

MALAYAN FLOUR MILLS BERHAD (4260-M)  
(Incorporated in Malaysia)  
CONDENSED CONSOLIDATED BALANCE SHEET  
As at 30th September 2006

	(Unaudited) As at 30.9.2006 RM '000	(Audited) As at 31.12.2005 RM '000 (Restated)
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	209,703	209,885
Investment properties	5,804	5,847
Investment in associates	1,086	1,476
Other investments	605	607
Deferred tax assets	3,477	3,298
	<u>220,675</u>	<u>221,113</u>
<b>Current assets</b>		
Inventories	179,708	131,227
Trade and other receivables	128,225	116,331
Tax recoverable	559	848
Cash and bank balances	59,629	68,466
	<u>368,121</u>	<u>316,872</u>
Assets held for sale	2,837	2,934
	<u>370,958</u>	<u>319,806</u>
<b>TOTAL ASSETS</b>	<u><u>591,633</u></u>	<u><u>540,919</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	103,410	95,763
Reserves	208,003	191,030
	<u>311,413</u>	<u>286,793</u>
<b>Minority interests</b>	29,202	27,817
<b>Total equity</b>	<u>340,615</u>	<u>314,610</u>
<b>Non-current liabilities</b>		
Retirement benefits	556	526
Deferred tax liabilities	6,745	7,054
	<u>7,301</u>	<u>7,580</u>
<b>Current liabilities</b>		
Bank borrowings	186,753	162,029
Trade and other payables	55,013	51,515
Taxation	1,951	1,738
Dividend payable	-	3,447
	<u>243,717</u>	<u>218,729</u>
<b>Total liabilities</b>	<u>251,018</u>	<u>226,309</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>591,633</u></u>	<u><u>540,919</u></u>
<b>Net assets per share attributable to equity holders of the parent (RM)</b>	3.01	2.99

The Condensed Consolidated Balance Sheet should be read in conjunction with the audited financial statement for year ended 31st December 2005 and the accompanying explanatory notes attached to the interim financial report.

**MALAYAN FLOUR MILLS BERHAD (4260-M)**  
(Incorporated in Malaysia)  
**CONDENSED CONSOLIDATED INCOME STATEMENTS**  
For the financial period ended 30th September 2006

	3 months ended		Financial Period Ended	
	30.9.2006	30.9.2005	30.9.2006	30.9.2005
	RM '000	RM '000 (Restated)	RM '000	RM '000 (Restated)
<b>Continuing Operations</b>				
Revenue	201,550	184,418	560,203	546,783
Cost of sales	(172,994)	(156,711)	(477,884)	(471,482)
<b>Gross profit</b>	<b>28,556</b>	<b>27,707</b>	<b>82,319</b>	<b>75,301</b>
Other income	1,694	2,342	14,213	6,212
Selling and distribution expenses	(14,111)	(13,165)	(41,290)	(38,482)
Administration expenses	(5,977)	(6,203)	(17,860)	(17,239)
Other expenses	(326)	(166)	(970)	(1,263)
<b>Operating profit</b>	<b>9,836</b>	<b>10,515</b>	<b>36,412</b>	<b>24,529</b>
Finance costs	(2,258)	(1,859)	(6,424)	(5,271)
Share of result of an associated company	(120)	209	(390)	921
<b>Profit before taxation</b>	<b>7,458</b>	<b>8,865</b>	<b>29,598</b>	<b>20,179</b>
Taxation	(1,389)	(1,325)	(6,165)	(4,398)
<b>Profit for the period from continuing operations</b>	<b>6,069</b>	<b>7,540</b>	<b>23,433</b>	<b>15,781</b>
<b>Discontinued Operation</b>				
Loss for the period from a discontinued operation	(140)	(140)	(179)	(524)
<b>Profit for the period</b>	<b>5,929</b>	<b>7,400</b>	<b>23,254</b>	<b>15,257</b>
Attributable to:				
Equity holders of the parent	5,163	5,586	20,095	11,505
Minority interest	766	1,814	3,159	3,752
	<b>5,929</b>	<b>7,400</b>	<b>23,254</b>	<b>15,257</b>
<b>Earnings per share attributable to equity holders of the parent:</b>				
Basic, for profit from continuing operations (sen)	5.19	5.92	20.66	12.34
Basic, for loss from a discontinued operation (sen)	(0.08)	(0.09)	(0.11)	(0.33)
Basic, for profit for the period (sen)	<b>5.11</b>	<b>5.83</b>	<b>20.55</b>	<b>12.01</b>
Diluted, for profit from continuing operations (sen)	5.15	N/A	20.47	N/A
Diluted, for loss from a discontinued operation (sen)	(0.08)	N/A	(0.11)	N/A
Diluted, for profit for the period (sen)	<b>5.07</b>	<b>N/A</b>	<b>20.36</b>	<b>N/A</b>

