

MALAYAN FLOUR MILLS BERHAD (4260-M)
(Incorporated in Malaysia)
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET
As at 31 March 2017

	(Unaudited) As at 31.03.2017 RM '000	(Audited) As at 31.12.2016 RM '000
Assets		
Property, plant and equipment	666,284	662,145
Intangible assets	978	943
Investment properties	5,209	5,223
Investment in a joint venture	44,796	44,563
Investment in associates	1,183	992
Deferred tax assets	16,166	15,570
Other investment	2,213	2,213
Total non-current assets	736,829	731,649
Trade and other receivables, including derivatives	430,620	471,916
Prepayments and other assets	6,287	6,729
Inventories	383,219	455,146
Biological assets	56,348	49,944
Current tax assets	1,360	1,499
Cash and cash equivalents	355,093	371,190
Total current assets	1,232,927	1,356,424
Total assets	1,969,756	2,088,073
Equity		
Share capital	275,120	275,120
Reserves	559,814	557,985
Total equity attributable to owners of the Company	834,934	833,105
Non-controlling interests	85,578	84,292
Total equity	920,512	917,397
Liabilities		
Deferred tax liabilities	7,820	5,770
Loans and borrowings	54,324	56,792
Total non-current liabilities	62,144	62,562
Trade and other payables, including derivatives	170,070	172,245
Loans and borrowings	813,640	933,458
Current tax liabilities	3,390	2,411
Total current liabilities	987,100	1,108,114
Total liabilities	1,049,244	1,170,676
Total equity and liabilities	1,969,756	2,088,073
Net assets per share attributable to owners of the Company (RM)	1.52	1.51

The Condensed Consolidated Balance Sheet should be read in conjunction with the audited financial statements for year ended 31 December 2016 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 2017

	Financial Period Ended	
	31.03.2017	31.03.2016
	RM '000	RM '000
Revenue	604,175	666,836
Cost of goods sold	(526,522)	(605,136)
Gross profit	77,653	61,700
Operating expenses	(41,904)	(42,513)
Results from operating activities	35,749	19,187
Interest expense	(5,942)	(5,633)
Interest income	3,663	3,009
Net finance expenses	(2,279)	(2,624)
Share of profit of equity accounted joint venture, net of tax	333	4,976
Share of (loss)/profit of equity accounted associates, net of tax	(7)	68
Profit before tax	33,796	21,607
Tax expense	(6,803)	(4,339)
Profit for the period	26,993	17,268
Profit attributable to:		
Owners of the Company	24,910	17,632
Non-controlling interests	2,083	(364)
Profit for the period	26,993	17,268
Basic earnings per ordinary share (sen)	4.53	3.20
Diluted earnings per ordinary share (sen)	4.53	3.20

The Condensed Consolidated Income Statement should be read in conjunction with the audited financial statements for year ended 31 December 2016 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 2017

	Financial Period Ended	
	31.03.2017 RM '000	31.03.2016 RM '000
Profit for the period	26,993	17,268
Other comprehensive income, net of tax		
Foreign currency translation differences for foreign operations	(4,620)	(25,391)
Total comprehensive income for the period	<u>22,373</u>	<u>(8,123)</u>
Total comprehensive income attributable to:		
Owners of the Company	21,087	(3,733)
Minority interests	1,286	(4,390)
Total comprehensive income for the period	<u>22,373</u>	<u>(8,123)</u>

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for year ended 31 December 2016 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 2017

	← 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 1.1.2016	275,120	132,747	(19,764)	382,998	771,101	80,603	851,704
Total comprehensive income for the the year	-	-	10,121	80,835	90,956	14,159	105,115
Retained earnings reinvested as a capital contribution in a subsidiary	-	10,422	-	(10,422)	-	-	-
Issuance of shares pursuant to the exercise of warrants	0*	-	-	-	0*	-	0*
Dividends to owners of the Company	-	-	-	(27,512)	(27,512)	-	(27,512)
Dividends to non-controlling interests						(2,878)	(2,878)
Changes in ownership interests in subsidiaries	-	-	-	(1,440)	(1,440)	(7,592)	(9,032)
Balance at 31.12.2016	275,120	143,169	(9,643)	424,459	833,105	84,292	917,397
Balance at 1.1.2017	275,120	143,169	(9,643)	424,459	833,105	84,292	917,397
Total comprehensive income for the period	-	-	(3,823)	24,910	21,087	1,286	22,373
Issuance of shares pursuant to the exercise of warrants	0*	-	-	-	0*	-	0*
Dividends to owners of the Company	-	-	-	(19,258)	(19,258)	-	(19,258)
Balance at 31.03.2017	275,120	143,169	(13,466)	430,111	834,934	85,578	920,512

* 50 new ordinary shares at the issue price of RM2.06 each were issued pursuant to the exercise of Warrants.

