

**MALAYAN FLOUR MILLS BERHAD (4260-M)**  
(Incorporated in Malaysia)  
**UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET**  
As at 30 June 2016

	(Unaudited) As at 30.06.2016 RM '000	(Audited) As at 31.12.2015 RM '000
<b>Assets</b>		
Property, plant and equipment	644,503	632,765
Intangible assets	623	770
Investment properties	5,252	5,280
Investment in a joint venture	42,298	34,634
Investment in associates	2,914	2,883
Deferred tax assets	15,556	15,556
<b>Total non-current assets</b>	<b>711,146</b>	<b>691,888</b>
Trade and other receivables, including derivatives	390,760	380,613
Prepayments and other assets	9,989	8,552
Inventories	360,792	462,224
Biological assets	53,171	46,063
Current tax assets	2,429	2,187
Cash and cash equivalents	226,790	273,677
<b>Total current assets</b>	<b>1,043,931</b>	<b>1,173,316</b>
<b>Total assets</b>	<b>1,755,077</b>	<b>1,865,204</b>
<b>Equity</b>		
Share capital	275,120	275,120
Reserves	519,596	495,981
<b>Total equity attributable to owners of the Company</b>	<b>794,716</b>	<b>771,101</b>
<b>Non-controlling interest</b>	<b>74,950</b>	<b>80,603</b>
<b>Total equity</b>	<b>869,666</b>	<b>851,704</b>
<b>Liabilities</b>		
Deferred tax liabilities	2,848	2,848
Loans and borrowings	60,422	53,560
<b>Total non-current liabilities</b>	<b>63,270</b>	<b>56,408</b>
Trade and other payables, including derivatives	144,765	194,604
Loans and borrowings	674,244	759,520
Current tax liabilities	3,132	2,968
<b>Total current liabilities</b>	<b>822,141</b>	<b>957,092</b>
<b>Total liabilities</b>	<b>885,411</b>	<b>1,013,500</b>
<b>Total equity and liabilities</b>	<b>1,755,077</b>	<b>1,865,204</b>
<b>Net assets per share attributable to owners of the Company (RM)</b>	<b>1.44</b>	<b>1.40</b>

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 30 June 2016

	Note	3 months ended		Financial Period Ended	
		30.06.2016	30.06.2015	30.06.2016	30.06.2015
		RM '000	RM '000	RM '000	RM '000
<b>Revenue</b>		608,111	535,561	1,274,947	1,091,621
Cost of goods sold		(526,977)	(470,378)	(1,131,507)	(968,485)
<b>Gross profit</b>		<b>81,134</b>	<b>65,183</b>	<b>143,440</b>	<b>123,136</b>
Operating expenses		(38,515)	(41,484)	(81,634)	(79,935)
<b>Results from operating activities</b>		<b>42,619</b>	<b>23,699</b>	<b>61,806</b>	<b>43,201</b>
Interest expenses		(5,209)	(5,474)	(10,842)	(10,878)
Interest income		2,533	3,627	5,542	7,652
<b>Net finance income/(expenses)</b>		<b>(2,676)</b>	<b>(1,847)</b>	<b>(5,300)</b>	<b>(3,226)</b>
Share of (loss)/profit of equity accounted joint venture, net of tax		(33)	(6,276)	4,943	(12,544)
Share of (loss)/profit of equity accounted associates, net of tax		(37)	(80)	31	(72)
<b>Profit before tax</b>		<b>39,873</b>	15,496	<b>61,480</b>	27,359
Tax expense	17	(3,432)	(2,451)	(7,771)	(6,488)
<b>Profit for the period</b>		<b>36,441</b>	13,045	<b>53,709</b>	20,871
<b>Profit attributable to:</b>					
Owners of the Company		30,645	12,701	48,277	18,099
Non-controlling interests		5,796	344	5,432	2,772
<b>Profit for the period</b>		<b>36,441</b>	13,045	<b>53,709</b>	20,871
<b>Basic earnings per ordinary share (sen)</b>	22	<b>5.57</b>	2.36	<b>8.77</b>	3.36
<b>Diluted earnings per ordinary share (sen)</b>	22	<b>5.57</b>	2.36	<b>8.77</b>	3.36

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

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

For the financial period ended 30 June 2016

	3 months ended		Financial Period Ended	
	30.06.2016	30.06.2015	30.06.2016	30.06.2015
	RM '000	RM '000	RM '000	RM '000
<b>Profit for the period</b>	<b>36,441</b>	13,045	<b>53,709</b>	<b>20,871</b>
<b>Other comprehensive income, net of tax</b>				
Foreign currency translation differences for foreign operations	<b>9,951</b>	1,766	<b>(15,440)</b>	15,141
<b>Total comprehensive income for the period</b>	<b>46,392</b>	14,811	<b>38,269</b>	<b>36,012</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	<b>39,083</b>	14,182	<b>35,350</b>	30,747
Minority interests	<b>7,309</b>	629	<b>2,919</b>	5,265
<b>Total comprehensive income for the period</b>	<b>46,392</b>	14,811	<b>38,269</b>	<b>36,012</b>

