

MALAYAN FLOUR MILLS BERHAD (4260-M)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**As at 31 March 2010**

	(Unaudited) As at 31.03.2010 RM '000	(Audited) As at 31.12.2009 RM '000
Assets		
Property, plant and equipment	194,583	198,095
Intangible assets	2,336	2,580
Investment properties	5,606	5,619
Investment in associates	-	143
Other investments	91	94
Deferred tax assets	2,586	2,596
Total non-current assets	205,202	209,127
Inventories	253,352	249,184
Current tax assets	96	94
Receivables, deposits and prepayments	200,202	195,754
Cash and cash equivalents	139,969	142,179
Total current assets	593,619	587,211
Total assets	798,821	796,338
Equity		
Share capital	107,645	107,645
Reserves	317,426	317,790
Total equity attributable to owners of the Company	425,071	425,435
Minority interests	49,074	39,340
Total equity	474,145	464,775
Liabilities		
Deferred tax liabilities	7,200	7,200
Total non-current liabilities	7,200	7,200
Loans and borrowings	228,284	229,439
Payables and accruals	81,376	84,895
Current tax liabilities	7,816	5,992
Dividend payable	-	4,037
Total current liabilities	317,476	324,363
Total liabilities	324,676	331,563
Total equity and liabilities	798,821	796,338
Net assets per share attributable to owners of the Company (RM)	3.95	3.95

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.

MALAYAN FLOUR MILLS BERHAD (4260-M)
(Incorporated in Malaysia)
CONDENSED CONSOLIDATED INCOME STATEMENT
For the financial period ended 31 March 2010

	3 months ended		Financial Period Ended	
	31.03.2010	31.03.2009	31.03.2010	31.03.2009
	RM '000	RM '000	RM '000	RM '000
Revenue	329,291	278,128	329,291	278,128
Cost of sales	(278,786)	(247,262)	(278,786)	(247,262)
Gross profit	50,505	30,866	50,505	30,866
Operating expenses	(23,156)	(21,268)	(23,156)	(21,268)
Results from operating activities	27,349	9,598	27,349	9,598
Finance costs	(1,619)	(2,522)	(1,619)	(2,522)
Finance income	1,735	1,325	1,735	1,325
Net finance income/(costs)	116	(1,197)	116	(1,197)
Share of loss of associates, net of tax	(143)	(112)	(143)	(112)
Profit before tax	27,322	8,289	27,322	8,289
Income tax expense	(6,051)	(3,178)	(6,051)	(3,178)
Profit for the period	21,271	5,111	21,271	5,111
Profit attributable to:				
Owners of the Company	17,769	4,685	17,769	4,685
Minority interests	3,502	426	3,502	426
Profit for the period	21,271	5,111	21,271	5,111
Basic earnings per ordinary share (sen)	16.51	4.35	16.51	4.35

The Condensed Consolidated Income Statement should be read in conjunction with the audited financial statements for year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.

MALAYAN FLOUR MILLS BERHAD (4260-M)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial period ended 31 March 2010

	3 months ended		Financial Period Ended	
	31.03.2010	31.03.2009	31.03.2010	31.03.2009
	RM '000	RM '000	RM '000	RM '000
Profit for the period	21,271	5,111	21,271	5,111
Other comprehensive income, net of tax				
Foreign currency translation differences for foreign operations	(21,701)	529	(21,701)	529
Total comprehensive income for the period	<u>(430)</u>	<u>5,640</u>	<u>(430)</u>	<u>5,640</u>
Total comprehensive income attributable to:				
Owners of the Company	(364)	5,149	(364)	5,149
Minority interests	(66)	491	(66)	491
Total comprehensive income for the period	<u>(430)</u>	<u>5,640</u>	<u>(430)</u>	<u>5,640</u>

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.

