

MALAYAN FLOUR MILLS BERHAD (4260-M)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED BALANCE SHEET

As at 31 December 2009

	(Unaudited) As at 31.12.2009 RM '000	(Audited) As at 31.12.2008 RM '000
Assets		
Property, plant and equipment	198,095	197,356
Intangible assets	2,580	3,339
Investment properties	5,620	5,676
Investment in associates	143	319
Other investments	60	112
Deferred tax assets	2,596	2,593
Total non-current assets	209,094	209,395
Other investments	34	-
Receivable, deposits and prepayments	195,754	201,386
Inventories	249,184	282,000
Current tax assets	94	748
Cash and bank balances	142,179	104,056
Total current assets	587,245	588,190
Total assets	796,339	797,585
Equity		
Share capital	107,645	107,645
Reserves	317,794	281,041
Total equity attributable to equity holders of the Company	425,439	388,686
Minority interests	39,336	33,571
Total equity	464,775	422,257
Liabilities		
Deferred tax liabilities	7,200	6,889
Total non-current liabilities	7,200	6,889
Payables and accruals	84,895	82,206
Loans and borrowings	229,439	279,908
Current tax liabilities	5,993	2,288
Dividend payable	4,037	4,037
Total current liabilities	324,364	368,439
Total liabilities	331,564	375,328
Total equity and liabilities	796,339	797,585
Net assets per share attributable to equity holders of the parent (RM)	3.95	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 year ended 31 December 2009

	3 months ended		Financial Period Ended	
	31.12.2009	31.12.2008	31.12.2009	31.12.2008
	RM '000	RM '000	RM '000	RM '000
Revenue	330,025	310,565	1,201,053	1,198,778
Cost of goods sold	(277,051)	(280,090)	(1,010,891)	(1,017,888)
Gross profit	52,974	30,475	190,162	180,890
Other income	1,505	3,267	6,620	11,498
Distribution and selling expenses	(15,564)	(14,403)	(67,519)	(61,137)
Administrative expenses	(7,087)	(7,015)	(25,083)	(27,265)
Other expenses	(3,255)	(2,066)	(7,375)	(16,290)
Results from operating activities	28,573	10,258	96,805	87,696
Interest expense	(2,066)	(3,183)	(9,870)	(14,868)
Interest income	1,100	1,629	5,275	8,399
Operating profit	27,607	8,704	92,210	81,227
Share of loss after tax of equity accounted associates	(3)	(45)	(176)	(512)
Profit before taxation	27,604	8,659	92,034	80,715
Tax expense	(4,890)	(1,274)	(19,753)	(18,804)
Profit for the period	22,714	7,385	72,281	61,911
Attributable to:				
Equity holders of the Company	19,324	8,019	62,879	57,971
Minority interest	3,390	(634)	9,402	3,940
	22,714	7,385	72,281	61,911
Basic earnings per ordinary share (sen)	17.95	7.45	58.41	53.85

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 year ended 31 December 2009

	← Attributable to Equity Holders of the Parent →				Minority Interest	Total Equity	
	Share Capital	← Non-Distributable →		Distributable Retained Profit			
		Reserve attributable to Capital	Reserve attributable to Revenue				Total
	RM '000	RM '000	RM '000	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	-	-	403	-	403	(99)	304
Net profit for the period	-	-	-	57,971	57,971	3,940	61,911
Bonus shares issued by a subsidiary	-	6,935	-	(6,935)	-	-	-
Realisation of revaluation reserves	-	(2,243)	-	2,243	-	-	-
Dividends to equity holders	-	-	-	(15,985)	(15,985)	-	(15,985)
Dividends to minority interests	-	-	-	-	-	(3,121)	(3,121)
Balance at 31.12.2008	107,645	87,537	(19,440)	212,944	388,686	33,571	422,257
Balance at 1.1.2009	107,645	87,537	(19,440)	212,944	388,686	33,571	422,257
Foreign exchange translation differences	-	-	(9,979)	-	(9,979)	(1,884)	(11,863)
Net profit for the period	-	-	-	62,879	62,879	9,402	72,281
Acquisition of minority interest	-	-	-	-	-	(7)	(7)
Dividends to equity holders	-	-	-	(16,147)	(16,147)	-	(16,147)
Dividends to minority interest	-	-	-	-	-	(1,746)	(1,746)
Balance at 31.12.2009	107,645	87,537	(29,419)	259,676	425,439	39,336	464,775

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 year ended 31 December 2009

