Malayan Flour Mills Berhad

(Company No. 4260-M)
(Incorporated in Malaysia)

and its subsidiaries

Financial statements for the year ended 31 December 2012

Malayan Flour Mills Berhad
(Company No. 4260-M)
(Incorporated in Malaysia)
and its subsidiaries

Directors' report for the year ended 31 December 2012

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the year ended 31 December 2012.

Principal activities

The Company is principally engaged in the business of milling and selling wheat flour and trading in grains and other allied products, whilst the principal activities of the subsidiaries are as stated in Note 6 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

Results

	Group RM'000	Company RM'000
Profit for the year attributable to:		
Owners of the Company	28,511	39,769
Non-controlling interests	9,125	-
	37,636	39,769

Reserves and provisions

There were no material transfers to or from reserves and provisions during the financial year under review.

Dividends

Since the end of the previous financial year the Company paid a special dividend of 62 sen per ordinary share of RM0.50 each less tax at 25% totalling RM100,109,000 (46.50 sen net per ordinary share of RM0.50 each) in respect of the financial year ended 31 December 2011 on 13 April 2012.

The Directors declared an interim dividend of 3 sen per ordinary share of RM0.50 each less tax at 25% totalling approximately RM12,110,000 (2.25 sen net per ordinary share of RM0.50 each) in respect of the financial year ended 31 December 2012. The interim dividend will be paid on 29 March 2013.

The Directors do not recommend any payment of final dividend for the year under review.

Directors of the Company

Directors who served since the date of the last report are:

Tan Sri Dato' Seri Arshad bin Ayub
Teh Wee Chye
Dato' Hj Shaharuddin bin Hj Haron
Geh Cheng Hooi
Quah Ban Lee
Datuk Oh Chong Peng
Lim Pang Boon
Dato' Wira Zainal Abidin bin Mahamad Zain
Prakash A/L K.V.P Menon
Tan Sri Mohd Sidek bin Haji Hassan (appointed on 16.08.2012)
Azhari Arshad (appointed on 16.08.2012)
Thong Kok Mun (retired on 31.12.2012)

Directors' interests

The interests and deemed interests in the ordinary shares and warrants of the Company and of its related companies (other than wholly-owned subsidiaries) of those who were Directors at year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares of RM0.50 each					
	At 1.1.2012	**Acquired before the share split**	**Share split#**	**Acquired after the share split**	**Disposed**	**At 31.12.2012**
Company – Malayan Flour Mills Berhad						
Direct interest						
Teh Wee Chye	456,500	727,200	1,183,700	29,670,877	-	32,038,277
Tan Sri Dato' Seri Arshad bin Ayub	4,653,385	-	4,653,385	14,550,155	-	23,856,925
Dato' Hj Shaharuddin bin Hj Haron	400,000	-	400,000	1,200,000	-	2,000,000
Quah Ban Lee	235,000	-	235,000	705,000	-	1,175,000
Lim Pang Boon	41,800	-	41,800	136,800	-	220,400
Datuk Oh Chong Peng	1,000	-	1,000	3,150	-	5,150
Dato' Wira Zainal Abidin bin Mahamad Zain	1,000	-	1,000	3,000	-	5,000

Company No. 4260-M

Directors' interests (continued)

	Number of ordinary shares of RM0.50 each					
	At 1.1.2012	Acquired before the share split	Share split#	Acquired after the share split	Disposed	At 31.12.2012
Company – Malayan Flour Mills Berhad (continued)						
Deemed interest						
Teh Wee Chye						
- own	29,858,483	-	29,858,483	23,256,132	(44,212,878)	38,760,220
- others*	12,000	-	12,000	39,000	-	63,000
Tan Sri Dato' Seri Arshad bin Ayub	2,924,000	-	2,924,000	8,932,000	-	14,780,000
Geh Cheng Hooi						
- own	291,000	-	291,000	873,000	-	1,455,000
- others*	20,000	-	20,000	60,000	-	100,000

	Number of ordinary shares of RM1.00 each			
	At 1.1.2012	Acquired	Disposed	At 31.12.2012
Deemed interest of Teh Wee Chye in subsidiary companies				
Dindings Soya & Multifeeds Sdn. Berhad	29,185,000	-	-	29,185,000
Muda Fibre Manufacturing Sdn. Bhd.	7,000,001	-	-	7,000,001
Dindings Poultry Processing Sdn. Bhd.	51,160,000	-	-	51,160,000
Premier Grain Sdn. Bhd.	10,200,000	-	-	10,200,000

	Interest in capital contribution denominated in Vietnamese Dong (VND)			
	At 1.1.2012 VND'000	Acquired VND'000	Disposed VND'000	At 31.12.2012 VND'000
Vimaflour Limited	149,310,144	-	-	149,310,144

Company No. 4260-M

Directors' interests (continued)

	Number of warrants			
	At 1.1.2012	**Acquired**	**Disposed**	**At 31.12.2012**
Company – Malayan Flour Mills Berhad				
Direct interest				
Teh Wee Chye	-	6,629,559	-	6,629,559
Tan Sri Dato' Seri Arshad bin Ayub	-	4,653,385	(200,000)	4,453,385
Dato' Hj Shaharuddin bin Hj Haron	-	400,000	-	400,000
Quah Ban Lee	-	235,000	-	235,000
Lim Pang Boon	-	45,600	-	45,600
Datuk Oh Chong Peng	-	1,050	-	1,050
Dato' Wira Zainal Abidin bin Mahamad Zain	-	1,000	-	1,000
Deemed interest				
Teh Wee Chye				
- own	-	7,752,044	-	7,752,044
- others *		13,000	-	13,000
Tan Sri Dato' Seri Arshad bin Ayub	-	2,924,000	(280,000)	2,644,000
Geh Cheng Hooi				
- own	-	291,000	-	291,000
- others *	-	20,000	-	20,000

During the financial year, the Company undertook a share split involving the subdivision of every one (1) existing ordinary share of RM1.00 each into two (2) ordinary shares of RM0.50 each

* Deemed to have interest through spouse and children pursuant to the Section 134(12)(c) of the Companies Act, 1965.

By virtue of his interest in the shares of the Company, Mr. Teh Wee Chye is also deemed interested in the shares of the subsidiaries during the financial year to the extent that Malayan Flour Mills Berhad has an interest.

None of the other Directors holding office at 31 December 2012 had any interest in the ordinary shares and warrants of the Company and of its related corporations during the financial year.

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefits (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with a Director or with a firm of which a Director is a member, or with a company in which the Director has a substantial financial interest other than a Director who has significant financial interests in companies which traded with certain companies in the Group in the ordinary course of business as disclosed in Note 25 to the financial statements.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Issue of shares

During the financial year, the issued and paid-up share capital was increased in the following manner:

i) On 31 January 2012, the Company had completed a share split involving the subdivision of every one (1) existing ordinary share of RM1.00 each into two (2) new ordinary shares of RM0.50 each. Pursuant to the share split, 107,644,606 ordinary shares of RM1.00 each of the Company were subdivided into 215,289,212 ordinary shares of RM0.50 each.

ii) On 14 May 2012, a Rights Issue with free Warrants and Bonus Shares ["Rights Issue Exercise"] was completed with the listing of and quotation for the following new ordinary shares on the Main Market of Bursa Securities:

   a) 215,289,212 new ordinary shares of RM0.50 each ["Right Shares"] issued pursuant to the Rights Issue Exercise on the basis of two (2) Rights Shares for every two (2) existing ordinary shares of RM0.50 each held, at the issue price of RM0.93 per Rights Share;

   b) 107,644,606 new ordinary shares of RM0.50 each credited as fully paid-up on the basis of one (1) bonus share for every two (2) Rights Shares subscribed; and

   c) 107,644,606 warrants ["Warrants"] issued pursuant to the Rights Issue Exercise on the basis of one (1) free Warrant for every two (2) Rights Shares subscribed.

iii) On 31 July 2012, 50 new ordinary shares of RM0.50 each were listed and quoted on the Main Market of Bursa Securities pursuant to the exercise of warrants.

Consequently, the issued and paid-up share capital of the Company increased from RM107,644,606 comprising 107,644,606 ordinary shares of RM1.00 each to RM269,111,540 comprising 538,223,080 ordinary shares of RM0.50 each.

Issue of shares (continued)

There were no other changes in the authorised, issued and paid-up capital of the Company during the financial year.

Warrants

The Warrants are constituted by the deed poll dated 21 March 2012 [“Deed Poll”].

On 14 May 2012, 107,644,606 warrants [“Warrants”] issued pursuant to the Rights Issue with Warrants Exercise on the basis of one (1) free Warrant for every two (2) Rights Shares subscribed were listed and quoted on the Main Market of Bursa Securities.

Salient features of the Warrants are as follows:

(i) Each Warrant entitles the registered holder thereof [“Warrant holder(s)”] to subscribe for one (1) new ordinary share of RM0.50 each in the Company at the exercise price of RM2.06 during the 5-year period expiring on 9 May 2017 [“Exercise Period”], subject to the adjustments in accordance with the Deed Poll constituting the Warrants;

(ii) At the expiry of the Exercise Period, any Warrants which have not been exercised shall automatically lapse and cease to be valid for any purpose;

(iii) The new shares to be issued upon the exercise of the Warrants shall, upon issue and allotment, rank pari passu in all respects with the then existing shares of the Company except that they will not be entitled to any dividends, rights, allotments and/or distributions declared by the Company, which entitlement date thereof precedes the allotment date of the new shares to be issued pursuant to the exercise of the warrants;

(iv) For purpose of trading on Bursa Securities, a board lot for the Warrants shall be one hundred (100) or such other number of units as may be prescribed by Bursa Securities from time to time and the trading thereof shall be governed by the provisions of the Securities Industry (Central Depositories) Act, 1991 (including any amendment or re-enactment thereof) and the rules of the Bursa Malaysia Depository Sdn Bhd; and

(v) The Deed Poll and accordingly the Warrants are governed by and shall be construed in accordance with the laws of Malaysia.

Warrants (continued)

Movement in the Warrants since the listing and quotation thereof is as follows:

	Number of Warrants
As of 14 May 2012	107,644,606
Exercised during the year	(50)
As of 31 December 2012	107,644,556

During the financial year, 50 Warrants were exercised which resulted in 50 new ordinary shares of RM0.50 each being allotted and issued and thereafter listed on the Main Market of Bursa Securities on 31 July 2012.

As of 19 March 2013, 107,644,556 Warrants remained unexercised.

Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company during the financial year.

Other statutory information

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

i) all known bad debts have been written off and adequate provision made for doubtful debts, and

ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

i) that would render the amount written off for bad debts, or the amount of the provision for doubtful debts, in the Group and in the Company inadequate to any substantial extent, or

ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or

iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or

iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

Other statutory information (continued)

At the date of this report, there does not exist:

i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or

ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 December 2012 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Auditors

The auditors, Messrs KPMG, have indicated their willingness to accept re-appointment.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

…………………………………………………………..
Tan Sri Dato' Seri Arshad bin Ayub

…………………………………………………………..
Teh Wee Chye

Kuala Lumpur,

Date: 19 March 2013

Malayan Flour Mills Berhad

(Company No. 4260-M)
(Incorporated in Malaysia)

and its subsidiaries

Balance sheets at 31 December 2012

	Note	Group			Company		
		31.12.2012 RM'000	**31.12.2011 RM'000**	**1.1.2011 RM'000**	**31.12.2012 RM'000**	**31.12.2011 RM'000**	**1.1.2011 RM'000**
Assets							
Property, plant and equipment	3	415,323	315,320	224,222	200,295	167,290	113,764
Intangible assets	4	1,317	1,576	1,903	158	257	409
Investment properties	5	5,450	5,505	5,562	5,179	5,234	5,291
Investments in subsidiaries	6	-	-	-	234,930	234,930	234,930
Investment in a jointly controlled entity	7	20,831	-	-	23,063	-	-
Investments in associates	8	2,202	1,484	-	-	-	-
Deferred tax assets	9	5,034	5,122	4,131	-	-	-
Total non-current assets		450,157	329,007	235,818	463,625	407,711	354,394
Trade and other receivables, including derivatives	10	260,396	250,976	229,065	274,594	143,316	87,647
Prepayments and other assets		4,907	4,884	3,825	1,700	1,609	1,174
Inventories	11	405,913	360,999	324,940	116,405	114,847	96,775
Current tax assets		4,831	2,013	90	4,974	1,959	-
Cash and cash equivalents	12	262,279	200,867	221,974	48,846	40,740	32,201
Total current assets		938,326	819,739	779,894	446,519	302,471	217,797
Total assets		1,388,483	1,148,746	1,015,712	910,144	710,182	572,191
Equity							
Share capital		269,112	107,645	107,645	269,112	107,645	107,645
Reserves		373,020	414,866	361,428	278,767	302,179	278,871
Total equity attributable to owners of the Company		642,132	522,511	469,073	547,879	409,824	386,516
Non-controlling interests		56,750	53,872	53,762	-	-	-
Total equity	13	698,882	576,383	522,835	547,879	409,824	386,516

The notes set out on pages 19 to 93 are an integral part of these financial statements.

