

MALAYAN FLOUR MILLS BERHAD (4260-M)

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET**As at 30 September 2015**

	(Unaudited) As at 30.09.2015 RM '000	(Audited) As at 31.12.2014 RM '000
Assets		
Property, plant and equipment	604,753	563,213
Intangible assets	866	1,033
Investment properties	5,294	5,337
Investment in a joint venture	-	20,988
Investment in associates	3,099	3,018
Deferred tax assets	17,640	17,640
Total non-current assets	631,652	611,229
Trade and other receivables, including derivatives	420,059	313,827
Prepayments and other assets	7,652	6,395
Inventories	433,231	408,894
Biological assets	45,253	40,094
Current tax assets	62	424
Cash and cash equivalents	268,163	346,354
Total current assets	1,174,420	1,115,988
Total assets	1,806,072	1,727,217
Equity		
Share capital	269,114	269,114
Reserves	501,751	461,446
Total equity attributable to owners of the Company	770,865	730,560
Non-controlling interest	80,826	72,297
Total equity	851,691	802,857
Liabilities		
Deferred tax liabilities	1,948	1,948
Loans and borrowings	56,800	32,112
Total non-current liabilities	58,748	34,060
Trade and other payables, including derivatives	140,465	119,578
Loans and borrowings	751,659	767,684
Current tax liabilities	3,509	3,038
Total current liabilities	895,633	890,300
Total liabilities	954,381	924,360
Total equity and liabilities	1,806,072	1,727,217
Net assets per share attributable to owners of the Company (RM)	1.43	1.36

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 30 September 2015

	Note	3 months ended		Financial Period Ended	
		30.09.2015	30.09.2014	30.09.2015	30.09.2014
		RM '000	RM '000	RM '000	RM '000
Revenue		608,207	569,251	1,699,828	1,712,433
Cost of goods sold		(528,230)	(500,002)	(1,496,715)	(1,531,810)
Gross profit		79,977	69,249	203,113	180,623
Operating expenses		(48,137)	(33,530)	(128,072)	(92,349)
Results from operating activities		31,840	35,719	75,041	88,274
Interest expenses		(5,535)	(4,879)	(16,413)	(13,965)
Interest income		3,256	4,359	10,908	13,701
Net finance income/(expenses)		(2,279)	(520)	(5,505)	(264)
Share of loss of equity accounted joint venture, net of tax		(8,760)	(2,800)	(21,304)	(6,385)
Share of profit of equity accounted associates, net of tax		153	357	81	788
Profit before tax		20,954	32,756	48,313	82,413
Tax expense	17	(5,611)	(3,811)	(12,099)	(11,149)
Profit for the period		15,343	28,945	36,214	71,264
Profit attributable to:					
Owners of the Company		10,353	26,434	28,452	63,134
Non-controlling interests		4,990	2,511	7,762	8,130
Profit for the period		15,343	28,945	36,214	71,264
Basic earnings per ordinary share (sen)	22	1.92	4.91	5.29	11.73
Diluted earnings per ordinary share (sen)	22	1.92	4.91	5.29	11.73

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 30 September 2015

	3 months ended		Financial Period Ended	
	30.09.2015	30.09.2014	30.09.2015	30.09.2014
	RM '000	RM '000	RM '000	RM '000
Profit for the period	15,343	28,945	36,214	71,264
Other comprehensive income, net of tax				
Foreign currency translation differences for foreign operations	34,030	6,002	49,171	(1,198)
Total comprehensive income for the period	49,373	34,947	85,385	70,066
Total comprehensive income attributable to:				
Owners of the Company	39,161	31,471	69,908	62,201
Minority interests	10,212	3,476	15,477	7,865
Total comprehensive income for the period	49,373	34,947	85,385	70,066

