold to contract farmers in Q1 2014 amounting to RM61.5 million, the total revenue for Q1 2014 would be RM201.6 million.

In Q1 2015, the poultry integration posted an operating profit of RM7.0 million as compared to an operating profit of RM15.8 million in Q1 2014 mainly due to lower live bird selling price giving rise to lower margin in Q1 2015. Prices of live birds were adversely affected due to the floods and heavy rain at the end of December 2014 and early part of 2015 which reduced consumption in the affected areas. This led to a surplus supply of live birds in the market.

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

For Q1 2015, the Group recorded a revenue of RM556.1 million which represented a 3% decrease from RM574.1 million registered in the quarter ended 31 December 2014 (Q4 2014). The lower revenue was attributed to lower sales in the flour and trading in grains segment. Nonetheless, the Group recorded a higher profit before tax of RM11.9 million in Q1 2015 as compared to a profit before tax of RM1.3 million registered in Q4 2014, mainly due to improved profit margins in both flour and grain trading segment as well as the poultry integration segment but negated by the higher share of loss in equity accounted joint venture in Q1 2015.

### **15. Prospects**

The commodity prices and foreign exchange rates continue to be volatile in the midst of an uncertain global economic environment. Despite the competitive market environment, and these uncertainties, 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 Expense**

		3 months ended	
		31.03.2015	31.03.2014
		RM'000	RM'000
Current income tax			
Malaysian	- current year	1,334	1,366
	- prior year	-	(176)
Overseas	- current year	2,238	2,682
	- prior year	465	-
		<u>4,037</u>	<u>3,872</u>

The Group's effective tax rate for the current income tax during the quarter was higher than the Malaysian statutory tax rate of 25% due to share of losses of joint venture. Excluding the share of losses of joint venture, the Group's effective tax rate will be 22% 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
		31.03.2015	31.12.2014
		RM'000	RM'000
Realised		370,480	377,401
Unrealised		14,852	13,663
		<u>385,332</u>	<u>391,064</u>
Add: Consolidation adjustments		(6,716)	992
Total retained earnings		<u>378,616</u>	<u>392,056</u>

**19. Status of Corporate Proposals**

There were no new proposals announced as at 15 May 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 March 2015 were as follows:

		As at	As at
		31.03.2015	31.12.2014
		RM'000	RM'000
<b>Unsecured Long Term Borrowings</b>			
Denominated in Ringgit Malaysia		<u>65,280</u>	<u>32,112</u>
<b>Unsecured Short Term Borrowings</b>			
Denominated in Ringgit Malaysia		318,488	344,962
Denominated in US Dollar		360,458	422,722
		<u>678,946</u>	<u>767,684</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	
	31.03.2015	31.03.2014
	RM'000	RM'000
Profit attributable to ordinary shareholders of the Company	5,398	23,135
Weighted average number of Ordinary Shares in issue for basic EPS computation ('000)	538,228	538,225
Dilutive potential ordinary shares - Assumed exercise of Warrants	-	-
Weighted average number of Ordinary Shares in issue for diluted EPS computation ('000)	538,228	538,225
Basic earnings per ordinary share (sen)	1.00	4.30
Diluted earnings per ordinary share (sen)	1.00	4.30

**(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	
	31.03.2015 RM'000	31.03.2014 RM'000
Profit for the period is arrived at after charging:		
Amortisation and depreciation	10,059	9,235
Net fair value loss from future and option contracts	-	4,177
Interest expense from unsecured bankers' acceptances /unsecured revolving credits/ unsecured term loans	5,404	4,335
Loss on disposal of property, plant and equipment	-	1
Net realised loss on foreign exchange	468	-
Net unrealised loss on foreign exchange	92	1,569
Impairment loss on trade receivables	9	124
Property, plant and equipment and intangible assets written off	-	13
and after crediting:		
Bad debts recovered	73	4
Net fair value gain from future and option contracts	780	-
Reversal of impairment loss on trade receivables	335	-
Interest Income from deposits placed with licensed banks	4,025	4,784
Net realised gain on foreign exchange	-	23
Insurance recoveries	441	329
Gain on disposal of property, plant and equipment	55	-

**By Order of the Board**

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

Kuala Lumpur  
21 May 2015