The Condensed Consolidated Income Statement should be read in conjunction with the audited financial statement for year ended 31st December 2005 and the accompanying explanatory notes attached to the interim financial report.

## MALAYAN FLOUR MILLS BERHAD (4260-M)

(Incorporated in Malaysia)

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial period ended 30th September 2006

	← Attributable to Equity Holders of the Parent →				Total RM '000	Minority Interest RM '000	Total Equity RM '000
	Share Capital RM '000	← Non-Distributable →		Distributable Retained Profit RM '000			
		Reserve attributable to Capital RM '000	Reserve attributable to Revenue RM '000				
Balance at 1.01.2005	95,763	74,610	(1,015)	118,657	288,015	25,383	313,398
Currency translation loss not recognised in the income statement	-	-	(1,717)	-	(1,717)	(304)	(2,021)
Dividend paid	-	-	-	(6,894)	(6,894)	(568)	(7,462)
Net profit for the period	-	-	-	11,505	11,505	3,752	15,257
<b>Balance at 30.9.2005</b>	<b>95,763</b>	<b>74,610</b>	<b>(2,732)</b>	<b>123,268</b>	<b>290,909</b>	<b>28,263</b>	<b>319,172</b>
Balance at 1.01.2006	95,763	74,610	(2,319)	118,739	286,793	27,817	314,610
Currency translation loss not recognised in the income statement	-	-	(3,756)	-	(3,756)	(660)	(4,416)
Issuance of ordinary share pursuant to: -							
- ESOS	3,047	1,762	-	-	4,809	-	4,809
- Special Bumiputra Issue	4,600	3,542	-	-	8,142	-	8,142
Share-based payment under ESOS	-	170	-	-	170	-	170
Dividend paid	-	-	-	(4,840)	(4,840)	(1,114)	(5,954)
Net profit for the period	-	-	-	20,095	20,095	3,159	23,254
<b>Balance at 30.9.2006</b>	<b>103,410</b>	<b>80,084</b>	<b>(6,075)</b>	<b>133,994</b>	<b>311,413</b>	<b>29,202</b>	<b>340,615</b>

The Condensed Consolidated Statement Of Changes In Equity should be read in conjunction with the audited financial statement for year ended 31st December 2005 and the accompanying explanatory notes attached to the interim financial report.

**MALAYAN FLOUR MILLS BERHAD (4260-M)**  
(Incorporated in Malaysia)  
**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**  
For the financial period ended 30th September 2006

