

MALAYAN FLOUR MILLS BERHAD (4260-M)
(Incorporated in Malaysia)
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET
As at 31 March 2016

	(Unaudited) As at 31.03.2016 RM '000	(Audited) As at 31.12.2015 RM '000
Assets		
Property, plant and equipment	635,328	632,765
Intangible assets	657	770
Investment properties	5,266	5,280
Investment in a joint venture	42,183	34,634
Investment in associates	2,951	2,883
Deferred tax assets	15,556	15,556
Total non-current assets	701,941	691,888
Trade and other receivables, including derivatives	380,260	380,613
Prepayments and other assets	8,844	8,552
Inventories	402,333	462,224
Biological assets	46,060	46,063
Current tax assets	2,449	2,187
Cash and cash equivalents	272,870	273,677
Total current assets	1,112,816	1,173,316
Total assets	1,814,757	1,865,204
Equity		
Share capital	275,120	275,120
Reserves	480,512	495,981
Total equity attributable to owners of the Company	755,632	771,101
Non-controlling interest	67,642	80,603
Total equity	823,274	851,704
Liabilities		
Deferred tax liabilities	2,848	2,848
Loans and borrowings	62,913	53,560
Total non-current liabilities	65,761	56,408
Trade and other payables, including derivatives	171,235	194,604
Loans and borrowings	750,605	759,520
Current tax liabilities	3,882	2,968
Total current liabilities	925,722	957,092
Total liabilities	991,483	1,013,500
Total equity and liabilities	1,814,757	1,865,204
Net assets per share attributable to owners of the Company (RM)	1.37	1.40

The Condensed Consolidated Balance Sheet should be read in conjunction with the audited financial statements for year ended 31 December 2015 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 2016

	Note	Financial Period Ended	
		31.03.2016 RM '000	31.03.2015 RM '000
Revenue		666,836	556,060
Cost of goods sold		(604,530)	(498,107)
Gross profit		62,306	57,953
Operating expenses		(43,119)	(38,451)
Results from operating activities		19,187	19,502
Interest expenses		(5,633)	(5,404)
Interest income		3,009	4,025
Net finance income/(expenses)		(2,624)	(1,379)
Share of profit/(loss) of equity accounted joint venture, net of tax		4,976	(6,268)
Share of profit of equity accounted associates, net of tax		68	8
Profit before tax		21,607	11,863
Tax expense	17	(4,339)	(4,037)
Profit for the period		17,268	7,826
Profit attributable to:			
Owners of the Company		17,632	5,398
Non-controlling interests		(364)	2,428
Profit for the period		17,268	7,826
Basic earnings per ordinary share (sen)	22	3.20	1.00
Diluted earnings per ordinary share (sen)	22	3.20	1.00

The Condensed Consolidated Income Statement should be read in conjunction with the audited financial statements for year ended 31 December 2015 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 2016

	Financial Period Ended	
	31.03.2016	31.03.2015
	RM '000	RM '000
Profit for the period	17,268	7,826
Other comprehensive income, net of tax		
Foreign currency translation differences for foreign operations	(25,391)	13,375
Total comprehensive income for the period	(8,123)	21,201
Total comprehensive income attributable to:		
Owners of the Company	(3,733)	16,565
Minority interests	(4,390)	4,636
Total comprehensive income for the period	(8,123)	21,201

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for year ended 31 December 2015 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 2016

	← 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 1.1.2015	269,114	123,259	(53,869)	392,056	730,560	72,297	802,857
Total comprehensive income for the period	-	-	34,105	20,545	54,650	15,252	69,902
Issuance of shares as a consideration for a completed transaction	6,005	9,489	-	-	15,494	-	15,494
Dividends to owners of the Company	-	-	-	(29,603)	(29,603)	-	(29,603)
Dividends to non-controlling interests	-	-	-	-	-	(6,946)	(6,946)
Balance at 31.12.2015	275,119	132,748	(19,764)	382,998	771,101	80,603	851,704
Balance at 1.1.2016	275,119	132,748	(19,764)	382,998	771,101	80,603	851,704
Total comprehensive income for the period	-	-	(21,365)	17,632	(3,733)	(4,390)	(8,123)
Acquisition of additional equity in company's subsidiaries	-	-	-	(736)	(736)	(7,586)	(8,322)
Dividends to owners of the Company	-	-	-	(11,005)	(11,005)	-	(11,005)
Dividends to non-controlling interests	-	-	-	-	-	(980)	(980)
Balance at 31.03.2016	275,119	132,748	(41,129)	388,889	755,627	67,647	823,274