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 30 September 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			
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	-	-	(933)	63,134	62,201	7,865	70,066
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 30.09.2014	269,114	123,259	(65,912)	387,412	713,873	66,548	780,421
Balance at 1.1.2015	269,114	123,259	(53,869)	392,056	730,560	72,297	802,857
Total comprehensive income for the period	-	-	41,456	28,452	69,908	15,477	85,385
Dividends to owners of the Company	-	-	-	(29,603)	(29,603)	-	(29,603)
Dividends to non-controlling interests	-	-	-	-	-	(6,948)	(6,948)
Balance at 30.09.2015	269,114	123,259	(12,413)	390,905	770,865	80,826	851,691

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 30 September 2015

	9 months ended	
	30.09.2015	30.09.2014
	RM'000	RM'000
Cash Flows From Operating Activities		
Profit before tax	48,313	82,413
Adjustments for:		
Amortisation and depreciation	31,589	28,082
Gain on disposal of property, plant and equipment	(151)	(4)
Interest expense	16,413	13,965
Interest income	(10,908)	(13,701)
Property, plant and equipment and intangible assets written off	59	25
Share of loss of equity accounted jointly controlled entity, net of tax	21,304	6,385
Share of profit of equity accounted associates, net of tax	(81)	(788)
Net unrealised gain on foreign exchange	(6,422)	(1,558)
	<u>100,116</u>	<u>114,819</u>
Operating profit before changes in working capital		
(Increase)/decrease in inventories	(3,113)	20,984
Increase in biological assets	(5,159)	(16,652)
Increase/(decrease) in trade and other payables	15,448	(14,748)
Increase in trade and other receivables	(75,713)	(12,813)
	<u>31,579</u>	<u>91,590</u>
Cash generated from operations		
Net income tax paid	(11,413)	(11,791)
Interest received	10,908	13,701
Interest paid	(16,413)	(13,965)
	<u>14,661</u>	<u>79,535</u>
Net cash from operating activities		
Cash Flows From Investing Activities		
Acquisition of property, plant and equipment and intangible assets	(59,539)	(78,491)
Proceeds from disposal of property, plant and equipment	182	31
	<u>(59,357)</u>	<u>(78,460)</u>
Net cash used in investing activities		
Cash Flows From Financing Activities		
Dividends paid to owners of the Company	(29,603)	(16,147)
Dividends paid to non-controlling shareholders	(6,948)	(6,358)
(Repayment of)/Proceeds from loans and borrowings	(39,909)	48,227
Proceeds from issuance of shares pursuant to exercise of warrants	-	10
	<u>(76,460)</u>	<u>25,732</u>
Net cash used in financing activities		
Net decrease In Cash and Cash Equivalents	(121,156)	26,807
Effect of exchange rate fluctuations on cash held	42,965	(1,095)
Cash and Cash Equivalents at Beginning of Year	346,354	307,261
Cash and Cash Equivalents at End of financial period	<u>268,163</u>	<u>332,973</u>

Cash and cash equivalents

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

	9 months ended	
	30.09.2015	30.09.2014
	RM'000	RM'000
Deposits placed with licensed banks	237,602	299,770
Cash and bank balances	30,561	33,203
	<u>268,163</u>	<u>332,973</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 30 September 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 interim single tier dividend of 2.0 sen per ordinary share in respect of the current financial year ending 31 December 2015, amounting to RM10,764,562, was paid on 4 September 2015.

The Directors do not recommend any payment of dividend for the current financial period ended 30 September 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 30.09.2015 RM'000	As at 31.12.2014 RM'000
Property, plant and equipment		
Authorised but not contracted for	408,034	451,029
Contracted but not provided for	68,094	55,752
Investment in a joint venture		
Authorised but not contracted for	19,208	15,280

The authorised but not contracted for amount of RM408.0 million includes a sum of RM395.5 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 30 September 2015.