	Period Ended 30.9.06 RM'000	Period Ended 30.9.05 RM'000
<b>Cash Flows From Operating Activities</b>		
Profit before taxation from continuing operation	29,598	20,179
Loss from a discontinued operation	(179)	(522)
Adjustments for non-cash and non-operating items	11,194	20,192
Operating profit before working capital changes	40,613	39,849
Increase in trade and other receivables	(14,047)	(16,365)
Increase in inventories	(48,524)	(8,237)
Increase in trade and other payables	4,101	22,887
Cash generated used in operations	(17,857)	38,134
Net taxation paid	(6,106)	(2,627)
Interest received	3,006	1,927
Interest paid	(6,424)	(5,271)
Retirement benefits paid	(10)	(11)
Net cash (used in)/generated from operating activities	(27,391)	32,152
<b>Cash Flows From Investing Activities</b>		
Purchase of property, plant and equipment	(20,723)	(9,602)
Proceeds from disposal of property, plant and equipment	11,553	494
Proceeds from disposal part of the assets held for sale	11	-
Purchase of investments	-	(1,646)
Net cash used in investing activities	(9,159)	(10,754)
<b>Cash Flows From Financing Activities</b>		
Proceeds from issuance of shares	12,951	-
Dividends paid to shareholders of the Company	(8,287)	(6,894)
Dividends paid to minority shareholders of the subsidiary company	(1,114)	(569)
Increase in bank borrowings	25,963	4,543
Net cash generated from/(used in) financing activities	29,513	(2,920)
Net (Decrease)/Increase In Cash and Cash Equivalents	(7,037)	18,478
Cash and cash equivalents at beginning of financial period	68,466	31,024
Effects of exchange rate changes	(1,800)	(432)
Cash and Cash Equivalents at End of the financial period (Note 1)	59,629	49,070
<b>Note :</b>		
1. Cash and cash equivalents at end of financial period comprise:		
Cash and bank balances	59,629	49,073
Bank overdraft	-	(3)
Cash and cash equivalents as stated	59,629	49,070

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statement for year ended 31st December 2005 and the accompanying explanatory notes attached to the interim financial report.

**1. Basis of preparation**

The interim financial statements and notes are unaudited and have been prepared in accordance with Financial Reporting Standard 134: Interim Financial Reporting and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The statements should be read in conjunction with the audited financial statements of the Group for the year ended 31st December 2005. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31st December 2005.

**2. Changes in Accounting Policies**

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31st December 2005 except for the adoption of the following new/revised Financial Reporting Standards ("FRS") effective for financial period commencing 1st January 2006:

FRS 2	Share-based Payment
FRS 3	Business Combinations
FRS 5	Non-current Assets Held for Sale and Discontinued Operations
FRS 101	Presentation of Financial Statements
FRS 102	Inventories
FRS 108	Accounting Policies, Change in Estimates and Errors
FRS 110	Events after the Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 127	Consolidated and Separate Financial Statements
FRS 128	Investment in Associates
FRS 131	Investment in Joint Ventures
FRS 132	Financial Instruments: Disclosure and Presentation
FRS 133	Earnings Per Share
FRS 136	Impairment of Assets
FRS 138	Intangible Assets
FRS 140	Investment Property

The adoption of FRS 3, 102, 108, 110, 116, 121, 127, 128, 131, 132, 133, 136 and 138 does not have significant financial impact on the Group. The principal effects of the changes in accounting policies resulting from the adoption of the other new/revised FRSs are discussed below:

**(a) FRS 2: Share-based Payment**

This FRS requires an entity to recognise share-based payment transactions in its financial statements, including transactions with employees or other parties to be settled in cash, other assets, or equity instruments of the entity.

The Company operates an equity-settled, share-based compensation plan for the employees of the Group, the Malayan Flour Mills Berhad Employees' Share Option Scheme ("ESOS"). Prior to 1st January 2006, no compensation expenses was recognised in profit or loss for share options granted. With the adoption of FRS 2, the compensation expense relating to share options is recognised within staff costs in profit or loss over the vesting periods of the grants with a corresponding increase in equity.

The total amount to be recognised as compensation expenses is determined by reference to the fair value of the share options at the date of the grant and the number of share options to be vested by the vesting date. The fair value of the share options is computed using a binomial option pricing model by an external professional valuer. At every balance sheet date, the Group revises its estimates of the number of share options that are expected to vest by the vesting date. Any revision of this estimate is included in profit or loss and a corresponding adjustment to equity over the remaining vesting period.

