

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

	(Unaudited) As at 30.09.2011 RM '000	(Audited) As at 31.12.2010 RM '000
<b>Assets</b>		
Property, plant and equipment	292,409	224,222
Intangible assets	1,693	1,903
Investment properties	5,521	5,562
Investment in an associate	1,436	-
Deferred tax assets	4,131	4,131
<b>Total non-current assets</b>	<b>305,190</b>	<b>235,818</b>
Receivables, deposits and prepayments	249,509	232,890
Inventories	373,474	324,940
Current tax assets	498	90
Cash and cash equivalents	150,160	221,974
<b>Total current assets</b>	<b>773,641</b>	<b>779,894</b>
<b>Total assets</b>	<b>1,078,831</b>	<b>1,015,712</b>
<b>Equity</b>		
Share capital	107,645	107,645
Reserves	395,376	361,428
<b>Total equity attributable to owners of the Company</b>	<b>503,021</b>	<b>469,073</b>
<b>Minority interests</b>	<b>49,877</b>	<b>53,762</b>
<b>Total equity</b>	<b>552,898</b>	<b>522,835</b>
<b>Liabilities</b>		
Deferred tax liabilities	7,100	7,100
<b>Total non-current liabilities</b>	<b>7,100</b>	<b>7,100</b>
Payables and accruals	90,289	87,407
Loans and borrowings	414,832	385,172
Current tax liabilities	13,712	13,198
<b>Total current liabilities</b>	<b>518,833</b>	<b>485,777</b>
<b>Total liabilities</b>	<b>525,933</b>	<b>492,877</b>
<b>Total equity and liabilities</b>	<b>1,078,831</b>	<b>1,015,712</b>
<b>Net assets per share attributable to owners of the Company (RM)</b>	<b>4.67</b>	<b>4.36</b>

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 September 2011

	3 months ended		Financial Period Ended	
	30.09.2011	30.09.2010	30.09.2011	30.09.2010
	RM '000	RM '000	RM '000	RM '000
<b>Revenue</b>	<b>473,679</b>	423,761	<b>1,399,002</b>	1,095,773
Cost of sales	<b>(425,125)</b>	(361,585)	<b>(1,227,381)</b>	(940,531)
<b>Gross profit</b>	<b>48,554</b>	62,176	<b>171,621</b>	155,242
Operating expenses	<b>(30,332)</b>	(29,356)	<b>(94,367)</b>	(74,341)
<b>Results from operating activities</b>	<b>18,222</b>	32,820	<b>77,254</b>	80,901
Finance costs	<b>(3,315)</b>	(2,020)	<b>(9,179)</b>	(5,280)
Finance income	<b>4,609</b>	2,405	<b>13,502</b>	6,105
<b>Net finance income</b>	<b>1,294</b>	385	<b>4,323</b>	825
Share of profit/(loss) of associates, net of tax	<b>757</b>	-	<b>1,436</b>	(143)
<b>Profit before tax</b>	<b>20,273</b>	33,205	<b>83,013</b>	81,583
Income tax expense	<b>(2,460)</b>	(5,580)	<b>(15,460)</b>	(15,352)
<b>Profit for the period</b>	<b>17,813</b>	27,625	<b>67,553</b>	66,231
<b>Profit attributable to:</b>				
Owners of the Company	<b>15,451</b>	24,036	<b>60,386</b>	56,721
Minority interests	<b>2,362</b>	3,589	<b>7,167</b>	9,510
<b>Profit for the period</b>	<b>17,813</b>	27,625	<b>67,553</b>	66,231
<b>Basic earnings per ordinary share (sen)</b>	<b>14.35</b>	22.33	<b>56.10</b>	52.69

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 September 2011

	3 months ended		Financial Period Ended	
	30.09.2011	30.09.2010	30.09.2011	30.09.2010
	RM '000	RM '000	RM '000	RM '000
<b>Profit for the period</b>	<b>17,813</b>	27,625	<b>67,553</b>	66,231
<b>Other comprehensive income, net of tax</b>				
Foreign currency translation differences for foreign operations	<b>8,934</b>	(11,509)	<b>(12,543)</b>	(34,659)
<b>Total comprehensive income for the period</b>	<b>26,747</b>	16,116	<b>55,010</b>	31,572
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	<b>23,084</b>	14,400	<b>50,095</b>	27,824
Minority interests	<b>3,663</b>	1,716	<b>4,915</b>	3,748
<b>Total comprehensive income for the period</b>	<b>26,747</b>	16,116	<b>55,010</b>	31,572