12. Segmental Information

← Results for 9 months ended 30 September 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	1,308,819	586,866	-	1,895,685
Eliminations- inter-segment	(171,443)	(24,414)	-	(195,857)
Revenue from external customers	1,137,376	562,452	-	1,699,828
Results from operating activities	35,869	39,152	20	75,041
Interest expense				(16,413)
Interest income				10,908
Share of loss of equity accounted joint venture, net of tax				(21,304)
Share of profit of equity accounted associates, net of tax				81
Profit before tax				48,313

← Results for 9 months ended 30 September 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	1,282,663	736,780	-	2,019,443
Eliminations- inter-segment	(253,944)	(53,066)	-	(307,010)
Revenue from external customers	1,028,719	683,714	-	1,712,433
Results from operating activities	32,419	55,887	(32)	88,274
Interest expense				(13,965)
Interest income				13,701
Share of loss of equity accounted joint venture, net of tax				(6,385)
Share of profit of equity accounted associates, net of tax				788
Profit before tax				82,413

13. Performance Review

For the quarter ended 30 September 2015 (Q3 2015), the Group recorded a revenue of RM608.2 million, an increase of 7% from RM569.3 million registered in 30 September 2014 (Q3 2014). This was mainly attributable to higher sales recorded in the flour and trading in grains segment.

The Group recorded a profit before tax amounting to RM21.0 million in Q3 2015 as compared to a profit before tax of RM32.8 million in Q3 2014. This was mainly due to lower profits in the poultry integration segment, coupled with higher net interest expenses and higher share of loss on equity accounted joint venture in Q3 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 Q3 2015 which resulted in unrealised losses on foreign exchange on its USD borrowings.

The revenue decreased by 1% to RM1,699.8 million for the financial period ended 30 September 2015 as compared to RM1,712.4 million posted in the corresponding period in the preceding year. This was mainly due to lower sales recorded in the poultry integration segment in 2015. For the financial period ended 30 September 2015, the PBT decreased by 41% to RM48.3 million as compared to RM82.4 million recorded in the same period in preceding year. This was mainly due to lower margins in poultry integration segment coupled with higher net interest expenses and higher share of loss on equity accounted joint venture in 2015.

Flour and trading in grains and other allied products

The flour and trading in grains segment recorded a revenue of RM417.8 million in Q3 2015 as compared to RM364.1 million in Q3 2014 mainly due to higher volume of flour sold in Q3 2015. The operating profit increased by 46% from RM10.8 million registered in Q3 2014 to RM15.7 million in Q3 2015, mainly attributed to lower wheat consumption costs and better margin in the trading in grains in Q3 2015.

The flour and trading in grains and other allied products segment registered a revenue of RM1,137.4 million for the 9 months ended 30 September 2015, an 11% increase as compared to RM1,028.7 million posted in the same period of the preceding year due to higher sales volume of flour and grains. The operating profit for the 9 months ended 30 September 2015 increased by 11%, in tandem with the volume growth from RM32.4 million in 2014 to RM35.9 million in 2015. Profit margin remained at 3% for both years.

Poultry integration

The poultry integration segment recorded a 7% decrease in revenue to RM190.4 million in Q3 2015 as compared to RM205.1 million in Q3 2014 mainly as a result of lower sales volume in Q3 2015 coupled with the new contract farming arrangement which began since May 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.

In Q3 2015, the poultry integration posted a lower operating profit of RM16.1 million as compared to an operating profit of RM25.0 million in Q3 2014 as a result of lower live bird selling price amidst higher costs giving rise to lower margin in Q3 2015.

The poultry integration segment recorded an 18% decrease in revenue to RM562.5 million for the 9 months ended 30 September 2015 as compared to RM683.7 million for the same period in the preceding year. The segment had registered a lower operating profit of RM39.2 million for the 9 months period ended 30 September 2015 as compared to an operating profit of RM55.9 million posted in the same period in the preceding year. This was mainly due to the insurance recovery of RM8.0 million in the poultry integration segment in the 9 months ended 30 September 2014, and lower live bird selling prices amidst higher costs.

