

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

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED BALANCE SHEET**

As at 30 June 2009

	(Unaudited) As at 30.6.2009 RM '000	(Audited) As at 31.12.2008 RM '000
<b>Assets</b>		
Property, plant and equipment	187,115	184,091
Intangible assets	2,941	3,339
Leasehold land	12,711	13,265
Investment properties	5,649	5,676
Investment in associates	252	319
Other investments	110	112
Deferred tax assets	2,589	2,593
<b>Total non-current assets</b>	<b>211,367</b>	<b>209,395</b>
Receivable, deposits and prepayments	197,694	201,386
Inventories	260,405	282,000
Current tax assets	1,267	748
Cash and bank balances	128,643	104,056
<b>Total current assets</b>	<b>588,009</b>	<b>588,190</b>
<b>Total assets</b>	<b>799,376</b>	<b>797,585</b>
<b>Equity</b>		
Share capital	107,645	107,645
Reserves	283,136	281,041
<b>Total equity attributable to equity holders of the Company</b>	<b>390,781</b>	<b>388,686</b>
<b>Minority interests</b>	<b>35,225</b>	<b>33,571</b>
<b>Total equity</b>	<b>426,006</b>	<b>422,257</b>
<b>Liabilities</b>		
Deferred tax liabilities	6,889	6,889
<b>Total non-current liabilities</b>	<b>6,889</b>	<b>6,889</b>
Payables and accruals	83,652	82,206
Loans and borrowings	269,702	279,908
Current tax liabilities	1,017	2,288
Dividend payable	12,110	4,037
<b>Total current liabilities</b>	<b>366,481</b>	<b>368,439</b>
<b>Total liabilities</b>	<b>373,370</b>	<b>375,328</b>
<b>Total equity and liabilities</b>	<b>799,376</b>	<b>797,585</b>
<b>Net assets per share attributable to equity holders of the parent (RM)</b>	<b>3.63</b>	<b>3.61</b>

The Condensed Consolidated Balance Sheet should be read in conjunction with the audited financial statement for year ended 31 December 2008 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 30 June 2009

	3 months ended		Financial Period Ended	
	30.6.2009	30.6.2008	30.6.2009	30.6.2008
	RM '000	RM '000	RM '000	RM '000
<b>Revenue</b>	<b>291,034</b>	281,050	<b>569,162</b>	572,067
Cost of goods sold	<b>(244,820)</b>	(237,543)	<b>(492,082)</b>	(467,608)
<b>Gross profit</b>	<b>46,214</b>	43,507	<b>77,080</b>	104,459
Other income	<b>2,057</b>	1,040	<b>3,616</b>	4,509
Distribution and selling expenses	<b>(18,820)</b>	(15,006)	<b>(34,969)</b>	(30,185)
Administrative expenses	<b>(7,291)</b>	(6,432)	<b>(11,850)</b>	(12,444)
Other expenses	<b>(315)</b>	(7,822)	<b>(2,434)</b>	(13,238)
<b>Results from operating activities</b>	<b>21,845</b>	15,287	<b>31,443</b>	53,101
Interest expense	<b>(2,605)</b>	(3,988)	<b>(5,127)</b>	(7,685)
Interest income	<b>1,221</b>	1,795	<b>2,546</b>	3,942
<b>Operating profit</b>	<b>20,461</b>	13,094	<b>28,862</b>	49,358
Share of loss after tax of equity accounted associates	<b>45</b>	(477)	<b>(67)</b>	(685)
<b>Profit before taxation</b>	<b>20,506</b>	12,617	<b>28,795</b>	48,673
Tax expense	<b>(4,150)</b>	(2,992)	<b>(7,328)</b>	(11,756)
<b>Profit for the period</b>	<b>16,356</b>	9,625	<b>21,467</b>	36,917
<b>Attributable to:</b>				
Equity holders of the Company	<b>14,240</b>	9,859	<b>18,925</b>	34,470
Minority interest	<b>2,116</b>	(234)	<b>2,542</b>	2,447
	<b>16,356</b>	9,625	<b>21,467</b>	36,917
<b>Basic earnings per ordinary share (sen)</b>	<b>13.23</b>	9.16	<b>17.58</b>	32.02
<b>Diluted earnings per ordinary share (sen)</b>	<b>N/A</b>	N/A	<b>N/A</b>	N/A