The Condensed Consolidated Statement Of Changes In Equity should be read in conjunction with the audited financial statements for year ended 31 December 2016 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 2017

	3 months ended	
	31.03.2017 RM'000	31.03.2016 RM'000
Cash Flows From Operating Activities		
Profit before tax	33,796	21,607
Adjustments for:		
Amortisation and depreciation	12,768	11,096
Loss on disposal of property, plant and equipment	26	-
Interest expense	5,942	5,633
Interest income	(3,663)	(3,009)
Property, plant and equipment and intangible assets written off	1	7
Share of profit of equity accounted jointly controlled entity, net of tax	(333)	(4,976)
Share of loss/(profit) of equity accounted associates, net of tax	7	(68)
Net unrealised loss on foreign exchange	2,516	16,146
Operating profit before changes in working capital	<u>51,060</u>	46,436
Inventories	70,470	79,290
Biological assets	(6,404)	4
Trade and other receivables	25,159	(67,374)
Trade and other payables	43,533	(6,406)
Cash generated from operations	<u>183,818</u>	51,950
Net income tax paid	(4,216)	(2,618)
Interest received	3,663	3,009
Interest paid	(5,942)	(5,633)
Net cash generated from operating activities	<u>177,323</u>	46,708
Cash Flows From Investing Activities		
Acquisition of non-controlling interests in subsidiaries	-	(8,322)
Acquisition of property, plant and equipment and intangible assets	(18,746)	(23,107)
Increase in investment in a joint venture	-	(2,772)
Proceeds from disposal of property, plant and equipment	54	-
Net cash used in investing activities	<u>(18,692)</u>	(34,201)
Cash Flows From Financing Activities		
Dividends paid to owners of the Company	(19,258)	(11,005)
Dividends paid to non-controlling interests	-	(980)
Net (repayment of)/proceeds from loans and borrowings	(204,565)	29,841
Net cash (used in)/from financing activities	<u>(223,823)</u>	17,856
Net (decrease)/increase In Cash and Cash Equivalents	<u>(65,192)</u>	30,363
Effect of exchange rate fluctuations on cash held	49,095	(31,170)
Cash and Cash Equivalents at Beginning of Year	<u>371,190</u>	273,677
Cash and Cash Equivalents at End of Financial Period	<u>355,093</u>	272,870

Cash and Cash Equivalents

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

	3 months ended	
	31.03.2017 RM'000	31.03.2016 RM'000
Deposits placed with licensed banks	280,152	195,277
Cash and bank balances	74,941	77,593
	<u>355,093</u>	272,870

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for year ended 31 December 2016 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 2016.

2. Significant accounting policies

The audited financial statements of the Group for the year ended 31 December 2016 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 2016, except for those standards, amendments and IC interpretation which are effective from the annual period beginning on or after 1 January 2017. 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 22 Mar 2017, 50 new ordinary shares at the issue price of RM2.06 each were issued pursuant to the exercise of Warrants.

Accordingly, the issued and paid-up share capital of the Company increased to RM275,119,633 comprising 550,239,110 ordinary shares.

Other than the above, there were no issuances, repurchases and repayment of debt and equity securities during the financial period ended 31 March 2017.

As at 31 March 2017, the total number of Warrants which remain unexercised was 107,639,456 (31 December 2016 : 107,639,506).

7. Dividend

The interim single tier dividend of 3.5 sen per ordinary share in respect of the current financial year ended 31 December 2016, amounting to RM19,258,372 was paid on 24 March 2017.

The Directors do not recommend any payment of dividend for the current financial period ended 31 March 2017.

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.

MALAYAN FLOUR MILLS BERHAD (4260-M)
Notes to the Financial Report for the Financial Period Ended 31 March 2017

10. Capital Commitments

	As at 31.03.2017 RM'000	As at 31.12.2016 RM'000
Property, plant and equipment		
Authorised but not contracted for	535,582	575,964
Contracted but not provided for	110,974	118,300

The authorised but not contracted for amount of RM535.6 million includes a sum of RM424.3 million relating to expansion projects in poultry integration which is expected to be incurred over the next 2 years.

11. Changes in Composition of the Group

On 29 December 2016, the Company incorporated AVIOTA Sdn Bhd ("AVIOTA"). Subsequently, on 18 January 2017, AVIOTA became a wholly-owned subsidiary. The issued and paid-up share capital of AVIOTA is RM2.00, divided into 2 ordinary shares.

12. Segmental Information

	Results for 3 months ended 31 March 2017			
	Flour and grains trading	Poultry integration	Others	Total
	RM'000	RM'000	RM'000	RM'000
Total segment revenue	412,839	209,174		622,013
Eliminations- inter-segment	(9,567)	(8,271)		(17,838)
Revenue from external customers	403,272	200,903	-	604,175
Results from operating activities	22,395	13,384	(30)	35,749
Interest expense				(5,942)
Interest income				3,663
Share of profit of equity accounted joint venture, net of tax				333
Share of loss of equity accounted associates, net of tax				(7)
Profit before tax				33,796

	Results for 3 months ended 31 March 2016			
	Flour and grains trading	Poultry integration	Others	Total
	RM'000	RM'000	RM'000	RM'000
Total segment revenue	482,866	195,466	-	678,332
Eliminations- inter-segment	(8,909)	(2,587)	-	(11,496)
Revenue from external customers	473,957	192,879	-	666,836
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				21,607

13. Performance Review

For the quarter ended 31 March 2017 (Q1 2017), the Group recorded a revenue of RM604.2 million, a decrease of 9.4% from RM666.8 million registered in 31 March 2016 (Q1 2016). This was mainly attributable to lower sales volume recorded in flour and grains trading segment.