**MALAYAN FLOUR MILLS BERHAD (4260-M)**  
(Incorporated in Malaysia)  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
For the financial period ended 30 June 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			
<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	-	-	12,648	18,099	30,747	5,265	36,012
Dividends to owners of the Company	-	-	-	(18,838)	(18,838)	-	(18,838)
Dividends to non-controlling interests	-	-	-	-	-	(6,948)	(6,948)
<b>Balance at 30.06.2015</b>	<b>269,114</b>	<b>123,259</b>	<b>(41,221)</b>	<b>391,317</b>	<b>742,469</b>	<b>70,614</b>	<b>813,083</b>
<b>Balance at 1.1.2016</b>	275,120	132,747	(19,764)	382,998	771,101	80,603	851,704
Total comprehensive income for the period	-	-	(12,927)	48,277	35,350	2,919	38,269
Acquisition of additional equity in company's subsidiaries	-	-	-	(730)	(730)	(7,592)	(8,322)
Dividends to owners of the Company	-	-	-	(11,005)	(11,005)	-	(11,005)
Dividends to non-controlling interests	-	-	-	-	-	(980)	(980)
<b>Balance at 30.06.2016</b>	<b>275,120</b>	<b>132,747</b>	<b>(32,691)</b>	<b>419,540</b>	<b>794,716</b>	<b>74,950</b>	<b>869,666</b>

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 30 June 2016

	6 months ended	
	30.06.2016	30.06.2015
	RM'000	RM'000
<b>Cash Flows From Operating Activities</b>		
Profit before tax	61,480	27,359
Adjustments for:		
Amortisation and depreciation	22,268	20,510
Gain on disposal of property, plant and equipment	(119)	(55)
Impairment loss on property, plant and equipment	1,212	-
Interest expense	10,842	10,878
Interest income	(5,542)	(7,652)
Property, plant and equipment and intangible assets written off	24	56
Share of (profit)/loss of equity accounted jointly controlled entity, net of tax	(4,943)	12,544
Share of (loss)/profit of equity accounted associates, net of tax	(31)	72
Net unrealised loss/(gain) on foreign exchange	1,214	(2,508)
Operating profit before changes in working capital	<u>86,405</u>	61,204
Inventories	93,619	40,713
Biological assets	(7,108)	(3,318)
Trade and other payables	(45,637)	(14,202)
Trade and other receivables	(17,080)	(25,312)
Cash generated from operations	<u>110,199</u>	59,085
Net income tax paid	(7,977)	(8,378)
Interest received	5,542	7,652
Interest paid	(10,842)	(10,878)
Net cash generated from operating activities	<u>96,922</u>	47,481
<b>Cash Flows From Investing Activities</b>		
Acquisition of additional equity in subsidiaries	(8,322)	-
Acquisition of property, plant and equipment and intangible assets	(40,684)	(43,340)
Advances to joint venture	(2,772)	-
Proceeds from disposal of property, plant and equipment	165	85
Net cash used in investing activities	<u>(51,613)</u>	(43,255)
<b>Cash Flows From Financing Activities</b>		
Dividends paid to owners of the Company	(11,005)	(18,838)
Dividends paid to non-controlling shareholders	(980)	(6,948)
Repayment of loans and borrowings	(69,181)	(73,175)
Net cash used in financing activities	<u>(81,166)</u>	(98,961)
<b>Net decrease In Cash and Cash Equivalents</b>	<u>(35,857)</u>	(94,735)
Effect of exchange rate fluctuations on cash held	(11,030)	13,668
<b>Cash and Cash Equivalents at Beginning of Year</b>	<u>273,677</u>	346,354
<b>Cash and Cash Equivalents at End of financial period</b>	<u>226,790</u>	265,287

**Cash and cash equivalents**

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

	6 months ended	
	30.06.2016	30.06.2015
	RM'000	RM'000
Deposits placed with licensed banks	180,959	222,279
Cash and bank balances	45,831	43,008
	<u>226,790</u>	265,287

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 30 June 2016.

