

**MALAYAN FLOUR MILLS BERHAD (4260-M)**  
(Incorporated in Malaysia)  
**UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET**  
As at 31 December 2010

	As at 31.12.2010 RM '000	As at 31.12.2009 RM '000
<b>Assets</b>		
Property, plant and equipment	224,240	198,095
Intangible assets	1,884	2,580
Investment properties	5,564	5,619
Investment in associates	-	143
Other investments	-	94
Deferred tax assets	4,131	2,596
<b>Total non-current assets</b>	<b>235,819</b>	<b>209,127</b>
Inventories	329,834	249,184
Current tax assets	90	94
Receivables, deposits and prepayments	232,876	195,754
Cash and cash equivalents	221,974	142,179
<b>Total current assets</b>	<b>784,774</b>	<b>587,211</b>
<b>Total assets</b>	<b>1,020,593</b>	<b>796,338</b>
<b>Equity</b>		
Share capital	107,645	107,645
Reserves	361,787	317,790
<b>Total equity attributable to owners of the Company</b>	<b>469,432</b>	<b>425,435</b>
<b>Minority interests</b>	<b>53,402</b>	<b>39,340</b>
<b>Total equity</b>	<b>522,834</b>	<b>464,775</b>
<b>Liabilities</b>		
Deferred tax liabilities	7,100	7,200
<b>Total non-current liabilities</b>	<b>7,100</b>	<b>7,200</b>
Loans and borrowings	387,086	229,439
Payables and accruals	90,373	84,895
Current tax liabilities	13,200	5,992
Dividend payable	-	4,037
<b>Total current liabilities</b>	<b>490,659</b>	<b>324,363</b>
<b>Total liabilities</b>	<b>497,759</b>	<b>331,563</b>
<b>Total equity and liabilities</b>	<b>1,020,593</b>	<b>796,338</b>
<b>Net assets per share attributable to owners of the Company (RM)</b>	<b>4.36</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)

**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT**

For the financial year ended 31 December 2010

	3 months ended		Financial Year Ended	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009
	RM '000	RM '000	RM '000	RM '000
Revenue	459,318	330,025	1,555,091	1,201,053
Cost of sales	(376,603)	(277,051)	(1,317,134)	(1,010,891)
<b>Gross profit</b>	<b>82,715</b>	52,974	<b>237,957</b>	190,162
Operating expenses	(37,487)	(24,401)	(111,828)	(93,357)
<b>Results from operating activities</b>	<b>45,228</b>	28,573	<b>126,129</b>	96,805
Finance costs	(2,856)	(2,066)	(8,136)	(9,870)
Finance income	3,938	1,100	10,043	5,275
<b>Net finance income/(costs)</b>	<b>1,082</b>	(966)	<b>1,907</b>	(4,595)
Share of loss of associates, net of tax	-	(3)	(143)	(176)
<b>Profit before tax</b>	<b>46,310</b>	27,604	<b>127,893</b>	92,034
Income tax expense	(12,215)	(4,890)	(27,567)	(19,753)
<b>Profit for the period</b>	<b>34,095</b>	22,714	<b>100,326</b>	72,281
<b>Profit attributable to:</b>				
Owners of the Company	28,462	19,324	85,183	62,879
Minority interests	5,633	3,390	15,143	9,402
<b>Profit for the period</b>	<b>34,095</b>	22,714	<b>100,326</b>	72,281
<b>Basic earnings per ordinary share (sen)</b>	<b>26.44</b>	17.95	<b>79.13</b>	58.41

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)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

For the financial year ended 31 December 2010

	3 months ended		Financial Period Ended	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009
	RM '000	RM '000	RM '000	RM '000
<b>Profit for the period</b>	<b>34,095</b>	22,714	<b>100,326</b>	72,281
<b>Other comprehensive income, net of tax</b>				
Foreign currency translation differences for foreign operations	<b>5,578</b>	(2,725)	<b>(29,081)</b>	(11,864)
<b>Total comprehensive income for the period</b>	<b>39,673</b>	19,989	<b>71,245</b>	60,417
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	<b>33,127</b>	17,018	<b>60,951</b>	52,896
Minority interests	<b>6,546</b>	2,971	<b>10,294</b>	7,521
<b>Total comprehensive income for the period</b>	<b>39,673</b>	19,989	<b>71,245</b>	60,417