Company No. 4260-M

Balance sheets at 31 December 2012

(continued)

	Note	Group 31.12.2012 RM'000	Group 31.12.2011 RM'000	Group 1.1.2011 RM'000	Company 31.12.2012 RM'000	Company 31.12.2011 RM'000	Company 1.1.2011 RM'000
Liabilities							
Deferred tax liabilities	9	7,237	5,419	7,100	6,650	3,850	7,100
Loans and borrowings	15	28,118	-	-	28,118	-	-
Total non-current liabilities		35,355	5,419	7,100	34,768	3,850	7,100
Trade and other payables, including derivatives	14	89,743	108,310	87,407	126,814	153,749	62,959
Loans and borrowings	15	560,357	445,373	385,172	200,683	142,759	113,995
Current tax liabilities		4,146	13,261	13,198	-	-	1,621
Total current liabilities		654,246	566,944	485,777	327,497	296,508	178,575
Total liabilities		689,601	572,363	492,877	362,265	300,358	185,675
Total equity and liabilities		1,388,483	1,148,746	1,015,712	910,144	710,182	572,191

Malayan Flour Mills Berhad

(Company No. 4260-M)
(Incorporated in Malaysia)

and its subsidiaries

Income statements for the year ended 31 December 2012

	Note	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Revenue		2,028,475	1,918,415	408,081	438,567
Cost of goods sold		(1,867,132)	(1,697,000)	(350,596)	(376,075)
Gross profit		161,343	221,415	57,485	62,492
Other income		10,241	11,166	33,301	33,449
Distribution and selling expenses		(90,794)	(87,589)	(31,851)	(32,782)
Administrative expenses		(34,785)	(34,918)	(14,312)	(17,343)
Other expenses		(453)	(12,727)	(224)	(759)
Results from operating activities		45,552	97,347	44,399	45,057
Interest expense		(13,598)	(12,318)	(8,618)	(4,788)
Interest income		20,957	17,113	6,788	1,051
Operating profit	16	52,911	102,142	42,569	41,320
Share of loss of equity accounted jointly controlled entity, net of tax		(1,341)	-	-	-
Share of (loss)/profit of equity accounted associates, net of tax		(387)	1,469	-	-
Profit before tax		51,183	103,611	42,569	41,320
Tax expense	17	(13,547)	(11,413)	(2,800)	(1,865)
Profit for the year		37,636	92,198	39,769	39,455
Profit attributable to:					
Owners of the Company		28,511	80,872	39,769	39,455
Non-controlling interests		9,125	11,326	-	-
Profit for the year		37,636	92,198	39,769	39,455
Basic earnings per ordinary share (sen)	18	6.07	25.04		

The notes set out on pages 19 to 93 are an integral part of these financial statements.

Malayan Flour Mills Berhad
(Company No. 4260-M)
(Incorporated in Malaysia)
and its subsidiaries

Statements of other comprehensive income for the year ended 31 December 2012

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Profit for the year	37,636	92,198	39,769	39,455
Other comprehensive income for the year, net of tax				
Foreign currency translation differences for foreign operations	(8,419)	(13,703)	-	-
Total comprehensive income for the year	29,217	78,495	39,769	39,455
Total comprehensive income attributable to:				
Owners of the Company	21,335	69,585	39,769	39,455
Non-controlling interests	7,882	8,910	-	-
Total comprehensive income for the year	29,217	78,495	39,769	39,455

The notes set out on pages 19 to 93 are an integral part of these financial statements.

Malayan Flour Mills Berhad

(Company No. 4260-M)
(Incorporated in Malaysia)

and its subsidiaries

Statement of changes in equity for the year ended 31 December 2012

		/---Attributable to owners of the Company---/								
		/---Non-distributable---/					Distributable			
Group	Note	Share capital RM'000	Share premium RM'000	Warrant reserve RM'000	Other capital reserves RM'000	Translation reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 January 2011		107,645	55,862	-	14,608	(53,655)	344,613	469,073	53,762	522,835
Foreign currency translation differences for foreign operations		-	-	-	-	(11,287)	-	(11,287)	(2,416)	(13,703)
Profit for the year		-	-	-	-	-	80,872	80,872	11,326	92,198
Total comprehensive income for the year		-	-	-	-	(11,287)	80,872	69,585	8,910	78,495
Profits reinvested as capital contribution by a subsidiary		-	-	-	15,853	-	(15,853)	-	-	-
Dividends to owners of the Company	19	-	-	-	-	-	(16,147)	(16,147)	-	(16,147)
Dividends to non-controlling interests		-	-	-	-	-	-	-	(8,800)	(8,800)
At 31 December 2011		107,645	55,862	-	30,461	(64,942)	393,485	522,511	53,872	576,383

Company No. 4260-M

Statement of changes in equity for the year ended 31 December 2012
(continued)

		/---Attributable to owners of the Company---/								
		/---Non-distributable---/					*Distributable*			
Group	Note	Share capital RM'000	Share premium RM'000	Warrant reserve RM'000	Other capital reserves RM'000	Translation reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 January 2012		107,645	55,862	-	30,461	(64,942)	393,485	522,511	53,872	576,383
Foreign currency translation differences for foreign operations		-	-	-	-	(7,176)	-	(7,176)	(1,243)	(8,419)
Profit for the year		-	-	-	-	-	28,511	28,511	9,125	37,636
Total comprehensive income for the year		-	-	-	-	(7,176)	28,511	21,335	7,882	29,217
Right shares issued		107,645	92,574	-	-	-	-	200,219	-	200,219
Bonus shares issued		53,822	(53,822)	-	-	-	-	-	-	-
Share issuance expenses		-	(1,824)	-	-	-	-	(1,824)	-	(1,824)
Issuance of warrants		-	(33,370)	33,370	-	-	-	-	-	-
Issuance of shares pursuant to the exercise of warrants		*	-	-	-	-	-	*	-	*
Dividends to owners of the Company	19	-	-	-	-	-	(100,109)	(100,109)	-	(100,109)
Dividends to non-controlling interests		-	-	-	-	-	-	-	(5,004)	(5,004)
At 31 December 2012		269,112	59,420	33,370	30,461	(72,118)	321,887	642,132	56,750	698,882

Company No. 4260-M

Statement of changes in equity for the year ended 31 December 2012
(continued)

Company	Note	Share capital RM'000	Share premium RM'000	Warrant reserve RM'000	Retained earnings RM'000	Total equity RM'000
		/---------*Non-distributable*-----------		-----------/	*Distributable*	
As 1 January 2011		107,645	55,862	-	223,009	386,516
Profit for the year		-	-	-	39,455	39,455
Other comprehensive income for the year		-	-	-	-	-
Total comprehensive income for the year		-	-	-	39,455	39,455
Dividends to owners of the Company	19	-	-	-	(16,147)	(16,147)
At 31 December 2011/1 January 2012		107,645	55,862	-	246,317	409,824
Profit for the year		-	-	-	39,769	39,769
Other comprehensive income for the year		-	-	-	-	-
Total comprehensive income for the year		-	-	-	39,769	39,769
Right shares issued		107,645	92,574	-	-	200,219
Bonus share issued		53,822	(53,822)	-	-	-
Share issuance expenses		-	(1,824)	-	-	(1,824)
Issuance of warrants		-	(33,370)	33,370	-	-
Issuance of shares pursuant to the exercise of warrants		*	-	-	-	*
Dividends to owners of the Company	19	-	-	-	(100,109)	(100,109)
At 31 December 2012		269,112	59,420	33,370	185,977	547,879

* 50 new ordinary shares of RM0.50 each was issued pursuant to the exercise of warrants.

The notes set out on pages 19 to 93 are an integral part of these financial statements.

Malayan Flour Mills Berhad
(Company No. 4260-M)
(Incorporated in Malaysia)
and its subsidiaries

Statements of cash flows for the year ended 31 December 2012

	Note	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Cash flows from operating activities					
Profit before tax		51,183	103,611	42,569	41,320
Adjustments for:					
Amortisation of intangible assets	4	339	498	136	173
Depreciation of investment properties	5	55	57	55	57
Depreciation of property, plant and equipment	3	22,510	18,496	6,975	6,501
Dividend income		-	-	(29,375)	(28,816)
Gain on disposal of property, plant and equipment		(251)	(3,986)	(71)	(418)
Impairment loss on property, plant and equipment	3	-	2,144	-	-
Interest expense		13,598	12,318	8,618	4,788
Interest income		(20,957)	(17,113)	(6,788)	(1,051)
Property, plant and equipment written off	3	77	751	72	41
Share of loss of equity accounted jointly controlled entity, net of tax		1,341	-	-	-
Share of loss/(profit) of equity accounted associates, net of tax		387	(1,469)	-	-
Net unrealised (gain)/loss on foreign exchange		(1,550)	1,470	(840)	900
Operating profit before changes in working capital		66,732	116,777	21,351	23,495
Changes in working capital:					
Inventories		(49,057)	(41,162)	(1,558)	(18,072)
Trade and other payables and other financial liabilities		(15,915)	21,841	(26,936)	90,790
Trade and other receivables, prepayments and other financial assets		(11,030)	(26,232)	(131,369)	(56,104)
Cash (used in)/generated from operations		(9,270)	71,224	(138,512)	40,109
Interest paid		(13,598)	(12,318)	(8,618)	(4,788)
Interest received		20,957	17,113	6,788	1,051
Tax paid		(23,231)	(15,747)	(3,015)	(8,695)
Net cash (used in)/generated from operating activities		(25,142)	60,272	(143,357)	27,677

Company No. 4260-M

Statements of cash flows for the year ended 31 December 2012

(continued)

	Note	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Cash flows from investing activities					
Acquisition of intangible assets	4	(125)	(264)	(37)	(21)
Acquisition of property, plant and equipment	3	(124,671)	(117,411)	(40,073)	(60,068)
Dividend income		-	-	29,375	28,816
Proceeds from disposal of property, plant and equipment		605	6,452	92	418
Subscription of shares in a jointly controlled entity		(23,063)	-	(23,063)	-
Subscription of shares in associates		(1,105)	-	-	-
Net cash used in investing activities		(148,359)	(111,223)	(33,706)	(30,855)
Cash flows from financing activities					
Dividends paid to non-controlling shareholders		(5,004)	(8,800)	-	-
Dividends paid to owners of the Company		(100,109)	(16,147)	(100,109)	(16,147)
Proceeds from loans and borrowings, net		146,483	65,245	86,883	27,864
Share issuance expenses		(1,824)	-	(1,824)	-
Proceeds from issuance of shares pursuant to the Rights Issue		200,219	-	200,219	-
Proceeds from issuance of shares pursuant to the exercise of the warrants		*	-	*	-
Net cash generated from financing activities		239,765	40,298	185,169	11,717
Net increase/(decrease) in cash and cash equivalents		66,264	(10,653)	8,106	8,539
Effect of exchange rate fluctuations on cash held		(4,852)	(10,454)	-	-
Cash and cash equivalents at 1 January		200,867	221,974	40,740	32,201
Cash and cash equivalents at 31 December		262,279	200,867	48,846	40,740

* Proceeds of RM103 from the issuance of 50 new ordinary shares of RM0.50 each pursuant to the exercise of the warrants.

Company No. 4260-M

Statements of cash flows for the year ended 31 December 2012
(continued)

Cash and cash equivalents

Cash and cash equivalents included in the cash flow statements comprise the following balance sheets amounts:

		Group		Company	
		2012	2011	2012	2011
	Note	RM'000	RM'000	RM'000	RM'000
Deposits placed with licensed banks	12	234,537	181,568	35,890	30,500
Cash and bank balances	12	27,742	19,299	12,956	10,240
		262,279	200,867	48,846	40,740

The notes set out on pages 19 to 93 are an integral part of these financial statements.

Malayan Flour Mills Berhad
(Company No. 4260-M)
(Incorporated in Malaysia)
and its subsidiaries

Notes to the financial statements

Malayan Flour Mills Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of the Bursa Malaysia Securities Berhad. The address of its registered office, which is also its principal place of business is as follows:

Registered office and principal place of business

22nd Floor, Wisma MCA
Jalan Ampang
50450 Kuala Lumpur

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2012 comprise the Company and its subsidiaries and the Group's interest in associates and jointly controlled entity.

The Company is principally engaged in the business of milling and selling wheat flour and trading in grains and other allied products, whilst the principal activities of the subsidiaries are as stated in Note 6 to the financial statements.

The financial statements were authorised for issuance by the Board of Directors on 19 March 2013.

1. Basis of preparation

(a) Statement of compliance

The financial statements of the Group and the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the Companies Act, 1965 in Malaysia. These are the Group and Company's first financial statements prepared in accordance with MFRSs and MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards* has been applied.

In the previous financial years, the financial statements of the Group and the Company were prepared in accordance with Financial Reporting Standards ("FRS") in Malaysia. The financial impact on transition to MFRS is disclosed in Note 27 to the financial statements.

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company:

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2012

- Amendments to MFRS 101, *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2013

- MFRS 10, *Consolidated Financial Statements*
- MFRS 11, *Joint Arrangements*
- MFRS 12, *Disclosure of Interests in Other Entities*
- MFRS 13, *Fair Value Measurement*
- MFRS 119, *Employee Benefits* (2011)
- MFRS 127, *Separate Financial Statements* (2011)
- MFRS 128, *Investments in Associates and Joint Ventures* (2011)
- IC Interpretation 20, *Stripping Costs in the Production Phase of a Surface Mine*
- Amendments to MFRS 7, *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*
- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards – Government Loans*
- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 101, *Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 116, *Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 132, *Financial Instruments: Presentation (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 134, *Interim Financial Reporting (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 10, *Consolidated Financial Statements: Transition Guidance*
- Amendments to MFRS 11, *Joint Arrangements: Transition Guidance*
- Amendments to MFRS 12, *Disclosure of Interests in Other Entities: Transition Guidance*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2014

- Amendments to MFRS 10, *Consolidated Financial Statements: Investments Entities*
- Amendments to MFRS 12, *Disclosure of Interest in Other Entities: Investment Entities*
- Amendments to MFRS 127, *Separate Financial Statements* (2011): *Investment Entities*

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2014 (continued)

- Amendments to MFRS 132, *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2015

- MFRS 9, *Financial Instruments* (2009)
- MFRS 9, *Financial Instruments* (2010)
- Amendments to MFRS 7, *Financial Instruments: Disclosures – Mandatory Date of MFRS 9 and Transition Disclosures*

The Group and the Company plan to apply the abovementioned standards, amendments and interpretations:

- from the annual period beginning on 1 January 2013 for those standards, amendments or interpretations that are effective for annual periods beginning on or after 1 July 2012 and 1 January 2013.
- from the annual period beginning on 1 January 2014 for those standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2014.
- from the annual period beginning on 1 January 2015 for those standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2015.