The Condensed Consolidated Income Statement should be read in conjunction with the audited financial statement for year ended 31 December 2008 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 30 June 2009

	← Attributable to Equity Holders of the Parent →				Minority Interest	Total Equity	
	Share Capital RM '000	← Non-Distributable →		Distributable Retained Profit RM '000			
		Reserve attributable to Capital RM '000	Reserve attributable to Revenue RM '000			Total RM '000	RM '000
<b>Balance at 1.1.2008</b>	107,645	82,845	(19,843)	175,650	346,297	32,851	379,148
Foreign exchange translation differences	-	-	(8,703)	-	(8,703)	(1,478)	(10,181)
Net profit for the period	-	-	-	34,470	34,470	2,447	36,917
Dividends to equity holders	-	-	-	(11,949)	(11,949)	-	(11,949)
<b>Balance at 30.6.2008</b>	<b>107,645</b>	<b>82,845</b>	<b>(28,546)</b>	<b>198,171</b>	<b>360,115</b>	<b>33,820</b>	<b>393,935</b>
<b>Balance at 1.1.2009</b>	107,645	87,537	(19,440)	212,944	388,686	33,571	422,257
Foreign exchange translation differences	-	-	(4,720)	-	(4,720)	(888)	(5,608)
Net profit for the period	-	-	-	18,925	18,925	2,542	21,467
Dividends to equity holders	-	-	-	(12,110)	(12,110)	-	(12,110)
<b>Balance at 30.6.2009</b>	<b>107,645</b>	<b>87,537</b>	<b>(24,160)</b>	<b>219,759</b>	<b>390,781</b>	<b>35,225</b>	<b>426,006</b>

The Condensed Consolidated Statement Of Changes In Equity should be read in conjunction with the audited financial statement for year ended 31 December 2008 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 30 June 2009**

	<b>Period Ended 30.6.2009 RM'000</b>	<b>Period Ended 30.6.2008 RM'000</b>
<b>Cash Flows From Operating Activities</b>		
Profit before taxation	28,795	48,673
Adjustments for non-cash and non-operating items	<u>12,280</u>	<u>25,139</u>
Operating profit before changes in working capital	41,075	73,812
Decrease/(Increase) in trade and other receivables	2,353	(11,773)
Decrease/(Increase) in inventories	18,978	(127,973)
Increase/(Decrease) in trade and other payables	<u>1,824</u>	<u>(5,260)</u>
Cash generated from/(used in) operations	64,230	(71,194)
Net taxation paid	(9,111)	(7,195)
Interest received	2,546	3,942
Interest paid	<u>(5,127)</u>	<u>(7,685)</u>
Net cash generated from/(used in) operating activities	<u>52,538</u>	<u>(82,132)</u>
<b>Cash Flows From Investing Activities</b>		
Acquisition of property, plant and equipment and intangible assets	(13,475)	(8,334)
Proceeds from disposal of property, plant and equipment	747	1,766
Net cash used in investing activities	<u>(12,728)</u>	<u>(6,568)</u>
<b>Cash Flows From Financing Activities</b>		
Dividends paid to equity holders of the Company	(4,037)	(15,932)
(Repayment)/proceed from loans and borrowings	(9,896)	61,837
Net cash (used in)/generated from financing activities	<u>(13,933)</u>	<u>45,905</u>
<b>Net Increase/(Decrease) In Cash and Cash Equivalents</b>	25,877	(42,795)
Effects of exchange rate changes	(1,290)	(6,409)
<b>Cash and Cash Equivalents at Beginning of financial period</b>	<u>104,056</u>	<u>134,246</u>
<b>Cash and Cash Equivalents at End of the financial period</b>	<u>128,643</u>	<u>85,042</u>

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statement for year ended 31 December 2008 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 31 December 2008. 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 31 December 2008.

The accounting policies and methods of computation adopted by the Group in these quarterly financial statements are consistent with those adopted in the most recent annual audited financial statements for the year ended 31 December 2008.