Under the transitional provisions of FRS 2, this FRS must be applied to share options that were granted after 31st December 2004 and had not yet been vested on 1st January 2006. The Company's ESOS relating to prior years was granted and vested before 1st January 2006. Therefore, there is no retrospective effect and the comparative amounts for the period ended 30th June 2005 and as at 31st December 2005 are not restated.

**2. Changes in Accounting Policies (Cont'd)****(a) FRS 2: Share-based Payment (Cont'd)**

During the current financial period, the Company has reallocated the ESOS to the Company's staff and the financial impact to the Group arising from this change in accounting policy is as follows:

	3 months ended		9 months ended	
	30.9.2006	30.9.2005	30.9.2006	30.9.2005
	RM'000	RM'000	RM'000	RM'000
Decrease in profit for the period	41	-	170	-

The fair-value of equity settled share options granted is estimated as at the date of grant using a binomial option pricing model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used for the purpose of computing the fair value of the ESOS:

Model inputs/assumptions	Note	
Market price (RM)	(a)	1.85 - 2.13
Exercise price (RM)	(b)	1.58 - 1.91
Time of maturity (years)	(c)	0.67 - 1.00
Expected volatility (% per annum)	(d)	22.335 - 24.075
Annualised dividend (% per annum)	(e)	3.38 - 3.60
Risk-free interest (% per annum)	(f)	3.70 - 4.00

## Notes:

- (a) The current market price is based on the closing prices of the Company's shares on 26th May 2006, 30th June 2006, 28th July 2006 and 22th September 2006 respectively.
- (b) The exercise price is fixed in the terms of the options.
- (c) All the options have a common expiry date of 27th May 2007.
- (d) The expected volatility is a historical volatility calculated using a one-year weekly closing market prices.
- (e) The annualised dividend yield expected is based on the Company's past pattern of dividend payment of approximately 7.2 sen net dividend per share and on the market price of the underlying shares on RM1.96 on 30th June 2006 and RM2.13 on 22th September 2006.
- (f) The risk-free interest rate is estimated using equivalent government bond yields as published on the Bank Negara website.

**(b) FRS 5: Non-current Assets Held for Sale and Discontinued Operations**

The Group has applied FRS 5 prospectively in accordance with its transitional provisions, which has resulted in a change in accounting policy on the recognition of a discontinued operation. Prior to 1st January, 2006, under the previous FRS 135, the Group would have recognised a discontinued operation at the earlier of the date the Group enters into a binding sale agreement and the date the board of directors have approved and announced a formal disposal plan. FRS 5 requires a component of an entity to be classified as discontinued when the criteria to be classified as held for sale have been met. An item is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. The results of this change in accounting policy is that a discontinued operation is recognised by the Group at carrying amount and has been disclosed as such on the face of balance sheet.

As at 25th June 2004, a subsidiary, Muda Fibre Manufacturing Sdn Bhd had discontinued its business activities of manufacturing and sale of polypropylene bags due to non-viability of business arising from change in the market condition. Negotiation for sales of its assets is in progress. Accordingly, this has been classified as assets held for sale.

## 2. Changes in Accounting Policies (Cont'd)

## (c) FRS 101: Presentation of Financial Statements

The adoption of the revised FRS 101 has affected the presentation of minority interest, share of net after-tax result of associate and other disclosures. In the Consolidated Balance Sheet, minority interests are now presented with total equity. In the Consolidated Income Statement, minority interests are presented as an allocation of the total profit or loss for the period. A similar requirement is also applicable to the Statement of Changes in Equity. FRS 101 also requires disclosure, on the face of the Statement of Change in Equity, total recognised income and expenses for the period, showing separately the amounts attributable to equity holders of the parent and to minority interests.