The Group recorded a profit before tax (PBT) amounting to RM33.8 million in Q1 2017 as compared to RM21.6 million in Q1 2016. This was mainly due to improved profit margins in flour as well as poultry intergration segments but this was offset by lower share of profit in a joint venture in Q1 2017.

Flour and grains trading

The flour and grains trading segment recorded a revenue of RM403.3 million in Q1 2017 as compared to RM474 million in Q1 2016 mainly due to lower sales volume recorded in flour and grains trading in Q1 2017. There was an operating profit of RM22.4mil in Q1 2017 as compared to RM7.2mil in Q1 2016, mainly due to better margin in flour and grains trading in Q1 2017.

Poultry integration

The poultry integration segment recorded an increase of 4.1% in revenue to RM200.9 million in Q1 2017 as compared to RM192.9 million in Q1 2016 mainly due to higher sales recorded in Q1 2017. In Q1 2017, the poultry integration posted an operating profit of RM13.4 million as compared to RM12 million in Q1 2016 mainly due to higher live birds selling prices and poultry products giving rise to better margin in Q1 2017.

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

For Q1 2017, the Group recorded a revenue of RM604.2 million which represented a decrease of 6.9% from RM649.3 million registered in the quarter ended 31 December 2016 (Q4 2016). The Group recorded a profit before tax of RM33.8 million in Q1 2017 as compared to a profit before tax of RM34.5 million registered in Q4 2016, mainly due to lower sales recorded in flour and grains trading segment.

15. Prospects

Despite the competitive market environment, volatile commodity prices and foreign exchange rates, the Board expects the Group's performance in 2017 to be favourable, barring any unforeseen circumstances.

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 31 March 2017

17. Income Tax Expense

		3 months ended	
		31.03.2017	31.03.2016
		RM'000	RM'000
Current income tax			
Malaysian	- current year	2,582	632
	- prior year	-	-
Overseas	- current year	2,766	3,707
	- prior year	-	-
Deferred tax	- Origination and reversal of temporary difference	-	-
	- Recognition of previously unrecognised temporary difference	1,455	-
		<u>6,803</u>	<u>4,339</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
		31.03.2017	31.12.2016
		RM'000	RM'000
Realised		453,732	439,475
Unrealised		4,948	10,357
		<u>458,680</u>	<u>449,832</u>
Add: Consolidation adjustments		(28,569)	(25,373)
Total retained earnings		<u>430,111</u>	<u>424,459</u>

19. Status of Corporate Proposals

There were no new proposals announced as at 19 May 2017, 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 2017 were as follows:

		As at	As at
		31.03.2017	31.12.2016
		RM'000	RM'000
Unsecured Long Term Borrowings			
Denominated in Ringgit Malaysia		<u>54,324</u>	<u>56,792</u>
Unsecured Short Term Borrowings			
Denominated in Ringgit Malaysia		448,263	330,572
Denominated in US Dollar		365,377	602,886
		<u>813,640</u>	<u>933,458</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 in issue during the period.

	3 months ended	
	31.03.2017	31.03.2016
	RM'000	RM'000
Profit attributable to ordinary shareholders of the Company	24,910	17,632
Weighted average number of Ordinary Shares in issue for basic EPS computation ('000)	550,239	550,239
Dilutive potential ordinary shares - Assumed exercise of Warrants	-	-
Weighted average number of Ordinary Shares in issue for diluted EPS computation ('000)	550,239	550,239
Basic earnings per ordinary share (sen)	4.53	3.20
Diluted earnings per ordinary share (sen)	4.53	3.20

(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 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 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	
	31.03.2017	31.03.2016
	RM'000	RM'000
Profit for the period is arrived at after charging:		
Amortisation and depreciation	12,768	11,096
Interest expense from unsecured bankers' acceptances/ revolving credits/term loans	5,942	5,633
Loss on disposal of property, plant and equipment	26	-
Net unrealised loss/(gain) on future and option contracts	882	(6,259)
Net realised loss on future and option contracts	1,472	8,586
Net unrealised loss on foreign exchange	2,516	16,146
Net realised loss on foreign exchange	1,222	1,039
Property, plant and equipment and intangible assets written off	1	7
	<u>1</u>	<u>7</u>
(Reversal of)/Impairment loss:-		
- Trade receivables	(120)	1,113
	<u>(120)</u>	<u>1,113</u>
and after crediting:		
Interest Income from deposits placed with licensed banks	3,663	3,009
Insurance recoveries	222	488
Net fair value gain/(loss) on biological assets	2,660	(1,423)
	<u>2,660</u>	<u>(1,423)</u>

By Order of the Board

MAH WAI MUN
Secretary
MAICSA 7009729

Kuala Lumpur
25 May 2017