The initial application of the standards, amendments and interpretations are not expected to have any material financial impacts to the current and prior period's financial statements of the Group and of the Company upon their first adoption.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis unless otherwise stated in Note 2.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (RM), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

1. Basis of preparation (continued)

(d) Use of estimates and judgements

The preparation of financial statements in conformity with MFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have a significant effect on the amounts recognised in the financial statements.

2. Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and in preparing the opening MFRS balance sheet of the Group and of the Company at 1 January 2011 (the transition date to MFRS framework), unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including unincorporated entities, controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Control exists when the Group has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

Investments in subsidiaries are measured in the Company's balance sheet at cost less any impairment losses, unless the investment is classified as held for sale. The cost of investments includes transaction costs.

(ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(ii) Business combinations (continued)

Acquisitions on or after 1 January 2011

For acquisition on or after 1 January 2011, the Group measures the cost of goodwill at the acquisition date as:
- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in the income statements.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Acquisitions before 1 January 2011

As part of its transition to MFRS, the Group elected not to restate those business combinations that occurred before the date of transition to MFRSs, i.e. 1 January 2011.

(iii) Acquisitions of non-controlling interests

The Group treats all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders.

(iv) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in the income statements. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(v) Associates

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses. The cost of investment includes transaction costs. The consolidated financial statements include the Group's share of profit or loss and other comprehensive income of the associates, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investment is reduced to zero and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in that associate, with a resulting gain or loss being recognised in the income statement. Any retained interest in the former associate at the date when significant influence is lost is re-measured at fair value and this amount is regarded as the initial carrying amount of a financial asset.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not re-measured. Any gain or loss arising from the decrease in interest is recognised in the income statement. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the income statement.

Investments in associates are measured in the Company's balance sheet at cost less any impairment losses. The cost of investment includes transaction costs.

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(vi) Jointly-controlled operations

Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

Jointly-controlled entities

Jointly controlled entities are accounted for in the consolidated financial statements using the equity method less any impairment losses, unless it is classified as held for sale or distribution (or included in a disposal group that is classified as held for sale or distribution). The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the equity-accounted joint ventures, after adjustments, if any, to align the accounting policies with those of the Group, from the date that joint control commences until the date that joint control ceases.

When the Group's share of losses exceeds its interest in an equity-accounted joint venture, the carrying amount of that interest (including any long-term investments) is reduced to zero and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the joint venture.

Investments in joint ventures are stated in the Company's balance sheet at cost less impairment losses, unless the investment is classified as held for sale or distribution.

(vii) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated balance sheet and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated income statements as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and the owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(viii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates are eliminated against the investment to the extent of the Group's interest in the associates. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in income statements, except for differences arising on the retranslation of available-for-sale equity instruments or a financial instrument designated as a hedge of currency risk, which are recognised in other comprehensive income.

(ii) Operations denominated in functional currencies other than Ringgit Malaysia (RM)

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period, except for goodwill and fair value adjustments arising from business combinations before 1 January 2011 which are treated as assets and liabilities of the Company. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to RM at exchange rates at the dates of the transactions.

2. Significant accounting policies (continued)

(b) Foreign currency (continued)

(ii) Operations denominated in functional currencies other than Ringgit Malaysia (RM) (continued)

Foreign currency differences are recognised in other comprehensive income and accumulated in the "foreign currency translation reserve" ("FCTR") in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to income statements as part of the profit or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to income statements.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the FCTR in equity.

(c) Financial instruments

(i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the balance sheet when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(i) Initial recognition and measurement (continued)

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

(ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

(a) Financial assets at fair value through profit or loss

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial assets that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial assets categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in the income statements.

(b) Loans and receivables

Loans and receivables category comprises debt instruments that are not quoted in an active market.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

(c) Available-for-sale financial assets

Available-for-sale category comprises investment in equity and debt securities instruments that are not held for trading.

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement (continued)

(c) Available-for-sale financial assets (continued)

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Other financial assets categorised as available-for-sale are subsequently measured at their fair values with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair value hedges which are recognised in the income statements. On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into the income statements. Interest calculated for a debt instrument using the effective interest method is recognised in the income statements.

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment (see Note 2(j)(i)).

Financial liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with gains or losses recognised in the income statements.

(iii) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in the income statements.

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(iii) Derecognition (continued)

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the income statements.

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are stated at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Cost may also include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged between knowledgeable willing parties in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items when available and replacement cost when appropriate.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

2. Significant accounting policies (continued)

(d) Property, plant and equipment (continued)

(i) Recognition and measurement (continued)

The gain or loss on disposal of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other income" or "other expenses" respectively in the income statements.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to the income statements. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statements as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component are depreciated separately.

Depreciation is recognised in the income statements on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated. Capital work-in-progress is not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative periods are as follows:

• leasehold land	30 to 99 years
• buildings and jetty	10 and 50 years or over lease period, whichever is shorter
• plant, machinery, fixtures and equipment	4 and 10 years
• motor vehicles and boats	5 and 10 years

Depreciation methods, useful lives and residual values are reviewed at the end of the reporting period and adjusted as appropriate.

2. Significant accounting policies (continued)

(e) Leased assets

(i) Finance lease

Leases in terms of which the Group or the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment.

(ii) Operating lease

Leases, where the Group does not assume substantially all the risks and rewards of the ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the balance sheets. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property.

Payments made under operating leases are recognised in the income statements on a straight-line basis over the term of lease. Lease incentives received are recognised in the income statements as an integral part of the total lease expense, over the term of the lease.

(f) Intangible assets

(i) Computer software

Computer software acquired by the Group is stated at cost less any accumulated amortisation and any accumulated impairment losses.

The cost capitalised includes expenditures that are directly attributable to the acquisition of the software licenses and any other development costs directly attributable to the preparation of the computer software for its intended use.

2. Significant accounting policies (continued)

(f) Intangible assets (continued)

(ii) Subsequent expenditure

Subsequent expenditure on computer software is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in the income statements as incurred.

(iii) Amortisation

Amortisation of computer software is recognised in the income statements on a straight-line basis over its estimated useful lives from the date that it is available for use.

The estimated useful life of computer software is 4 years.

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.

(g) Investment properties

(i) Investment properties carried at cost

Investment properties are properties which are owned to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. These include land (other than leasehold land) held for a currently undetermined future use. Properties that are occupied by the companies in the Group are accounted for as owner-occupied rather than as investment properties.

Investment properties are stated at cost less any accumulated depreciation and any accumulated impairment losses, consistent with the accounting policy for property, plant and equipment as stated in accounting policy Note 2(d).

Depreciation is charged to the income statements on a straight-line basis over the estimated useful lives of 50 years for buildings. Freehold land is not depreciated.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in the income statements in the period in which the item is derecognised.

2. Significant accounting policies (continued)

(g) Investment properties (continued)

(ii) Determination of fair value

The Directors estimate the fair values of the Group's investment properties without involvement of independent valuers.

The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably.

In the absence of current prices in an active market, the valuations are prepared by considering the aggregate of the estimated cash flows expected to be received from renting out the property. A yield that reflects the specific risks inherent in the net cash flows is then applied to the net annual cash flows to arrive at the property valuation.

(h) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is measured based on the weighted average cost formula, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of semi-processed goods and finished goods, cost includes an appropriate share of production overheads based on normal operating capacity.

Cost of broiler inventories includes original purchase price of day-old chicks plus all growing costs. Growing costs include cost of feeds, direct labour and an appropriate portion of farm overheads.

Cost of hatching eggs includes costs of direct materials, direct labour and a proportion of overhead cost incurred to maintain the layer during their egg laying stage.

Poultry parent inventories are stated at depreciated cost after accounting for its net realisable value at the end of its useful life. Cost includes original purchase price of breeder birds plus a proportion of assigned growing costs. Assigned growing costs include cost of feeds, direct labour and an appropriate portion of farm overheads.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

2. Significant accounting policies (continued)

(i) Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value.

(j) Impairment

(i) Financial assets

All financial assets (except for financial assets categorised as fair value through profit or loss, investments in subsidiaries and investment in associates) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an investment in an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment. If any such objective evidence exists, then the financial assets's recoverable amount is estimated.

An impairment loss in respect of loans and receivables is recognised in the income statements and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of available-for-sale financial assets is recognised in the income statements and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in the other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity to income statements.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the income statements, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in the income statements.

2. Significant accounting policies (continued)

(j) Impairment (continued)

(ii) Other assets

The carrying amounts of other assets (except for inventories and deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating unit.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in the income statements. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then to reduce the carrying amounts of the other assets in the cash-generating unit (groups of cash-generating units) on a *pro rata* basis.

Impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to the income statements in the year in which the reversals are recognised.

(k) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) Issue expenses

Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

2. Significant accounting policies (continued)

(k) Equity instruments (continued)

(ii) Ordinary shares

Ordinary shares are classified as equity.

(l) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present, legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) State plans

The Group's contributions to statutory pension funds are charged to the income statements in the financial year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

(m) Revenue and other income

(i) Goods sold

Revenue from sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

(ii) Rental income

Rental income from investment property is recognised in the income statements on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

2. Significant accounting policies (continued)

(m) Revenue and other income (continued)

(iii) Dividend income

Dividend income is recognised in the income statements on the date that the Company's right to receive payment is established.

(iv) Interest income

Interest income is recognised as it accrues, using the effective interest method in the income statements.

(n) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in income statements using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

(o) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in the income statements except to the extent that it relates to items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the balance sheet and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

2. Significant accounting policies (continued)

(o) Income tax (continued)

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(p) Earnings per ordinary share

The Group presents basic earnings per share (EPS) data for its ordinary shares.

Basic earnings per share is calculated by dividing the profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

The weighted average number of ordinary shares in issue for the previous financial year has been restated to reflect the retrospective adjustments arising from the Share Split which was completed on 31 January 2012, and Bonus Issue which was completed on 14 May 2012, as required by MFRS133 on Earnings per Share.

(q) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

(r) Contingent liability

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the balance sheet and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Company No. 4260-M

3. Property, plant and equipment

Group

	Note	Land RM'000	Buildings and jetty RM'000	Plant, machinery, fixtures and equipment RM'000	Motor vehicles and boats RM'000	Capital work-in progress RM'000	Total RM'000
Cost							
At 1 January 2011		21,622	208,588	260,376	30,089	62,852	583,527
Additions		5,149	10,795	17,863	4,673	78,931	117,411
Disposals		(316)	(4,103)	(1,852)	(3,597)	-	(9,868)
Write-off		-	(945)	(3,363)	(18)	(69)	(4,395)
Transfers		-	7,175	3,943	328	(11,446)	-
Effect of movements in exchange rates		(645)	(2,501)	(2,683)	(352)	307	(5,874)
At 31 December 2011/1 January 2012		25,810	219,009	274,284	31,123	130,575	680,801
Additions		14,851	22,067	18,771	3,674	65,308	124,671
Disposals		-	(2,806)	(590)	(1,119)	-	(4,515)
Write-off		-	(38,446)	(10,603)	(318)	-	(49,367)
Transfers		357	100,219	32,685	702	(133,963)	-
Effect of movements in exchange rates		(310)	(1,203)	(1,365)	(190)	(412)	(3,480)
At 31 December 2012		40,708	298,840	313,182	33,872	61,508	748,110

Company No. 4260-M

3. Property, plant and equipment (continued)

Group	Note	Land RM'000	Buildings and jetty RM'000	Plant, machinery, fixtures and equipment RM'000	Motor vehicles and boats RM'000	Capital work-in progress RM'000	Total RM'000
Depreciation and impairment loss							
At 1 January 2011							
Accumulated depreciation		7,698	98,640	205,949	24,345	-	336,632
Accumulated impairment loss		-	18,425	4,248	-	-	22,673
		7,698	117,065	210,197	24,345	-	359,305
Charge for the year		589	5,431	10,445	2,031	-	18,496
Impairment loss		-	532	1,612	-	-	2,144
Disposals		(107)	(2,466)	(1,497)	(3,332)	-	(7,402)
Write-off		-	(309)	(3,317)	(18)	-	(3,644)
Effect of movements in exchange rates		(262)	(858)	(1,998)	(300)	-	(3,418)
At 31 December 2011							
Accumulated depreciation		7,918	100,438	209,582	22,726	-	340,664
Accumulated impairment loss		-	18,957	5,860	-	-	24,817
		7,918	119,395	215,442	22,726	-	365,481

Company No. 4260-M

3. Property, plant and equipment (continued)

Group	Note	Land RM'000	Buildings and jetty RM'000	Plant, machinery, fixtures and equipment RM'000	Motor vehicles and boats RM'000	Capital work-in progress RM'000	Total RM'000
Depreciation and impairment loss							
At 1 January 2012:							
Accumulated depreciation		7,918	100,438	209,582	22,726	-	340,664
Accumulated impairment loss		-	18,957	5,860	-	-	24,817
		7,918	119,395	215,442	22,726	-	365,481
Charge for the year		661	7,164	11,961	2,724	-	22,510
Disposals		-	(2,613)	(548)	(1,000)	-	(4,161)
Write-off	3.2	-	(38,446)	(10,526)	(318)	-	(49,290)
Effect of movements in exchange rates		(141)	(480)	(983)	(149)	-	(1,753)
At 31 December 2012							
Accumulated depreciation		8,438	84,487	212,702	23,983	-	329,610
Accumulated impairment loss		-	533	2,644	-	-	3,177
		8,438	85,020	215,346	23,983	-	332,787
Carrying amounts							
At 1 January 2011		13,924	91,523	50,179	5,744	62,852	224,222
At 31 December 2011/1 January 2012		17,892	99,614	58,842	8,397	130,575	315,320
At 31 December 2012		32,270	213,820	97,836	9,889	61,508	415,323

