

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

	(Unaudited) As at 30.09.2010 RM '000	(Audited) As at 31.12.2009 RM '000
Assets		
Property, plant and equipment	225,587	198,095
Intangible assets	1,959	2,580
Investment properties	5,578	5,619
Investment in associates	-	143
Other investments	-	94
Deferred tax assets	2,579	2,596
Total non-current assets	235,703	209,127
Inventories	262,569	249,184
Current tax assets	90	94
Receivables, deposits and prepayments	211,796	195,754
Cash and cash equivalents	179,301	142,179
Total current assets	653,756	587,211
Total assets	889,459	796,338
Equity		
Share capital	107,645	107,645
Reserves	333,504	317,790
Total equity attributable to owners of the Company	441,149	425,435
Minority interests	46,856	39,340
Total equity	488,005	464,775
Liabilities		
Deferred tax liabilities	7,200	7,200
Total non-current liabilities	7,200	7,200
Loans and borrowings	289,337	229,439
Payables and accruals	93,267	84,895
Current tax liabilities	8,802	5,992
Dividend payable	2,848	4,037
Total current liabilities	394,254	324,363
Total liabilities	401,454	331,563
Total equity and liabilities	889,459	796,338
Net assets per share attributable to owners of the Company (RM)	4.10	3.95

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 September 2010

	3 months ended		Financial Period Ended	
	30.09.2010	30.09.2009	30.09.2010	30.09.2009
	RM '000	RM '000	RM '000	RM '000
Revenue	423,761	301,866	1,095,773	871,028
Cost of sales	(361,585)	(241,758)	(940,531)	(733,840)
Gross profit	62,176	60,108	155,242	137,188
Operating expenses	(29,356)	(23,319)	(74,341)	(68,956)
Results from operating activities	32,820	36,789	80,901	68,232
Finance costs	(2,020)	(2,677)	(5,280)	(7,804)
Finance income	2,405	1,629	6,105	4,175
Net finance income/(costs)	385	(1,048)	825	(3,629)
Share of loss of associates, net of tax	-	(106)	(143)	(173)
Profit before tax	33,205	35,635	81,583	64,430
Income tax expense	(5,580)	(7,535)	(15,352)	(14,863)
Profit for the period	27,625	28,100	66,231	49,567
Profit attributable to:				
Owners of the Company	24,036	24,630	56,721	43,555
Minority interests	3,589	3,470	9,510	6,012
Profit for the period	27,625	28,100	66,231	49,567
Basic earnings per ordinary share (sen)	22.33	22.88	52.69	40.46

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 September 2010

	3 months ended		Financial Period Ended	
	30.09.2010	30.09.2009	30.09.2010	30.09.2009
	RM '000	RM '000	RM '000	RM '000
Profit for the period	27,625	28,100	66,231	49,567
Other comprehensive income, net of tax				
Foreign currency translation differences for foreign operations	(11,509)	(3,531)	(34,659)	(9,139)
Total comprehensive income for the period	16,116	24,569	31,572	40,428
Total comprehensive income attributable to:				
Owners of the Company	14,400	21,673	27,824	35,878
Minority interests	1,716	2,896	3,748	4,550
Total comprehensive income for the period	16,116	24,569	31,572	40,428

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 September 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	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	-	-	(7,677)	43,555	35,878	4,550	40,428
Acquisition of minority inte	-	-	-	-	-	(7)	(7)
Dividends to owners	-	-	-	(12,110)	(12,110)	-	(12,110)
Dividends to minority interest	-	-	-	-	-	(1,746)	(1,746)
Balance at 30.09.2009	107,645	87,537	(27,117)	244,389	412,454	36,368	448,822
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	-	-	(28,897)	56,721	27,824	3,748	31,572
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)
Balance at 30.09.2010	107,645	87,537	(58,320)	304,287	441,149	46,856	488,005

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 September 2010

	Period Ended 30.09.2010 RM'000	Period Ended 30.09.2009 RM'000
Cash Flows From Operating Activities		
Profit before tax	81,583	64,430
Adjustments for non-cash and non-operating items	10,879	20,259
Operating profit before changes in working capital	92,462	84,689
(Increase)/Decrease in inventories	(22,725)	(12,454)
(Decrease)/Increase in trade and other payables	12,687	(3,186)
(Increase)/Decrease in trade and other receivables	(23,161)	10,463
Cash (used in)/generated from operations	59,263	79,512
Income tax paid	(14,655)	(11,266)
Interest received	6,105	4,175
Interest paid	(5,280)	(7,804)
Net cash generated from operating activities	45,433	64,617
Cash Flows From Investing Activities		
Acquisition of property, plant and equipment and intangible assets	(48,561)	(18,669)
Subscription of shares in a subsidiary by minority interests	9,800	(7)
Proceeds from maturity of unquoted investment	29	
Proceeds from disposal of property, plant and equipment	136	829
Proceeds from disposal of other investments	-	15
Net cash used in investing activities	(38,596)	(17,832)
Cash Flows From Financing Activities		
Dividends paid to owners of the Company	(16,147)	(16,147)
Dividends paid to minority shareholders of the subsidiary company	(3,184)	-
Proceeds from/(Repayment of) loans and borrowings	67,203	(10,694)
Net cash generated from/(used in) financing activities	47,872	(26,841)
Net Increase In Cash and Cash Equivalents	54,709	19,944
Effects of exchange rate fluctuations on cash held	(17,587)	(2,506)
Cash and Cash Equivalents at Beginning of financial period	142,179	104,056
Cash and Cash Equivalents at End of financial period	179,301	121,494

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 September 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 September 2010.

