

**MALAYAN FLOUR MILLS BERHAD (4260-M)**  
**(Incorporated in Malaysia)**  
**CONDENSED CONSOLIDATED BALANCE SHEET**  
**As at 30 June 2010**

	<b>(Unaudited)</b> <b>As at</b> <b>30.06.2010</b> <b>RM '000</b>	<b>(Audited)</b> <b>As at</b> <b>31.12.2009</b> <b>RM '000</b>
<b>Assets</b>		
Property, plant and equipment	201,634	198,095
Intangible assets	2,225	2,580
Investment properties	5,592	5,619
Investment in associates	-	143
Other investments	31	94
Deferred tax assets	2,585	2,596
<b>Total non-current assets</b>	<b>212,067</b>	<b>209,127</b>
Inventories	297,127	249,184
Current tax assets	98	94
Receivables, deposits and prepayments	207,858	195,754
Cash and cash equivalents	152,987	142,179
<b>Total current assets</b>	<b>658,070</b>	<b>587,211</b>
<b>Total assets</b>	<b>870,137</b>	<b>796,338</b>
<b>Equity</b>		
Share capital	107,645	107,645
Reserves	319,104	317,790
<b>Total equity attributable to owners of the Company</b>	<b>426,749</b>	<b>425,435</b>
<b>Minority interests</b>	<b>45,140</b>	<b>39,340</b>
<b>Total equity</b>	<b>471,889</b>	<b>464,775</b>
<b>Liabilities</b>		
Deferred tax liabilities	7,200	7,200
<b>Total non-current liabilities</b>	<b>7,200</b>	<b>7,200</b>
Loans and borrowings	293,531	229,439
Payables and accruals	73,823	84,895
Current tax liabilities	8,534	5,992
Dividend payable	15,160	4,037
<b>Total current liabilities</b>	<b>391,048</b>	<b>324,363</b>
<b>Total liabilities</b>	<b>398,248</b>	<b>331,563</b>
<b>Total equity and liabilities</b>	<b>870,137</b>	<b>796,338</b>
<b>Net assets per share attributable to owners of the Company (RM)</b>	<b>3.96</b>	<b>3.95</b>

The Condensed Consolidated Balance Sheet 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 30 June 2010

	3 months ended		Financial Period Ended	
	30.06.2010	30.06.2009	30.06.2010	30.06.2009
	RM '000	RM '000	RM '000	RM '000
<b>Revenue</b>	<b>342,721</b>	291,034	<b>672,012</b>	569,162
Cost of sales	<b>(300,160)</b>	(244,820)	<b>(578,946)</b>	(492,082)
<b>Gross profit</b>	<b>42,561</b>	46,214	<b>93,066</b>	77,080
Operating expenses	<b>(21,829)</b>	(24,369)	<b>(44,985)</b>	(45,637)
<b>Results from operating activities</b>	<b>20,732</b>	21,845	<b>48,081</b>	31,443
Finance costs	<b>(1,641)</b>	(2,605)	<b>(3,260)</b>	(5,127)
Finance income	<b>1,965</b>	1,221	<b>3,700</b>	2,546
<b>Net finance income/(costs)</b>	<b>324</b>	(1,384)	<b>440</b>	(2,581)
Share of loss of associates, net of tax	-	45	<b>(143)</b>	(67)
<b>Profit before tax</b>	<b>21,056</b>	20,506	<b>48,378</b>	28,795
Income tax expense	<b>(3,721)</b>	(4,150)	<b>(9,772)</b>	(7,328)
<b>Profit for the period</b>	<b>17,335</b>	16,356	<b>38,606</b>	21,467
<b>Profit attributable to:</b>				
Owners of the Company	<b>14,916</b>	14,240	<b>32,685</b>	18,925
Minority interests	<b>2,419</b>	2,116	<b>5,921</b>	2,542
<b>Profit for the period</b>	<b>17,335</b>	16,356	<b>38,606</b>	21,467
<b>Basic earnings per ordinary share (sen)</b>	<b>13.86</b>	13.23	<b>30.36</b>	17.58