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 September 2011

	← Attributable to Owners of the Company →				Minority Interests	Total Equity	
	← Non-Distributable →		Distributable				
	Share Capital RM '000	Reserve attributable to Capital RM '000	Reserve attributable to Revenue RM '000	Retained Profit RM '000	Total RM '000	RM '000	RM '000
<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	-	-	(28,897)	56,721	27,824	3,748	31,572
Dividends to owners of the Company	-	-	-	(12,110)	(12,110)	-	(12,110)
Dividends to minority interests	-	-	-	-	-	(6,032)	(6,032)
Share issued to minority interests	-	-	-	-	-	9,800	9,800
<b>Balance at 30.09.2010</b>	<b>107,645</b>	<b>87,537</b>	<b>(58,320)</b>	<b>304,287</b>	<b>441,149</b>	<b>46,856</b>	<b>488,005</b>
<b>Balance at 1.1.2011</b>	107,645	86,752	(53,655)	328,331	469,073	53,762	522,835
Total comprehensive income for the period	-	-	(10,291)	60,386	50,095	4,915	55,010
Dividends to owners of the Company	-	-	-	(16,147)	(16,147)	-	(16,147)
Dividends to minority interests	-	-	-	-	-	(8,800)	(8,800)
<b>Balance at 30.09.2011</b>	<b>107,645</b>	<b>86,752</b>	<b>(63,946)</b>	<b>372,570</b>	<b>503,021</b>	<b>49,877</b>	<b>552,898</b>

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 September 2011

	Period Ended 30.09.2011 RM'000	Period Ended 30.09.2010 RM'000
<b>Cash Flows From Operating Activities</b>		
Profit before tax	83,013	81,583
Adjustments for non-cash and non-operating items	8,162	10,879
Operating profit before changes in working capital	91,175	92,462
Increase in inventories	(53,509)	(22,725)
Decrease in trade and other payables	3,738	12,687
Increase in trade and other receivables	(19,924)	(23,161)
Cash generated from operations	21,480	59,263
Income tax paid	(14,917)	(14,655)
Taxation refund	41	-
Interest received	13,502	6,105
Interest paid	(9,179)	(5,280)
Net cash generated from operating activities	10,927	45,433
<b>Cash Flows From Investing Activities</b>		
Acquisition of property, plant and equipment and intangible assets	(84,595)	(48,561)
Proceeds from disposal of other investments	-	29
Proceeds from disposal of property, plant and equipment	1,055	136
Net cash used in investing activities	(83,540)	(48,396)
<b>Cash Flows From Financing Activities</b>		
Dividends paid to owners of the Company	(16,147)	(16,147)
Dividends paid to minority shareholders	(8,800)	(3,184)
Proceeds from loans and borrowings	35,609	67,203
Subscription of shares in a subsidiary by minority interests	-	9,800
Net cash generated from financing activities	10,662	57,672
<b>Net Increase In Cash and Cash Equivalents</b>	(61,951)	54,709
Effect of exchange rate fluctuations on cash held	(9,863)	(17,587)
<b>Cash and Cash Equivalents at Beginning of financial period</b>	221,974	142,179
<b>Cash and Cash Equivalents at End of financial period</b>	150,160	179,301

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 September 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 30.09.2011 RM'000	As at 31.12.2010 RM'000
<b>Property, plant and equipment</b>		
Authorised and contracted for	93,297	97,916
Authorised but not contracted for	48,491	89,317

**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 2011.

**13. Segmental Information**

	← 9 months ended 30.09.11 →			Results RM'000
	← Revenue →			
	External RM'000	Inter-segment RM'000	Total RM'000	
Flour and trading in grains and other allied products	637,011	14,595	651,606	55,822
Feed and trading in feed ingredients	419,020	8,287	427,307	4,847
Poultry integration	342,971	1,239	344,210	16,618
	<u>1,399,002</u>	<u>24,121</u>	<u>1,423,123</u>	<u>77,287</u>
Eliminations- inter-segment	-	(24,121)	(24,121)	
<b>Revenue</b>	<b><u>1,399,002</u></b>	<b><u>-</u></b>	<b><u>1,399,002</u></b>	
Unallocated expenses				(33)
				<u>77,254</u>
Finance costs				(9,179)
Finance income				13,502
Share of profit of associates, net of tax				<u>1,436</u>
<b>Profit before tax</b>				<b><u>83,013</u></b>

	← 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	9,464	545,793	67,006
Feed and trading in feed ingredients	307,469	2,911	310,380	9,011
Poultry integration	251,975	4,078	256,053	5,010
	<u>1,095,773</u>	<u>16,453</u>	<u>1,112,226</u>	<u>81,027</u>
Eliminations- inter-segment	-	(16,453)	(16,453)	
<b>Revenue</b>	<b><u>1,095,773</u></b>	<b><u>-</u></b>	<b><u>1,095,773</u></b>	
Unallocated expenses				(126)
				<u>80,901</u>
Finance costs				(5,280)
Finance income				6,105
Share of loss of associates, net of tax				<u>(143)</u>
<b>Profit before tax</b>				<b><u>81,583</u></b>

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

**14. Performance Review**

For the 3rd quarter of 2011, the Group's revenue of RM473.6 million increased by 12% from RM423.7 million recorded in the corresponding period in 2010. Profit before tax for the 3rd quarter decline 39% to RM20.2 million in 2011, underpinned by higher raw material costs for the flour segment.