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

For Q3 2015, the Group recorded a revenue of RM608.2 million which represented a 14% increase from RM535.6 million registered in the quarter ended 30 June 2015 (Q2 2015). The higher revenue was attributed to higher sales volume in the flour and trading in grains segment in Q3 2015. The Group recorded a higher profit before tax of RM21.0 million in Q3 2015 as compared to a profit before tax of RM15.5 million registered in Q2 2015, mainly due to improved profit margins in the flour and trading in grains segment arising from lower wheat consumption costs and better margin in the trading in grains in Q3 2015.

15. Prospects

The global economic environment continues to be uncertain and commodity prices and foreign exchange rates remain volatile. Despite these uncertainties, and the competitive market environment, the Board expects the Group's performance in 2015 to remain positive.

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	
		30.09.2015	30.09.2014	30.09.2015	30.09.2014
		RM'000	RM'000	RM'000	RM'000
Current income tax					
Malaysian	- current year	4,573	3,328	7,560	6,341
	- prior year	(202)	(1,149)	(202)	(1,325)
Overseas	- current year	1,240	1,632	4,276	6,133
	- prior year	-	-	465	-
		<u>5,611</u>	<u>3,811</u>	<u>12,099</u>	<u>11,149</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 for the 9 months ended 30 September 2015 would be 17% 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
		30.09.2015	31.12.2014
		RM'000	RM'000
Realised		393,631	377,401
Unrealised		18,320	13,663
		<u>411,951</u>	<u>391,064</u>
Add: Consolidation adjustments		(21,046)	992
Total retained earnings		<u>390,905</u>	<u>392,056</u>

19. Status of Corporate Proposals

There were no new proposals announced as at 18 November 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 30 September 2015 were as follows:

		As at	As at
		30.09.2015	31.12.2014
		RM'000	RM'000
Unsecured Long Term Borrowings			
Denominated in Ringgit Malaysia		<u>56,800</u>	<u>32,112</u>
Unsecured Short Term Borrowings			
Denominated in Ringgit Malaysia		332,338	344,962
Denominated in US Dollar		419,321	422,722
		<u>751,659</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		9 months ended	
	30.09.2015	30.09.2014	30.09.2015	30.09.2014
	RM'000	RM'000	RM'000	RM'000
Profit attributable to ordinary shareholders of the Company	10,353	26,434	28,452	63,134
Weighted average number of Ordinary Shares in issue for basic EPS computation ('000)	538,228	538,227	538,228	538,224
Dilutive potential ordinary shares - Assumed exercise of Warrants	-	-	-	-
Weighted average number of Ordinary Shares in issue for diluted EPS computation ('000)	538,228	538,227	538,228	538,224
Basic earnings per ordinary share (sen)	1.92	4.91	5.29	11.73
Diluted earnings per ordinary share (sen)	1.92	4.91	5.29	11.73

(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		9 months ended	
	30.09.2015 RM'000	30.09.2014 RM'000	30.09.2015 RM'000	30.09.2014 RM'000
Profit for the period is arrived at after charging:				
Amortisation and depreciation	11,079	9,419	31,589	28,082
Net fair value loss from future and option contracts	5,286	-	3,976	-
Interest expense from unsecured bankers' acceptances /unsecured revolving credits/ unsecured term loans	5,535	4,879	16,413	13,965
Net realised loss on foreign exchange	5,952	64	10,198	534
Impairment loss on trade receivables	-	-	9	-
Property, plant and equipment and intangible assets written off	3	5	59	25
and after crediting:				
Bad debts recovered	-	-	109	11
Net fair value gain from future and option contracts	-	8,818	-	4,610
Reversal of impairment loss on trade receivables	-	498	523	374
Interest Income from deposits placed with licensed banks	3,256	4,359	10,908	13,701
Net unrealised gain on foreign exchange	3,914	5,578	6,422	1,558
Insurance recoveries	52	125	663	8,891
Gain on disposal of property, plant and equipment	96	5	151	4

By Order of the Board

MAH WAI MUN
Secretary
MAICSA 7009729

Kuala Lumpur
25 November 2015