MALAYAN FLOUR MILLS BERHAD (4260-M)
(Incorporated in Malaysia)
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the financial period ended 31 March 2010

	← Attributable to Owners of the Company →				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 1.1.2009	107,645	87,537	(19,440)	212,944	388,686	33,571	422,257
Total comprehensive income for the period	-	-	464	4,685	5,149	491	5,640
Balance at 31.03.2009	107,645	87,537	(18,976)	217,629	393,835	34,062	427,897
Balance at 1.1.2010	107,645	87,537	(29,423)	259,676	425,435	39,340	464,775
Total comprehensive income for the period	-	-	(18,133)	17,769	(364)	(66)	(430)
Subscription of shares in a subsidiary	-	-	-	-	-	9,800	9,800
Balance at 31.03.2010	107,645	87,537	(47,556)	277,445	425,071	49,074	474,145

The Condensed Consolidated Statement Of Changes In Equity should be read in conjunction with the audited financial statements for year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.

MALAYAN FLOUR MILLS BERHAD (4260-M)
(Incorporated in Malaysia)
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the financial period ended 31 March 2010

	Period Ended 31.03.2010 RM'000	Period Ended 31.03.2009 RM'000
Cash Flows From Operating Activities		
Profit before tax	27,322	8,289
Adjustments for non-cash and non-operating items	2,981	6,720
Operating profit before changes in working capital	<u>30,303</u>	15,009
(Increase)/Decrease in inventories	(9,581)	26,052
Decrease in trade and other payables	(861)	(6,240)
(Increase)/Decrease in trade and other receivables	<u>(8,797)</u>	15,276
Cash generated from operations	11,064	50,097
Income tax paid	(3,699)	(5,469)
Interest received	1,735	1,325
Interest paid	<u>(1,619)</u>	(2,522)
Net cash generated from operating activities	<u>7,481</u>	43,431
Cash Flows From Investing Activities		
Acquisition of property, plant and equipment and intangible assets	(6,149)	(5,131)
Subscription of shares in a subsidiary by minority interests	9,800	-
Proceeds from disposal of property, plant and equipment	38	237
Net cash generated from/(used in) investing activities	<u>3,690</u>	(4,894)
Cash Flows From Financing Activities		
Dividends paid to owners of the Company	(4,037)	(4,037)
Proceeds from/(Repayment of) loans and borrowings	3,536	(36,254)
Net cash used in financing activities	<u>(501)</u>	(40,291)
Net Increase/(Decrease) In Cash and Cash Equivalents	10,670	(1,754)
Effects of exchange rate fluctuations on cash held	(12,880)	122
Cash and Cash Equivalents at Beginning of financial period	142,179	104,056
Cash and Cash Equivalents at End of financial period	<u>139,969</u>	<u>102,424</u>

The Condensed Consolidated Statement Cash Flows should be read in conjunction with the audited financial statements for year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.

1. Basis of preparation

The interim financial statements and notes are unaudited and have been prepared in accordance with Financial Reporting Standard (FRS) 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 2009. 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 2009.

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 2009, except for those standards, amendments and interpretations which are effective from the annual period beginning 1 July 2009 and 1 January 2010. The adoption of these standards, amendments and interpretations have no material impact to the interim financial statements other than those discussed below:

(a) **FRS 8: Operating Segments**

The new standard requires segment information to be presented on a similar basis to that used for internal reporting purposes. As the Group's chief operating decision maker, the Group's Board of Directors' relies on internal reports which are similar to those currently disclosed externally, no further segmental information disclosures will be necessary.

(b) **FRS 101: Presentation of Financial Statements (revised)**

The revised standard requires changes in the format of the financial statements. Comparative information has been re-presented so that it is in conformity with the revised standard. Since the change only affects presentation aspects, there is no impact on earnings per ordinary share.

(c) **FRS 139: Financial Instruments: Recognition and Measurement**

The standard establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. In accordance with the requirement of the standard, derivative contracts are now categorised as fair value through profit and loss and measured at their fair value with the gain and loss recognised in income statement.

2. Status of Audit Report

The Audit Report of the Group's financial statements for the year ended 31 December 2009 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 31 March 2010.

7. Dividend Paid

The interim dividend of 5 sen per ordinary share, less tax at 25% in respect of previous financial year ended 31 December 2009, amounting to RM4,037,000 was paid on 15 January 2010.

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 2009.

11. Capital Commitments

	As at 31.03.2010 RM'000
Property, plant and equipment	
Authorised and contracted for	27,620
Authorised but not contracted for	85,586

12. 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.