**7. Dividend**

The board has declared an interim single tier dividend of 3.0 sen per ordinary share for the current financial year ending 31 December 2016 (Period ended 30 June 2015: Interim single tier dividend of 2.0 sen per ordinary share). The dividend will be paid on 15 September 2016 to holders of ordinary shares whose names appear in the Record of Depositors at the close of business on 1 September 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 30.06.2016 RM'000	As at 31.12.2015 RM'000
<b>Property, plant and equipment</b>		
Authorised but not contracted for	<u>382,633</u>	<u>387,626</u>
Contracted but not provided for	<u>113,585</u>	<u>111,753</u>
<b>Investment in a joint venture</b>		
Authorised but not contracted for	<u>17,052</u>	<u>18,763</u>

The authorised but not contracted for amount of RM382.6 million includes a sum of RM366.0 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 June 2016.

**12. Segmental Information**

	<b>Results for 6 months ended 30 June 2016</b>			
	<b>Flour and trading in grains and other allied products</b>	<b>Poultry integration</b>	<b>Others</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Total segment revenue	908,944	395,482	-	1,304,426
Eliminations- inter-segment	(21,510)	(7,969)	-	(29,479)
<b>Revenue from external customers</b>	<b>887,434</b>	<b>387,513</b>	<b>-</b>	<b>1,274,947</b>
Results from operating activities	36,781	25,042	(17)	61,806
Interest expense				(10,842)
Interest income				5,542
Share of profit of equity accounted joint venture, net of tax				4,943
Share of profit of equity accounted associates, net of tax				31
<b>Profit before tax</b>				<b>61,480</b>

	<b>Results for 6 months ended 30 June 2015</b>			
	<b>Flour and trading in grains and other allied products</b>	<b>Poultry integration</b>	<b>Others</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Total segment revenue	871,278	390,853	-	1,262,131
Eliminations- inter-segment	(151,720)	(18,790)	-	(170,510)
<b>Revenue from external customers</b>	<b>719,558</b>	<b>372,063</b>	<b>-</b>	<b>1,091,621</b>
Results from operating activities	20,143	23,057	1	43,201
Interest expense				(10,878)
Interest income				7,652
Share of loss of equity accounted joint venture, net of tax				(12,544)
Share of loss of equity accounted associates, net of tax				(72)
<b>Profit before tax</b>				<b>27,359</b>

### **13. Performance Review**

For the quarter ended 30 June 2016 (Q2 2016), the Group recorded a revenue of RM608.1 million, an increase of 13.5% from RM535.6 million registered in 30 June 2015 (Q2 2015). This was mainly attributable to higher sales recorded in flour and trading in grains and other allied products segment.

The Group recorded a profit before tax (PBT) amounting to RM39.9 million in Q2 2016 as compared to a PBT of RM15.5 million in Q2 2015. This was mainly due to unrealised gain on foreign exchange coupled with lower share of loss of equity accounted joint venture in Q2 2016.

The revenue increased by 16.8% to RM1,274.9 million for the financial period ended 30 June 2016 as compared to RM1,091.6 million posted in the corresponding period in the preceding year. This was mainly due to higher sales recorded in both flour and trading in grains and other allied products and poultry integration segments in 2016. For the financial period ended 30 June 2016, the PBT increased by 124% to RM61.5 million as compared to RM27.4 million recorded in the same period in preceding year. This was mainly due to higher volume and better margin in flour and trading in grains and other allied products segment coupled with insurance recoveries and net fair value gain on biological assets recognised in poultry integration segment and share of gain of equity accounted joint venture in 2016.

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

The flour and trading in grains and other allied products segment recorded a revenue of RM413.5 million in Q2 2016 as compared to RM345.7 million in Q2 2015 mainly due to higher volume of flour and trading in grains and other allied products sold in Q2 2016. The operating profit increased by 289% from RM7.6 million registered in Q2 2015 to RM29.6 million in Q2 2016 mainly due to unrealised gain on foreign exchange in Q2 2016.

The flour and trading in grains and other allied products segment registered a revenue of RM887.4 million for the 6 months ended 30 June 2016, an 23.3% increase as compared to RM719.6 million posted in the same period of the preceding year due to higher sales volume. The operating profit for the 6 months ended 30 June 2016 was 82.6% higher at RM36.8 million as compared to RM20.1 million posted in the same period in the preceding year due to higher volume and better margin in 2016.

#### **Poultry integration**

The poultry integration segment recorded a 2.5% increase in revenue to RM194.6 million in Q2 2016 as compared to RM189.8 million in Q2 2015 mainly due to higher volume sold in Q2 2016. In Q2 2016, the poultry integration posted an operating profit of RM13.0 million as compared to an operating profit of RM16.1 million in Q2 2015 mainly due to lower live bird selling price giving rise to lower margin in Q2 2016. This is inspite of the insurance recoveries and net fair value gain on biological assets recognised in the segment as a result of higher live bird selling price towards end of Q2 2016.