The Condensed Consolidated Statement Of Changes In Equity should be read in conjunction with the audited financial statements for year ended 31 December 2015 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 2016

	3 months ended	
	31.03.2016 RM'000	31.03.2015 RM'000
Cash Flows From Operating Activities		
Profit before tax	21,607	11,863
Adjustments for:		
Amortisation and depreciation	11,096	10,059
Gain on disposal of property, plant and equipment	-	(55)
Interest expense	5,633	5,404
Interest income	(3,009)	(4,025)
Property, plant and equipment and intangible assets written off	7	-
Share of (profit)/loss of equity accounted jointly controlled entity, net of tax	(4,976)	6,268
Share of profit of equity accounted associates, net of tax	(68)	(8)
Net unrealised gain on foreign exchange	16,146	92
	<u>46,436</u>	<u>29,598</u>
Operating profit before changes in working capital		
Inventories	79,290	55,591
Biological assets	4	(756)
Trade and other payables	(67,374)	(19,018)
Trade and other receivables	(6,406)	(12,290)
	<u>51,949</u>	<u>53,125</u>
Cash generated from operations		
Net income tax paid	(2,618)	(4,672)
Interest received	3,009	4,025
Interest paid	(5,633)	(5,404)
	<u>46,707</u>	<u>47,074</u>
Net cash from /(used in) operating activities		
Cash Flows From Investing Activities		
Acquisition of additional equity in subsidiaries	(8,322)	-
Acquisition of property, plant and equipment and intangible assets	(23,107)	(25,707)
Advances to joint venture	(2,772)	-
Proceeds from disposal of property, plant and equipment	-	66
	<u>(34,200)</u>	<u>(25,641)</u>
Net cash used in investing activities		
Cash Flows From Financing Activities		
Dividends paid to owners of the Company	(11,005)	(18,838)
Dividends paid to non-controlling shareholders	(980)	(980)
Proceeds/(Repayment) from loans and borrowings	29,841	(64,067)
	<u>17,856</u>	<u>(83,885)</u>
Net cash (used in)/ from financing activities		
Net decrease In Cash and Cash Equivalents	30,363	(62,452)
Effect of exchange rate fluctuations on cash held	(31,170)	12,119
Cash and Cash Equivalents at Beginning of Year	273,677	346,354
Cash and Cash Equivalents at End of financial period	<u>272,870</u>	<u>296,021</u>

Cash and cash equivalents

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

	3 months ended	
	31.03.2016 RM'000	31.03.2015 RM'000
Deposits placed with licensed banks	195,277	266,987
Cash and bank balances	77,593	29,034
	<u>272,870</u>	<u>296,021</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for year ended 31 December 2015 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 2015.

2. Significant accounting policies

The audited financial statements of the Group for the year ended 31 December 2015 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 2015, 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 repayment of debt and equity securities during the financial period ended 31 March 2016.

7. Dividend

The interim single tier dividend of 2.0 sen per ordinary share in respect of the current financial year ended 31 December 2015, amounting to RM11,004,780, was paid on 25 March 2016.

The Directors do not recommend any payment of dividend for the current financial period ended 31 March 2016.

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 31.03.2016 RM'000	As at 31.12.2015 RM'000
Property, plant and equipment		
Authorised but not contracted for	280,953	386,401
Contracted but not provided for	109,545	111,753
Investment in a joint venture		
Authorised but not contracted for	17,052	18,763

The authorised but not contracted for amount of RM280.9 million includes a sum of RM226.8 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

During the quarter, the Company has increased its effective shareholding in Dindings Soya & Multifeeds Sdn Berhad and Dindings Poultry Processing Sdn Bhd from 70.21% to 87.76% and 94.74% to 97.7% respectively.

12. Segmental Information

	Results for 3 months ended 31 March 2016 →			
	Flour and trading in grains and other allied products RM'000	Poultry integration RM'000	Others RM'000	Total RM'000
Total segment revenue	482,866	195,466	-	678,332
Eliminations- inter-segment	(8,909)	(2,587)	-	(11,496)
Revenue from external customers	<u>473,957</u>	<u>192,879</u>	<u>-</u>	<u>666,836</u>
Results from operating activities	7,166	12,048	(27)	19,187
Interest expense				(5,633)
Interest income				3,009
Share of profit of equity accounted joint venture, net of tax				4,976
Share of profit of equity accounted associates, net of tax				68
Profit before tax				<u>21,607</u>
				→
	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)
Revenue from external customers	<u>373,829</u>	<u>182,231</u>	<u>-</u>	<u>556,060</u>
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
Profit before tax				<u>11,863</u>

13. Performance Review

For the quarter ended 31 March 2016 (Q1 2016), the Group recorded a revenue of RM666.8 million, an increase of 20% from RM556.1 million registered in 31 March 2015 (Q1 2015). 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 RM21.6 million in 1Q 2016 as compared to a profit before tax of RM11.9 million in 1Q 2015. This was mainly due to higher margin in flour and poultry integration segment in Q1 2016.