13. Segmental Information

	← 3 months ended 31.03.10 →			Results RM'000
	← Revenue →			
	External RM'000	Inter-segment RM'000	Total RM'000	
Flour and trading in grains and other allied products	174,816	3,280	178,096	24,291
Feed and trading in related raw materials	103,571	17,809	121,380	6,015
Poultry integration	50,904	224	51,128	(2,916)
	329,291	21,313	350,604	27,390
Eliminations- inter-segment	-	(21,313)	(21,313)	
Revenue	329,291	-	329,292	
Unallocated expenses				(41)
				27,349
Finance income				1,735
Finance costs				(1,619)
Share of loss of associates, net of tax				(143)
Profit before tax				27,322

	← 3 months ended 31.03.09 →			Results RM'000
	← Revenue →			
	External RM'000	Inter-segment RM'000	Total RM'000	
Flour and trading in grains and other allied products	180,262	2,048	182,310	10,124
Feed and trading in related raw materials	61,190	10,398	71,588	2,111
Poultry integration	36,676	272	36,948	(2,587)
	278,128	12,718	290,846	9,648
Eliminations- inter-segment	-	(12,718)	(12,718)	
Revenue	278,128	-	278,128	
Unallocated expenses				(50)
				9,598
Finance income				1,325
Finance costs				(2,522)
Share of loss of associates, net of tax				(112)
Profit before tax				8,289

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

14. Performance Review

In the first quarter of 2010, revenue increased by 18% to RM329.3 million and profit before tax rose 230% to RM27.3 million from RM8.3 million in the corresponding period of the preceding year. The growth is mainly attributable to higher sales generated by the feeds division, improved margins in the flour division and lower net finance costs.

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

Revenue for the first quarter of 2010 was similar to the RM330.0 million posted in the prior period. Profit before tax for the period was marginally 1% below the RM27.6 million recorded in the preceding quarter. The results were attributable to the lower margins experienced by the flour division during the quarter which was partially offset by the improved margins in the feeds division.

16. Prospects

The Group will continue to encounter volatility in commodity prices, fuel, ocean freight and foreign exchange rates in the midst of a challenging global economic environment. Nevertheless, the Board remains optimistic of the Group's performance for 2010.

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

- (a) Profit forecast : Not applicable
- (b) Profit guarantee: Not applicable

18. Income Tax Expense

		3 months ended	
		31.03.2010	31.03.2009
		RM'000	RM'000
Current income tax			
Malaysian	- current year	2,956	3,019
	- prior year	-	(2)
Overseas	- current year	3,095	209
Deferred tax		-	(48)
		<u>6,051</u>	<u>3,178</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.

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 18 May 2010, 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 31 March 2010 were as follows:

Unsecured Short Term Borrowings	RM'000
Denominated in Ringgit Malaysia	203,385
Denominated in US Dollar	8,586
Denominated in Vietnamese Dong	16,313
	<u>228,284</u>

23. Financial Instruments

As at 31 March 2010, the foreign currency contracts which have been entered into by the Group to hedge its foreign purchases in foreign currencies are as follows:

	Notional Value RM'000	Fair Value RM'000	Loss Arising From Fair Value Changes RM'000
Forward foreign currency contracts			
US Dollar - less than 1 year	69,858	68,513	(1,345)
Euro - less than 1 year	2,812	2,679	(133)
	<u>72,670</u>	<u>71,192</u>	<u>(1,478)</u>

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. 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 31 March 2010. (Period ended 31 March 2009: 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	
	31.03.2010 RM'000	31.03.2009 RM'000	31.03.2010 RM'000	31.03.2009 RM'000
Profit attributable to ordinary shareholders of the Company	<u>17,769</u>	<u>4,685</u>	<u>17,769</u>	<u>4,685</u>
Weighted average number of Ordinary Shares ('000)	<u>107,645</u>	<u>107,645</u>	<u>107,645</u>	<u>107,645</u>
Basic earnings per ordinary share for: Profit for the period (sen)	<u>16.51</u>	<u>4.35</u>	<u>16.51</u>	<u>4.35</u>

(b) Diluted Earnings Per Ordinary Share

Not applicable for the Company.

By Order of the Board

MAH WAI MUN
Secretary
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Kuala Lumpur
25 May 2010