11. Capital Commitments

	As at 30.09.2010 RM'000
Property, plant and equipment	
Authorised and contracted for	70,668
Authorised but not contracted for	41,043

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 2010.

13. Segmental Information

	← 9 months ended 30.09.10 →			Results RM'000
	← Revenue →			
	External RM'000	Inter-segment RM'000	Total RM'000	
Flour and trading in grains and other allied products	536,329	9,432	545,762	67,006
Feed and trading in related raw materials	371,406	54,405	425,811	14,125
Poultry integration	188,038	562	188,599	(104)
	1,095,773	64,399	1,160,172	81,027
Eliminations- inter-segment	-	(64,399)	(64,399)	
Revenue	1,095,773	-	1,095,773	
Unallocated expenses				(126)
				80,901
Finance income				6,105
Finance costs				(5,280)
Share of loss of associates, net of tax				(143)
Profit before tax				81,583

	← 9 months ended 30.09.09 →			Results RM'000
	← Revenue →			
	External RM'000	Inter-segment RM'000	Total RM'000	
Flour and trading in grains and other allied products	541,564	6,908	548,472	72,696
Feed and trading in related raw materials	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
Finance income				4,175
Finance costs				(7,804)
Share of loss of associates, net of tax				(173)
Profit before tax				64,430

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

14. Performance Review

For the 3rd quarter of 2010, the Group's revenue of RM423.8 million rose by 40% from RM301.9 million posted in the corresponding period in 2009. However, lower margins in the flour segment during the quarter tapered the profit before tax to RM33.2 million compared against RM35.6 million registered in the similar quarter a year earlier. The poultry integration segment posted favourable results against reported losses last year.

Profit before tax improved by 27% to RM81.6 million for 9 months ended 30 September 2010, from RM64.4 million recorded a year before. The better performance was as a result of a 26% increase in the group's revenue to RM1.1 billion due to improved sales in the feeds and poultry integration segment.

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

Performance in all business segments had improved over the preceding quarter. Profit before tax of RM33.2 million was 58% better than the RM21.1 million registered in the 2nd quarter. The better results was attributable to higher revenue recorded and improved margins.

16. Prospects

Commodity prices, fuel, ocean freight and foreign exchange rates remain volatile in the midst of an uncertain global economic environment. Nevertheless, the Board expects that the Group's performance for 2010 will 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. Income Tax Expense

	3 months ended		9 months ended	
	30.09.2010	30.09.2009	30.09.2010	30.09.2009
	RM'000	RM'000	RM'000	RM'000
Current income tax				
Malaysian				
- current year	2,329	4,837	6,761	11,382
- prior year	-	1,569	-	1,396
Overseas				
- current year	3,251	1,129	8,591	2,085
	<u>5,580</u>	<u>7,535</u>	<u>15,352</u>	<u>14,863</u>

The Group's effective tax rate for the current financial period was lower than the Malaysian statutory tax rate of 25% mainly due to tax incentives 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 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 September 2010 were as follows:

	RM'000
Unsecured Short Term Borrowings	
Denominated in Ringgit Malaysia	198,010
Denominated in US Dollar	<u>91,327</u>
	<u>289,337</u>

23. Financial Instruments

As at 30 September 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	Gain/(Loss) Arising From Fair Value Changes RM'000
Forward foreign currency contracts			
US Dollar - less than 1 year	92,389	88,737	(3,652)
Euro - less than 1 year	4,067	4,218	151
	<u>96,456</u>	<u>92,955</u>	<u>(3,501)</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

The board has declared a gross interim dividend of 6 sen per share, less tax at 25% for the financial period ended 30 September 2010 (30 September 2009: 5 sen per share, less tax at 25%). The dividend will be paid on 15 December 2010 to holders of ordinary shares whose names appear in the Record of Depositors at the close of business on 30 November 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	
	30.09.2010 RM'000	30.09.2009 RM'000	30.09.2010 RM'000	30.09.2009 RM'000
Profit attributable to ordinary shareholders of the Company	<u>24,036</u>	<u>24,630</u>	<u>56,721</u>	<u>43,555</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>22.33</u>	<u>22.88</u>	<u>52.69</u>	<u>40.46</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
8 November 2010