23 - 27 June 2010

Malaysia International Halal Showcase ("MIHAS")

Dindings Poultry Processing Sdn Bhd participated in the Malaysia International Halal Showcase 2010 ("MIHAS 2010"). MIHAS 2010 was the world's largest halal trade fair and Malaysia's largest food and beverage exhibition which provide opportunity for the business community to network and trade with international buyers seeking new products and ideas.

5 July 2010

The Edge Billion Ringgit Club

MFM had received recognition from The Edge Billion Ringgit Club based on its gains in market capitalization, growth in profits and return on equity.

21 September 2010

Distributors' Convention

Subsidiary, Dindings Poultry Processing Sdn Bhd held its Distributors' Convention at Sunway Resort Hotel & Spa.

21 September 2010

New Product Launching

Subsidiary, Dindings Poultry Processing Sdn Bhd launched its new product, Chicken Satay at Sunway Resort Hotel & Spa.

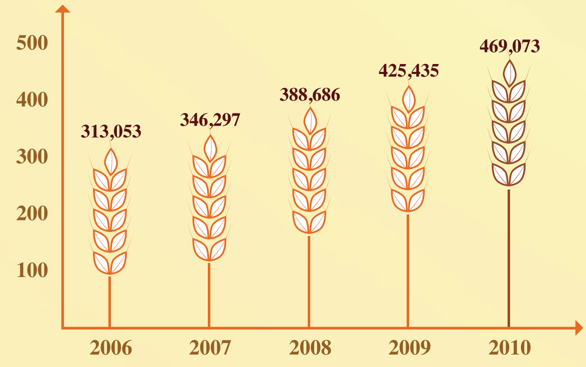
Group Financial Highlights

For the year ended 31 December 2010

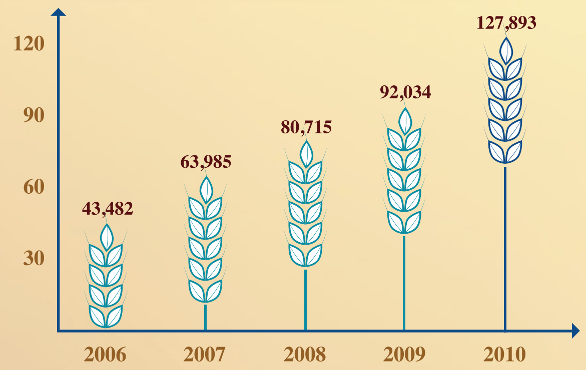
	2006 RM'000	2007 RM'000	2008 RM'000	2009 RM'000	2010 RM'000
Revenue	794,226	1,031,183	1,198,778	1,201,053	**1,555,091**
Profit before tax	43,482	63,985	80,715	92,034	**127,893**
Tax expense	(10,606)	(10,676)	(18,804)	(19,753)	**(27,567)**
Profit for the year	32,876	53,309	61,911	72,281	**100,326**
Minority interests	(4,575)	(6,718)	(3,940)	(9,402)	**(15,502)**
Profit attributable to equity holders of the Company	28,301	46,591	57,971	62,879	**84,824**
Issued Share Capital (RM'000)	105,219	107,645	107,645	107,645	**107,645**
Shareholders' Fund (RM'000)	313,053	346,297	388,686	425,435	**469,073**
Net assets per share (sen)	298	322	361	395	**436**
Earnings per share (sen)	28.47	43.54	53.85	58.41	**78.80**
Gross dividends (%) - tax exempt	5	0	0	0	**0**
Gross dividends (%) - taxable	5	20	20	20	**26**

Revenue
RM'000

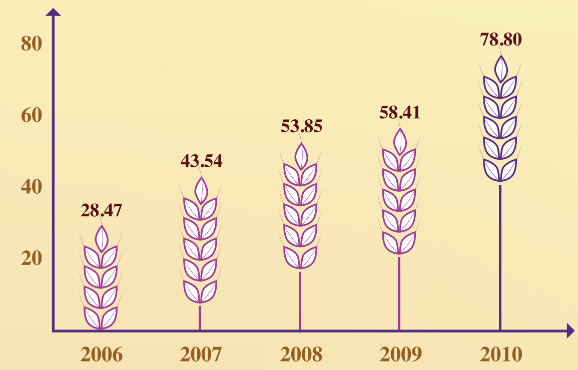
Shareholders' Fund
RM'000



Profit Before Tax
RM'000



Earnings Per Share
SEN



Statement on Corporate Governance

Pursuant to Paragraph 15.25 of the Listing Requirements of the Bursa Malaysia Securities Berhad

The Board of Directors of Malayan Flour Mills Berhad recognizes that the practice of good corporate governance in conducting the business and affairs of the Group with integrity, transparency and professionalism are key components for the Group's continued growth and success. The Board is committed to ensure that the highest standards on Corporate Governance are observed throughout the Group in the interest of the stakeholders and is unreservedly committed to applying the principles necessary to ensure that good governance is practiced in all of its business dealings.

The Board views the maintenance of high standards of corporate governance as a continuous process incorporating current developments from both within and outside the Country. The Board makes adjustments as may be appropriate and the overriding principle is to adopt the substance rather than the form, with the ultimate objective of enhancing the business processes and shareholder value.

This statement describes the approach that the Company has taken with respect to each of the key principles and the extent of its compliance with the best practices during the financial year.

BOARD OF DIRECTORS

Composition of the Board and Balance

The Board is led and managed by an experienced Board with a wide range of expertise. The Board is responsible for the Company in achieving the highest level of business conduct. Its duties and responsibilities included amongst others to establish long and medium terms strategic plans, approve annual budget, establish goals for management and monitor the achievement of these goals. The roles and functions of the Board including the executive and non-executive Directors are clearly defined in the Board Charter which regulates how business is to be conducted by the Board in accordance with the principles of good Corporate Governance.

The Company has a unitary Board, currently consisting of four (4) Executive Directors and five (5) Non-Executive Directors of whom five (5) are Independent and thus obtaining the desired level of objectivity and independence in Board deliberations and decision making. The Board composition also complies with the Listing Requirements of Bursa Malaysia Securities Berhad which require a minimum of 2 or 1/3 of the Board to be independent directors. A brief profile of each director is presented on pages 5 to 9 of this Annual Report.

There is a clear division of responsibility between the Chairman and the Managing Director to ensure that there is a balance of power and authority, such that no one individual has unfettered powers of decision-making. The Chairman is responsible for ensuring Board effectiveness and conduct whilst the Managing Director is responsible for implementing the policies and decisions of the Board, overseeing the operations as well as coordinating the development and implementation of business and corporate strategies.

The presence of the Independent Non-Executive Directors fulfills a pivotal role in corporate accountability and provides unbiased, objective and independent view, advice and judgement to the decision making process of the Board.

BOARD OF DIRECTORS (cont'd)

Appointment and Re-election of Directors

The procedures for appointments to the Board are formal and transparent. The Nomination Committee is responsible for making recommendations for any appointments to the Board by considering the mix of skills, knowledge, expertise and experience which the Director(s) brings to the Board. For the position of independent non-executive director, the Nomination Committee also evaluates the candidate's calibre, credibility and necessary skill and experience to bring an independent judgement and view to matters under consideration. Any new nomination received is forwarded to the Board for assessment and endorsement.

The Company's Articles of Association provide that all Directors are subject to election by the shareholders at the next Annual General Meeting subsequent to their appointment.

In respect of the re-election of Directors, the Article provides that at least one third or the nearest to one-third of the remaining Directors are subject to re-election by rotation at each Annual General Meeting and that all Directors are subject to re-election by rotation at least once in every three years.

Directors over seventy years old are required to submit themselves for re-appointment annually in accordance to Section 129(6) of the Companies Act, 1965.