	Period Ended 31.12.2009 RM'000	Period Ended 31.12.2008 RM'000
Cash Flows From Operating Activities		
Profit before taxation	92,034	80,715
Adjustments for non-cash and non-operating items	23,902	32,205
Operating profit before changes in working capital	<u>115,936</u>	112,920
Decrease in inventories	27,354	1,721
Increase/(Decrease) in trade and other payables	3,451	(8,208)
Decrease/(Increase) in trade and other receivables	<u>3,887</u>	(14,272)
Cash generated from operations	150,628	92,161
Net taxation paid	(15,053)	(19,098)
Interest received	5,275	8,399
Interest paid	<u>(9,870)</u>	(14,868)
Net cash generated from operating activities	<u>130,980</u>	<u>66,594</u>
Cash Flows From Investing Activities		
Acquisition of property, plant and equipment and intangible assets	(24,046)	(29,362)
Acquisition of shares from minority interest	(7)	-
Proceeds from disposal of an associate	-	18
Proceeds from disposal of property, plant and equipment	1,193	2,438
Proceeds from disposal of other investments	15	-
Net cash used in investing activities	<u>(22,845)</u>	<u>(26,906)</u>
Cash Flows From Financing Activities		
Dividends paid to equity holders of the Company	(16,147)	(15,931)
Dividends paid to minority shareholders of the subsidiary company	(1,746)	-
Repayment of loans and borrowings	<u>(48,860)</u>	(54,919)
Net cash used in financing activities	<u>(66,753)</u>	<u>(70,850)</u>
Net Increase/(Decrease) In Cash and Cash Equivalents	41,382	(31,162)
Effects of exchange rate changes	(3,259)	972
Cash and Cash Equivalents at Beginning of financial period	104,056	134,246
Cash and Cash Equivalents at End of the financial period	<u>142,179</u>	<u>104,056</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.

The Group has chosen to early adopt Amendment to FRS 117:Leases. The amendments clarify that the classification of lease of land and require entities with existing leases of land and buildings to reassess the classification of land as finance or operating lease. Leasehold land which in substance is a finance lease will be reclassified to property, plant and equipment. The adoption of this amendment will result in a change in accounting policy which will be applied retrospectively in accordance with the transitional provisions.

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 1	First-time Adoption of Financial Reporting Standards (Revised)	1 July 2010
FRS 3	Business Combinations (Revised)	1 July 2010
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 127	Consolidated and Separate Financial Statements	1 July 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
Amendment to FRS 2	Share-based Payment: Vesting Conditions and Cancellations	1 January 2010
Amendment to FRS 2	Share-based Payment	1 July 2010
Amendment to FRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2010 and 1 July 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 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
Amendment 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 and 1 July 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 12	Service Concession Arrangements	1 July 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
IC Interpretation 15	Agreements for the Construction of Real Estate	1 July 2010
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17	Distributions of Non-Cash Assets to Owners	1 July 2010
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives	1 January 2010 and 1 July 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. Comparatives

The following comparative amounts have been restated due to early adoption of Amendment to FRS117:Leases as stated under Note 1:

	Previously stated RM'000	Adjustment FRS 117 RM'000	Restated RM'000
At 31 December 2008			
Property, plant and equipment	184,091	13,265	197,356
Leasehold land	13,265	(13,265)	-

3. 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.

4. 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.

5. 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.

6. Changes in Estimates

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

7. Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the financial year ended 31 December 2009.

8. 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 31 December 2008, amounting to RM12,110,020 was paid on 6 July 2009.

9. 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.

10. 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.

11. Contingent Liabilities or Assets

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

12. Capital Commitments

	As at 31.12.2009 RM'000
Property, plant and equipment	
Authorised and contracted for	22,164
Authorised but not contracted for	<u>106,671</u>

13. Changes in Composition of the Group

There were no changes to the corporate structure of the Group for the financial year ended 31 December 2009.