Profit before tax grew by 2% to RM83.0 million for the 9 months ended 30 September 2011. The better performance was primarily due to improved performance in the poultry integration segment.

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

The revenue for the 3rd quarter in 2011 of RM473.6 million improved marginally as compared to RM466.3m recorded in the preceding quarter. However, profit before tax decreased by 11% to RM20.2 million. This was mainly attributable to the higher cost of raw materials.

**16. Prospects**

The commodity prices, fuel, ocean freight and foreign exchange rates continue to be volatile in the midst of an uncertain global economic environment. In view of the uncertainties above, and the very competitive market environment, the performance for the fourth quarter of 2011 is expected to be lower than the current quarter.

**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	
	30.09.2011 RM'000	30.09.2010 RM'000	30.09.2011 RM'000	30.09.2010 RM'000
Current income tax				
Malaysian				
- current year	707	2,329	7,254	6,761
- prior year	53	-	53	-
Overseas				
- current year	1,700	3,251	8,158	8,591
- prior year	-	-	(5)	-
	<u>2,460</u>	<u>5,580</u>	<u>15,460</u>	<u>15,352</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 utilisation of tax losses in Malaysia.

**19. Disclosure of Realised and Unrealised Profits/Losses**

	As at	As at
	30.09.2011 RM'000	31.12.2010 RM'000
Realised	301,742	234,469
Unrealised	(9,942)	(1,627)
	<u>291,800</u>	<u>232,842</u>
Consolidation adjustments	80,770	95,489
Total retained earnings	<u>372,570</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**

The following Proposals were announced on 30 May 2011 and 15 August 2011:

- (i) Proposed Share Split involving the subdivision of every one (1) existing ordinary share of RM1.00 each ("MFM Share(s)") in Malayan Flour Mills Berhad ("MFM" or "the Company") into two (2) new ordinary shares of RM0.50 each in MFM ("Subdivided MFM Shares");
- (ii) Proposed Declaration and Payment of Special Dividend of 62.0 sen per Subdivided MFM share less 25% income tax to the entitled shareholders of MFM;
- (iii) Proposed Renounceable Rights Issue of 215,289,212 new Subdivided MFM shares ("Rights Share(s)") together with 107,644,606 Free Detachable New Warrants ("Warrant(s)") and 107,644,606 New Subdivided MFM Shares ("Bonus Shares") attached on the basis of two (2) Rights Shares together with one (1) Warrant and one (1) Bonus Share for every two (2) Subdivided MFM Shares held after the Proposed Share Split;
- (iv) Proposed increase in authorized share capital from RM200,000,000 comprising 200,000,000 MFM Shares to RM500,000,000, comprising 1,000,000,000 Subdivided MFM Shares; and
- (v) Proposed amendments to the Memorandum and Articles of Association of the Company

The above Proposals had been approved by the shareholders at the Extraordinary General Meeting held on 19 October 2011 and are pending completion.

Besides the above Proposals, there were no new proposals announced as at 9 November 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 September 2011 were as follows:

	As at	As at
	30.09.2011 RM'000	31.12.2010 RM'000
<b>Unsecured Short Term Borrowings</b>		
Denominated in Ringgit Malaysia	163,790	213,325
Denominated in US Dollar	251,042	171,847
	<u>414,832</u>	<u>385,172</u>



**24. Financial Instruments**

As at 30 September 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:

Forward foreign currency contracts	Notional	Fair	Gain Arising
	Value	Value	Fair Value
	RM'000	RM'000	Changes
			RM'000
US Dollar - less than 1 year	128,330	132,429	4,099
Euro - less than 1 year	3,011	3,102	91
	<u>131,341</u>	<u>135,531</u>	<u>4,190</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 September 2011 (Period ended 30 September 2010: 6 sen per share, less tax at 25%)

**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	
	30.09.2011	30.09.2010	30.09.2011	30.09.2010
	RM'000	RM'000	RM'000	RM'000
Profit attributable to ordinary shareholders of the Company	<u>15,451</u>	<u>24,036</u>	<u>60,386</u>	<u>56,721</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>14.35</u>	<u>22.33</u>	<u>56.10</u>	<u>52.69</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  
15 November 2011