Board Meetings

The Board meets at least five (5) times annually, with additional meetings being convened as and when necessary. The Board meetings are scheduled prior to the commencement of the financial year. The Board receives documents on matters requiring its consideration prior to and in advance of each meeting.

Minutes of proceedings and resolutions passed at each Board and Board Committees Meetings are kept in the statutory register at the registered office of the Company. In the event of a potential conflict of interest, the Director in such position will make a declaration to that effect as soon as practicable. The Director concerned will then abstain from any decision-making process in which he has an interest in.

During the year under review, seven (7) Board Meetings were held. The attendance of each Director at the Board meetings are as follows:-

Director	Number of Meetings Attended
Tan Sri Dato' Seri Arshad bin Ayub	7 / 7
Mr Teh Wee Chye	7 / 7
Dato' Hj Shaharuddin bin Hj Haron	7 / 7
Mr Geh Cheng Hooi	6 / 7
Mr Quah Ban Lee	7 / 7
Datuk Oh Chong Peng	7 / 7
Mr Thong Kok Mun	6 / 7
Mr Lim Pang Boon	6 / 7
Dato' Wira Zainal Abidin bin Mahamed Zain	7 / 7

BOARD OF DIRECTORS (cont'd)

Access to Advice and Information

In order for the Board to effectively discharge its duties and responsibilities, the Directors are provided with full, complete and unrestricted access to timely and accurate information. All Board and Committee members are provided with the agenda and reports relevant to the business of the meeting in advance so that the Directors have sufficient time to prepare and deliberate on the issues prior to the meeting.

Senior Management members may be invited to attend Board Meetings to provide the Board with their views and explanations on certain agenda items tabled to the Board, and to furnish their clarification on issues that may be raised by Directors.

In furtherance of their duties, the Directors have access to the advice and services of the Company Secretary, who is responsible for ensuring that Board Meeting procedures are followed and that applicable rules and regulations are complied with. In addition, the Directors may take independent advice if necessary at the Company's expense.

Directors' Continuing Development

On appointment, all new Directors in particular the Non-Executive Directors will have the benefit of an induction programme aimed at deepening their understanding of the Company and the business environment and markets in which the Company operates.

Recognising the ever increasing demands of their role, the Directors of the Company have continued to attend and participate in various programmes which they have individually or collectively considered as relevant for them to keep abreast with the changes in regulations and trends in the business practices, environment and markets.

From time to time, the Board will also be updated on the companies and securities legislations and other relevant rules and regulations at the Board meetings, in order to acquaint them with the latest developments in these areas.

For the year under review, all the Directors attended various appropriate seminars, conferences, workshop and courses covering accounting, tax, finance, management, leadership, corporate governance, regulatory and industry developments.

BOARD OF DIRECTORS (cont'd)

Directors' Continuing Development (cont'd)

The summary of the training programmes attended by the Directors of the Company during the year:-

Directors	Programmes / Seminars / Conferences
Tan Sri Dato' Seri Arshad bin Ayub	Attended conference and congress on topics relating to corporate governance, audit and sustaining value creation.
Teh Wee Chye	Attended conference on topic relating to industry development.
Dato' Hj Shaharuddin Hj bin Haron	Attended seminar on business management.
Geh Cheng Hooi	Attended conference on topics relating to corporate governance and audit.
Quah Ban Lee	Attended seminars on topics relating to taxation and banking related issues.
Datuk Oh Chong Peng	Spoke at seminars and training courses on corporate governance issues and attended numerous courses on corporate governance with particular reference to banking related issues, IT security and tax and accounting issues.
Thong Kok Mun	Attended workshop on topic relating to industry development.
Lim Pang Boon	Attended conference on topic relating to industry development.
Dato' Wira Zainal Abidin bin Mahamad Zain	Attended conference on topics relating to corporate governance and audit.

BOARD COMMITTEES

The Board has delegated certain responsibilities to the Board Committees which are necessary to facilitate efficient decision-making to assist the Board in the execution of its duties, power and authorities. The functions and terms of reference of the Board Committees are clearly defined. The Chairman of the various committees will report to the Board the outcome of the respective Committee meetings and such reports are incorporated in the minutes of the Board meeting.

Currently, the Board has three standing committees namely, Audit Committee, Nomination Committee and Remuneration Committee. The Board retains full responsibility for the direction and control of the Company and the Group.

Statement on Corporate Governance *(cont'd)*

Pursuant to Paragraph 15.25 of the Listing Requirements of the Bursa Malaysia Securities Berhad

BOARD COMMITTEES (cont'd)

Audit Committee

The composition and terms of reference of the Audit Committee together with its report are presented on pages 27 to 30 of this Annual Report.

Nomination Committee

The Nomination Committee consists of three (3) Independent Non-Executive Directors as follows:

Dato' Hj Shaharuddin bin Hj Haron (Chairman)	(Independent Non-Executive Director)
Tan Sri Dato' Seri Arshad bin Ayub	(Independent Non-Executive Director)
Mr Geh Cheng Hooi	(Independent Non-Executive Director)

The Committee is responsible for making recommendations for any appointments to the Board, Board Committees as well as positions of the General Manager(s) and Chief Financial Officer. It also assesses the effectiveness of the Board as a whole, the various Committees and each individual director's contribution to the effectiveness of the decision-making process of the Board.

The Committee met once during the financial year.

Remuneration Committee

The Remuneration Committee comprises of two (2) Independent Non-Executive Directors and one (1) Executive Director as follows:

Tan Sri Dato' Seri Arshad bin Ayub (Chairman)	(Independent Non-Executive Director)
Dato' Hj Shaharuddin bin Hj Haron	(Independent Non-Executive Director)
Mr Teh Wee Chye	(Managing Director)

The primary function of the Remuneration Committee is to determine and agree with the Board the framework or broad policy for the remuneration of the Executive Directors and other senior management staff of the Group. The Committee also reviews and recommends for the Board's consideration the Directors'/Committees' fees and meeting allowances.

The Committee also determines the policy for and the scope of service agreements for the Executive Directors of the Group.

Executive Directors will abstain from deliberations and voting decisions in respect of their remuneration. Non-Executive Directors' remuneration will be a matter to be decided by the Board as a whole with the Director concerned abstaining from deliberations and voting decisions in respect of his individual remuneration. The increase in Directors' fees has to be approved by the shareholders at the Annual General Meeting.

The Committee met twice during the financial year under review.

DIRECTORS' REMUNERATION

The remuneration framework for executive directors has an underlying objective of attracting and retaining directors needed to run the Company successfully. The Company has in place a remuneration policy which linked the remuneration package of the Executive Directors to the corporate and individual performance. The remuneration package of the Executive Directors comprises of the basic salary, performance incentive and other benefits as are laid down by the Company's rules and regulations from time to time. Their remuneration package is reviewed annually to keep abreast with the changes in the market and industry as well as to motivate and retain the directors to pursue the long term goals of the Group.

The Directors are paid meeting allowance for each Board and Committee meeting they attend. Besides this, the Non-Executive Directors of the Company are also paid annual fees which were approved by the shareholders at the Annual General Meeting.

In addition, the Company reimburses reasonable expenses incurred by the Directors in the course of discharging their duties.

