

MALAYAN FLOUR MILLS BERHAD (4260-M)
(Incorporated in Malaysia)
CONDENSED CONSOLIDATED BALANCE SHEET
As at 30 June 2011

	(Unaudited) As at 30.06.2011 RM '000	(Audited) As at 31.12.2010 RM '000
Assets		
Property, plant and equipment	263,971	224,222
Intangible assets	1,654	1,903
Investment properties	5,535	5,562
Investment in an associate	679	-
Deferred tax assets	4,131	4,131
Total non-current assets	275,970	235,818
Receivables, deposits and prepayments	250,995	232,890
Inventories	440,274	324,940
Current tax assets	305	90
Cash and cash equivalents	231,883	221,974
Total current assets	923,457	779,894
Total assets	1,199,427	1,015,712
Equity		
Share capital	107,645	107,645
Reserves	372,292	361,428
Total equity attributable to owners of the Company	479,937	469,073
Minority interests	46,226	53,762
Total equity	526,163	522,835
Liabilities		
Deferred tax liabilities	7,100	7,100
Total non-current liabilities	7,100	7,100
Payables and accruals	78,219	87,407
Loans and borrowings	575,327	385,172
Current tax liabilities	12,618	13,198
Total current liabilities	666,164	485,777
Total liabilities	673,264	492,877
Total equity and liabilities	1,199,427	1,015,712
Net assets per share attributable to owners of the Company (RM)	4.46	4.36

The Condensed Consolidated Balance Sheet should be read in conjunction with the audited financial statements for year ended 31 December 2010 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 2011

	3 months ended		Financial Period Ended	
	30.06.2011	30.06.2010	30.06.2011	30.06.2010
	RM '000	RM '000	RM '000	RM '000
Revenue	466,314	342,721	925,323	672,012
Cost of sales	(420,699)	(300,160)	(802,256)	(578,946)
Gross profit	45,615	42,561	123,067	93,066
Operating expenses	(25,998)	(21,829)	(64,035)	(44,985)
Results from operating activities	19,617	20,732	59,032	48,081
Finance costs	(3,032)	(1,641)	(5,864)	(3,260)
Finance income	5,502	1,965	8,893	3,700
Net finance income	2,470	324	3,029	440
Share of profit/(loss) of associates, net of tax	679	-	679	(143)
Profit before tax	22,766	21,056	62,740	48,378
Income tax expense	(5,183)	(3,721)	(13,000)	(9,772)
Profit for the period	17,583	17,335	49,740	38,606
Profit attributable to:				
Owners of the Company	15,144	14,916	44,935	32,685
Minority interests	2,439	2,419	4,805	5,921
Profit for the period	17,583	17,335	49,740	38,606
Basic earnings per ordinary share (sen)	14.07	13.86	41.74	30.36

The Condensed Consolidated Income Statement should be read in conjunction with the audited financial statements for year ended 31 December 2010 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 2011

	3 months ended		Financial Period Ended	
	30.06.2011	30.06.2010	30.06.2011	30.06.2010
	RM '000	RM '000	RM '000	RM '000
Profit for the period	17,583	17,335	49,740	38,606
Other comprehensive income, net of tax				
Foreign currency translation differences for foreign operations	2,693	(1,449)	(21,477)	(23,150)
Total comprehensive income for the period	20,276	15,886	28,263	15,456
Total comprehensive income attributable to:				
Owners of the Company	17,403	13,788	27,011	13,424
Minority interests	2,873	2,098	1,252	2,032
Total comprehensive income for the period	20,276	15,886	28,263	15,456

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for year ended 31 December 2010 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 30 June 2011