Company No. 4260-M

3. Property, plant and equipment (continued)

Company

Cost	Note	Land RM'000	Buildings and jetty RM'000	Plant, machinery, fixtures and equipment RM'000	Motor vehicles and boats RM'000	Capital work-in-progress RM'000	Total RM'000
At 1 January 2011		6,058	90,694	89,295	14,224	51,262	251,533
Additions		3,027	1,094	1,964	1,432	52,551	60,068
Disposals		-	-	-	(2,370)	-	(2,370)
Write-off		-	-	(1,100)	(18)	-	(1,118)
Transfers		-	(14)	277	40	(303)	-
At 31 December 2011/1 January 2012		9,085	91,774	90,436	13,308	103,510	308,113
Additions		-	19,862	3,630	980	15,601	40,073
Disposals		-	-	(491)	(436)	-	(927)
Write-off		-	(19,474)	(2,830)	(318)	-	(22,622)
Transfers		-	61,410	22,979	-	(84,389)	-
At 31 December 2012		9,085	153,572	113,724	13,534	34,722	324,637

Company No. 4260-M

3. Property, plant and equipment (continued)

Company

Depreciation and impairment loss	Note	Land RM'000	Buildings and jetty RM'000	Plant, machinery, fixtures and equipment RM'000	Motor vehicles and boats RM'000	Capital work-in-progress RM'000	Total RM'000
At 1 January 2011							
Accumulated depreciation		2,992	34,169	71,998	11,595	-	120,754
Accumulated impairment loss		-	17,015	-	-	-	17,015
		2,992	51,184	71,998	11,595	-	137,769
Charge for the year		168	1,934	3,341	1,058	-	6,501
Disposals		-	-	-	(2,370)	-	(2,370)
Write-off		-	-	(1,059)	(18)	-	(1,077)
At 31 December 2011/1 January 2012							
Accumulated depreciation		3,160	36,103	74,280	10,265	-	123,808
Accumulated impairment loss		-	17,015	-	-	-	17,015
		3,160	53,118	74,280	10,265	-	140,823
Charge for the year		203	2,115	3,500	1,157	-	6,975
Disposals		-	-	(481)	(425)	-	(906)
Write-off	3.2	-	(19,474)	(2,758)	(318)	-	(22,550)
At 31 December 2012							
Accumulated depreciation		3,363	35,759	74,541	10,679	-	124,342
Accumulated impairment loss		-	-	-	-	-	-
		3,363	35,759	74,541	10,679	-	124,342
Carrying amounts							
At 1 January 2011		3,066	39,510	17,297	2,629	51,262	113,764
At 31 December 2011/1 January 2012		5,925	38,656	16,156	3,043	103,510	167,290
At 31 December 2012		5,722	117,813	39,183	2,855	34,722	200,295

3. Property, plant and equipment (continued)

3.1 Impairment loss

The Group assessed the recoverable amount of all property, plant and equipment and wrote down the carrying amount with respect of its buildings and jetty by Nil (31 December 2011: RM532,000; 1 January 2011: RM17,015,000) and plant, machinery, fixtures and equipment by Nil (31 December 2011: RM1,612,000; 1 January 2011: Nil) based on their recoverable scrap values. The impairment loss was recognised in other expenses.

3.2 Write-off of impairment loss

The write-off of impairment loss for the Group and for the Company amounted to RM18,424,000 (31 December 2011: Nil; 1 January 2011: Nil) and RM17,015,000 (31 December 2011: Nil; 1 January 2011: Nil) for buildings and jetty and RM3,216,000 (31 December 2011: Nil; 1 January 2011: Nil) and Nil (31 December 2011: Nil; 1 January 2011: Nil) for plant, machinery, fixtures and equipment.

3.3 Land

Included in the carrying amounts of land are:

	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Group			
Freehold land	12,461	3,468	1,346
Short term leasehold land	7,301	7,908	8,694
Long term leasehold land	12,508	6,516	3,884
	32,270	17,892	13,924
Company			
Long term leasehold land	5,722	5,925	3,066

Legal title to certain leasehold land of the Group with a carrying amount of RM986,000 (31 December 2011: RM4,083,000; 1 January 2011: RM1,091,000) have yet to be received from the state authorities.

4. Intangible assets

	Computer softwares	
	Group RM'000	Company RM'000
Cost		
At 1 January 2011	8,059	5,394
Additions	264	21
Effect of movements in exchange rates	(142)	-
At 31 December 2011/1 January 2012	8,181	5,415
Additions	125	37
Write-off	(384)	(384)
Effect of movements in exchange rates	(81)	-
At 31 December 2012	7,841	5,068
Amortisation		
At 1 January 2011	6,156	4,985
Amortisation for the year	498	173
Effect of movements in exchange rates	(49)	-
At 31 December 2011/1 January 2012	6,605	5,158
Amortisation for the year	339	136
Write-off	(384)	(384)
Effect of movements in exchange rates	(36)	-
At 31 December 2012	6,524	4,910
Carrying amounts		
At 1 January 2011	1,903	409
At 31 December 2011/1 January 2012	1,576	257
At 31 December 2012	1,317	158

4.1 Intangible assets

Intangible assets principally comprise expenditure that is directly attributable to the acquisition of software licences and any other development costs directly attributable to the preparation of the computer software for its intended use.

4.2 Amortisation

The amortisation is allocated to the income statements on a straight-line basis over the intangible assets' estimated useful lives.

Company No. 4260-M

5. Investment properties

Group

	Freehold land RM'000	Buildings RM'000	Total RM'000
Cost			
At 1 January 2011/31 December 2011/ 1 January 2012/31 December 2012	3,943	2,836	6,779
Depreciation			
At 1 January 2011	-	1,217	1,217
Charge for the year	-	57	57
At 31 December 2011/1 January 2012	-	1,274	1,274
Charge for the year	-	55	55
At 31 December 2012	-	1,329	1,329
Carrying amounts			
At 1 January 2011	3,943	1,619	5,562
At 31 December 2011/1 January 2012	3,943	1,562	5,505
At 31 December 2012	3,943	1,507	5,450

5. Investment properties (continued)

Company

	Freehold land RM'000	Buildings RM'000	Total RM'000
Cost			
At 1 January 2011/31 December 2011/ 1 January 2012/31 December 2012	3,672	2,836	6,508
Depreciation			
At 1 January 2011	-	1,217	1,217
Charge for the year	-	57	57
At 31 December 2011/1 January 2012	-	1,274	1,274
Charge for the year	-	55	55
At 31 December 2012	-	1,329	1,329
Carrying amounts			
At 1 January 2011	3,672	1,619	5,291
At 31 December 2011/1 January 2012	3,672	1,562	5,234
At 31 December 2012	3,672	1,507	5,179

The fair value of the investment properties for the Group and the Company as at 31 December 2012 approximate RM60,267,000 (31 December 2011: RM38,487,000; 1 January 2011: RM33,871,000) and RM59,717,000 (31 December 2011: RM37,937,000; 1 January 2011: RM33,321,000) respectively.

The following are recognised in the income statements in respect of investment properties:

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Rental income	270	222	305	257
Direct operating expenses of investment properties:				
- revenue generating investment properties	43	45	49	51

6. Investments in subsidiaries

	Company		
	31.12.2012 RM'000	**31.12.2011 RM'000**	**1.1.2011 RM'000**
Unquoted shares, at cost			
- in Malaysia	146,320	146,320	146,320
- outside Malaysia	88,610	88,610	88,610
	234,930	234,930	234,930

The subsidiaries, all of which are incorporated in Malaysia except as disclosed otherwise, comprise:

Name of subsidiary	**Principal activities**	**Effective ownership interest**		
		31.12.2012 %	**31.12.2011 %**	**1.1.2011 %**
Dindings Soya & Multifeeds Sdn. Berhad	Manufacture and sale of animal feeds and related raw materials	70	70	70
Syarikat Pengangkutan Lumut Sdn. Bhd.	Transport management. The Company ceased its operations in 2006	100	100	100
Dindings Poultry Processing Sdn. Bhd.	Processing and sale of poultry products	95	95	95
Dindings Broiler Breeder Farm Sdn. Bhd.	Breeding and sale of day-old chicks. The Company ceased its operations on 26 December 2012 following the transfer of the breeding and sale of day old chicks to Dindings Poultry Development Centre Sdn. Bhd.	100	100	100
MFM Feedmill Sdn. Bhd.	Manufacture and sale of animal feeds and sale of related raw materials	100	100	100
Semakin Dinamik Sdn. Bhd.	Breeding and sale of day-old chicks and eggs	100	100	100

6. Investments in subsidiaries (continued)

Name of subsidiary	Principal activities	Effective ownership interest 31.12.2012 %	31.12.2011 %	1.1.2011 %
Dindings Poultry Development Centre Sdn. Bhd.	Breeding and sale of day-old chicks, poultry grow-out farm, purchase and contract farming of poultry for resale	100	100	100
Vimaflour Limited* (incorporated in Vietnam)	Milling and selling wheat flour together with its allied products	70	70	70
Muda Fibre Manufacturing Sdn. Bhd.	Manufacture and sale of polypropylene and polyethylene woven bags and its allied products. The Company ceased its operations in 2004	60	60	60
MFM International Ltd. (incorporated in British Virgin Islands) #	Investment holding	100	100	100
MFM Property Sdn. Bhd.	Investment holding	100	100	100
Dindings Grand Parent Farm Sdn. Bhd.	Dormant	100	100	100
MFM Ltd.	Trading and hedging activities	100	100	100
Premier Grain Sdn. Bhd.	Trading in corn, soyabean meal and other feed ingredients	51	51	51
Subsidiary of MFM International Ltd.				
Mekong Flour Mills Ltd* (incorporated in Vietnam)	Milling and selling wheat flour together with its allied products	100	100	100

* Audited by other member firms of KPMG International
# Not audited by KPMG

7. Investment in a jointly controlled entity

	Group			Company		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Unquoted shares at cost						
- outside Malaysia	23,063	-	-	23,063	-	-
Share of post-acquisition reserves	(1,341)	-	-	-	-	-
Effect of movement of exchange rate	(891)	-	-	-	-	-
	20,831	-	-	23,063	-	-

The summarised financial information for the jointly controlled entity, not adjusted for the percentage ownership held by the Group is as follows:

	Country of incorporation	Effective ownership interest %	Revenues (100%) RM'000	Loss (100%) RM'000	Total assets (100%) RM'000	Total liabilities (100%) RM'000
Group						
31 December 2012						
PT Bungasari Flour Mills Indonesia ^	Indonesia	30	-	(4,471)	72,209	(2,771)

^ Held through Malayan Flour Mills Berhad

8. Investments in associates

	Group		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Unquoted shares at cost			
- in Malaysia	2,800	2,800	2,800
- outside Malaysia	1,120	15	15
	3,920	2,815	2,815
Share of post-acquisition reserves	(1,718)	(1,331)	(2,815)
	2,202	1,484	-

8. Investments in associates (continued)

The summarised financial information for associates, not adjusted for the percentage ownership held by the Group are as follows:

	Country of incorporation	Effective ownership interest %	Revenues (100%) RM'000	Profit/ (Loss) (100%) RM'000	Total assets (100%) RM'000	Total liabilities (100%) RM'000
Group						
31 December 2012						
Fongcheng Enterprises Sendirian Berhad +	Malaysia	28	82,695	(1,190)	6,584	(3,786)
Freeman Properties Holding Ltd #	Cambodia	49	-	(21)	1,017	-
31 December 2011						
Fongcheng Enterprises Sendirian Berhad +	Malaysia	28	92,383	3,710	8,383	(4,395)
Freeman Properties Holding Ltd #	Cambodia	49	-	(19)	1,053	(1,081)
1 January 2011						
Fongcheng Enterprises Sendirian Berhad +	Malaysia	28	76,931	(80)	6,571	(6,293)
Freeman Properties Holding Ltd #	Cambodia	49	-	(41)	1,029	(1,038)

\+ Held through Dindings Soya & Multifeeds Sdn. Berhad

\# Held through MFM Property Sdn. Bhd.

