

MALAYAN FLOUR MILLS BERHAD (4260-M)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED BALANCE SHEET**As at 30 September 2009**

	(Unaudited) As at 30.9.2009 RM '000	(Audited) As at 31.12.2008 RM '000
Assets		
Property, plant and equipment	185,732	184,091
Intangible assets	2,782	3,339
Leasehold land	12,427	13,265
Investment properties	5,634	5,676
Investment in associates	146	319
Other investments	60	112
Deferred tax assets	2,588	2,593
Total non-current assets	209,369	209,395
Other investments	35	-
Receivable, deposits and prepayments	188,867	201,386
Inventories	288,716	282,000
Current tax assets	988	748
Cash and bank balances	121,494	104,056
Total current assets	600,100	588,190
Total assets	809,469	797,585
Equity		
Share capital	107,645	107,645
Reserves	304,809	281,041
Total equity attributable to equity holders of the Company	412,454	388,686
Minority interests	36,368	33,571
Total equity	448,822	422,257
Liabilities		
Deferred tax liabilities	6,889	6,889
Total non-current liabilities	6,889	6,889
Payables and accruals	80,179	82,206
Loans and borrowings	267,490	279,908
Current tax liabilities	6,089	2,288
Dividend payable	-	4,037
Total current liabilities	353,758	368,439
Total liabilities	360,647	375,328
Total equity and liabilities	809,469	797,585
Net assets per share attributable to equity holders of the parent (RM)	3.83	3.61

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 September 2009

	3 months ended		Financial Period Ended	
	30.9.2009	30.9.2008	30.9.2009	30.9.2008
	RM '000	RM '000	RM '000	RM '000
Revenue	301,866	316,146	871,028	888,213
Cost of goods sold	(241,758)	(270,190)	(733,840)	(737,798)
Gross profit	60,108	45,956	137,188	150,415
Other income	1,499	3,722	5,115	8,231
Distribution and selling expenses	(16,986)	(16,549)	(51,955)	(46,734)
Administrative expenses	(6,146)	(7,806)	(17,996)	(20,250)
Other expenses	(1,686)	(986)	(4,120)	(14,224)
Results from operating activities	36,789	24,337	68,232	77,438
Interest expense	(2,677)	(4,000)	(7,804)	(11,685)
Interest income	1,629	2,828	4,175	6,770
Operating profit	35,741	23,165	64,603	72,523
Share of loss after tax of equity accounted associates	(106)	218	(173)	(467)
Profit before taxation	35,635	23,383	64,430	72,056
Tax expense	(7,535)	(5,774)	(14,863)	(17,530)
Profit for the period	28,100	17,609	49,567	54,526
Attributable to:				
Equity holders of the Company	24,630	15,482	43,555	49,952
Minority interest	3,470	2,127	6,012	4,574
	28,100	17,609	49,567	54,526
Basic earnings per ordinary share (sen)	22.88	14.38	40.46	46.40

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 September 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	RM '000	
Balance at 1.1.2008	107,645	82,845	(19,843)	175,650	346,297	32,851	379,148
Foreign exchange translation differences	-	-	2,288	-	2,288	285	2,573
Net profit for the period	-	-	-	49,952	49,952	4,574	54,526
Dividends to equity holders	-	-	-	(11,949)	(11,949)	-	(11,949)
Balance at 30.9.2008	107,645	82,845	(17,555)	213,653	386,588	37,710	424,298
Balance at 1.1.2009	107,645	87,537	(19,440)	212,944	388,686	33,571	422,257
Foreign exchange translation differences	-	-	(7,677)	-	(7,677)	(1,462)	(9,139)
Net profit for the period	-	-	-	43,555	43,555	6,012	49,567
Acquisition of minority interest	-	-	-	-	-	(7)	(7)
Dividends to equity holders	-	-	-	(12,110)	(12,110)	-	(12,110)
Dividends to minority interest	-	-	-	-	-	(1,746)	(1,746)
Balance at 30.9.2009	107,645	87,537	(27,117)	244,389	412,454	36,368	448,822