The current period's presentation of the Group's financial statements is based on the revised requirements of FRS 101, with the comparative restated to conform with the current period's presentation.

## (d) FRS 140: Investment Property

Investment property is land and buildings held for rental yields or for capital appreciation and is not occupied by the Group. The investment property is measured using the cost model which is in accordance with the measurement of property, plant and equipment unless the investment property meets the criteria to be classified as Assets Held for Sale in accordance with FRS 5. In accordance with FRS 140, investment property is separately classified on the face of balance sheet. Prior to 1st January, 2006, the investment property was not separately classified and was presented as part of the property, plant and equipment.

## 3. Comparatives

The following comparative amounts have been restated due to the adoption of new and revised FRSs stated under Note 2:

	Previously stated RM'000	← Adjustments →		Restated RM'000
		FRS 5 (Note 2(b)) RM'000	FRS 140 (Note 2(d)) RM'000	
<b>At 31st December 2005</b>				
Property, plant and equipment	218,161	(2,429)	(5,847)	209,885
Investment properties	-	-	5,847	5,847
Inventories	131,732	(505)	-	131,227
Assets held for sale	-	2,934	-	2,934
<hr/>				
	Previously stated RM'000	Adjustments		Restated RM'000
		FRS 5 (Note 2(b)) RM'000	Reclassification* RM'000	
<b>3 months ended 30th September 2005</b>				
Revenue	184,404	-	14	184,418
Cost of sales	(157,180)	-	469	(156,711)
Gross profit	27,224	-	483	27,707
Other income	2,356	-	(14)	2,342
Selling and distribution expenses	(12,252)	(35)	(878)	(13,165)
Administration expenses	(5,861)	63	(405)	(6,203)
Other expenses	(1,092)	112	814	(166)
Operating profit	10,375	140	-	10,515
Profit before taxation	8,725	140	-	8,865
Profit for the period	7,400	140	-	7,540

## 3. Comparatives (Cont'd)

	Previously stated RM'000	Adjustments FRS 5 (Note 2(b)) RM'000	Reclassification* RM'000	Restated RM'000
<b>9 months ended 30th September 2005</b>				
Revenue	546,763		20	546,783
Cost of sales	(473,264)		1,782	(471,482)
Gross Profit	73,499	-	1,802	75,301
Other income	6,261	(29)	(20)	6,212
Selling and distribution expenses	(35,976)	(35)	(2,471)	(38,482)
Administration expenses	(17,011)	187	(415)	(17,239)
Other expenses	(3,298)	399	1,636	(1,263)
Operating profit	23,475	522	532	24,529
Finance cost	(4,739)	-	(532)	(5,271)
Profit before taxation	19,657	522	-	20,179
Taxation	(4,400)	2	-	(4,398)
Profit for the period	15,257	524	-	15,781

\* The following amounts have been reclassified to conform with current period's presentation.

## 4. Status of Audit Report

The Audit Report of the Group's financial statements for the year ended 31st December 2005 was not subject to any qualification.

## 5. Seasonal or Cyclical Factors

There were no material changes brought about by seasonal or cyclical factors that affect the sources and performance of the Group for the financial period under review.

## 6. Unusual Items Due to Their Nature, Size or Incidence

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows because of their nature, size or incidence for the current quarter and financial year-to-date except as disclosed in Note 2.

## 7. Changes in Estimates

There were no significant changes in estimates of amounts reported in the prior interim reporting or prior financial year that have a material effect in the current quarter and financial year-to-date.

## 8. Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the financial period ended 30th September 2006, except for the issuance of 3,047,000 new ordinary shares of RM1 each pursuant to the exercise of the ESOS at the option price between RM1.58 and RM1.75 per ordinary share and the issuance of 4,600,000 new ordinary shares of RM1 each pursuant to the exercise of the Special Bumiputra Issue at the option price of RM1.77 per ordinary share.