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)  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
For the financial year ended 31 December 2010

	← Attributable to Owners of the Company →				Total RM '000	Minority Interest RM '000	Total Equity RM '000
	Share Capital RM '000	← Non-Distributable →		Distributable Retained Profit RM '000			
	Share Capital RM '000	Reserve attributable to Capital RM '000	Reserve attributable to Revenue RM '000	Distributable Retained Profit RM '000	Total RM '000	Minority Interest RM '000	Total Equity 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	-	-	(9,983)	62,879	52,896	7,521	60,417
Acquisition of minority interest	-	-	-	-	-	(6)	(6)
Dividends to owners	-	-	-	(16,147)	(16,147)	-	(16,147)
Dividends to minority interest	-	-	-	-	-	(1,746)	(1,746)
<b>Balance at 31.12.2009</b>	<b>107,645</b>	<b>87,537</b>	<b>(29,423)</b>	<b>259,676</b>	<b>425,435</b>	<b>39,340</b>	<b>464,775</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	-	-	(24,232)	85,183	60,951	10,294	71,245
Realisation of revaluation reserve	-	(785)	-	785	-	-	-
Subscription of shares in a subsidiary	-	-	-	-	-	9,800	9,800
Dividends to owners	-	-	-	(16,954)	(16,954)	-	(16,954)
Dividends to minority interest	-	-	-	-	-	(6,032)	(6,032)
<b>Balance at 31.12.2010</b>	<b>107,645</b>	<b>86,752</b>	<b>(53,655)</b>	<b>328,690</b>	<b>469,432</b>	<b>53,402</b>	<b>522,834</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)  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
For the financial year ended 31 December 2010

	Period Ended 31.12.2010 RM'000	Period Ended 31.12.2009 RM'000
<b>Cash Flows From Operating Activities</b>		
Profit before tax	127,893	92,034
Adjustments for non-cash and non-operating items	29,736	24,639
Operating profit before changes in working capital	157,629	116,673
(Increase)/Decrease in inventories	(89,208)	27,524
Increase in trade and other payables	9,168	6,572
(Increase)/Decrease in trade and other receivables	(42,782)	2,937
Cash generated from operations	34,807	153,706
Income tax paid	(21,420)	(15,053)
Taxation refund	7	-
Interest received	10,043	5,275
Interest paid	(8,136)	(9,870)
Net cash generated from operating activities	15,301	134,058
<b>Cash Flows From Investing Activities</b>		
Acquisition of property, plant and equipment and intangible assets	(68,106)	(24,046)
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	610	1,207
Proceeds from disposal of other investments	-	18
Net cash used in investing activities	(57,667)	(22,828)
<b>Cash Flows From Financing Activities</b>		
Dividends paid to owners of the Company	(20,991)	(16,147)
Dividends paid to minority shareholders of the subsidiary company	(6,032)	(4,867)
Proceeds from/(Repayment of) loans and borrowings	165,479	(48,831)
Net cash generated from/(used in) financing activities	138,456	(69,845)
<b>Net Increase In Cash and Cash Equivalents</b>	<b>96,090</b>	<b>41,385</b>
Effects of exchange rate fluctuations on cash held	(16,295)	(3,262)
<b>Cash and Cash Equivalents at Beginning of financial year</b>	<b>142,179</b>	<b>104,056</b>
<b>Cash and Cash Equivalents at End of financial year</b>	<b>221,974</b>	<b>142,179</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 31 December 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.

The interim dividend of 6 sen per ordinary share, less tax at 25% in respect of current financial year ended 31 December 2010, amounting to RM4,844,806 was paid on 15 December 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 2010.

**11. Capital Commitments**

	As at 31.12.2010 RM'000
<b>Property, plant and equipment</b>	
Authorised and contracted for	97,916
Authorised but not contracted for	<u>89,317</u>

**12. Changes in Composition of the Group**

There were no changes to the corporate structure of the Group for the financial period ended 31 December 2010.