	← Attributable to Owners of the Company →				Total RM '000	Minority Interest RM '000	Total Equity RM '000
	Share Capital RM '000	← Non-Distributable → Reserve attributable to Capital RM '000	Reserve attributable to Revenue RM '000	Distributable Retained Profit RM '000			
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	-	-	(19,261)	32,685	13,424	2,032	15,456
Dividends to owners of the Company	-	-	-	(12,110)	(12,110)	-	(12,110)
Dividends to minority interest	-	-	-	-	-	(6,032)	(6,032)
Share issued to minority interest	-	-	-	-	-	9,800	9,800
Balance at 30.06.2010	107,645	87,537	(48,684)	280,251	426,749	45,140	471,889
Balance at 1.1.2011	107,645	86,752	(53,655)	328,331	469,073	53,762	522,835
Total comprehensive income for the period	-	-	(17,924)	44,935	27,011	1,252	28,263
Dividends to owners	-	-	-	(16,147)	(16,147)	-	(16,147)
Dividends to minority interest	-	-	-	-	-	(8,788)	(8,788)
Balance at 30.06.2011	107,645	86,752	(71,579)	357,119	479,937	46,226	526,163

The Condensed Consolidated Statement Of Changes In Equity should be read in conjunction with the audited financial statements for year ended 31 December 2010 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 2011

	Period Ended 30.06.2011 RM'000	Period Ended 30.06.2010 RM'000
Cash Flows From Operating Activities		
Profit before tax	62,740	48,378
Adjustments for non-cash and non-operating items	6,046	6,910
Operating profit before changes in working capital	68,786	55,288
Increase in inventories	(124,038)	(53,709)
Decrease in trade and other payables	(7,762)	(8,234)
Increase in trade and other receivables	(22,995)	(16,492)
Cash used in operations	(86,009)	(23,147)
Income tax paid	(12,548)	(7,384)
Taxation refund	40	-
Interest received	8,893	3,700
Interest paid	(5,864)	(3,260)
Net cash used in operating activities	(95,488)	(30,091)
Cash Flows From Investing Activities		
Acquisition of property, plant and equipment and intangible assets	(53,139)	(17,720)
Subscription of shares in a subsidiary by minority interests	-	9,800
Proceeds from disposal of property, plant and equipment	421	72
Net cash used in investing activities	(52,718)	(7,848)
Cash Flows From Financing Activities		
Dividends paid to owners of the Company	(16,147)	(4,037)
Dividends paid to minority shareholders of the subsidiary company	(8,788)	(2,982)
Proceeds from loans and borrowings	200,070	68,789
Net cash generated from financing activities	175,135	61,770
Net Increase In Cash and Cash Equivalents	26,929	23,831
Effects of exchange rate fluctuations on cash held	(17,020)	(13,023)
Cash and Cash Equivalents at Beginning of financial period	221,974	142,179
Cash and Cash Equivalents at End of financial period	231,883	152,987

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for year ended 31 December 2010 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 the requirements of 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 2010. 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 2010.

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 2010, except for those standards, amendments and interpretations which are effective from the annual period beginning 1 March 2010, 1 July 2010 and 1 January 2011. The adoption of these standards, amendments and interpretations have no material impact to the interim financial statements.

2. Status of Audit Report

The Audit Report of the Group's financial statements for the year ended 31 December 2010 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 2011.

7. Dividend Paid

The 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 previous financial year ended 31 December 2010 amounting to RM16.1 million was paid on 13 June 2011.

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 30.06.2011 RM'000
Property, plant and equipment	
Authorised and contracted for	<u>97,217</u>
Authorised but not contracted for	<u>60,880</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 2011.

13. Segmental Information

	← 6 months ended 30.06.11 →			Results RM'000
	← Revenue →		Total RM'000	
	External RM'000	Inter-segment RM'000		
Flour and trading in grains and other allied products	426,769	10,292	437,061	49,734
Feed and trading in feed ingredients	283,273	4,735	288,008	1,338
Poultry integration	215,281	903	216,184	7,825
	<u>925,323</u>	<u>15,930</u>	<u>941,253</u>	<u>58,897</u>
Eliminations- inter-segment	-	(15,930)	(15,930)	
Revenue	<u>925,323</u>	<u>-</u>	<u>925,323</u>	
Unallocated expenses				135
				<u>59,032</u>
Finance costs				(5,864)
Finance income				8,893
Share of profit of associates, net of tax				<u>679</u>
Profit before tax				<u>62,740</u>