## 9. Dividend Paid

The interim dividend for previous financial year ended 31st December 2005 of 5 sen per ordinary share, less tax at 28%, amounting to RM3,447,454 was paid on 18th January 2006.

The final tax exempt dividend for previous financial year ended 31st December 2005 of 5 sen per ordinary share, amounting to RM4,839,830 was paid on 3rd July 2006.

## 10. Property, Plant and Equipment

The Group's property, plant and equipment are stated at cost less accumulated depreciation and impairment. The valuation of certain land and buildings have been brought forward without amendment from the previous audited financial statements.



**11. Events Subsequent to the Balance Sheet Date**

There were no material events subsequent to the end of the financial period that would affect the financial results for the current financial period under review.

**12. Contingent Liabilities or Assets**

There were no changes in contingent liabilities or contingent assets since the last annual balance sheet as at 31st December 2005.

**13. Capital Commitments**

	As at 30.9.2006 RM'000
<b>Property, plant and equipment</b>	
Authorised and contracted for	8,627
Authorised but not contracted for	3,846

**14. Changes in Composition of the Group**

There were no changes to the corporate structure of the Group for the financial period ended 30th September 2006.

**15. Discontinued Operation**

A subsidiary company namely, Muda Fibre Manufacturing Sdn Bhd ("Muda"), in which the Company has 60% effective equity interest, ceased its business activities in the manufacturing and sale of polypropylene and polyethylene woven bags and its allied products on 25th June 2004 due to the non-viability of the business arising from the change in the market condition.

The activities were previously reported under the business segment of polypropylene goods. The Board expects that the entire closure exercise will be completed in 2006. As at 30th September 2006, its property, plant and equipment and inventories were classified as assets held for sale.

The revenue, results and cash flows of Muda are as follows:

	3 months ended		9 months ended	
	30.9.2006	30.9.2005	30.9.2006	30.9.2005
	RM'000	RM'000	RM'000	RM'000
Revenue	-	-	-	-
Loss before tax	(140)	(140)	(179)	(522)
Income tax expenses	-	-	-	(2)
Loss for the period from discontinued operation	(140)	(140)	(179)	(524)
Cash flows from operating activities	(8)	(12)	(23)	(29)
Cash flows from investing activities	-	-	1	5
Cash flows from financing activities	-	-	-	-
Total cash flows	(8)	(12)	(22)	(24)

The carrying amounts of assets and liabilities of Muda as at 30th September 2006 are as follows:

	RM'000
<b>Assets:</b>	
Property, plant and equipment	2,337
Inventories	500
Other receivables	36
Amount due from related companies	6,744
Cash and bank balances	2
	<u>9,619</u>
<b>Liabilities:</b>	
Other payables	(9)
Net assets attributable to discontinued operation	<u>9,610</u>



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

In the 3rd quarter of 2006, the Group recorded a revenue of RM201.6 million, which was an increase of RM20.7 million or 11.4% as compared to the previous quarter. In spite of the higher revenue, the profit before tax decreased by 14.9% to RM7.5 million. This was due to the lower margin resulting from the higher cost of commodities.

**19. Prospects**

The market for poultry related products, which was adversely impacted by the Avian Flu in the first quarter, has stabilised. On the other hand commodity and ocean freight costs have been very volatile. The Board is hopeful that the Group's performance for 2006 will not be adversely affected.

**20. Variance of Actual from Forecast Profit After Tax and Profit Guarantee**

- (a) Profit forecast : Not applicable  
(b) Profit Guarantee: Not applicable.