9. Deferred tax assets/(liabilities)

Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

	Assets			Liabilities			Net		
	31.12.2012 RM'000	**31.12.2011 RM'000**	**1.1.2011 RM'000**	**31.12.2012 RM'000**	**31.12.2011 RM'000**	**1.1.2011 RM'000**	**31.12.2012 RM'000**	**31.12.2011 RM'000**	**1.1.2011 RM'000**
Group									
Property, plant and equipment	-	2,112	285	(7,847)	(9,689)	(9,401)	(7,847)	(7,577)	(9,116)
Revaluation on property, plant and equipment	-	-	-	(3,006)	(2,750)	(2,888)	(3,006)	(2,750)	(2,888)
Provisions	8,650	9,780	7,384	-	-	-	8,650	9,780	7,384
Tax losses carry-forward	-	250	1,651	-	-	-	-	250	1,651
Tax assets/(liabilities)	8,650	12,142	9,320	(10,853)	(12,439)	(12,289)	(2,203)	(297)	(2,969)
Set off	(3,616)	(7,020)	(5,189)	3,616	7,020	5,189	-	-	-
Net tax assets/(liabilities)	5,034	5,122	4,131	(7,237)	(5,419)	(7,100)	(2,203)	(297)	(2,969)
Company									
Property, plant and equipment	-	-	-	(5,483)	(6,550)	(7,112)	(5,483)	(6,550)	(7,112)
Revaluation on property, plant and equipment	-	-	-	(3,006)	(2,750)	(2,888)	(3,006)	(2,750)	(2,888)
Provisions	1,839	5,450	2,900	-	-	-	1,839	5,450	2,900
Tax assets/(liabilities)	1,839	5,450	2,900	(8,489)	(9,300)	(10,000)	(6,650)	(3,850)	(7,100)
Set off	(1,839)	(5,450)	(2,900)	1,839	5,450	2,900	-	-	-
Net tax liabilities	-	-	-	(6,650)	(3,850)	(7,100)	(6,650)	(3,850)	(7,100)

Company No. 4260-M

9. Deferred tax assets/(liabilities) (continued)

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	Group		
	31.12.2012 RM'000	**31.12.2011 RM'000**	**1.1.2011 RM'000**
Taxable temporary differences	(17,181)	(8,108)	(10,117)
Unutilised capital allowance	55,410	37,623	62,275
Tax loss carry-forwards	66,127	59,441	61,604
	104,356	88,956	113,762
Tax at 25% (2011: 25%)	26,089	22,239	28,440

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits there from.

Subject to agreement by the Inland Revenue Board, the Group has estimated unutilised reinvestment allowance amounting to Nil (31 December 2011: Nil; 1 January 2011: RM196,000) available at the balance sheet date to be carried forward to set off against future taxable income.

10. Trade and other receivables, including derivatives

		Group			Company		
	Note	**31.12.2012 RM'000**	**31.12.2011 RM'000**	**1.1.2011 RM'000**	**31.12.2012 RM'000**	**31.12.2011 RM'000**	**1.1.2011 RM'000**
Trade receivables		234,544	234,879	217,628	66,817	70,539	68,473
Amount due from subsidiaries	10.1	-	-	-	197,950	61,963	12,601
Other receivables	10.2	21,916	10,902	9,782	6,583	9,903	5,556
Deposits	10.3	3,936	5,036	1,655	3,244	885	1,017
Financial assets at fair value through profit or loss: - foreign currency forward contract		-	159	-	-	26	-
		260,396	250,976	229,065	274,594	143,316	87,647

10. Trade and other receivables, including derivatives (continued)

10.1 Amount due from subsidiaries

The amount due from subsidiaries is unsecured, repayable on demand and interest bearing (31 December 2011: interest free; 1 January 2011: interest free).

10.2 Other receivables

Included in other receivables of the Group are advances paid to suppliers of RM10,390,000 (31 December 2011: RM320,000; 1 January 2011: RM666,000), interest receivable from the deposits placed with licensed banks of RM3,804,000 (31 December 2011: RM710,766; 1 January 2011: RM2,172,000) and balances with related parties of RM161,000 (31 December 2011: RM182,000; 1 January 2011: RM284,000).

10.3 Deposits

Included in deposits of the Group are deposits paid for an acquisition of a land of RM2,430,000 (31 December 2011: RM3,417,000; 1 January 2011: Nil).

11. Inventories

	Group			Company		
	31.12.2012 RM'000	**31.12.2011 RM'000**	**1.1.2011 RM'000**	**31.12.2012 RM'000**	**31.12.2011 RM'000**	**1.1.2011 RM'000**
Raw materials	328,277	302,183	281,647	104,001	104,458	88,328
Finished goods	30,285	22,875	17,320	8,704	6,905	4,884
Poultry livestocks and hatching eggs	26,661	17,724	12,026	-	-	-
Consumables	20,690	18,217	13,947	3,700	3,484	3,563
	405,913	360,999	324,940	116,405	114,847	96,775

The write-down of inventories to net realisable value for the Group and the Company amounted to Nil (31 December 2011: RM11,089,000; 1 January 2011: RM901,000) and Nil (31 December 2011: RM11,089,000; 1 January 2011: Nil) respectively. The write-down is included in cost of goods sold.

Company No. 4260-M

12. Cash and cash equivalents

	Group			Company		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Deposits placed with licensed banks	234,537	181,568	187,136	35,890	30,500	12,800
Cash and bank balances	27,742	19,299	34,838	12,956	10,240	19,401
	262,279	200,867	221,974	48,846	40,740	32,201

13. Capital and reserves

13.1 Share capital

	Group and Company			
	Amount 2012 RM'000	Number of shares 2012 '000	Amount 2011 RM'000	Number of shares 2011 '000
Authorised:				
Ordinary shares of RM1 each				
At 1 January	-	-	200,000	200,000
Subdivided to RM0.50 each	-	-	(200,000)	(200,000)
At 31 December	-	-	-	-
Ordinary shares of RM0.50 each				
At 1 January	500,000	1,000,000	-	-
Subdivided from RM1.00 each	-	-	200,000	400,000
Created during the year	-	-	300,000	600,000
At 31 December	500,000	1,000,000	500,000	1,000,000
	500,000	1,000,000	500,000	1,000,000
Issued and fully paid:				
Ordinary shares at RM1 each	-	-	107,645	107,645
Ordinary shares at RM0.50 each				
At 1 January	-	-	-	-
Subdivided from RM1.00 each	107,645	215,289	-	-
Right shares issued	107,645	215,289	-	-
Bonus shares issued	53,822	107,645	-	-
Shares issued pursuant to the exercise of warrants	*	*	-	-
At 31 December	269,112	538,223	-	-
	269,112	538,223	107,645	107,645

13. Capital and reserves (continued)

13.1 Share capital (continued)

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

During the financial year, the issued and paid-up share capital was increased in the following manner:

i) On 31 January 2012, the Company had completed a share split involving the subdivision of every one (1) existing ordinary share of RM1.00 each into two (2) new ordinary shares of RM0.50 each. Pursuant to the share split, 107,644,606 ordinary shares of RM1.00 each of the Company were subdivided into 215,289,212 ordinary shares of RM0.50 each;

ii) On 14 May 2012, a Rights Issue with free Warrants and Bonus Shares [“Rights Issue Exercise”] was completed with the listing of and quotation for the following new ordinary shares on the Main Market of Bursa Securities:

   a) 215,289,212 new ordinary shares of RM0.50 each [“Right Shares”] issued pursuant to the Rights Issue Exercise on the basis of two (2) Rights Shares for every two (2) existing ordinary shares of RM0.50 each held, at the issue price of RM0.93 per Rights Share; and

   b) 107,644,606 new ordinary shares of RM0.50 each credited as fully paid-up on the basis of one (1) bonus share for every two (2) Rights Shares subscribed.

iii) On 31 July 2012, 50 new ordinary shares of RM0.50 each were listed and quoted on the Main Market of Bursa Securities pursuant to the exercise of warrants.

Consequently, the issued and paid-up share capital of the Company increased from RM107,644,606 comprising 107,644,606 ordinary shares of RM1.00 each to RM269,111,540 comprising 538,223,080 ordinary shares of RM0.50 each.

13.2 Warrant reserve

The Warrants are constituted by the deed poll dated 21 March 2012 [“Deed Poll”].

On 14 May 2012, 107,644,606 warrants [“Warrants”] issued pursuant to the Rights Issue with Warrants Exercise on the basis of one (1) free Warrant for every two (2) Rights Shares subscribed were listed and quoted on the Main Market of Bursa Securities.

13. Capital and reserves (continued)

13.2 Warrant reserve (continued)

Salient features of the Warrants are as follows:

i) Each Warrant entitles the registered holder thereof [“Warrant holder(s)”] to subscribe for one (1) new ordinary share of RM0.50 each in the Company at the exercise price of RM2.06 during the 5-year period expiring on 9 May 2017 [“Exercise Period”], subject to the adjustments in accordance with the deed poll constituting the Warrants;

ii) At the expiry of the Exercise Period, any Warrants which have not been exercised shall automatically lapse and cease to be valid for any purpose;

iii) The new shares to be issued upon the exercise of the Warrants shall, upon issue and allotment, rank pari passu in all respects with the then existing shares of the Company except that they will not be entitled to any dividends, rights, allotments and/or distributions declared by the Company, which entitlement date thereof precedes the allotment date of the new shares to be issued pursuant to the exercise of the warrants;

iv) For purpose of trading on Bursa Securities, a board lot for the Warrants shall be one hundred (100) or such other number of units as may be prescribed by Bursa Securities from time to time and the trading thereof shall be governed by the provisions of the Securities Industry (Central Depositories) Act, 1991 (including any amendment or re-enactment thereof) and the rules of the Bursa Malaysia Depository Sdn Bhd; and

v) The Deed Poll and accordingly the Warrants are governed by and shall be construed in accordance with the laws of Malaysia.

Movement in the Warrants since the listing and quotation thereof is as follows:

	Number of Warrants
As of 14 May 2012	107,644,606
Exercised during the year	(50)
As of 31 December 2012	107,644,556

During the financial year, 50 Warrants were exercised which resulted in 50 ordinary shares of RM0.50 each being allotted and issued and thereafter listed on the Main Market of Bursa Securities on 31 July 2012.

13. Capital and reserves (continued)

13.3 Other capital reserve

Other capital reserve comprises the amount transferred from retained earnings being the profit reinvested as capital contribution by subsidiaries.

13.4 Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

13.5 Section 108 tax credit

Subject to agreement by the Inland Revenue Board, the Company has sufficient Section 108 tax credit and tax exempt income to frank all of its distributable reserves at 31 December 2012 if paid out as dividends.

The Finance Act 2007 introduced a single tier company income tax system with effect from 1 January 2008. As such, the remaining Section 108 tax credit as at 31 December 2012 will be available to the Company until such time the credit is fully utilised or upon expiry of the six-year transitional period on 31 December 2013, whichever is earlier.

14. Trade and other payables, including derivatives

		Group			Company		
	Note	**31.12.2012 RM'000**	**31.12.2011 RM'000**	**1.1.2011 RM'000**	**31.12.2012 RM'000**	**31.12.2011 RM'000**	**1.1.2011 RM'000**
Trade payables		37,448	57,512	39,368	6,664	7,203	5,194
Amount due to subsidiaries	14.1	-	-	-	106,319	129,330	39,862
Other payables and accruals	14.2	51,419	50,798	46,125	13,418	17,216	17,903
Financial liabilities at fair value through profit or loss:							
- foreign currency forward contracts		164	-	1,914	59	-	-
- future and option contracts		712	-	-	354	-	-
		89,743	108,310	87,407	126,814	153,749	62,959

14. Trade and other payables, including derivatives (continued)

14.1 Amount due to subsidiaries

The amount due to subsidiaries is unsecured, repayable on demand and interest bearing (31 December 2011: interest free; 1 January 2011: interest free).

14.2 Other payables and accruals

Included in other payables and accruals of the Group and the Company are deposits from customers of RM9,409,000 (31 December 2011: RM7,329,000; 1 January 2011: RM5,801,000) and RM192,000 (31 December 2011: RM191,000; 1 January 2011: RM186,000).

15. Loans and borrowings

	Group			Company		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Non-current						
Unsecured term loan	28,118	-	-	28,118	-	-
Current						
Unsecured bankers' acceptances/ Unsecured revolving credits	547,853	445,373	385,172	188,179	142,759	113,995
Unsecured term loan	12,504	-	-	12,504	-	-
	560,357	445,373	385,172	200,683	142,759	113,995
	588,475	445,373	385,172	228,801	142,759	113,995

Included in the Group's and the Company's loans and borrowings are unsecured revolving credits of RM255,494,000 (31 December 2011: RM242,540,000; 1 January 2011: RM171,847,000) and RM46,780,000 (31 December 2011: RM33,596,000; 1 January 2011: Nil) respectively, denominated in USD.