The aggregate Directors' remuneration paid or payable or otherwise made to all Directors of the Company who served during the financial year is as follows:

(a) Aggregate remuneration of Directors categorized into appropriate components :

Category	Fees (RM'000)	Salaries (RM'000)	Performance Incentive (RM'000)	Benefits-In-Kind (RM'000)	Other Emoluments (RM'000)
4 Executive Directors	-	2,638	1,970	117	63
5 Non-Executive Directors	600	-	-	24	145

(b) The number of Directors of the Company whose total remuneration falls within the following bands :

Range of Remuneration	Executive Directors	Non-Executive Directors
RM100,001 to RM150,000	-	4
RM300,001 to RM350,000	-	1
RM500,001 to RM550,000	1	-
RM800,001 to RM850,000	2	-
RM2,550,001 to RM2,600,000	1	-

RELATIONSHIP WITH SHAREHOLDERS AND INVESTORS

The Board recognises the importance of maintaining an effective communication with the shareholders and the general public. All shareholders are encouraged to attend the Company's Annual General Meeting ("AGM") and to participate in the proceedings. Shareholders' suggestions received during Annual General Meetings are reviewed and considered for implementation wherever possible. Every opportunity is given to the shareholders to ask questions and seek clarification on the business and performance of the Company. Where it is not possible to provide immediate answers, the Chairman will undertake to furnish the shareholder with a written reply after the AGM.

The timely release of quarterly financial results, the issue of the Company's Annual Reports and the Company's website provide regular information on the state of affairs of the Group. These, together with the announcements to the Bursa Malaysia Securities Berhad on material information and corporate proposals are the principal channels for dissemination of information to its investors, stakeholders and the public generally.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Directors take responsibility for presenting a balanced and objective assessment of the Group's financial performance and prospects primarily through the quarterly and annual financial announcements of results. In addition, the Chairman's statement and review of operations and corporate developments are also contained in this Annual Report to the shareholders.

The Group's financial statements are prepared in accordance with the requirements of the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965. Efforts are made to ensure that in presenting the financial statements, the appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates are being used.

Internal Control

The Group has in place a sound system of internal control which covers not only financial controls but also operational, compliance and risk management. The system of internal control provides reasonable but not absolute assurance against material misstatements, losses and fraud.

The Statement on Internal Control as set out on pages 31 and 32 of this Annual Report provides an overview of the state of internal controls within the Group.

Relationship with Auditors

The Company through the Audit Committee has an appropriate and transparent relationship with the external auditors. The Audit Committee reviews issues of accounting policies and presentation for external financial reporting, monitors the work of the internal audit function and ensures an objective and professional relationship is maintained with the external auditors. The Audit Committee has full access to both the Internal and External Auditors who, in turn, have access at all times to the Chairman of the Audit Committee.

DIRECTORS' RESPONSIBILITY STATEMENT

In respect of the preparation of the audited financial statements, the Directors are required by the Companies Act, 1965 to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Company and the Group and their results, and cash flows for that year. In preparing the financial statements for the financial year ended 31 December 2010, the Directors have:

- Used appropriate accounting policies and applied them consistently;
- Made judgements and estimates that are reasonable and prudent;
- Stated whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Directors are responsible for ensuring that proper accounting records are kept and which disclose with reasonable accuracy the financial position of the Company and the Group and to enable them to ensure that the financial statements comply with the Companies Act, 1965. They have a general responsibility for taking such steps as is reasonably open to them to safeguard the assets of the Company, to prevent and detect fraud and other irregularities.

Additional Compliance Information

The following information is provided in compliance with the Listing Requirements of the Bursa Malaysia Securities Berhad.

1. Utilisation of Proceeds

During the financial year, there were no proceeds raised by the Company from any corporate proposals.

2. Share Buy-back

The Company has not conducted any share buy-back during the financial year ended 31 December 2010.

3. Options, Warrants or Convertible Securities

The Company does not have any outstanding options, warrants or convertible securities.

4. American Depository Receipt ("ADR") or Global Depository Receipt ("GDR") Programme

The Company did not sponsor any ADR or GDR programme during the financial year.

5. Imposition of Sanctions and/or Penalties

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by the relevant authorities during the financial year.

6. Non-Audit Fees

Non-Audit Fees amounting to RM22,000 would be payable to the External Auditors, KPMG and RM63,000 would be payable to the affiliate of KPMG for the financial year.

7. Variation in Results

There were no material variations between the audited results for the financial year ended 31 December 2010 and the unaudited results for the quarter ended 31 December 2010 of the Group.

8. Profit Guarantee

The Company did not give any profit guarantee during the financial year.

Additional Compliance Information *(cont'd)*

9. Material Contracts involving Directors' and Substantial Shareholders' Interests

There were no material contracts entered into by the Company and/or its subsidiaries involving Directors' and substantial shareholders' interests either subsisting as at 31 December 2010 or entered into since the end of the previous financial year except for the related party transactions disclosed in Note 25 to the financial statements on page 97 of this Annual Report.

10. Revaluation Policy on Landed Properties

The Group's revaluation policy is stated in Note 2(d) to the financial statements on pages 55 to 57 of this Annual Report.

11. Recurrent Related Party Transactions of a Revenue or Trading Nature

The Recurrent Related Party Transactions of a Revenue or Trading Nature are disclosed in Note 25 to the financial statements on page 97 of this Annual Report.

Audit Committee Report

The Board of Malayan Flour Mills Berhad is pleased to present the Audit Committee Report for the year ended 31 December 2010.

Members

Chairman: Dato' Hj Shaharuddin bin Hj Haron
(Independent Non-Executive Director)

Members: Geh Cheng Hooi
(Independent Non-Executive Director)

Tan Sri Dato' Seri Arshad bin Ayub
(Non-Independent Non-Executive Director)

Datuk Oh Chong Peng
(Independent Non-Executive Director)

Meetings of the Audit Committee

During the year, the Audit Committee met five (5) times and the details of the attendance of each member of the Audit Committee are as follows:

Audit Committee Members	Attendance
Dato' Hj Shaharuddin bin Hj Haron	5 of 5 meetings
Geh Cheng Hooi	5 of 5 meetings
Tan Sri Dato' Seri Arshad bin Ayub	5 of 5 meetings
Datuk Oh Chong Peng	5 of 5 meetings

At each Audit Committee Meeting, Internal Audit Department tabled its audit report to the Audit Committee for deliberation. Weaknesses of procedures were identified and actions were identified to rectify those weaknesses.

The Chairman of the Audit Committee reported on each meeting to the Board at the Board Meeting.

Terms Of Reference

1.0 Members

The Committee shall be appointed by the Board of Directors and shall consist of not less than three members, all of whom shall be non-executive directors, with a majority of them being independent directors.

The members of the Audit Committee shall elect a Chairman from amongst themselves who shall be an independent director.

At least one member of the Audit Committee must be a member of the Malaysian Institute of Accountants or must have other accounting qualifications with at least three years' working experience or fulfils such other requirements as prescribed or approved by the Exchange (Refer Paragraph 15.09(1)(c) of the Bursa Malaysia Securities Berhad's Listing Requirements).

Where the members of the Audit Committee for any reason be reduced to below three, the Board of Directors shall within three months of that event, appoint such number of new members as may required to make up the minimum number of three members.

The secretary of the Committee shall be the Company Secretary.

2.0 Meetings

Meetings shall be held no less than four times a year although additional meetings may be called at any time at the discretion of the Chairman.

The Chief Executive Officer, Chief Financial Officer and the Head of Internal Audit shall normally attend meetings. Representatives of the external auditors shall attend meetings no less than two times a year where matters relating to the audit of the statutory accounts are to be discussed.

The Committee shall convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary.

The Committee papers will be circulated to all members 10 days prior to the date of the meeting.

The draft minutes of each meeting shall be finalised within two weeks of each meeting and circulated to all Audit Committee members.

A quorum shall consist of a majority of independent directors.

3.0 Authority

The Committee shall have the authority to investigate matters within its authority and request for any information it seeks as relevant and the employees are directed to co-operate with any request made by the Committee.

The Committee is authorised to obtain such independent professional advice as it considers necessary. The Audit Committee shall have no executive powers as regards to its findings and recommendations.