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 September 2009

	Period Ended 30.9.2009 RM'000	Period Ended 30.9.2008 RM'000
Cash Flows From Operating Activities		
Profit before taxation	64,430	72,056
Adjustments for non-cash and non-operating items	<u>20,259</u>	<u>29,768</u>
Operating profit before changes in working capital	84,689	101,824
Decrease/(Increase) in trade and other receivables	10,463	(18,503)
Increase in inventories	(12,454)	(69,062)
(Decrease)/Increase in trade and other payables	<u>(3,186)</u>	<u>2,985</u>
Cash generated from operations	79,512	17,244
Net taxation paid	(11,266)	(8,981)
Interest received	4,175	6,770
Interest paid	<u>(7,804)</u>	<u>(11,685)</u>
Net cash generated from operating activities	<u>64,617</u>	<u>3,348</u>
Cash Flows From Investing Activities		
Acquisition of property, plant and equipment and intangible assets	(18,669)	(17,020)
Acquisition of shares from minority interest	(7)	-
Proceeds from disposal of property, plant and equipment	829	1,766
Proceeds from disposal of other investments	15	-
Net cash used in investing activities	<u>(17,832)</u>	<u>(15,254)</u>
Cash Flows From Financing Activities		
Dividends paid to equity holders of the Company	(16,147)	(15,932)
(Repayment)/proceeds from loans and borrowings	(10,694)	15,442
Net cash used in financing activities	<u>(26,841)</u>	<u>(490)</u>
Net Increase/(Decrease) In Cash and Cash Equivalents	19,944	(12,396)
Effects of exchange rate changes	(2,506)	2,249
Cash and Cash Equivalents at Beginning of financial period	104,056	134,246
Cash and Cash Equivalents at End of the financial period	<u>121,494</u>	<u>124,099</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:

		Effective date
FRS 4	Insurance Contracts	1 January 2010
FRS 7	Financial Instruments: Disclosures	1 January 2010
FRS 8	Operating Segments	1 July 2009
FRS 101	Presentation of Financial Statements	1 January 2010
FRS 123	Borrowing Costs	1 January 2010
FRS 139	Financial Instruments: Recognition and Measurement	1 January 2010
Amendment 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
Amendment to FRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2010
Amendment to FRS 7	Financial Instruments: Disclosures	1 January 2010
Amendment to FRS 8	Operating Segments	1 January 2010
Amendment to FRS 107	Statement of Cash Flows	1 January 2010
Amendment to FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2010
Amendment to FRS 110	Events after the Reporting Period	1 January 2010
Amendment to FRS 116	Property, Plant and Equipment	1 January 2010
Amendment to FRS 117	Leases	1 January 2010
Amendment to FRS 118	Revenue	1 January 2010
Amendment to FRS 119	Employee Benefits	1 January 2010
Amendment to FRS 120	Accounting for Government Grants and Disclosure of Government Assistance	1 January 2010
Amendment to FRS 123	Borrowing Costs	1 January 2010
Amendment to FRS 127	Consolidated and Separate Financial Statements: Cost of an Investment of a Subsidiary, Jointly Controlled Entity or Associate	1 January 2010
Amendment to FRS 128	Investment in Associates	1 January 2010
Amendment to FRS 129	Financial Reporting in Hyperinflationary Economies	1 January 2010
Amendment to FRS 131	Interest in Joint Ventures	1 January 2010
Amendments to FRS 132	Financial Instruments: Presentation	1 January 2010
Amendment to FRS 134	Interim Financial Reporting	1 January 2010
Amendment to FRS 136	Impairment of Assets	1 January 2010
Amendment to FRS 138	Intangible Assets	1 January 2010
Amendment to FRS 139	Financial Instruments: Recognition and Measurement	1 January 2010
Amendment to FRS 140	Investment Property	1 January 2010

1. Basis of preparation (cont'd)

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
Amendment to IC Interpretation 9	Reassessment of Embedded Derivatives	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.

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 September 2009.