Company No. 4260-M

16. Operating profit

		Group		Company	
		2012	2011	2012	2011
	Note	RM'000	RM'000	RM'000	RM'000
Operating profit is arrived at after charging:					
Amortisation of intangible assets	4	339	498	136	173
Auditors' remuneration:					
- Audit services					
KPMG		270	246	78	66
Affiliates of KPMG		86	82	-	-
Other auditors		6	7	-	-
- Other services					
KPMG		22	22	22	22
Affiliates of KPMG		59	101	14	87
Bad debts written off		9	9	6	6
Depreciation of investment properties	5	55	57	55	57
Depreciation of property, plant and equipment	3	22,510	18,496	6,975	6,501
Impairment loss:					
- Property, plant and equipment	3	-	2,144	-	-
- Trade receivables		1,390	960	-	-
Interest expense from:					
- Unsecured bankers' acceptance/ Unsecured revolving credits		13,598	12,318	5,779	4,788
- Subsidiaries		-	-	2,839	-
Inventories written down		-	11,089	-	11,089
Net realised loss on foreign exchange		534	9,074	901	513
Net unrealised loss on foreign exchange		-	1,470	-	900
Personnel expenses (including key management personnel):					
- Contributions to Employees Provident Fund		8,692	8,547	3,974	4,080
- Wages, salaries and others		78,914	76,263	28,096	31,263
Property, plant and equipment written off	3	77	751	72	41
Rental expenses for premises		3,834	5,921	1,363	1,780
		=====	=====	=====	=====

16. Operating profit (continued)

	Note	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
and after crediting:					
Dividends from subsidiaries (unquoted):					
- non tax exempt		-	-	960	960
- tax exempt		-	-	28,415	27,856
Gain on disposal of property, plant and equipment		251	3,986	71	418
Insurance recoveries		4,727	2,815	106	579
Fair value gain from future and option contracts		530	9,158	3,063	6,500
Interest income from:					
- Deposit placed with licensed banks		20,957	17,113	1,755	1,051
- Subsidiaries		-	-	5,033	-
Net unrealised gain on foreign exchange		1,550	-	840	-
Rental income from:					
- Investment properties	5	270	222	305	257
- Others		680	104	1,070	1,026
Reversal of impairment loss on trade receivables		841	2,358	176	-
		=====	=====	=====	=====

17. Tax expense

Recognised in the income statements

		Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Current tax expense					
Malaysian	- current year	2,697	7,937	-	6,769
	- prior year	(67)	(1,664)	-	(1,654)
Overseas	- current year	8,547	7,809	-	-
	- prior year	467	-	-	-
Total current tax expense		11,644	14,082	-	5,115
Deferred tax expense					
Origination and reversal of temporary differences		2,268	3,532	2,800	(3,250)
Recognition of previously unrecognised temporary differences		(365)	(6,201)	-	-
Total deferred tax expense		1,903	(2,669)	2,800	(3,250)
Total tax expense		13,547	11,413	2,800	1,865
		=====	=====	=====	=====

17. Tax expense (continued)

	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Reconciliation of tax expense				
Profit for the year	37,636	92,198	39,769	39,455
Total tax expense	13,547	11,413	2,800	1,865
Profit before tax	51,183	103,611	42,569	41,320
Tax at Malaysian tax rate of 25% (2011: 25%)	12,796	25,903	10,642	10,330
Effect of tax rates in foreign jurisdiction*	(3,229)	(7,234)	-	-
Non-deductible expenses	2,264	2,233	1,607	253
Non-taxable income	(5)	(59)	(7,855)	(6,964)
Tax incentives	(719)	(1,565)	(65)	(100)
Recognition of previously unrecognised temporary differences	(365)	(6,201)	-	-
Deferred tax assets not recognised during the year	3,850	-	-	-
Reversal of deferred tax assets recognised in prior years	84	-	-	-
Tax savings from group relief	(1,529)	-	(1,529)	-
	13,147	13,077	2,800	3,519
Over/(under) provision in prior years	400	(1,664)	-	(1,654)
	13,547	11,413	2,800	1,865

* A subsidiary in a foreign jurisdiction was granted a 50% tax reduction on its taxable income whilst another foreign subsidiary was subject to a 25% tax rate on its taxable income except for a production line which was granted a 50% tax reduction on its taxable income.

Both of these foreign subsidiaries' further enjoyed an additional 30 per cent reduction of income tax expense for the years 2012 and 2011 as they met the definition of Small and Medium Enterprises.

18. Earnings per ordinary share

Basic earnings per ordinary share

Basic earnings per ordinary share is calculated by dividing the profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

The weighted average number of ordinary shares in issue for the previous financial year has been restated to reflect the retrospective adjustments arising from the Share Split which was completed on 31 January 2012, and Bonus Issue which was completed on 14 May 2012, as required by MFRS133 on Earnings per Share.

	Group	
	2012	**2011**
	RM'000	**RM'000**
		Restated
Profit attributable to ordinary shareholders of the Company	28,511	80,872
	=====	=====
	'000	**'000**
Weighted average number of ordinary shares		
Issued ordinary shares at 1 January	107,645	107,645
Effect of share split	107,645	107,645
Effect of bonus shares issued	107,645	107,645
Effect of ordinary shares issued during the financial year	146,467	-
	469,402	322,935
	======	======
Basic earnings per ordinary share (sen)	6.07	25.04
	======	======

Diluted earnings per ordinary share

The diluted earnings per ordinary share amounts is calculated by dividing profit attributable to ordinary shareholders by a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares comprising Warrants.

The Warrants are anti-dilutive for the financial year as the Warrants exercise price is higher than the average market price of the Company shares during the financial year. Accordingly, the exercise of Warrants has been ignored in the calculation of dilutive earnings per ordinary share.

19. Dividends

Dividends recognised by the Company are:

	Sen per share (net of tax)	Total amount RM'000	Date of payment
2012			
Special 2011 ordinary	46.50	100,109	13 April 2012
		======	
2011			
Final 2010 ordinary	3.75	4,037	13 June 2011
Special 2010 ordinary	11.25	12,110	13 June 2011
		16,147	
		======	

The Directors declared an interim dividend of 3 sen per ordinary share of RM0.50 each less tax at 25% totalling approximately RM12,110,000 (2.25 sen net per ordinary share of RM0.50 each) in respect of the financial year ended 31 December 2012. The interim dividend will be paid on 29 March 2013.

The Directors do not recommend any payment of final dividend for the year under review.

20. Operating segments

Segment information is presented in respect of the Group's business and geographical segments. For each business and geographical segments, the Group's chief operating decision maker reviews internal management report on a regular basis.

The Group's operations comprise the following main business segments:

- Flour and trading in grains — Milling and selling wheat flour and trading in grains and other allied products
- Poultry integration — Manufacture and sale of animal feeds, processing and sale of poultry products, breeding and sale of day-old-chicks, sale of eggs and contract farming activities

The Group's other operations include companies that had ceased operations in prior years and dormant companies. None of these segments meets any of the quantitative threshold for determining reportable segments in 2012 or 2011.

Performance is measured based on segment profit before tax, interest, depreciation and amortisation, as included in the internal management reports that are reviewed by the Group's chief operating decision maker. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

The total of segment asset is measured based on all assets of a segment, as included in the internal management reports that are reviewed by the Group's chief operating decision maker. Segment total asset is used to measure the return of assets of each segment.

Company No. 4260-M

20. Operating segments (continued)

	Flour and trading in grains and other allied products		Poultry integration		Others		Eliminations		Consolidated	
	2012 RM'000	2011 RM'000 Restated	2012 RM'000	2011 RM'000 Restated	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Business segments										
Revenue from external customers	1,148,529	1,136,923	879,946	781,492	-	-	-	-	2,028,475	1,918,415
Inter-segment revenue	380,023	328,041	31,236	26,672	-	-	(411,259)	(354,713)	-	-
Total segment revenue	1,528,552	1,464,964	911,182	808,164	-	-	(411,259)	(354,713)	2,028,475	1,918,415
Results from operating activities	48,791	66,547	(3,222)	27,423	(17)	3,377	-	-	45,552	97,347
Interest income	26,548	17,698	2,281	-	-	2	(7,872)	(587)	20,957	17,113
Interest expense	(14,493)	(10,080)	(6,977)	(2,825)	-	-	7,872	587	(13,598)	(12,318)
Share of loss of equity accounted jointly controlled entity, net of tax	(1,341)	-	-	-	-	-	-	-	(1,341)	-
Share of (loss)/profit of equity accounted associates, net of tax	-	-	(387)	1,469	-	-	-	-	(387)	1,469
Profit/(loss) before tax	59,505	74,165	(8,305)	26,067	(17)	3,379	-	-	51,183	103,611
Depreciation and amortisation	11,522	10,756	11,382	8,231	-	64	-	-	22,904	19,051
Tax expense	(12,298)	(9,562)	(1,249)	(1,851)	-	-	-	-	(13,547)	(11,413)

Company No. 4260-M

20. Operating segments (continued)

	Flour and trading in grains and other allied products		Poultry integration		Others		Eliminations		Consolidated	
	2012 RM'000	2011 RM'000 Restated	2012 RM'000	2011 RM'000 Restated	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Impairment loss on property, plant and equipment	-	-	-	2,144	-	-	-	-	-	2,144
Insurance recoveries	224	581	4,503	2,234	-	-	-	-	4,727	2,815
Non-cash expenses other than depreciation and amortisation	28	19,065	2,320	(582)	-	3	-	-	2,348	18,486
Capital expenditure	50,027	75,048	74,769	42,627	-	-	-	-	124,796	117,675
Segment assets	1,007,354	885,109	358,087	262,139	9	14	-	-	1,365,450	1,147,262
Investment in a jointly controlled entity	20,831	-	-	-	-	-	-	-	20,831	-
Investment in associates	-	-	1,097	1,484	1,105	-	-	-	2,202	1,484
Total segments assets	1,028,185	885,109	359,184	263,623	1,114	14	-	-	1,388,483	1,148,746

20. Operating segments (continued)

Geographical segments

	Malaysia		Vietnam		Consolidated	
	2012 RM'000	**2011 RM'000**	**2012 RM'000**	**2011 RM'000**	**2012 RM'000**	**2011 RM'000**
Revenue from external customers	1,554,020	1,478,520	474,455	439,895	2,028,475	1,918,415
Non-current assets	395,087	277,660	55,070	51,347	450,157	329,007

Major customers

There were no customers with revenue equal or more than 10% of the Group's total revenue for the year ended 31 December 2012.

21. Financial instruments

21.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

(a) Loans and receivables (L&R);
(b) Fair value through profit or loss (FVTPL); and
(c) Other financial liabilities measured at amortised cost (OL).

31 December 2012 Financial assets	**Note**	**Carrying amount RM'000**	**L&R/ (OL) RM'000**	**FVTPL RM'000**
Group				
Trade and other receivables	10	260,396	260,396	-
Cash and cash equivalents	12	262,279	262,279	-
		522,675	522,675	-
Company				
Trade and other receivables	10	274,594	274,594	-
Cash and cash equivalents	12	48,846	48,846	-
		323,440	323,440	-

21. Financial instruments (continued)

21.1 Categories of financial instruments (continued)

31 December 2012 Financial liabilities	Note	Carrying amount RM'000	L&R/ (OL) RM'000	FVTPL RM'000
Group				
Trade and other payables, including derivatives	14	(89,743)	(88,867)	(876)
Loans and borrowings	15	(588,475)	(588,475)	-
		(678,218)	(677,342)	(876)
Company				
Trade and other payables, including derivatives	14	(126,814)	(126,401)	(413)
Loans and borrowings	15	(228,801)	(228,801)	-
		(355,615)	(355,202)	(413)
31 December 2011				
Financial assets				
Group				
Trade and other receivables, including derivatives	10	250,976	250,817	159
Cash and cash equivalents	12	200,867	200,867	-
		451,843	451,684	159
Company				
Trade and other receivables, including derivatives	10	143,316	143,290	26
Cash and cash equivalents	12	40,740	40,740	-
		184,056	184,030	26
Financial liabilities				
Group				
Trade and other payables	14	(108,310)	(108,310)	-
Loans and borrowings	15	(445,373)	(445,373)	-
		(553,683)	(553,683)	-
Company				
Trade and other payables	14	(153,749)	(153,749)	-
Loans and borrowings	15	(142,759)	(142,759)	-
		(296,508)	(296,508)	-

21. Financial instruments (continued)

21.1 Categories of financial instruments (continued)

1 January 2011	**Note**	**Carrying amount**	**L&R/ (OL)**	**FVTPL**
Financial assets		**RM'000**	**RM'000**	**RM'000**
Group				
Trade and other receivables	10	229,065	229,065	-
Cash and cash equivalents	12	221,974	221,974	-
		451,039	451,039	-
Company				
Trade and other receivables	10	87,647	87,647	-
Cash and cash equivalents	12	32,201	32,201	-
		119,848	119,848	-
Financial liabilities				
Group				
Trade and other payables, including derivatives	14	(87,407)	(85,493)	(1,914)
Loans and borrowings	15	(385,172)	(385,172)	-
		(472,579)	(470,665)	(1,914)
Company				
Trade and other payables	14	(62,959)	(62,959)	-
Loans and borrowings	15	(113,995)	(113,995)	-
		(176,954)	(176,954)	-

Company No. 4260-M

21. Financial instruments (continued)

21.2 Net gains and losses arising from financial instruments

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Net (losses)/gains on:				
Fair value through profit or loss:				
- foreign currency forward contracts	(323)	159	(86)	26
- future and option contracts	530	9,158	3,063	6,500
Loans and receivables	20,334	17,533	6,964	119
Financial liabilities measured at amortised cost	(12,187)	(22,382)	(8,593)	(5,302)
	8,354	4,468	1,348	1,343

21.3 Financial risk management

The Group has exposure to credit, interest rate, currency and liquidity risks from its use of financial instruments.

21.4 Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group and the Company's exposure to credit risk arises principally from its receivables from customers.

Receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit risk is addressed by the Credit Committee that sets policies, approves credit evaluations and institutes mitigating actions. New customers are subject to credit evaluation process and existing customers' risk profiles are reviewed regularly with a view to setting appropriate terms of trade and credit limits. Where appropriate, further sales are suspended and legal actions are taken to attempt recoveries and mitigate losses.

Exposure to credit risk and credit quality

At the balance sheet date, the maximum exposure to credit risk arising from receivables is represented by their carrying amounts in the balance sheets.

Company No. 4260-M

21. Financial instruments (continued)

21.4 Credit risk (continued)

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than 3 months, which are deemed to have higher credit risk, are monitored individually. The trade receivables balances which are past due more than 3 months but not impaired for the Group and the Company amounted to RM599,000 (31 December 2011: RM1,077,000; 1 January 2011: RM248,000) and Nil (31 December 2011: Nil; 1 January 2011: Nil), respectively.

The exposure of credit risk for trade receivables as at the balance sheet date by geographic region was:

	Group			Company		
	31.12.2012	**31.12.2011**	**1.1.2011**	**31.12.2012**	**31.12.2011**	**1.1.2011**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Malaysia	183,240	189,932	171,673	66,817	70,539	68,473
Vietnam	51,304	44,947	45,955	-	-	-
	234,544	234,879	217,628	66,817	70,539	68,473

Impairment losses

The movements in the allowance for impairment losses of trade receivables during the year were:

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM'000	**RM'000**	**RM'000**	**RM'000**
At 1 January	4,228	5,888	1,442	1,477
Impairment loss recognised	1,390	960	-	-
Impairment loss reversed	(841)	(2,358)	(176)	-
Impairment loss written off	-	(233)	-	(35)
Effect of movements in exchange rate	(16)	(29)	-	-
At 31 December	4,761	4,228	1,266	1,442

The allowance account in respect of trade receivables is used to record impairment losses. Unless the Group and the Company is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

21. Financial instruments (continued)

21.4 Credit risk (continued)

Intercompany balances

The Company provides unsecured advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

As at the balance sheet date, the maximum exposure to credit risk is represented by their carrying amounts in the balance sheet.