Flour and trading in grains and other allied products

The flour and trading in grains segment recorded a revenue of RM474 million in Q1 2016 as compared to RM374 million in Q1 2015 mainly due to higher volume of flour and trading in grains in Q1 2016. The operating profit decreased by 42% from RM12.5 million registered in Q1 2015 to RM7.2 million in Q1 2016 mainly due to unrealised loss on foreign currency in Q1 2016.

Poultry integration

The poultry integration segment recorded a 6% increase in revenue to RM192.9 million in Q1 2016 as compared to RM182.2 million in Q1 2015 mainly due to higher selling price. In Q1 2016, the poultry integration posted an operating profit of RM12.0 million as compared to an operating profit at RM7.0 million in Q1 2015 mainly due to higher live bird selling price giving rise to higher margin in Q1 2016.

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

For Q1 2016, the Group recorded a revenue of RM666.8 million which represented a 12% increase from RM602.1 million registered in the quarter ended 31 December 2015 (Q4 2015). The Group recorded a profit before tax of RM21.6 million in Q1 2016 as compared to a loss of RM4.4 million registered in Q4 2015, mainly due to higher sales volume and selling price.

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 2016 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	
		31.03.2016	31.03.2015
		RM'000	RM'000
Current income tax			
Malaysian	- current year	632	1,334
	- prior year	-	-
Overseas	- current year	3,707	2,238
	- prior year	-	465
		<u>4,339</u>	<u>4,037</u>

The Group's effective tax rate for the current income tax during the quarter was lower than the Malaysia statutory tax rate of 24% 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
		31.03.2016	31.12.2015
		RM'000	RM'000
Realised		410,488	405,138
Unrealised		(6,712)	(865)
		<u>403,776</u>	<u>404,273</u>
Add: Consolidation adjustments		(14,887)	(21,275)
Total retained earnings		<u>388,889</u>	<u>382,998</u>

19. Status of Corporate Proposals

There were no new proposals announced as at 11 May 2016, 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 2016 were as follows:

		As at	As at
		31.03.2016	31.12.2015
		RM'000	RM'000
Unsecured Long Term Borrowings			
Denominated in Ringgit Malaysia		<u>62,913</u>	<u>53,560</u>
Unsecured Short Term Borrowings			
Denominated in Ringgit Malaysia		302,610	336,090
Denominated in US Dollar		447,995	423,430
		<u>750,605</u>	<u>759,520</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	
	31.03.2016	31.03.2015
	RM'000	RM'000
Profit attributable to ordinary shareholders of the Company	17,632	5,398
Weighted average number of Ordinary Shares in issue for basic EPS computation ('000)	550,239	538,228
Dilutive potential ordinary shares - Assumed exercise of Warrants	-	-
Weighted average number of Ordinary Shares in issue for diluted EPS computation ('000)	550,239	538,228
Basic earnings per ordinary share (sen)	3.20	1.00
Diluted earnings per ordinary share (sen)	3.20	1.00

(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	
	31.03.2016 RM'000	31.03.2015 RM'000
Profit for the period is arrived at after charging:		
Amortisation and depreciation	11,096	10,059
Net fair value loss/(gain) from future and option	2,327	(780)
Interest expense from unsecured bankers' acceptances /unsecured revolving credits/ unsecured term loans	5,633	5,404
Net realised loss on foreign exchange	1,039	468
Net unrealised loss on foreign exchange	16,146	92
Impairment loss on trade receivables	1,113	9
Property, plant and equipment and intangible assets written off	7	-
and after crediting:		
Bad debts recovered	109	73
Reversal of impairment loss on trade receivables	-	335
Interest Income from deposits placed with licensed banks	3,009	4,025
Insurance recoveries	488	441
Gain on disposal of property, plant and equipment	-	55

By Order of the Board

MAH WAI MUN
Secretary
MAICSA 7009729

Kuala Lumpur
17 May 2016