At the date of authorisation of these interim financial statements, the following FRSs and Interpretations were issued but not yet effective and have not been applied by the Group:

		<b>Effective date</b>
FRS 4	Insurance Contracts	1 January 2010
FRS 7	Financial Instruments: Disclosures	1 January 2010
FRS 8	Operating Segments	1 July 2009
FRS 123	Borrowing Costs	1 January 2010
FRS 139	Financial Instruments: Recognition and Measurement	1 January 2010
Amendments to FRS 1	First-time Adoption of Financial Reporting Standards	1 January 2010
Amendments to FRS 2	Share-based Payment: Vesting Conditions and Cancellations	1 January 2010
Amendments to FRS 127	Consolidated and Separate Financial Statements: Cost of an Investment of a Subsidiary, Jointly Controlled Entity or Associate	1 January 2010
IC Interpretation 9	Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10	Interim Financial Reporting and Impairment	1 January 2010
IC Interpretation 11	FRS 2 - Group and Treasury Share Transactions	1 January 2010
IC Interpretation 13	Customer Loyalty Programmes	1 January 2010
IC Interpretation 14	FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2010

FRS 4 is not applicable to the Group. Hence, no further disclosure is warranted.

The impact of applying FRS 7 and FRS 139 in the quarterly financial statements upon first adoption as required by paragraph 30(b) of FRS 108, Accounting Policies, Changes in Accounting Estimates and Errors is not disclosed by virtue of the exemptions given in the respective FRSs.

The initial application of the rest of the above standards (and their consequential amendments) and interpretations is not expected to have any material impact on the financial statements of the Group.

**2. Status of Audit Report**

The Audit Report of the Group's financial statements for the year ended 31 December 2008 was not subject to any qualification.

**3. Seasonal or Cyclical Factors**

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

**4. Unusual Items Due to Their Nature, Size or Incidence**

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows because of their nature, size or incidence for the financial year-to-date.

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

**Notes to the Interim Financial Report for the Financial Period Ended 30 June 2009**

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**5. Changes in Estimates**

There were no changes in estimates that have had any material effect on the financial year-to-date results.

**6. Debt and Equity Securities**

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the financial period ended 30 June 2009.

**7. Dividend Paid**

The interim dividend of 5 sen per ordinary share, less tax at 25% for previous financial year ended 31 December 2008 , amounting to RM4,036,673 was paid on 16 January 2009.

The final dividend of 5 sen per ordinary share, less tax at 25% and a special dividend of 10 sen per ordinary share, less tax at 25%, in respect of previous financial year ended 31st December 2008, amounting to RM12,110,020 was paid on 6 July 2009.

**8. 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.

**9. 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.

**10. Contingent Liabilities or Assets**

There were no contingent liabilities or contingent assets since the last annual balance sheet as at 31 December 2008.

**11. Capital Commitments**

	As at
	30.6.2009
	RM'000
<b>Property, plant and equipment</b>	
Authorised and contracted for	15,842
Authorised but not contracted for	100

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

There were no changes to the corporate structure of the Group for the financial period ended 30 June 2009.

**MALAYAN FLOUR MILLS BERHAD (4260-M)**
**Notes to the Interim Financial Report for the Financial Period Ended 30 June 2009**
**13. Segmental Information**

	←————— 6 months ended 30.6.09 —————→			Results RM'000
	External RM'000	Inter-segment RM'000	Total RM'000	
Flour and trading in grains and other allied products	368,532	4,147	372,679	35,127
Feeds	123,788	22,747	146,535	1,802
Poultry integration	76,842	564	77,406	(5,395)
	569,162	27,458	596,620	31,534
Eliminations -inter-segment	-	(27,458)	(27,458)	
<b>Revenue</b>	<b>569,162</b>	<b>-</b>	<b>569,162</b>	
Unallocated expenses				(91)
				31,443
Interest income				2,546
Interest expense				(5,127)
Share of loss after tax of equity accounted associates				(67)
<b>Profit before taxation</b>				<b>28,795</b>

	←————— 6 months ended 30.6.08 —————→			Results RM'000
	External RM'000	Inter-segment RM'000	Total RM'000	
Flour and trading in grains and other allied products	380,353	4,587	384,940	60,130
Feeds	115,372	16,425	131,797	3,610
Poultry integration	76,342	585	76,927	(10,477)
	572,067	21,597	593,664	53,263
Eliminations -inter-segment	-	(21,597)	(21,597)	
<b>Revenue</b>	<b>572,067</b>	<b>-</b>	<b>572,067</b>	
Unallocated expenses				(162)
				53,101
Interest income				3,942
Interest expense				(7,685)
Share of loss after tax of equity accounted associates				(685)
<b>Profit before taxation</b>				<b>48,673</b>

All inter-segment transactions are conducted at arm's length basis and on normal commercial terms.