As at the balance sheet date, there was no indication that the advances to the subsidiaries are not recoverable. The Company does not specifically monitor the ageing of the advances to subsidiaries.

21.5 Interest rate risk

The Group and the Company's exposure to interest rate risk relates primarily to their borrowings and deposits with licensed banks.

Risk management objectives, policies and processes for managing the risk

The Group and the Company's bank borrowings and interest bearing deposits are both subject to interest based on fixed rates. Market interest rates movements are monitored with the view of ensuring the most competitive rates are secured and where appropriate, borrowing arrangements are restructured or reduced. The Group and the Company's interest bearing assets are mainly placed in short term deposits with reputable financial institutions.

21. Financial instruments (continued)

21.5 Interest rate risk (continued)

Exposure to interest rate risk

The interest rate profile of the Group's and the Company's significant interest bearing financial instruments, based on the carrying amounts as at the balance sheet date was:

		Group			Company		
	Note	**31.12.2012 RM'000**	**31.12.2011 RM'000**	**1.1.2011 RM'000**	**31.12.2012 RM'000**	**31.12.2011 RM'000**	**1.1.2011 RM'000**
Fixed rate instruments							
Deposits placed with licensed banks	12	234,537	181,568	187,136	35,890	30,500	12,800
Unsecured bankers' acceptances/ Unsecured revolving credits	15	(547,853)	(445,373)	(385,172)	(188,179)	(142,759)	(113,995)
		(313,316)	(263,805)	(198,036)	(152,289)	(112,259)	(101,195)
Floating rate instruments							
Unsecured term loan	15	(40,622)	-	-	(40,622)	-	-

Interest rate risk sensitivity analysis

(a) Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the balance sheet date would not affect the income statements.

21. Financial instruments (continued)

21.5 Interest rate risk (continued)

Interest rate risk sensitivity analysis (continued)

(b) *Cash flow sensitivity analysis for variable rate instruments*

A change of 50 basis points ("bp") in interest rates at the end of the reporting period would have increased/(decreased) equity and post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remained constant.

	Equity		**Profit or loss**	
	50 bp increase RM'000	**50 bp decrease RM'000**	**50 bp increase RM'000**	**50 bp decrease RM'000**
Group				
2012				
Floating rate instruments	(152)	152	(152)	152
2011				
Floating rate instruments	-	-	-	-
Company				
2012				
Floating rate instruments	(152)	152	(152)	152
2011				
Floating rate instruments	-	-	-	-

21.6 Foreign currency risk

The Group and the Company are exposed to foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities. The currency giving rise to this risk is primarily United States Dollar (USD).

Risk management objectives, policies and processes for managing the risk

The Group and the Company monitor their exposure to foreign currency movements closely and where appropriate, the Group and the Company have used foreign currency forward contracts to hedge some of its foreign currency risk.

21. Financial instruments (continued)

21.6 Foreign currency risk (continued)

Exposure to foreign currency risk

The Group's and Company's exposure to foreign currency (a currency which is other than the functional currency of the Group entities and of the Company) risk, based on carrying amounts as at the balance sheet date was:

		Denominated in *USD*		
	Note	**31.12.2012 RM'000**	**31.12.2011 RM'000**	**1.1.2011 RM'000**
Group				
Unsecured bankers' acceptances/ Unsecured revolving credits	15	(255,494)	(242,540)	(171,847)
Financial (liabilities)/assets at fair value through profit or loss:				
- foreign currency forward contracts	10,14	(164)	159	(1,914)
Exposure in the balance sheets		(255,658)	(242,381)	(173,761)
Company				
Unsecured bankers' acceptances/ Unsecured revolving credits	15	(46,780)	(33,596)	-
Financial (liabilities)/assets at fair value through profit or loss:				
- foreign currency forward contracts	10,14	(59)	26	-
Exposure in the balance sheets		(46,839)	(33,570)	-

21. Financial instruments (continued)

21.6 Foreign currency risk (continued)

Currency risk sensitivity analysis

A 5 percent (2011: 5 percent) strengthening/(weakening) of RM against USD at the balance sheet date would have increased/(decreased) equity and post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remained constant.

	2012		2011	
		Profit		Profit
	Equity	or loss	Equity	or loss
Group	**RM'000**	**RM'000**	**RM'000**	**RM'000**
USD	-	5,059	-	3,600
	=====	=====	=====	=====
Company				
USD	-	256	-	905
	=====	=====	=====	=====

21.7 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group and the Company monitors and maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

Maturity analysis

The following table indicates the maturity profile of the Group's and the Company's financial liabilities at the balance sheet date based on undiscounted contractual payments:

Company No. 4260-M

21. Financial instruments (continued)

21.7 Liquidity risk (continued)

Maturity analysis (continued)

	Note	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Under 1 year RM'000	1-2 years RM'000
Group						
31 December 2012						
Non-derivative financial liabilities						
Trade and other payables	14	88,867	-	88,867	88,867	-
Unsecured bankers' acceptances/Unsecured revolving credits	15	547,853	0.90 - 3.80	552,157	552,157	-
Term loan		40,622	4.53	46,319	14,036	32,283
Derivative financial liabilities						
Foreign currency forward contracts :						
Outflow	14	164	-	120,410	120,410	-
Future and options contracts :						
Outflow	14	712	-	712	712	-
		678,218		808,465	776,182	32,283
31 December 2011						
Non-derivative financial liabilities						
Trade and other payables	14	108,310	-	108,310	108,310	-
Unsecured bankers' acceptances/Unsecured revolving credits	15	445,373	0.90 - 5.19	448,367	448,367	-
		553,683		556,677	556,677	-
1 January 2011						
Non-derivative financial liabilities						
Trade and other payables	14	85,493	-	85,493	85,493	-
Unsecured bankers' acceptances/Unsecured revolving credits	15	385,172	0.89 - 6.46	391,029	391,029	-
Derivative financial liabilities						
Foreign currency forward contracts :						
Outflow	14	1,914	-	76,943	76,943	-
		472,579		553,465	553,465	-

Company No. 4260-M

21. Financial instruments (continued)

21.7 Liquidity risk (continued)

Maturity analysis (continued)

	Note	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Under 1 year RM'000	1-2 years RM'000
Company						
31 December 2012						
Non-derivative financial liabilities						
Trade and other payables	14	126,401	-	126,401	126,401	-
Unsecured bankers' acceptances/Unsecured revolving credits	15	188,179	1.09 - 3.63	190,255	190,255	-
Term loan		40,622	4.53	46,319	14,036	32,283
Derivative financial liabilities						
Foreign currency forward contracts :						
Outflow	14	59	-	39,889	39,889	-
Future and options contracts :						
Outflow	14	354	-	354	354	-
		355,615		403,218	370,935	32,283
31 December 2011						
Non-derivative financial liabilities						
Trade and other payables	14	153,749	-	153,749	153,749	-
Unsecured bankers' acceptances/Unsecured revolving credits	15	142,759	1.04 - 3.55	144,178	144,178	-
		296,508		297,927	297,927	-
1 January 2011						
Non-derivative financial liabilities						
Trade and other payables	14	62,959	-	62,959	62,959	-
Unsecured bankers' acceptances/Unsecured revolving credits	15	113,995	3.14 - 3.67	115,264	115,264	-
		176,954		178,223	178,223	-

21. Financial instruments (continued)

21.8 Fair value of financial instruments

The carrying amounts of cash and cash equivalents, trade and other receivables, trade and other payables and short term borrowings, approximate fair values due to the relatively short term nature and subject to floating interest rate of these financial instruments.

The fair values of other financial assets and liabilities, together with the carrying amounts shown in the balance sheets, are as follow:

	31.12.2012		31.12.2011		1.1.2011	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Group						
Foreign currency forward contracts:						
Assets	-	-	159	159	-	-
Liabilities	164	164	-	-	1,914	1,914
Future and option contracts:						
Liabilities	712	712	-	-	-	-
Company						
Foreign currency forward contracts:						
Assets	-	-	26	26	-	-
Liabilities	59	59	-	-	-	-
Future and option contracts:						
Liabilities	354	354	-	-	-	-

Derivatives

The fair value of foreign currency forward contracts is calculated using inputs other than unadjusted quoted prices in an active market that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

The fair value of future and option contracts is based on their quoted price (unadjusted) in active markets for identical assets or liabilities.

21. Financial instruments (continued)

21.8 Fair value of financial instruments (continued)

21.8.1 Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1 : Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Group	**Level 1 RM'000**	**Level 2 RM'000**	**Total RM'000**
31 December 2012			
Financial liabilities			
Foreign currency forward contracts	-	164	164
Future and option contracts	712	-	712
	712	164	876
31 December 2011			
Financial assets			
Foreign currency forward contracts	-	159	159
1 January 2011			
Financial liabilities			
Foreign currency forward contracts	-	1,914	1,914
Company			
31 December 2012			
Financial liabilities			
Foreign currency forward contracts	-	59	59
Future and option contracts	354	-	354
	354	59	413
31 December 2011			
Financial assets			
Foreign currency forward contracts	-	26	26

Company No. 4260-M

22. Capital management

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern.

The debt-to-equity ratios at 31 December 2012, 31 December 2011 and 1 January 2011 were as follows:

	Group		
	31.12.2012	**31.12.2011**	**1.1.2011**
	RM'000	**RM'000**	**RM'000**
Total borrowings (Note 15)	588,475	445,373	385,172
Less: Cash and cash equivalents (Note 12)	(262,279)	(200,867)	(221,974)
Net debt	326,196	244,506	163,198
Total equity	698,882	576,383	522,835
Debt-to-equity ratio	0.5	0.4	0.3

23. Capital and other commitments

	Group			Company		
	31.12.2012	**31.12.2011**	**1.1.2011**	**31.12.2012**	**31.12.2011**	**1.1.2011**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Property, plant and equipment						
Authorised but not contracted for	60,010	40,783	89,317	-	17,289	28,236
Contracted but not provided for	81,786	64,635	97,916	48,402	47,107	85,774
Investment in an associate						
Authorised but not contracted for	32,114	-	-	32,114	-	-
Contracted but not provided for	-	14,258	-	-	14,258	-

24. Contingent liability

On 19 March 2012, Malayan Flour Mills Berhad entered into a Deed Guarantee and Indemnity with a financial institution on the terms and conditions as stipulated in the deed in consideration of the trading facility for commodity futures granted to a subsidiary. The liability of the Company under the deed shall not exceed USD1 million.

25. Related parties

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. Key management personnel include all the Directors of the Group.

The Group has related party relationship with its holding companies, significant investors, subsidiaries, associates and key management personnel.

Significant related party transactions

Related party transactions have been entered into in the normal course of business under normal trade terms. The significant related party transactions of the Group and the Company are shown below. The balances related to the below transactions are shown in Note 10 and 14.

		Group		**Company**	
		2012	**2011**	**2012**	**2011**
		RM'000	**RM'000**	**RM'000**	**RM'000**
A.	**Related Companies**				
	Services rendered, hiring of motor vehicles and rental of premises from companies in which a Director, Teh Wee Chye, has financial interest				
	- Pembena Transport Sdn. Bhd.	(45)	(45)	(45)	(45)
	- Indah Enterprise Sdn. Bhd.	(31)	(31)	(31)	(31)
	- Thye Nam Loong Holdings Sdn. Bhd.	(24)	(24)	(24)	(24)
		=====	=====	=====	=====

25. Related parties (continued)

Significant related party transactions (continued)

	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
B. Subsidiaries				
Sales of goods	-	-	19,767	32,368
Rental of premises	-	-	459	459
Rental of furniture and fittings	-	-	147	147
Rental of equipment	-	-	467	431
Rental of motor vehicles	-	-	33	25
Management fees	-	-	841	802
Interest income	-	-	5,033	-
Interest expense	-	-	(2,839)	-
	=====	=====	=====	=====
C. Key management personnel				
Directors				
- Fees	659	562	659	562
- Remuneration	6,253	6,461	5,886	6,072
- Other short-term employee benefits (including estimated monetary value of benefits-in-kind)	174	141	175	141
Total short-term employee benefits	7,086	7,164	6,720	6,775
	=====	=====	=====	=====

26. Subsequent events

On 16 January 2013, the Company acquired 19,372,000 additional ordinary shares of RM1.00 each issued by Dindings Poultry Development Centre Sdn. Bhd., credited as fully paid-up based on the issue price of RM1.00 per ordinary share at a total consideration of RM19,372,000 for the acquisition of business from another subsidiary.

27. Explanation of transition to MFRSs

As stated in Note 1(a), these are the first financial statements of the Group and of the Company prepared in accordance with MFRSs.

The accounting policies set out in Note 2 have been applied in preparing the financial statements of the Group and of the Company for the year ended 31 December 2012, the comparative information presented in these financial statements for the year ended 31 December 2011 and in the preparation of the opening MFRS balance sheet at 1 January 2011 (the Group's date of transition to MFRSs).