**21. Taxation**

	3 months ended		9 months ended	
	30.9.2006	30.9.2005	30.9.2006	30.9.2005
	RM'000	RM'000	RM'000	RM'000
Malaysian taxation based on profit for the period:				
Current income tax	(822)	(596)	(3,669)	(2,424)
Deferred tax	223	(66)	532	(42)
Real property gain tax	-	-	(371)	-
	(599)	(662)	(3,508)	(2,466)
Foreign tax	(809)	(708)	(2,646)	(1,949)
Foreign Deferred tax	-	-	-	-
	(1,408)	(1,370)	(6,154)	(4,415)
Over/(Under) provision of taxation in respect of the prior years				
Malaysia Income Tax	19	1,045	20	1,016
Foreign tax	-	(64)	-	(64)
Deferred tax	-	(936)	(31)	(935)
	(1,389)	(1,325)	(6,165)	(4,398)

The effective tax rate for the financial period ended 30th September 2006 was lower than the Malaysia statutory tax rate of 28% due to availability of tax losses, lower rate of tax in Vietnam, group relief arising from loss making subsidiaries and lower rate of tax on the gain on disposal of a property.

**22. Profits or Losses on Sale of Unquoted Investment and/or Properties**

There were no sale of unquoted investments and properties except for the disposal of ten (10) units of three storey shop office in Kajang which resulted in a gain on disposal of RM8.4 million.

On 1st December 2005, the Company entered into a Sales & Purchase Agreement with Duta Viana Sdn Bhd to dispose ten (10) units of three storey shop office in Kajang for a total cash consideration of RM11.3 million. The transaction was completed in March 2006.

**23. Quoted Securities**

- (a) There were no material purchases or sales of quoted securities for the current quarter and financial period.  
(b) Investments in quoted securities as at 30th September 2006 were as follows:

	Cost	Book Value	Market Value
	RM '000	RM '000	RM '000
Total quoted investments	1,711	488	615

**24. Status of Corporate Proposals**

The corporate proposal announced as at 10th November 2006, the latest practicable date which is not earlier than seven (7) days from the date of this quarterly report was as follows:

The Ministry of International Trade and Industry (MITI) had granted the Company a further extension of time until 5th December 2006 to complete the Special Bumiputra Issue of 5.0 million new ordinary shares. The Proposal to complete the Special Issue of the remaining 5.0 million ordinary shares was approved by the shareholders at the Extraordinary General Meeting held on 15th June 2006.

On 20th June 2006, the Board fixed the issue price of the new ordinary shares at RM1.77 per share, which represents a discount of approximately 5% from the five (5) days weighted average market price of MFM shares up to 19th June 2006 of RM1.86. Subsequent to the allocation of the Special Issue Shares by MITI, 4.0 million new ordinary shares were issued by the Company on 17th July 2006 and another issuance of 200,000 new ordinary shares was made on 15th August 2006. The remaining 800,000 Special Issue Shares were subscribed with 400,000 each of new ordinary shares being allotted on 21st September and 27th October 2006, respectively, to Bumiputra investors approved by MITI. All the new ordinary shares were listed by 6th November 2006 and hence, the Special Issue of 5.0 million new ordinary shares was deemed completed on that day. This also marked the completion of the Special Issue of 16.0 million new ordinary shares originally approved by the shareholders on 13th May 2004.

**25. Group's Borrowings and Debt Securities**

The details of the Group's borrowings as at 30th September 2006 were as follows:

	Secured Loans RM'000	Unsecured Loans RM'000	Total Loan RM'000
<b>Short Term Borrowings</b>			
Denominated in Ringgit Malaysia	-	125,966	125,966
Denominated in US Dollar	-	60,787	60,787
	-	186,753	186,753

**26. Off Balance Sheet Financial Instruments**

There were no off balance sheet financial instruments as at 10th September 2006, the latest practicable date which is not earlier than 7 days from the date of this report.

**27. Changes in Material Litigation**

On 19th January 2006, an individual and a non-governmental organisation had brought an action against a subsidiary, Dindings Poultry Processing Sdn Bhd (DPP), to seek damages in the sum of RM1.0 million and RM100.0 million respectively arising from the alleged breach of the Halal logo. DPP had filed separate applications to strike out the two plaintiff's Statement of Claim.