Audit Committee Report (cont'd)

Terms Of Reference (cont'd)

4.0 Duties and Responsibilities

a) The Chairman of the Audit Committee shall report to the Board after each Committee meeting, including any findings and recommendations of the Committee.

b) To review and evaluate financial and accounting policies and adequacy of management controls instituted.

c) To review the financial statements and annual report prior to approval by the Board of Directors.

d) To be satisfied that the accounting policies of the Group are in accordance with the law and appropriate Accounting Standards.

e) Internal Audit:

- To ensure the maintenance of an Internal Audit Department with appropriate resources to carry out its duties. The Head of Internal Audit reports directly to the Audit Committee.
- To review the Internal Audit reports to management and to ensure follow up by Management on agreed recommendations.
- To evaluate and appraise the effectiveness of the Internal Audit Function.
- To recommend the appointment, transfer or dismissal of the Internal Audit Personnel.
- To approve remuneration of the Head of Internal Audit.
- To approve the budget for the Internal Audit Department.
- To approve the Audit Plan and review performance in relation to the Plan.
- To undertake the Quality Assurance Review of the Internal Audit function to ensure that its core competencies are adequate.

f) External Auditors:

- To oversee all matters relating to external audit including the review of the audit plan and audit report.
- To evaluate the quality of external auditors and make recommendations concerning their appointment and dismissal.
- To review the audited annual financial statements and external auditors' opinion rendered in respect to such financial statements including the nature and extent of any significant changes in accounting principles or the application therein.

g) To review the nature of any related party transactions that may arise within the Company or Group.

h) To review compliance with government regulations.

Terms Of Reference (cont'd)

4.0 Duties and Responsibilities (cont'd)

i) To consider and examine such other matters as the Committee considers appropriate.

j) The term of office and performance of the Audit Committee and each of its members must be reviewed by the Board at least once every 3 years to determine whether such Audit Committee and members have carried out their duties in accordance with their terms of reference.

Summary Of Activities Of The Audit Committee

The summary of the activities of the Audit Committee in the discharge of its duties and responsibilities for the financial year ended 31 December 2010 was as follows:

a) Reviewed the quarterly financial statements, interim financial announcements and year end financial statements of the Group and press releases relating to financial matters prior to the approval by the Board.

b) Reviewed the related party transactions that had arisen within the Company or the Group.

c) Reviewed with the external auditors their audit plans prior to commencement of audit.

d) Discussed and reviewed the Group's financial year-end statements with the external auditors including issues and findings noted in the course of the audit of the Group's Financial Statements.

e) Reviewed and appraised the audit reports submitted by the Internal Auditors.

f) The Committee also appraised the adequacy of actions and remedial measures taken by the Management in resolving audit issues reported and recommended further improvement measures.

Internal Audit Function

The Internal Audit Department undertakes internal audit functions based on the audit plan that is reviewed by the Audit Committee and approved by the Board. The audit plan covers review of adequacy of risks management, operational controls, compliance with law and regulations, quality of assets, management efficiency and level of customer services amongst others. The internal audit report is deliberated by the Audit Committee and recommendations are duly acted by Management.

The Internal Audit Function is performed in-house and the costs incurred for the financial year 2010 was RM420,000 (2009:RM400,000).

Statement on Internal Control

The Board of Malayan Flour Mills Berhad is pleased to include the Statement on Internal Control in accordance with paragraph 15.26(b) of Bursa Malaysia Securities Berhad Listing Requirements.

The Board of Directors recognises the importance of maintaining a sound system of internal control over all financial, operational and compliance controls to safeguard shareholders' investment and the Group's assets. The Board acknowledges its responsibility for the Group's system of internal control, risk management, and for reviewing the adequacy and integrity of those systems. The internal control systems are designed to manage rather than to eliminate the risk of failure and can only provide reasonable, and not absolute, assurance against material misstatement or loss. The Group has in place ongoing process to review the effectiveness, adequacy and integrity of the system of internal control.

Risk Management

The Board confirms that there is a risk management plan in place to identify, evaluate and manage significant risks faced by the Group. Risk Management is an integral part of our business operations and this process goes through a review by the Board. During the year, discussions were conducted at different levels of management to identify and address risks identified in the Group. The operational activities of the Group include the assessment of significant risks and the execution of relevant mitigating action plans.

Other key elements of internal control

- The Board meets regularly to monitor and review the overall performance of the Group, to consider the findings and recommendations of committees and senior management and to consider and approve measures to be taken and changes in policies and procedures necessary to address risks and to enhance the system of internal control.
- An independent internal audit department reports directly to the Audit Committee. Internal audit plans are reviewed and approved by the Audit Committee and the plans are to monitor compliance with and adequacy of the Group's system of internal control and to provide assurance on the effectiveness of the Group's system of internal control including policies and procedures. Follow-up reviews on the previous audit reports were carried out to ensure that appropriate actions have been implemented to address control weaknesses highlighted.
- The Group has in place an organisation structure with proper segregation of duties and reporting procedures and authorisation limits and all heads of business units and departments are accountable for ensuring the effective implementation of established policies and procedures.
- The Group has in place a management reporting mechanism whereby financial information is generated and reviewed by management and the Board on a regular basis. Performance and results are monitored on a monthly basis against the results of corresponding period of prior year, with major variances explained and appropriate action taken or plans put in place.
- The Group Managing Director meets with the senior management regularly to review and resolve key operational, financial, personnel and other key management issues, including issues of risks and internal controls. Significant issues are highlighted and discussed at Board meetings.

Statement on Internal Control *(cont'd)*

Other key elements of internal control (cont'd)

- The Credit Committee meets regularly to conduct credit reviews, monitor receivables, progress of legal cases and formulates credit procedures and policies.
- The training and development programs are established to enhance and improve employee competencies and proficiencies. This is implemented through a combination of on-the-job training and classroom training courses.

The Board and Management are committed towards operating a sound system of internal control and the internal control systems will continue to be reviewed, added or updated in line with the changes in the operating environment.

Statement made in accordance with the resolution of the Directors dated 30 March 2011.

Reports & Financial Statements

Directors' Report

for the year ended 31 December 2010

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the year ended 31 December 2010.

Principal activities

The Company is principally engaged in the business of milling and selling wheat flour and trading in grains and other allied products, whilst the principal activities of the subsidiaries are as stated in Note 6 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

Results

	Group RM'000	Company RM'000
Profit for the year attributable to:		
Owners of the Company	84,824	41,068
Minority interests	15,502	-
	100,326	41,068

Reserves and provisions

There were no material transfers to or from reserves and provisions during the year under review.

Dividends

Since the end of the previous financial year, the Company paid:

i) an interim dividend of 5 sen per ordinary share less tax at 25% totalling RM4,037,000 (3.75 sen net per ordinary share) in respect of the year ended 31 December 2009 on 15 January 2010;

ii) a final dividend of 5 sen per ordinary share less tax at 25% totalling RM4,037,000 (3.75 sen net per ordinary share) in respect of the year ended 31 December 2009 on 5 July 2010;

iii) a special dividend of 10 sen per ordinary share less tax at 25% totalling RM8,073,000 (7.50 sen net per ordinary share) in respect of the year ended 31 December 2009 on 5 July 2010; and

iv) an interim dividend of 6 sen per ordinary share less tax at 25% totalling RM4,844,000 (4.50 sen net per ordinary share) in respect of the year ended 31 December 2010 on 15 December 2010.

The final and special dividends recommended by the Directors in respect of the year ended 31 December 2010 is 5 sen per ordinary share and 15 sen per ordinary share respectively less tax at 25% totalling RM4,037,000 (3.75 sen net per ordinary share) and RM12,110,000 (11.25 sen net per ordinary share) respectively.