**13. Segmental Information**

	← 12 months ended 31.12.10 →			Results RM'000
	← Revenue →			
	External RM'000	Inter-segment RM'000	Total RM'000	
Flour and trading in grains and other allied products	764,489	12,534	777,023	109,075
Feed and trading in feed ingredients	532,607	73,307	605,914	19,355
Poultry integration	257,995	797	258,792	(2,132)
	<u>1,555,091</u>	<u>86,638</u>	<u>1,641,729</u>	<u>126,298</u>
Eliminations- inter-segment	-	(86,638)	(86,638)	
<b>Revenue</b>	<b><u>1,555,091</u></b>	<b><u>-</u></b>	<b><u>1,555,091</u></b>	
Unallocated expenses				(169)
				126,129
Finance income				10,043
Finance costs				(8,136)
Share of loss of associates, net of tax				(143)
<b>Profit before tax</b>				<b><u>127,893</u></b>

	← 12 months ended 31.12.09 →			Results RM'000
	← Revenue →			
	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
Feed and trading in feed ingredients	296,601	57,119	353,720	7,957
Poultry integration	176,700	841	177,541	(11,020)
	<u>1,201,053</u>	<u>67,735</u>	<u>1,268,788</u>	<u>96,990</u>
Eliminations- inter-segment	-	(67,735)	(67,735)	
<b>Revenue</b>	<b><u>1,201,053</u></b>	<b><u>-</u></b>	<b><u>1,201,053</u></b>	
Unallocated expenses				(185)
				96,805
Finance income				5,275
Finance costs				(9,870)
Share of loss of associates, net of tax				(176)
<b>Profit before tax</b>				<b><u>92,034</u></b>

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

**14. Performance Review**

For the 4th quarter of 2010, the Group registered a 68% growth in profit before tax to RM46.3 million from RM27.6 million in 2009 due to improved margins. The revenue increase to RM 459.3 million from RM330.0 million recorded in the corresponding quarter for the preceding year was mainly attributable to greater demand in all key products.

In tandem with a 29% increase in revenue from RM1.2 billion in 2009 to RM1.6 billion in 2010, the Group posted an annual profit before tax of RM127.9 million. This represents a 39% improvement from the profit before tax of RM92.0 million recorded a year earlier.

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

In comparison to the preceding quarter, the Group's profit before tax rose 39% to RM46.3 million. The better performance is mainly attributable to higher revenue and margins in the flour segment, offsetting poorer performance in the feeds and poultry integration segments.

**16. Prospects**

The Board envisaged 2011 to be another challenging year with volatile grain and fuel prices as well as ocean freight and foreign exchange rates. Notwithstanding the above, the Board expects the Group's performance for 2011 to be satisfactory.

**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		12 months ended	
		31.12.2010	31.12.2009	31.12.2010	31.12.2009
		RM'000	RM'000	RM'000	RM'000
Current income tax					
Malaysian	- current year	7,444	3,358	14,205	14,740
	- prior year	(339)	(471)	(339)	925
Overseas	- current year	6,775	1,703	15,366	3,788
	- prior year	73	-	73	-
Deferred tax		(1,738)	300	(1,738)	300
		<u>12,215</u>	<u>4,890</u>	<u>27,567</u>	<u>19,753</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. Disclosure of Realised and Unrealised Profits/Losses**

	As at	As at
	31.12.2010	30.09.2010
	RM'000	RM'000
Realised	330,298	309,171
Unrealised	(1,608)	(4,884)
Total Group retained profit as per consolidated accounts	<u>328,690</u>	<u>304,287</u>

**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 10 February 2011, 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 2010 were as follows:

	RM'000
<b>Unsecured Short Term Borrowings</b>	
Denominated in Ringgit Malaysia	213,325
Denominated in US Dollar	173,761
	<u>387,086</u>

**24. Financial Instruments**

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

			Gain/(Loss) Arising From
	Notional Value RM'000	Fair Value RM'000	Fair Value Changes RM'000
<b>Forward foreign currency contracts</b>			
US Dollar - less than 1 year	76,943	75,029	(1,914)

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.

**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 8 November 2010 of 6 sen per share, less tax at 25% (2009: 5 sen per share, less tax at 25%) which was paid on 15 December 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 15 sen per ordinary share, less tax at 25%, in respect of the financial year ended 31 December 2010 (2009: 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 year ended	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009
	RM'000	RM'000	RM'000	RM'000
Profit attributable to ordinary shareholders of the Company	28,462	19,324	85,183	62,879
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)	26.44	17.95	79.13	58.41

**(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 February 2011