**14. Performance Review**

For the half year ended 30 June 2009, the Group registered a profit before tax of RM28.8 million, representing a reduction of 41% from RM48.7 million recorded a year ago. Although sales volume was higher for flour and feeds products, average selling prices were comparably lower than that reported in the corresponding period in 2008. This resulted in a marginally lower revenue of RM569.2 million as compared to RM572.1 million achieved in the previous year.

Profit before tax for flour and feeds segment reduced by 42% and 50% respectively during the period. Profit margins were lower due to softer selling prices for these segments. Revenue for the poultry integration segment improved marginally by 1% whilst its losses narrowed to RM5.4 million from a loss of RM10.5 million recorded in a similar period a year earlier. The losses for 2008 included a provision made for impairment of property, plant and equipment of RM2.2 million.

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

During the 2nd quarter of 2009, the Group's profit before tax rose by 147% to RM20.5 million compared to the preceding quarter. Higher sales of flour, feeds and poultry processed products contributed to the 5% increase in revenue during the quarter. In spite of the higher sales, the feeds and poultry integration segments recorded poorer results in the 2nd quarter due to lower margins.

**16. Prospects**

The regional and global economy are showing signs of improvement. However, commodity prices, fuel, ocean freight and foreign exchange rates remain volatile. Notwithstanding the above, the Board expects the Group's financial performance for the year to be reasonable.

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

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

**18. Taxation**

	3 months ended		6 months ended	
	30.6.2009	30.6.2008	30.6.2009	30.6.2008
	RM'000	RM'000	RM'000	RM'000
Current tax expenses				
Malaysian				
- current year	3,528	2,417	6,545	9,113
- prior year	(173)	(197)	(173)	(197)
Overseas				
- current year	747	772	956	2,840
Deferred tax	48	-	-	-
	<u>4,150</u>	<u>2,992</u>	<u>7,328</u>	<u>11,756</u>

The Group's effective tax rate for the current quarter was lower than the Malaysian statutory tax rate of 25% due to the availability of tax losses and lower rate of tax in Vietnam.

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

There were no sale of unquoted investments and properties.

**20. Quoted Securities**

There were no material purchases or sales of quoted securities for the current quarter and financial period.

**21. Status of Corporate Proposals**

There were no new proposals announced as at 17 August 2009, the latest practicable date which is not earlier than seven (7) days from the date of this report.

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

The details of the Group's borrowings as at 30 June 2009 were as follows:

	RM'000
<b>Unsecured Short Term Borrowings</b>	
Denominated in Ringgit Malaysia	193,985
Denominated in US Dollar	16,939
Denominated in Vietnamese Dong	58,778
	<u>269,702</u>



**23. Off Balance Sheet Financial Instruments**

As at 17 August 2009, the Group has entered into forward foreign exchange contract amounting to USD5.0 million (RM17.5 million). This contract will be settled during the month of August 2009.

Forward foreign exchange contracts protects the Group from movements in exchange rates by establishing the rate at which a foreign currency asset or liability will be settled. Exchange gains and losses arising on contracts entered into as hedges of anticipated future transactions are deferred until the date of such transactions. There is minimal credit risk because these contracts are entered into with licensed financial institutions.

**24. Changes in Material Litigation**

There was no material litigation action since the last annual balance sheet date to the date of this report.

**25. Dividend**

No interim dividend has been recommended for the current financial period ended 30 June 2009. (Period ended 30 June 2008: Nil).

**26. Earnings Per Share****(a) Basic Earnings Per Ordinary Share**

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

	3 months ended		Financial period ended	
	30.6.2009	31.3.2008	30.6.2009	30.6.2008
	RM'000	RM'000	RM'000	RM'000
Profit attributable to ordinary shareholders of the Company	14,240	9,859	18,925	34,470
Weighted average number of Ordinary Shares ('000)	107,645	107,645	107,645	107,645
Basic earnings per ordinary share for: Profit for the period (sen)	13.23	9.16	17.58	32.02

**(b) Diluted Earnings Per Ordinary Share**

Not applicable for the Company.

**By Order of the Board**

**MAH WAI MUN**  
Secretary  
MAICSA 7009729  
Kuala Lumpur  
24 August 2009