Directors of the Company

Directors who served since the date of the last report are:

Tan Sri Dato' Seri Arshad bin Ayub
Teh Wee Chye
Dato' Hj Shaharuddin bin Hj Haron
Geh Cheng Hooi
Quah Ban Lee
Datuk Oh Chong Peng
Thong Kok Mun
Lim Pang Boon
Dato' Wira Zainal Abidin bin Mahamad Zain

Directors' interests

The interests and deemed interests in the ordinary shares and options of the Company and of its related companies (other than wholly-owned subsidiaries) of those who were Directors at year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares of RM1 each			
	At 1.1.2010	Bought	Sold	At 31.12.2010
Company – Malayan Flour Mills Berhad				
Direct interest				
Teh Wee Chye	456,500	-	-	456,500
Tan Sri Dato' Seri Arshad bin Ayub	4,614,685	38,700	-	4,653,385
Dato' Hj Shaharuddin bin Hj Haron	400,000	-	-	400,000
Quah Ban Lee	235,000	-	-	235,000
Lim Pang Boon	41,800	-	-	41,800

Directors' interests (cont'd)

	Number of ordinary shares of RM1 each			
	At 1.1.2010	Bought	Sold	At 31.12.2010
Company – Malayan Flour Mills Berhad (cont'd)				
Deemed interest				
Teh Wee Chye				
- own	29,858,483	-	-	29,858,483
- others *	12,000	-	-	12,000
Tan Sri Dato' Seri Arshad bin Ayub	2,776,400	147,600	-	2,924,000
Geh Cheng Hooi	158,000	81,000	-	239,000
Thong Kok Mun				
- others *	118,000	2,000	-	120,000
Deemed interest in subsidiary company				
- Dindings Soya & Multifeeds Sdn. Berhad				
Teh Wee Chye	29,185,000	-	-	29,185,000
- Muda Fibre Manufacturing Sdn. Bhd.				
Teh Wee Chye	7,000,001	-	-	7,000,001
- Dindings Poultry Processing Sdn. Bhd.				
Teh Wee Chye	51,160,000	-	-	51,160,000
- Premier Grain Sdn. Bhd.				
Teh Wee Chye	20,000	10,180,000	-	10,200,000

	Interest in capital contribution denominated in Vietnamese Dong (VND)			
	At 1.1.2010 VND'000	Bought VND'000	Sold VND'000	At 31.12.2010 VND'000
- Vimaflour Limited				
Teh Wee Chye	149,310,144	-	-	149,310,144

* Deemed to have interest through spouse and children pursuant to the Section 134(12)(c) of the Companies Act, 1965.

By virtue of his interest in the shares of the Company, Mr. Teh Wee Chye is also deemed interested in the shares of the subsidiaries during the financial year to the extent that Malayan Flour Mills Berhad has an interest.

None of the other Directors holding office at 31 December 2010 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

Directors' benefits

Since the end of the previous financial year, no Director has received nor become entitled to receive any benefits (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with a Director or with a firm of which a Director is a member, or with a company in which the Director has a substantial financial interest other than a Director who has significant financial interests in companies which traded with certain companies in the Group in the ordinary course of business as disclosed in Note 25 to the financial statements.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Issue of shares

There were no changes in the authorised, issued and paid-up capital of the Company during the financial year.

Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company during the financial year.

Other statutory information

Before the balance sheets and income statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

i) all known bad debts have been written off and adequate provision made for doubtful debts, and

ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

i) that would render the amount written off for bad debts, or the amount of the provision for doubtful debts, in the Group and in the Company inadequate to any substantial extent, or

ii) that would render the value attributed to the current assets in the Group and in the Company financial statements misleading, or

iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or

iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

Other statutory information (cont'd)

At the date of this report, there does not exist:

i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or

ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, other than the impairment loss of property, plant and equipment and insurance recoveries as disclosed in Note 3 and Note 16 respectively to the financial statements, the financial performance of the Group and of the Company for the financial year ended 31 December 2010 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Auditors

The auditors, Messrs KPMG, have indicated their willingness to accept re-appointment.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

Tan Sri Dato' Seri Arshad bin Ayub

Teh Wee Chye

Kuala Lumpur
30 March 2011

Balance Sheets

at 31 December 2010

	Note	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Assets					
Property, plant and equipment	3	224,222	198,095	113,764	92,377
Intangible assets	4	1,903	2,580	409	623
Investment properties	5	5,562	5,619	5,291	5,348
Investments in subsidiaries	6	-	-	234,930	149,323
Investments in an associate	7	-	143	-	-
Other investments	8	-	94	-	60
Deferred tax assets	9	4,131	2,596	-	-
Total non-current assets		235,818	209,127	354,394	247,731
Trade and other receivables	10	229,065	193,210	87,647	154,733
Prepayments and other assets		3,825	2,544	1,174	1,313
Inventories	11	324,940	249,184	96,775	100,027
Current tax assets		90	94	-	-
Cash and cash equivalents	12	221,974	142,179	32,201	26,306
Total current assets		779,894	587,211	217,797	282,379
Total assets		1,015,712	796,338	572,191	530,110
Equity					
Share capital		107,645	107,645	107,645	107,645
Reserves		361,428	317,790	278,871	254,757
Total equity attributable to owners of the Company		469,073	425,435	386,516	362,402
Minority interests		53,762	39,340	-	-
Total equity	13	522,835	464,775	386,516	362,402
Liabilities					
Deferred tax liabilities	9	7,100	7,200	7,100	7,200
Total non-current liabilities		7,100	7,200	7,100	7,200
Trade and other payables including derivatives	14	87,407	84,895	62,959	26,585
Loans and borrowings	15	385,172	229,439	113,995	127,500
Current tax liabilities		13,198	5,992	1,621	2,386
Dividend payable		-	4,037	-	4,037
Total current liabilities		485,777	324,363	178,575	160,508
Total liabilities		492,877	331,563	185,675	167,708
Total equity and liabilities		1,015,712	796,338	572,191	530,110

The notes set out on pages 48 to 99 are an integral part of these financial statements.

Income Statements

for the year ended 31 December 2010

	Note	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Revenue		1,555,091	1,201,053	363,809	388,030
Cost of goods sold		(1,317,134)	(1,010,891)	(282,588)	(290,856)
Gross profit		237,957	190,162	81,221	97,174
Other income		21,153	6,620	41,446	8,036
Distribution and selling expenses		(78,750)	(67,519)	(30,124)	(28,956)
Administrative expenses		(33,596)	(25,083)	(18,862)	(13,130)
Other expenses		(20,635)	(7,375)	(18,066)	(219)
Results from operating activities		126,129	96,805	55,615	62,905
Interest expense		(8,136)	(9,870)	(3,309)	(4,454)
Interest income		10,043	5,275	737	555
Operating profit	16	128,036	92,210	53,043	59,006
Share of loss of equity accounted associate, net of tax		(143)	(176)	-	-
Profit before tax		127,893	92,034	53,043	59,006
Tax expense	18	(27,567)	(19,753)	(11,975)	(15,711)
Profit for the year		100,326	72,281	41,068	43,295
Profit attributable to:					
Owners of the Company		84,824	62,879	41,068	43,295
Minority interests		15,502	9,402	-	-
Profit for the year		100,326	72,281	41,068	43,295
Basic earnings per ordinary share (sen)	19	78.80	58.41		

The notes set out on pages 48 to 99 are an integral part of these financial statements.