The poultry integration segment recorded a 4.2% increase in revenue to RM387.5 million for the 6 months ended 30 June 2016 as compared to RM372.1 million for the same period in the preceding year. The segment had registered a higher operating profit of RM25.0 million for the 6 months period ended 30 June 2016 as compared to an operating profit of RM23.1 million posted in the same period in the preceding year. This was mainly due to the insurance recoveries and net fair value gain on biological assets recognised in the segment in the 6 months ended 30 June 2016.

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

For Q2 2016, the Group recorded a revenue of RM608.1 million which represented a 8.8% decrease from RM666.8 million registered in the quarter ended 31 March 2016 (Q1 2016). Despite the lower revenue in Q2 2016, the Group recorded a profit before tax of RM39.9 million in Q2 2016 as compared to a profit before tax of RM21.6 million registered in Q1 2016, mainly due to unrealised gain on foreign exchange coupled with insurance recoveries and net fair value gain on biological assets recognised in poultry integration segment in Q2 2016.

### **15. Prospects**

Despite the uncertain global economic environment, volatile commodity prices and foreign exchange rates, 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



**MALAYAN FLOUR MILLS BERHAD (4260-M)**  
**Notes to the Financial Report for the Financial Period Ended 30 June 2016**

**17. Income Tax Expense**

		3 months ended		6 months ended	
		30.06.2016 RM'000	30.06.2015 RM'000	30.06.2016 RM'000	30.06.2015 RM'000
Current income tax					
Malaysian	- current year	411	1,653	1,043	2,987
Overseas	- current year	3,021	798	6,728	3,036
	- prior year	-	-	-	465
		<u>3,432</u>	<u>2,451</u>	<u>7,771</u>	<u>6,488</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 30.06.2016 RM'000	As at 31.12.2015 RM'000
Realised	440,844	405,138
Unrealised	1,030	(865)
	<u>441,874</u>	<u>404,273</u>
Add: Consolidation adjustments	(22,334)	(21,275)
Total retained earnings	<u>419,540</u>	<u>382,998</u>

**19. Status of Corporate Proposals**

There were no new proposals announced as at 11 August 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 30 June 2016 were as follows:

	As at 30.06.2016 RM'000	As at 31.12.2015 RM'000
<b>Unsecured Long Term Borrowings</b>		
Denominated in Ringgit Malaysia	<u>60,422</u>	<u>53,560</u>
<b>Unsecured Short Term Borrowings</b>		
Denominated in Ringgit Malaysia	280,763	336,090
Denominated in US Dollar	393,481	423,430
	<u>674,244</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		6 months ended	
	30.06.2016	30.06.2015	30.06.2016	30.06.2015
	RM'000	RM'000	RM'000	RM'000
Profit attributable to ordinary shareholders of the Company	30,645	12,701	48,277	18,099
Weighted average number of Ordinary Shares in issue for basic EPS computation ('000)	550,239	538,228	550,239	538,228
Dilutive potential ordinary shares - Assumed exercise of Warrants	-	-	-	-
Weighted average number of Ordinary Shares in for diluted EPS computation ('000)	550,239	538,228	550,239	538,228
Basic earnings per ordinary share (sen)	5.57	2.36	8.77	3.36
Diluted earnings per ordinary share (sen)	5.57	2.36	8.77	3.36

**(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		6 months ended	
	30.06.2016	30.06.2015	30.06.2016	30.06.2015
	RM'000	RM'000	RM'000	RM'000
Profit for the period is arrived at after charging:				
Amortisation and depreciation	11,172	10,451	22,268	20,510
Net fair value (gain)/loss from future and option	(472)	530	1,855	1,310
Interest expense from unsecured bankers' acceptances /unsecured revolving credits/unsecured term loans	5,209	5,474	10,842	10,878
Net realised loss on foreign exchange	1,511	3,778	2,550	4,246
Net unrealised (gain)/loss on foreign exchange	(14,932)	(2,600)	1,214	(2,508)
Impairment loss on trade receivables	382	-	1,495	9
Property, plant and equipment and intangible assets written off	17	56	24	56
Impairment loss:- - Property, plant and equipment	1,212	-	1,212	-
and after crediting:				
Bad debts recovered	-	36	-	109
Reversal of impairment loss on trade receivables	-	188	-	523
Interest Income from deposits placed with licensed banks	2,533	3,627	5,542	7,652
Insurance recoveries	5,639	170	6,127	611
Gain on disposal of property, plant and intangible assets	119	-	119	55
Net fair value gain on biological assets	5,372	-	3,949	-

**By Order of the Board**

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

Kuala Lumpur  
17 August 2016