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 30 June 2010

	3 months ended		Financial Period Ended	
	30.06.2010	30.06.2009	30.06.2010	30.06.2009
	RM '000	RM '000	RM '000	RM '000
<b>Profit for the period</b>	<b>17,335</b>	16,356	<b>38,606</b>	21,467
<b>Other comprehensive income, net of tax</b>				
Foreign currency translation differences for foreign operations	<b>(1,449)</b>	(6,137)	<b>(23,150)</b>	(5,608)
<b>Total comprehensive income for the period</b>	<b>15,886</b>	10,219	<b>15,456</b>	15,859
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	<b>13,788</b>	9,056	<b>13,424</b>	14,205
Minority interests	<b>2,098</b>	1,163	<b>2,032</b>	1,654
<b>Total comprehensive income for the period</b>	<b>15,886</b>	10,219	<b>15,456</b>	15,859

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 30 June 2010

	← Attributable to Owners of the Company →				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 1.1.2009</b>	107,645	87,537	(19,440)	212,944	388,686	33,571	422,257
Total comprehensive income for the period	-	-	(4,720)	18,925	14,205	1,654	15,859
Dividends to owners	-	-	-	(12,110)	(12,110)	-	(12,110)
<b>Balance at 30.06.2009</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>
<b>Balance at 1.1.2010</b>	107,645	87,537	(29,423)	259,676	425,435	39,340	464,775
Total comprehensive income for the period	-	-	(19,261)	32,685	13,424	2,032	15,456
Subscription of shares in a subsidiary	-	-	-	-	-	9,800	9,800
Dividends to owners	-	-	-	(12,110)	(12,110)	-	(12,110)
Dividends to minority interest	-	-	-	-	-	(6,032)	(6,032)
<b>Balance at 30.06.2010</b>	<b>107,645</b>	<b>87,537</b>	<b>(48,684)</b>	<b>280,251</b>	<b>426,749</b>	<b>45,140</b>	<b>471,889</b>

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 30 June 2010**

	<b>Period Ended 30.06.2010 RM'000</b>	<b>Period Ended 30.06.2009 RM'000</b>
<b>Cash Flows From Operating Activities</b>		
Profit before tax	48,378	28,795
Adjustments for non-cash and non-operating items	6,910	12,280
Operating profit before changes in working capital	55,288	41,075
(Increase)/Decrease in inventories	(53,709)	18,978
(Decrease)/Increase in trade and other payables	(8,234)	1,824
(Increase)/Decrease in trade and other receivables	(16,492)	2,353
Cash (used in)/generated from operations	(23,147)	64,230
Income tax paid	(7,384)	(9,111)
Interest received	3,700	2,546
Interest paid	(3,260)	(5,127)
Net cash (used in)/generated from operating activities	(30,091)	52,538
<b>Cash Flows From Investing Activities</b>		
Acquisition of property, plant and equipment and intangible assets	(17,720)	(13,475)
Subscription of shares in a subsidiary by minority interests	9,800	-
Proceeds from disposal of property, plant and equipment	72	747
Net cash used in investing activities	(7,848)	(12,728)
<b>Cash Flows From Financing Activities</b>		
Dividends paid to owners of the Company	(4,037)	(4,037)
Dividends paid to minority shareholders of the subsidiary company	(2,982)	-
Proceeds from/(Repayment of) loans and borrowings	68,789	(9,896)
Net cash generated from/(used in) financing activities	61,770	(13,933)
<b>Net Increase In Cash and Cash Equivalents</b>	<b>23,831</b>	<b>25,877</b>
Effects of exchange rate fluctuations on cash held	(13,023)	(1,290)
<b>Cash and Cash Equivalents at Beginning of financial period</b>	<b>142,179</b>	<b>104,056</b>
<b>Cash and Cash Equivalents at End of financial period</b>	<b>152,987</b>	<b>128,643</b>

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 is 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 30 June 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.

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 2009, amounting to RM12,110,017 was paid on 5 July 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 30 June 2010.