Statements of Comprehensive Income

for the year ended 31 December 2010

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Profit for the year	100,326	72,281	41,068	43,295
Other comprehensive income for the year, net of tax				
Foreign currency translation differences for foreign operations	(29,081)	(11,864)	-	-
Total comprehensive income for the year	71,245	60,417	41,068	43,295
Total comprehensive income attributable to:				
Owners of the Company	60,592	52,896	41,068	43,295
Minority interests	10,653	7,521	-	-
Total comprehensive income for the year	71,245	60,417	41,068	43,295

The notes set out on pages 48 to 99 are an integral part of these financial statements.

Statement of Changes in Equity

for the year ended 31 December 2010

Group	Note	Share capital RM'000	Share premium RM'000	Revaluation reserve RM'000	Other capital reserves RM'000	Translation reserve RM'000	Retained earnings RM'000	Total RM'000	Minority interests RM'000	Total equity RM'000
		Attributable to owners of the Company								
		Non-distributable					Distributable			
At 1 January 2009		107,645	55,862	17,067	14,608	(19,440)	212,944	388,686	33,571	422,257
Total comprehensive income for the year		-	-	-	-	(9,983)	62,879	52,896	7,521	60,417
Acquisition of minority interest		-	-	-	-	-	-	-	(6)	(6)
Dividends to owners of the Company	20	-	-	-	-	-	(16,147)	(16,147)	-	(16,147)
Dividends to minority interests		-	-	-	-	-	-	-	(1,746)	(1,746)
At 31 December 2009		107,645	55,862	17,067	14,608	(29,423)	259,676	425,435	39,340	464,775

Statement of Changes in Equity *(cont'd)*

for the year ended 31 December 2010

		Attributable to owners of the Company								
		Non-distributable					Distributable			
Group	**Note**	**Share capital RM'000**	**Share premium RM'000**	**Revaluation reserve RM'000**	**Other capital reserves RM'000**	**Translation reserve RM'000**	**Retained earnings RM'000**	**Total RM'000**	**Minority interests RM'000**	**Total equity RM'000**
At 1 January 2010		107,645	55,862	17,067	14,608	(29,423)	259,676	425,435	39,340	464,775
Total comprehensive income for the year		-	-	-	-	(24,232)	84,824	60,592	10,653	71,245
Dividends to owners of the Company	20	-	-	-	-	-	(16,954)	(16,954)	-	(16,954)
Dividends to minority interests		-	-	-	-	-	-	-	(6,031)	(6,031)
Realisation of revaluation reserve		-	-	(785)	-	-	785	-	-	-
Shares issued to minority interests		-	-	-	-	-	-	-	9,800	9,800
At 31 December 2010		107,645	55,862	16,282	14,608	(53,655)	328,331	469,073	53,762	522,835

Statement of Changes in Equity *(cont'd)*

for the year ended 31 December 2010

Company	Note	← Non-distributable Share capital RM'000	Share premium RM'000	→ Revaluation reserves RM'000	Distributable Retained earnings RM'000	Total equity RM'000
At 1 January 2009		107,645	55,862	17,067	154,680	335,254
Total comprehensive income for the year		-	-	-	43,295	43,295
Dividends to owners of the Company	20	-	-	-	(16,147)	(16,147)
At 31 December 2009/ 1 January 2010		107,645	55,862	17,067	181,828	362,402
Total comprehensive income for the year		-	-	-	41,068	41,068
Realisation of revaluation reserves		-	-	(785)	785	-
Dividends to owners of the Company	20	-	-	-	(16,954)	(16,954)
At 31 December 2010		107,645	55,862	16,282	206,727	386,516

The notes set out on pages 48 to 99 are an integral part of these financial statements.

Statements of Cash Flows

for the year ended 31 December 2010

	Note	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Cash flows from operating activities					
Profit before tax		127,893	92,034	53,043	59,006
Adjustments for:					
Amortisation of intangible assets	4	648	1,224	346	907
Depreciation of investment properties	5	57	57	57	57
Depreciation of property, plant and equipment	3	16,418	16,575	5,993	5,768
Dividend income		-	-	(23,980)	(4,554)
Gain on disposal of property, plant and equipment		(369)	(499)	(88)	(60)
Impairment loss on property, plant and equipment		17,015	1,613	17,015	-
Impairment loss on other investments	8	60	-	60	-
Intangible assets written off		104	3	3	3
Interest expense		8,136	9,870	3,309	4,454
Interest income		(10,043)	(5,275)	(737)	(555)
Property, plant and equipment written off		-	53	65	9
Share of loss of equity accounted associate		143	176	-	-
Net unrealised (gain)/loss on foreign exchange		(3,256)	842	-	-
Operating profit before changes in working capital		156,806	116,673	55,086	65,035
Changes in working capital:					
Inventories		(84,280)	27,524	3,252	4,927
Trade and other payables		6,203	6,572	36,374	(45,472)
Trade and other receivables, prepayments and other assets		(43,866)	2,937	(8,196)	24,019
Cash generated from operations		34,863	153,706	86,516	48,509
Interest paid		(8,136)	(9,870)	(3,309)	(4,454)
Interest received		10,043	5,275	737	555
Tax paid		(21,628)	(15,053)	(12,840)	(15,302)
Net cash generated from operating activities		15,142	134,058	71,104	29,308

Statements of Cash Flows *(cont'd)*

for the year ended 31 December 2010

	Note	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Cash flows from investing activities					
Acquisition of intangible assets	4	(331)	(589)	(135)	(337)
Acquisition of minority interest		-	(6)	-	-
Acquisition of property, plant and equipment	3	(67,271)	(23,457)	(44,487)	(14,814)
Dividend income		-	-	23,980	4,554
Increase in investment in a subsidiary		-	-	(10,186)	(7)
Proceeds from disposal of property, plant and equipment		610	1,207	115	186
Proceeds from disposal of other investments		29	18	-	-
Net cash used in investing activities		(66,963)	(22,827)	(30,713)	(10,418)
Cash flows from financing activities					
Dividends paid to minority shareholders		(6,031)	(4,867)	-	-
Dividends paid to owners of the Company		(20,991)	(16,147)	(20,991)	(16,147)
Proceeds from/(Repayment of) loans and borrowings		165,460	(48,831)	(13,505)	(17,365)
Subscription of shares in a subsidiary by minority interests		9,800	-	-	-
Net cash generated from/(used in) financing activities		148,238	(69,845)	(34,496)	(33,512)
Net increase/(decrease) in cash and cash equivalents		96,417	41,386	5,895	(14,622)
Effect of exchange rate fluctuations on cash held		(16,622)	(3,263)	-	-
Cash and cash equivalents at 1 January	(i)	142,179	104,056	26,306	40,928
Cash and cash equivalents at 31 December	(i)	221,974	142,179	32,201	26,306

i) *Cash and cash equivalents*

Cash and cash equivalents included in the cash flow statements comprise the following balance sheets amounts:

		Group		Company	
	Note	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Deposits placed with licensed banks	12	187,136	100,826	12,800	17,000
Cash and bank balances	12	34,838	41,353	19,401	9,306
		221,974	142,179	32,201	26,306

The notes set out on pages 48 to 99 are an integral part of these financial statements.

Notes to the Financial Statements

Malayan Flour Mills Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of the Bursa Malaysia Securities Berhad. The address of its registered office, which is also its principal place of business is as follow:

Registered office and principal place of business

22nd Floor, Wisma MCA
Jalan Ampang
50450 Kuala Lumpur

The consolidated financial statements of the Company as at and for the year ended 31 December 2010 comprise the Company and its subsidiaries and the Group's interest in an associate.

The Company is principally engaged in the business of milling and selling wheat flour and trading in grains and other allied products, whilst the principal activities of the subsidiaries are as stated in Note 6 to the financial statements.

The financial statements were approved by the Board of Directors on 30 March 2011.

1. Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with Financial Reporting Standards (FRSs), generally accepted accounting principles and the Companies Act, 1965 in Malaysia.