The matter was fixed for decision on 6 July 2006 and the Registrar of the High Court had allowed our application to set aside the writ filed by the non-governmental organisation. However, on 14th July 2006, the latter filed the Notice of Appeal to Judge In Chambers in court. The Appeal came up for hearing on 2nd October 2006 and the Judge directed the parties to file Written Submissions and fixed 15th January 2007 as the mention date for the said Appeal.

The application to strike out the claim filed by the individual was fixed for hearing on 30th August 2006 but the plaintiff's counsel was absent from the hearing. The Senior Assistant Registrar accordingly, directed our counsel to submit, and upon hearing submissions, struck out the Statement of Claim with costs.

Other than the above litigation, there were no other material litigations and pending material litigations against the Group as at 10th November 2006, the latest practicable date which is not earlier than 7 days from the issue date of this quarterly report.

**28. Dividend**

The Board has declared a gross interim dividend of 5 sen per share, less tax at 28% for the financial period ended 30th September, 2006 (30th September 2005: 5 sen per share, less tax at 28%). The dividend will be paid on 18th January 2007 to holders of ordinary shares whose names appear in the Record of Depositors at the close of business on 5th January 2007.

## 29. Earnings Per Share

## (a) Basic Earnings Per Share

Basic earnings per share amounts are calculated by dividing profit for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares of RM1.00 each in issue during the period.

	3 months ended		Financial period ended	
	30.9.2006 RM'000	30.9.2005 RM'000	30.9.2006 RM'000	30.9.2005 RM'000
Profit from continuing operations attributable to ordinary equity holders of the parent	5,247	5,670	20,202	11,819
Loss from discontinued operation attributable to ordinary equity holders of the parent	(84)	(84)	(107)	(314)
Profit attributable to ordinary equity holders of the parent	<u>5,163</u>	<u>5,586</u>	<u>20,095</u>	<u>11,505</u>
Weighted average number of Ordinary Shares ('000)	101,171	95,763	97,767	95,763
Basic earnings per share for:				
Profit from continuing operations (sen)	5.19	5.92	20.66	12.34
Loss from discontinued operations (sen)	(0.08)	(0.09)	(0.11)	(0.33)
Profit for the period (sen)	<u>5.11</u>	<u>5.83</u>	<u>20.55</u>	<u>12.01</u>

## (b) Diluted Earnings Per Share

For the purpose of calculating diluted earnings per share, the weighted average number of ordinary shares in issue during the period have been adjusted for the dilutive effects of all potential ordinary shares, i.e. Special Bumiputra Issue and ESOS granted to employees.

	3 months ended		Financial period ended	
	30.9.2006 RM'000	30.9.2005 RM'000	30.9.2006 RM'000	30.9.2005 RM'000
Profit from continuing operations attributable to ordinary equity holders of the parent	5,247	N/A	20,202	N/A
Loss from discontinued operation attributable to ordinary equity holders of the parent	(84)	N/A	(107)	N/A
Profit attributable to ordinary equity holders of the parent	<u>5,163</u>	<u>N/A</u>	<u>20,095</u>	<u>N/A</u>
Weighted average number of Ordinary Shares ('000)	101,171	N/A	97,767	N/A
Effect of dilution:				
Special Bumiputra Issue	44	N/A	106	N/A
ESOS	661	N/A	797	N/A
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	<u>101,876</u>	<u>N/A</u>	<u>98,670</u>	<u>N/A</u>
Diluted earnings per share for:				
Profit from continuing operations (sen)	5.15	N/A	20.47	N/A
Loss from discontinued operations (sen)	(0.08)	N/A	(0.11)	N/A
Profit for the period (sen)	<u>5.07</u>	<u>N/A</u>	<u>20.36</u>	<u>N/A</u>

By Order of the Board

MAH WAI MUN  
Secretary  
MAICSA 7009729  
Kuala Lumpur  
17th November 2006