**11. Capital Commitments**

	As at 30.06.2010 RM'000
<b>Property, plant and equipment</b>	
Authorised and contracted for	67,605
Authorised but not contracted for	<u>38,764</u>

**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 2010.

**13. Segmental Information**

	← 6 months ended 30.06.10 →			Results RM'000
	← Revenue →			
	External RM'000	Inter-segment RM'000	Total RM'000	
Flour and trading in grains and other allied products	341,830	6,467	348,297	42,613
Feed and trading in related raw materials	215,192	35,053	250,245	7,796
Poultry integration	114,990	353	115,343	(2,249)
	<u>672,012</u>	<u>41,873</u>	<u>713,885</u>	<u>48,160</u>
Eliminations- inter-segment	-	(41,873)	(41,873)	
<b>Revenue</b>	<b><u>672,012</u></b>	<b><u>-</u></b>	<b><u>672,012</u></b>	
Unallocated expenses				(79)
				<u>48,081</u>
Finance income				3,700
Finance costs				(3,260)
Share of loss of associates, net of tax				(143)
<b>Profit before tax</b>				<b><u>48,378</u></b>

	← 6 months ended 30.06.09 →			Results RM'000
	← Revenue →			
	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
Feed and trading in related raw materials	123,788	22,747	146,535	1,802
Poultry integration	76,842	564	77,406	(5,395)
	<u>569,162</u>	<u>27,458</u>	<u>596,620</u>	<u>31,534</u>
Eliminations- inter-segment	-	(27,458)	(27,458)	
<b>Revenue</b>	<b><u>569,162</u></b>	<b><u>-</u></b>	<b><u>569,162</u></b>	
Unallocated expenses				(91)
				<u>31,443</u>
Finance income				2,546
Finance costs				(5,127)
Share of loss of associates, net of tax				(67)
<b>Profit before tax</b>				<b><u>28,795</u></b>

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

**14. Performance Review**

The Group's revenue grew by 18% to RM342.7 million in the 2nd quarter of 2010 from RM291.0 million posted in the similar period of the preceding year. Profit before tax for the 2nd quarter of 2010 rose 3% to RM21.1 million compared to RM20.5 million recorded in the corresponding period in 2009. The better performance is mainly attributable to higher sales in the feeds and poultry integration segment.

For the half year ended 30 June 2010, profit before tax increased by 68% to RM48.4 million on the back of an 18% growth in revenue to RM 672.0 million and better margins in the flour and feeds segment. Losses in the poultry integration segment narrowed to RM2.2 million from RM5.4 million a year ago.

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

Profit before tax for the 2nd quarter of 2010 of RM21.1 million was 23% lower compared to RM27.3 million registered in the preceding quarter of 2010. The reduction in profit is mainly due to lower margins from flour and feeds products. However, revenue improved by 4% from RM329.3 million in the preceding quarter to RM342.7 million in the current quarter of 2010, underpinned by higher sales for poultry products.

**16. Prospects**

The Group would continue to encounter volatility in commodity prices, fuel, ocean freight and foreign exchange rates in the midst of an uncertain 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		6 months ended	
	30.06.2010	30.06.2009	30.06.2010	30.06.2009
	RM'000	RM'000	RM'000	RM'000
Current income tax				
Malaysian				
- current year	1,476	3,528	4,432	6,545
- prior year	-	(173)	-	(173)
Overseas				
- current year	2,245	747	5,340	956
Deferred tax	-	48	-	-
	<u>3,721</u>	<u>4,150</u>	<u>9,772</u>	<u>7,328</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 10 August 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 30 June 2010 were as follows:

	RM'000
<b>Unsecured Short Term Borrowings</b>	
Denominated in Ringgit Malaysia	232,547
Denominated in US Dollar	60,984
	<u>293,531</u>



**23. Financial Instruments**

As at 30 June 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
<b>Forward foreign currency contracts</b>			
US Dollar - less than 1 year	21,916	21,565	(351)
Euro - less than 1 year	4,067	3,670	(397)
	<u>25,983</u>	<u>25,235</u>	<u>(748)</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 30 June 2010. (Period ended 30 June 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	
	30.06.2010 RM'000	30.06.2009 RM'000	30.06.2010 RM'000	30.06.2009 RM'000
Profit attributable to ordinary shareholders of the Company	<u>14,916</u>	<u>14,240</u>	<u>32,685</u>	<u>18,925</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>13.86</u>	<u>13.23</u>	<u>30.36</u>	<u>17.58</u>

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

Not applicable for the Company.

**By Order of the Board**

**MAH WAI MUN**  
Secretary  
MAICSA 7009729  
Kuala Lumpur  
17 August 2010