The Group and the Company have not applied the following accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective:

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 March 2010

- *Amendments to FRS 132, Financial Instruments: Presentation – Classification of Rights Issues*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2010

- FRS 1, *First-time Adoption of Financial Reporting Standards* (revised)
- FRS 3, *Business Combinations* (revised)
- FRS 127, *Consolidated and Separate Financial Statements* (revised)
- Amendments to FRS 2, *Share-based Payment*
- Amendments to FRS 5, *Non-current Assets Held for Sale and Discontinued Operations*
- Amendments to FRS 138, *Intangible Assets*
- IC Interpretation 12, *Service Concession Agreements*
- IC Interpretation 16, *Hedges of a Net Investment in a Foreign Operation*
- IC Interpretation 17, *Distributions of Non-cash Assets to Owners*
- Amendments to IC Interpretation 9, *Reassessment of Embedded Derivatives*

1. Basis of preparation (cont'd)

(a) Statement of compliance (cont'd)

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2011

- Amendments to FRS 1, *First-time Adoption of Financial Reporting Standards – Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters – Additional Exemptions for First-time Adopters*
- Amendments to FRS 2, *Group Cash-settled Share Based Payment Transactions*
- Amendments to FRS 7, *Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments*
- IC Interpretation 4, *Determining whether an Arrangement contains a Lease*
- IC Interpretation 18, *Transfers of Assets from Customers*
- Improvements to FRSs (2010)

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2011

- IC Interpretation 19, *Extinguishing Financial Liabilities with Equity Instruments*
- Amendments to IC Interpretation 14, *Prepayments of a Minimum Funding Requirement*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2012

- FRS 124, *Related Party Disclosures* (revised)
- IC Interpretation 15, *Agreements for the Construction of Real Estate*

The Group and the Company plan to apply the abovementioned standards, amendments and interpretations, where applicable, from the annual period beginning 1 January 2011 for those standards, amendments or interpretations that will be effective for annual periods beginning on or after 1 March 2010, 1 July 2010 and 1 January 2011.

The initial application of a standard, an amendment or an interpretation, which will be applied prospectively or which requires extended disclosures, is not expected to have any financial impacts to the current and prior periods financial statements upon their first adoption other than expected changes in accounting policies as discussed below:

FRS 3, *Business Combinations* (revised)

FRS 3 (revised) incorporates the following changes that are likely to be relevant to the Group's operations:

- The definition of a business has been broadened, which is likely to result in more acquisitions being treated as business combinations.
- Contingent consideration will be measured at fair value, with subsequent changes therein recognised in the income statements.
- Transaction costs, other than share and debt issue costs, will be expensed as incurred.
- Any pre-existing interest in the acquiree will be measured at fair value with the gain or loss recognised in the income statements.
- Any minority (will be known as non-controlling) interest will be measured at either fair value, or at its proportionate interest in the identifiable assets and liabilities of the acquiree, on a transaction-by-transaction basis.

FRS 3 (revised), which becomes mandatory for the Group's 2011 consolidated financial statements, will be applied prospectively and therefore there will be no impact on prior periods in the Group's consolidated financial statements.

1. Basis of preparation (cont'd)

(a) Statement of compliance (cont'd)

FRS 127, *Consolidated and Separate Financial Statements* (revised)

- The amendments to FRS 127 (revised) require changes in group composition to be accounted for as equity transactions between the group and its minority (will be known as non-controlling) interest holders. Currently, changes in group composition are accounted for in accordance with the accounting policies as described in Note 2(a)(iii).
- The amendments to FRS 127 (revised) require all losses attributable to minority interest to be absorbed by minority interest i.e., the excess and any further losses exceeding the minority interest in the equity of a subsidiary are no longer charged against the Group's interest. Currently, such losses are accounted for in accordance with the accounting policies as described in Note 2(a)(iv).

The above changes in accounting policies are not expected to have material impacts to the Group.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (RM), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have a significant effect on the amounts recognised in the financial statements.

2. Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements, and have been applied consistently by Group entities, other than those disclosed in Note 2(c) - Financial instruments.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including unincorporated entities, controlled by the Group. Control exists when the Group has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. Subsidiaries are consolidated using the purchase method of accounting.

Under the purchase method of accounting, the financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Investments in subsidiaries are stated in the Company's balance sheet at cost less any impairment losses, unless the investment is held for sale.

(ii) Associates

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Investment in an associate is accounted for in the consolidated financial statements using the equity method less any impairment losses, unless it is classified as held for sale or included in a disposal group that is classified as held for sale. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the equity accounted associates, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an equity accounted associate, the carrying amount of that interest including any long-term investments is reduced to nil, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Investment in an associate is stated in the Company's balance sheet at cost less any impairment losses, unless the investment is classified as held for sale.

(iii) Changes in Group composition

The Group treats all changes in group composition as equity transactions between the Group and its minority interests holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

2. Significant accounting policies (cont'd)

(a) Basis of consolidation (cont'd)

(iv) Minority interest

Minority interest at the balance sheet date, being the portion of the net identifiable assets of subsidiaries attributable to equity interest that are not owned by the Company, whether directly or indirectly through subsidiaries, are presented in the consolidated balance sheet and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Minority interest in the results of the Group are presented on the face of the consolidated income statement and statement of comprehensive income as an allocation of the comprehensive income for the year between minority interests and the owners of the Company.

Where losses applicable to the minority exceed the minority's interest in the equity of a subsidiary, the excess, and any further losses applicable to the minority, are charged against the Group's interest except to the extent that the minority has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequently report profits, the Group's interest is allocated with all such profits until the minority's share of losses previously absorbed by the Group has been recovered.

(v) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency and the amortised cost in foreign currency translated at the exchange rate at the balance sheet date.

2. Significant accounting policies (cont'd)

(b) Foreign currency (cont'd)

(i) Foreign currency transactions (cont'd)

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the balance sheet date except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in the income statements.

(ii) Operations denominated in functional currencies other than Ringgit Malaysia (RM)

The assets and liabilities of operations in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the balance sheet date. The income and expenses of foreign operations are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve (FCTR). When a foreign operation is disposed of, in part or in full, the relevant amount in the FCTR is transferred to the consolidated income statement as part of the profit or loss on disposal.

When settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented within equity in the FCTR.

(c) Financial instruments

Arising from the adoption of FRS 139, *Financial Instruments: Recognition and Measurement*, with effect from 1 January 2010, financial instruments are categorised and measured using accounting policies as mentioned below. Before 1 January 2010, different accounting policies were applied. Significant changes to the accounting policies are discussed in Note 26.

(i) Initial recognition and measurement

A financial instrument is recognised in the financial statements when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

2. Significant accounting policies (cont'd)

(c) Financial instruments (cont'd)

(i) Initial recognition and measurement (cont'd)

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

(ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

(a) Loans and receivables

Loans and receivables category comprises trade and other receivables and cash and cash equivalents. Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

(b) Available-for-sale financial assets

Available-for-sale category comprises investment in equity and debt securities instruments that are not held for trading.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Other financial assets categorised as available-for-sale are subsequently measured at their fair values with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair value hedges which are recognised in the income statements. On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into the income statements. Interest calculated for a debt instrument using the effective interest method is recognised in the income statements.

All financial assets are subject to review for impairment (see Note 2(k)(i)).

2. Significant accounting policies (cont'd)

(c) Financial instruments (cont'd)

(ii) Financial instrument categories and subsequent measurement (cont'd)

Financial liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition.

Financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with gain or loss recognised in the income statements.

(iii) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in the income statements.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the income statements.

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are stated at cost / valuation less accumulated depreciation and accumulated impairment losses.