14. Segmental Information

	← 12 months ended 31.12.09 →			Results RM'000
	External RM'000	Inter-segment RM'000	Total RM'000	
Flour and trading in grains and other allied products	727,752	9,775	737,527	100,053
Feeds	296,601	57,119	353,720	7,957
Poultry integration	176,700	841	177,541	(11,020)
	1,201,053	67,735	1,268,788	96,990
Eliminations -inter-segment	-	(67,735)	(67,735)	
Revenue	<u>1,201,053</u>	<u>-</u>	<u>1,201,053</u>	
Unallocated expenses				(185)
				96,805
Interest income				5,275
Interest expense				(9,870)
Share of loss after tax of equity accounted associates				(176)
Profit before taxation				<u>92,034</u>

14. Segmental Information (cont'd)

	← 12 months ended 31.12.08 →			Results RM'000
	← Revenue →			
	External RM'000	Inter-segment RM'000	Total RM'000	
Flour and trading in grains and other allied products	746,236	9,647	755,883	98,676
Feeds	291,964	38,713	330,677	3,327
Poultry integration	160,578	999	161,577	(14,061)
	<u>1,198,778</u>	<u>49,359</u>	<u>1,248,137</u>	<u>87,942</u>
Eliminations -inter-segment	-	(49,359)	(49,359)	
Revenue	<u>1,198,778</u>	<u>-</u>	<u>1,198,778</u>	
Unallocated expenses				(246)
				<u>87,696</u>
Interest income				8,399
Interest expense				(14,868)
Share of loss after tax of equity accounted associates				(512)
Profit before taxation				<u>80,715</u>

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

15. Performance Review

The Group's profit before tax for the quarter ended 31 December 2009 increased by 219% to RM27.6 million from RM8.7 million in 2008 for the corresponding quarter. This was mainly attributable to higher sales volume and better margins from flour and feeds divisions.

For the year ended 31 December 2009, the Group registered a profit before tax of RM92.0 million, an improvement of 14% from a year earlier. The improved performance was due to better results in the flour division, higher sales in the feeds division, lower losses in the poultry integration division and lower net interest expense. The Group's revenue of RM1.2 billion was similar to that recorded in the preceding year.

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

In the final quarter of 2009, the Group's revenue grew by 9% to RM330.0 million from RM301.9 million in the preceding quarter. However, profit before tax declined by 23% to RM27.6 million compared to the previous quarter of RM35.6 million due to lower margins recorded in all divisions.

17. Prospects

In spite of the expected global recovery, the Board envisage 2010 would be another challenging year where commodity prices, fuel, ocean freight and foreign exchange rates are expected to remain volatile. Notwithstanding the above, the Board expects the performance of the Group for the current year to be favourable.

18. Variance of Actual from Forecast Profit After Tax and Profit Guarantee

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

19. Taxation

		3 months ended		12 months ended	
		31.12.2009 RM'000	31.12.2008 RM'000	31.12.2009 RM'000	31.12.2008 RM'000
Current tax expenses					
Malaysian	- current year	3,357	885	14,739	15,946
	- prior year	(411)	392	985	195
Overseas	- current year	1,643	(866)	3,728	3,177
Deferred tax		301	863	301	(514)
		<u>4,890</u>	<u>1,274</u>	<u>19,753</u>	<u>18,804</u>

The Group's effective tax rate for the current financial period was lower than the Malaysian statutory tax rate of 25% due to lower rate of tax in Vietnam and group tax relief from loss making subsidiaries.

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

There were no sale of unquoted investments and properties.

21. Quoted Securities

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

22. Status of Corporate Proposals

There were no new proposals announced as at 12 February 2010, the latest practicable date which is not earlier than seven (7) days from the date of this report.

23. Group's Borrowings and Debt Securities

The details of the Group's borrowings as at 31 December 2009 were as follows:

	RM'000
Unsecured Short Term Borrowings	
Denominated in Ringgit Malaysia	185,310
Denominated in US Dollar	23,025
Denominated in Vietnamese Dong	21,104
	<u>229,439</u>

24. Off Balance Sheet Financial Instruments

There were no off balance sheet financial instruments as at 12 February 2009, the latest practicable date which is not earlier than 7 days from the date of this report.

25. Changes in Material Litigation

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

26. Dividend

The Board had declared an interim dividend on 9 November 2009 of 5 sen per share, less tax at 25% (2008: 5 sen per share, less tax at 25%) which was paid on 15 January 2010.

At the forthcoming Annual General Meeting, a 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 financial year ended 31 December 2009 (2008: a 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%), will be proposed for shareholders' approval.

27. 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	
	31.12.2009	31.12.2008	31.12.2009	31.12.2008
	RM'000	RM'000	RM'000	RM'000
Profit attributable to ordinary shareholders of the Company	19,324	8,019	62,879	57,971
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)	17.95	7.45	58.41	53.85

(b) Diluted Earnings Per Ordinary Share

Not applicable for the Company.

By Order of the Board

MAH WAI MUN
Secretary
MAICSA 7009729
Kuala Lumpur
19 February 2010