In preparing the opening consolidated balance sheet at 1 January 2011, the Group has adjusted amounts reported previously in financial statements prepared in accordance with previous FRSs. An explanation of how the transition from previous FRSs to MFRSs has affected the Group's financial position, financial performance and cash flows is set out as follows:

Company No. 4260-M

27. Explanation of transition to MFRSs (continued)

27.1 Reconciliation of balance sheet

Group	Note	1.1.2011 FRSs RM'000	1.1.2011 Effect of Transition to MFRSs RM'000	1.1.2011 MFRSs RM'000	31.12.2011 FRSs RM'000	31.12.2011 Effect of transition to MFRSs RM'000	31.12.2011 MFRSs RM'000
Assets							
Property, plant and equipment		224,222	-	224,222	315,320	-	315,320
Investment properties		5,562	-	5,562	5,505	-	5,505
Intangible assets		1,903	-	1,903	1,576	-	1,576
Investments in associates		-	-	-	1,484	-	1,484
Deferred tax assets		4,131	-	4,131	5,122	-	5,122
Total non-current assets		235,818	-	235,818	329,007	-	329,007
Inventories		324,940	-	324,940	360,999	-	360,999
Current tax assets		90	-	90	2,013	-	2,013
Trade and other receivables, including derivatives		229,065	-	229,065	250,976	-	250,976
Prepayments and other assets		3,825	-	3,825	4,884	-	4,884
Cash and cash equivalents		221,974	-	221,974	200,867	-	200,867
Total current assets		779,894	-	779,894	819,739	-	819,739
Total assets		1,015,712	-	1,015,712	1,148,746	-	1,148,746

27. Explanation of transition to MFRSs (continued)

27.1 Reconciliation of balance sheet (continued)

Group	Note	1.1.2011 FRSs RM'000	1.1.2011 Effect of Transition to MFRSs RM'000	1.1.2011 MFRSs RM'000	31.12.2011 FRSs RM'000	31.12.2011 Effect of transition to MFRSs RM'000	31.12.2011 MFRSs RM'000
Equity							
Share capital		107,645	-	107,645	107,645	-	107,645
Share premium		55,862	-	55,862	55,862	-	55,862
Other reserves	27.4(a)	(22,765)	(16,282)	(39,047)	(18,199)	(16,282)	(34,481)
Retained earnings	27.4(b)	328,331	16,282	344,613	377,203	16,282	393,485
Equity attributable to owners of the Company		469,073	-	469,073	522,511	-	522,511
Non-controlling interests		53,762	-	53,762	53,872	-	53,872
Total equity		522,835	-	522,835	576,383	-	576,383
Liabilities							
Deferred tax liabilities		7,100	-	7,100	5,419	-	5,419
Total non-current liabilities		7,100	-	7,100	5,419	-	5,419

Company No. 4260-M

27. Explanation of transition to MFRSs (continued)

27.1 Reconciliation of balance sheet (continued)

Group	Note	1.1.2011 FRSs RM'000	1.1.2011 Effect of Transition to MFRSs RM'000	1.1.2011 MFRSs RM'000	31.12.2011 FRSs RM'000	31.12.2011 Effect of transition to MFRSs RM'000	31.12.2011 MFRSs RM'000
Loans and borrowings		385,172	-	385,172	445,373	-	445,373
Current tax liabilities		13,198	-	13,198	13,261	-	13,261
Trade and other payables, including derivatives		87,407	-	87,407	108,310	-	108,310
Total current liabilities		485,777	-	485,777	566,944	-	566,944
Total liabilities		492,877	-	492,877	572,363	-	572,363
Total equity and liabilities		1,015,712	-	1,015,712	1,148,746	-	1,148,746

Company No. 4260-M

27. Explanation of transition to MFRSs (continued)

27.1 Reconciliation of balance sheet (continued)

Company	Note	1.1.2011 FRSs RM'000	1.1.2011 Effect of Transition to MFRSs RM'000	1.1.2011 MFRSs RM'000	31.12.2011 FRSs RM'000	31.12.2011 Effect of transition to MFRSs RM'000	31.12.2011 MFRSs RM'000
Assets							
Property, plant and equipment		113,764	-	113,764	167,290	-	167,290
Investment properties		5,291	-	5,291	5,234	-	5,234
Intangible assets		409	-	409	257	-	257
Investments in associates		234,930	-	234,930	234,930	-	234,930
Total non-current assets		354,394	-	354,394	407,711	-	407,711
Inventories							
Other investments		96,775	-	96,775	114,847	-	114,847
Current tax assets		-	-	-	1,959	-	1,959
Trade and other receivables, including derivatives		87,647	-	87,647	143,316	-	143,316
Prepayments and other assets		1,174	-	1,174	1,609	-	1,609
Cash and cash equivalents		32,201	-	32,201	40,740	-	40,740
Total current assets		217,797	-	217,797	302,471	-	302,471
Total assets		572,191	-	572,191	710,182	-	710,182

Company No. 4260-M

27. Explanation of transition to MFRSs (continued)

27.1 Reconciliation of balance sheet (continued)

Company

	Note	1.1.2011 FRSs RM'000	1.1.2011 Effect of Transition to MFRSs RM'000	1.1.2011 MFRSs RM'000	31.12.2011 FRSs RM'000	31.12.2011 Effect of transition to MFRSs RM'000	31.12.2011 MFRSs RM'000
Equity							
Share capital		107,645	-	107,645	107,645	-	107,645
Share premium		55,862	-	55,862	55,862	-	55,862
Other reserves	27.4(a)	16,282	(16,282)	-	16,282	(16,282)	-
Retained earnings	27.4(b)	206,727	16,282	223,009	230,035	16,282	246,317
Total equity		386,516	-	386,516	409,824	-	409,824
Liabilities							
Deferred tax liabilities		7,100	-	7,100	3,850	-	3,850
Total non-current liabilities		7,100	-	7,100	3,850	-	3,850
Loans and borrowings		113,995	-	113,995	142,759	-	142,759
Current tax liabilities		1,621	-	1,621	-	-	-
Trade and other payables, including derivatives		62,959	-	62,959	153,749	-	153,749
Total current liabilities		178,575	-	178,575	296,508	-	296,508
Total liabilities		185,675	-	185,675	300,358	-	300,358
Total equity and liabilities		572,191	-	572,191	710,182	-	710,182

27. Explanation of transition to MFRSs (continued)

27.2 Reconciliation of income statement and other comprehensive income for the year ended 31 December 2011

Group	FRSs RM'000	Effect of Transition to MFRSs RM'000	MFRSs RM'000
Revenue	1,918,415	-	1,918,415
Cost of goods sold	(1,697,000)	-	(1,697,000)
Gross profit	221,415	-	221,415
Other income	11,166	-	11,166
Distribution and selling expenses	(87,589)	-	(87,589)
Administrative expenses	(34,918)	-	(34,918)
Other expenses	(12,727)	-	(12,727)
Results from operating activities	97,347	-	97,347
Interest income	17,113	-	17,113
Interest expense	(12,318)	-	(12,318)
Net interest income	4,795	-	4,795
Share of profit of equity accounted associates, net of tax	1,469	-	1,469
Profit before tax	103,611	-	103,611
Tax expense	(11,413)	-	(11,413)
Profit for the year	92,198	-	92,198
Other comprehensive income for the year, net of tax			
Foreign currency translation differences for foreign operations	(13,703)	-	(13,703)
Total other comprehensive income for the year	(13,703)	-	(13,703)
Total comprehensive income for the year	78,495	-	78,495

27. Explanation of transition to MFRSs (continued)

27.2 Reconciliation of income statement and other comprehensive income for the year ended 31 December 2011 (continued)

Company	**FRSs RM'000**	**Effect of Transition to MFRSs RM'000**	**MFRSs RM'000**
Revenue	438,567	-	438,567
Cost of goods sold	(376,075)	-	(376,075)
Gross profit	62,492	-	62,492
Other income	33,449	-	33,449
Distribution and selling expenses	(32,782)	-	(32,782)
Administrative expenses	(17,343)	-	(17,343)
Other expenses	(759)	-	(759)
Results from operating activities	45,057	-	45,057
Interest income	1,051	-	1,051
Interest expense	(4,788)	-	(4,788)
Net interest expense	(3,737)	-	(3,737)
Profit before tax	41,320	-	41,320
Tax expense	(1,865)	-	(1,865)
Profit for the year	39,455	-	39,455

27.3 Material adjustments to the statements of cash flows for 2011

There are no material differences between the statement of cash flows presented under MFRSs and the statement of cash flows presented under FRSs.

27.4 Notes to reconciliations

(a) Property, plant and equipment – Deemed cost exemption – previous revaluation

Under FRSs, the Group and the Company had availed itself to the transitional provision when MASB first adopted IAS 16, *Property, Plant and Equipment* in 1998. Certain freehold land and buildings were revalued in 1983 and no later valuation has been recorded for these property, plant and equipment (except in the case of impairment adjustments based on valuation).

27. Explanation of transition to MFRSs (continued)

27.4 Notes to reconciliations (continued)

(a) Property, plant and equipment – Deemed cost exemption – previous revaluation (continued)

Upon transition to MFRSs, the Group and the Company elected to apply the optional exemption to use that previous revaluation as deemed cost under MFRSs. The revaluation reserve of RM16,282,000 at 1 January 2011 and 31 December 2011 was reclassified to retained earnings.

The aggregate fair value of these freehold land and buildings at 1 January 1983 was determined to be RM16,282,000 higher compared to the then carrying amount under FRSs.

The impact arising from the change is summarised as follows:

	Group		**Company**	
	1.1.2011	**31.12.2011**	**1.1.2011**	**31.12.2011**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Balance sheet				
Revaluation reserve	(16,282)	(16,282)	(16,282)	(16,282)
Adjustment to retained earnings	16,282	16,282	16,282	16,282

(b) Retained earnings

The changes that affected the retained earnings are as follows:

		Group		**Company**	
	Note	**1.1.2011**	**31.12.2011**	**1.1.2011**	**31.12.2011**
		RM'000	**RM'000**	**RM'000**	**RM'000**
Property, plant and equipment	a	16,282	16,282	16,282	16,282
Increase in retained earnings		16,282	16,282	16,282	16,282

28. Supplementary information on the breakdown of realised and unrealised profits or losses

On 25 March 2010, Bursa Malaysia Securities Berhad ("Bursa Malaysia") issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the unappropriated profits or accumulated losses as at the balance sheet date, into realised and unrealised profits or losses.

On 20 December 2010, Bursa Malaysia further issued another directive on the disclosure and the prescribed format of presentation.

The breakdown of the retained earnings of the Group and of the Company as at 31 December 2012, into realised and unrealised profits, pursuant to the directive, is as follows:

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Total retained earnings of the Company and its subsidiaries:				
- realised	235,116	284,539	191,752	234,785
- unrealised	(437)	14,515	(5,775)	11,532
	234,679	299,054	185,977	246,317
Add: Consolidation adjustments	87,208	94,431	-	-
Total retained earnings	321,887	393,485	185,977	246,317

The determination of realised and unrealised profits is based on the Guidance of Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by Malaysian Institute of Accountants on 20 December 2010.

Malayan Flour Mills Berhad
(Company No. 4260-M)
(Incorporated in Malaysia)
and its subsidiaries

Statement by Directors pursuant to Section 169(15) of the Companies Act, 1965

In the opinion of the Directors, the financial statements set out on pages 9 to 93 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2012 and of their financial performance and cash flows for the financial year then ended.

In the opinion of the Directors, the information set out in Note 28 on page 94 to the financial statements has been compiled in accordance with Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements,* issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

…………………………………………………………..
Tan Sri Dato' Seri Arshad bin Ayub

…………………………………………………………..
Teh Wee Chye

Kuala Lumpur,

Date: 19 March 2013

Malayan Flour Mills Berhad
(Company No. 4260-M)
(Incorporated in Malaysia)
and its subsidiaries

Statutory declaration pursuant to Section 169(16) of the Companies Act, 1965

I, **Quah Ban Lee**, the Director primarily responsible for the financial management of Malayan Flour Mills Berhad, do solemnly and sincerely declare that the financial statements set out on pages 9 to 94 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed in Kuala Lumpur on 19 March 2013.

………………………………..
Quah Ban Lee

Before me:

Lee Chin Hin (W493)
Commissioner for Oaths
Kuala Lumpur

Independent auditors' report to the members of Malayan Flour Mills Berhad

(Company No. 4260-M)
(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of Malayan Flour Mills Berhad, which comprise the balance sheets as at 31 December 2012 of the Group and of the Company, and the income statements, statements of other comprehensive income, changes in equity and cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 9 to 93.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Company No. 4260-M

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 December 2012 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 6 to the financial statements.

(c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(d) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Reporting Responsibilities

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information set out in Note 28 on page 94 to the financial statements has been compiled by the Company as required by the Bursa Malaysia Securities Berhad Listing Requirements and is not required by the Malaysian Financial Reporting Standards or International Financial Reporting Standards. We have extended our audit procedures to report on the process of compilation of such information. In our opinion, the information has been properly compiled, in all material respects, in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements,* issued by the Malaysian Institute of Accountants and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Company No. 4260-M

Other Matters

As stated in Note 1(a) to the financial statements, Malayan Flour Mills Berhad adopted Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS") on 1 January 2012 with a transition date of 1 January 2011. These standards were applied retrospectively by the Directors to the comparative information in these financial statements, including the balance sheet as at 31 December 2011 and 1 January 2011, and the income statements, statements of other comprehensive income, changes in equity and cash flows for the year ended 31 December 2011 and related disclosures. We were not engaged to report on the comparative information that is prepared in accordance with MFRS and IFRS, and hence it is unaudited.

Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the year ended 31 December 2012 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 January 2012 do not contain misstatements that materially affect the financial position as of 31 December 2012 and financial performance and cash flows for the year then ended.

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG
Firm Number: AF 0758
Chartered Accountants

Johan Idris
Approval Number: 2585/10/14(J)
Chartered Accountant

Petaling Jaya,

Date: 19 March 2013