	← 6 months ended 30.06.10 →			Results RM'000
	← Revenue →		Total RM'000	
	External RM'000	Inter-segment RM'000		
Flour and trading in grains and other allied products	341,829	6,467	348,296	42,613
Feed and trading in feed ingredients	176,544	1,959	178,503	4,716
Poultry integration	153,639	1,946	155,585	831
	<u>672,012</u>	<u>10,372</u>	<u>682,384</u>	<u>48,160</u>
Eliminations- inter-segment	-	(10,372)	(10,372)	
Revenue	<u>672,012</u>	<u>-</u>	<u>672,012</u>	
Unallocated expenses				(79)
				<u>48,081</u>
Finance costs				(3,260)
Finance income				3,700
Share of loss of associates, net of tax				<u>(143)</u>
Profit before tax				<u>48,378</u>

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

14. Performance Review

For the 2nd quarter of 2011, the Group's revenue of RM466.3 million increased by 36% from RM342.7 million recorded in the corresponding period in 2010. Profit before tax for the 2nd quarter rose 8% to RM22.8 million in 2011, underpinned by better demand and margins in poultry products.

Profit before tax grew by 30% to RM62.7 million for the 6 months ended 30 June 2011. The better performance was primarily due to higher revenue of RM925.3 million which was 38% higher than that recorded in the prior year.

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

Although revenue for the 2nd quarter in 2011 of RM466.3 million improved marginally as compared to the preceding quarter, profit before tax declined by 43% to RM22.8 million. This was mainly attributable to the increase in raw material costs during the 2nd quarter, adversely impacting the margins of our 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. In view of the uncertainties above, the board is cautiously optimistic of the performance for 2011.

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	
	30.06.2011	30.06.2010	30.06.2011	30.06.2010
	RM'000	RM'000	RM'000	RM'000
Current income tax				
Malaysian	- current year	1,974	1,476	6,547
Overseas	- current year	3,209	2,245	6,458
	- prior year	-	-	(5)
		<u>5,183</u>	<u>3,721</u>	<u>13,000</u>
				<u>9,772</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 and availability of tax losses in Malaysia.

19. Disclosure of Realised and Unrealised Profits/Losses

	As at	As at
	30.06.2011	31.12.2010
	RM'000	RM'000
Realised	241,316	234,469
Unrealised	(4,852)	(1,627)
	<u>236,464</u>	<u>232,842</u>
Consolidation adjustments	120,655	95,489
Total retained earnings	<u>357,119</u>	<u>328,331</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

Besides the Proposed Share Split, Special Dividend, Rights Issue, Increase in Authorised Share Capital, M&A Amendment and ESOS announced on 30 May 2011 and 15 August 2011, which are pending completion, there were no new proposals announced as at 16 August 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 30 June 2011 were as follows:

	RM'000
Unsecured Short Term Borrowings	
Denominated in Ringgit Malaysia	286,890
Denominated in US Dollar	<u>288,437</u>
	<u>575,327</u>

24. Financial Instruments

As at 30 June 2011, the foreign currency contracts which have been entered into by the Group to hedge its purchases and borrowings in foreign currencies are as follows:

	Notional Value	Fair Value	Gain/(Loss)
			Arising From Fair Value Changes
	RM'000	RM'000	RM'000
US Dollar - less than 1 year	<u>140,366</u>	<u>138,769</u>	<u>(1,597)</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.

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

No interim dividend has been recommended for the current financial period ended 30 June 2011 (Period ended 30 June 2010: Nil)

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	
	30.06.2011	30.06.2010	30.06.2011	30.06.2010
	RM'000	RM'000	RM'000	RM'000
Profit attributable to ordinary shareholders of the Company	15,144	14,916	44,935	32,685
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)	14.07	13.86	41.74	30.36

(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
 23 August 2011