7. Dividend Paid

The interim dividend of 5 sen per ordinary share, less tax at 25% for the 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 the previous financial year ended 31 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 30.9.2009 RM'000
Property, plant and equipment	
Authorised and contracted for	19,538
Authorised but not contracted for	167

12. Changes in Composition of the Group

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

13. Segmental Information

	← 9 months ended 30.9.09 →			Results RM'000
	External RM'000	Revenue Inter-segment RM'000	Total RM'000	
Flour and trading in grains and other allied products	541,564	6,908	548,472	72,696
Feeds	205,199	38,464	243,663	4,111
Poultry integration	124,265	841	125,106	(8,432)
	871,028	46,213	917,241	68,375
Eliminations -inter-segment	-	(46,213)	(46,213)	
Revenue	871,028	-	871,028	
Unallocated expenses				(143)
				68,232
Interest income				4,175
Interest expense				(7,804)
Share of loss after tax of equity accounted associates				(173)
Profit before taxation				64,430

13. Segmental Information (cont'd)

	← 9 months ended 30.9.08 →			Results RM'000
	External RM'000	Inter-segment RM'000	Total RM'000	
Flour and trading in grains and other allied products	571,079	7,414	578,493	81,056
Feeds	197,569	27,029	224,598	7,910
Poultry integration	119,565	762	120,327	(11,321)
	888,213	35,205	923,418	77,645
Eliminations -inter-segment	-	(35,205)	(35,205)	
Revenue	888,213	-	888,213	
Unallocated expenses				(207)
				77,438
Interest income				6,770
Interest expense				(11,685)
Share of loss after tax of equity accounted associates				(467)
Profit before taxation				72,056

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

14. Performance Review

For the period ended 30 September 2009, the Group posted a profit before tax of RM64.4 million on the back of a revenue of RM871.0 million. In comparison to the results in the corresponding period of the preceding year, profit before tax has declined by 11% despite higher sales volume for flour and feeds products.

The poorer performance in the flour and feeds segment is attributable to lower average selling prices compared to record high prices registered in 2008, thereby lowering profit margins. Losses in the poultry integration segment narrowed by 26% to RM8.4 million during the period. The losses in 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

The Group registered a before tax profit growth of 74% to RM35.6 million in the 3rd quarter of 2009 from RM20.5 million in the previous quarter. The improved results is mainly contributed by higher revenue in the feeds segment and improved margins for flour and feeds products.

16. Prospects

Volatility in commodity prices, fuel, ocean freight and foreign exchange rates remain as the key challenges faced by the Group. Notwithstanding the above, the Board expects the performance for the current year to be favourable.

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		9 months ended	
		30.9.2009 RM'000	30.9.2008 RM'000	30.9.2009 RM'000	30.9.2008 RM'000
Current tax expenses					
Malaysian	- current year	4,837	5,948	11,382	15,061
	- prior year	1,569	-	1,396	(197)
Overseas	- current year	1,129	1,203	2,085	4,043
Deferred tax		-	(1,377)	-	(1,377)
		<u>7,535</u>	<u>5,774</u>	<u>14,863</u>	<u>17,530</u>

The Group's effective tax rate 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 2 November 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 September 2009 were as follows:

	RM'000
Unsecured Short Term Borrowings	
Denominated in Ringgit Malaysia	174,135
Denominated in US Dollar	59,706
Denominated in Vietnamese Dong	33,649
	<u>267,490</u>

23. Off Balance Sheet Financial Instruments

As at 2 November 2009, the Group has entered into forward foreign exchange contract amounting to USD6.2 million (RM21.2 million). This contract will be settled during the month of November 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

The Board has declared a gross interim dividend of 5 sen per share, less tax at 25% for the financial period ended 30 September 2009 (30 September 2008: 5 sen per share, less tax at 25%). The dividend will be paid on 15 January 2010 to holders of ordinary shares whose names appear in the Record of Depositors at the close of business on 6 January 2010.

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	
	30.9.2009	30.9.2008	30.9.2009	30.9.2008
	RM'000	RM'000	RM'000	RM'000
Profit attributable to ordinary shareholders of the Company	24,630	15,482	43,555	49,952
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)	22.88	14.38	40.46	46.40

(b) Diluted Earnings Per Ordinary Share

Not applicable for the Company.

By Order of the Board

MAH WAI MUN
Secretary
MAICSA 7009729
Kuala Lumpur
9 November 2009