The Group has availed itself to the transitional provision when the MASB first adopted IAS 16, Property, Plant and Equipment in 1998. Certain properties were revalued in 1983 and no later valuation has been recorded for these property, plant and equipment, except in the case of impairment adjustments based on a valuation.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

2. Significant accounting policies (cont'd)

(d) Property, plant and equipment (cont'd)

(i) Recognition and measurement (cont'd)

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income" or "other expenses" respectively in the income statements. When revalued assets are derecognised, the amounts included in the revaluation surplus reserve are transferred to retained earnings.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised to the income statements. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statements as incurred.

(iii) Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognised in the income statements on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

2. Significant accounting policies (cont'd)

(d) Property, plant and equipment (cont'd)

(iii) Depreciation (cont'd)

The estimated useful lives for the current and comparative periods are as follows:

• leasehold land	30 to 99 years
• buildings and jetty	10 and 50 years or over lease period, whichever is shorter
• plant, machinery, fixtures and equipment	4 and 10 years
• motor vehicles and boats	5 and 10 years

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate at the balance sheet date.

(e) Leased assets

(i) Finance lease

Leases in terms of which the Group or the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

(ii) Operating lease

Leases, where the Group does not assume substantially all the risks and rewards of the ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the balance sheets. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property.

In the previous year, the Group has early adopted the amendments made to FRS 117, *Leases* which is effective for the period beginning on 1 January 2010 in relation to the classification of lease of land. Leasehold land which is in substance a finance lease had been reclassified and measured as such retrospectively.

Payments made under operating leases are recognised in the income statements on a straight-line basis over the term of lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

2. Significant accounting policies (cont'd)

(f) Intangible assets

(i) Computer software

Computer software acquired by the Group is stated at cost less accumulated amortisation and any accumulated impairment losses.

The cost capitalised includes expenditures that are directly attributable to the acquisition of the software licenses and any other development costs directly attributable to the preparation of the computer software for its intended use.

(ii) Subsequent expenditure

Subsequent expenditure on computer software is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in the income statements as incurred.

(iii) Amortisation

Amortisation of computer software is recognised in the income statements on a straight-line basis over its estimated useful lives. Computer software is amortised from the date that it is available for use.

The estimated useful life of computer software is 4 years.

Amortisation methods, useful lives and residual values are reviewed at the balance sheet date and adjusted, if appropriate.

(g) Investment properties

(i) Investment properties carried at cost

Investment properties are properties which are owned to earn rental income or for capital appreciation or for both but not for sale in the ordinary course of business, used in the production or supply of goods or services or for administrative purposes. These include land (other than leasehold land) held for a currently undetermined future use. Properties that are occupied by the companies in the Group are accounted for as owner-occupied rather than as investment properties.

Investment properties are stated at cost less any accumulated depreciation and any accumulated impairment losses, consistent with the accounting policy for property, plant and equipment as stated in accounting policy Note 2(d).

Depreciation is charged to the income statements on a straight-line basis over the estimated useful lives of 50 years for buildings. Freehold land is not depreciated.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in the income statements in the period in which the item is derecognised.

2. Significant accounting policies (cont'd)

(g) Investment properties (cont'd)

(ii) Determination of fair value

The Directors estimate the fair values of the Group's investment properties without the involvement of independent valuers.

The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

In the absence of current prices in an active market, the valuations are prepared by considering the aggregate of the estimated cash flows expected to be received from renting out the property. A yield that reflects the specific risks inherent in the net cash flows is then applied to the net annual cash flows to arrive at the property valuation.

(h) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is measured based on the weighted average cost formula and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of semi-processed goods and finished goods, cost includes an appropriate share of production overheads based on normal operating capacity.

Cost of broiler inventories includes original purchase price of day-old chicks plus all growing costs. Growing costs include cost of feed, direct labour and an appropriate portion of farm overheads.

Cost of hatching eggs includes costs of direct materials, direct labour and a proportion of overhead cost incurred to maintain the layer during their egg laying stage.

Poultry parent inventories are stated at depreciated cost after accounting for its net realisable value at the end of its useful life. Cost includes original purchase price of breeder birds plus a proportion of assigned growing costs. Assigned growing costs include cost of feeds, direct labour and an appropriate portion of farm overheads.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(i) Receivables

Prior to 1 January 2010, receivables were initially recognised at their costs and subsequently stated at cost less allowance for doubtful debts.

Following the adoption of FRS 139, receivables are categorised and measured as loans and receivables in accordance with Note 2(c).

2. Significant accounting policies (cont'd)

(j) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value.

Cash and cash equivalents (other than bank overdrafts) are categorised and measured as loans and receivables in accordance with Note 2(c).

(k) Impairment

(i) Financial assets

All financial assets (except for investments in subsidiaries and investment in an associate) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment.

An impairment loss in respect of loans and receivables is recognised in the income statements and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of available-for-sale financial assets is recognised in the income statements and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in the other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity and recognised to the income statements.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the income statements, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in the income statements.

2. Significant accounting policies (cont'd)

(k) Impairment (cont'd)

(ii) Non-financial assets

The carrying amounts of non-financial assets (except for inventories and deferred tax assets) are reviewed at each reporting date to determine whether there is any indication of impairment.

If any such indication exists, then the asset's recoverable amount is estimated. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or group of assets (the "cash-generating unit").

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount, unless the asset is carried at a revalued amount, in which case the impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. Impairment losses are recognised in the income statements. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (groups of units) on a pro rata basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Reversals of impairment losses are credited to the income statements in the year in which the reversals are recognised, unless it reverses an impairment loss on a revalued asset, in which case it is credited directly to revaluation surplus. Where an impairment loss on the same revalued asset was previously recognised in the income statements, a reversal of that impairment loss is also recognised in the income statements.

2. Significant accounting policies (cont'd)

(l) Loans and borrowings

Loans and borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statements over the period of the loans and borrowings using the effective interest method.

(m) Employee benefits

Short term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The Group's contributions to Employees Provident Fund are charged to the income statements in the year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

(n) Revenue and other income

(i) Goods sold

Revenue from sale of goods and services are measured at the fair value of the consideration receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

(ii) Rental income

Rental income from investment property is recognised in the income statements on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

Rental income from jetty is recognised at contractual rates based on the length of stay of vessel on an accrual basis.

(iii) Dividend income

Dividend income is recognised in the income statements on the date that the Company's right to receive payment is established.

2. Significant accounting policies (cont'd)

(o) Interest income and borrowing costs

Interest income is recognised as it accrues, using the effective interest method in the income statements.

All borrowing costs are recognised in the income statements using the effective interest method, in the period in which they are incurred.

(p) Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the income statements except to the extent that it relates to items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the balance sheet and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to apply to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax liability is recognised for all taxable temporary differences.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unutilised reinvestment allowance is treated as the tax base of the assets and is recognised as a reduction of tax expense as and when they are utilised.

(q) Earnings per share

The Group presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

2. Significant accounting policies (cont'd)

(r) Operating segments

In the previous year, a segment was a distinguishable component of the Group that was engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which was subject to risks and rewards that were different from those of other segments.

Following the adoption of FRS 8, *Operating Segments*, an operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

3. Property, plant and equipment

	Land RM'000	Buildings and jetty RM'000	Plant, machinery, fixtures and equipment RM'000	Motor vehicles and boats RM'000	Capital work-in-progress RM'000	Total RM'000
Group						
Cost/Valuation						
At 1 January 2009	22,094	207,264	261,695	30,686	14,034	535,773
Additions	-	2,884	5,272	2,255	13,046	23,457
Disposals	-	-	(449)	(3,409)	-	(3,858)
Write-off	-	(3,076)	(5,424)	(69)	-	(8,569)
Transfers	-	10,710	78	1,456	(12,244)	-
Effect of movements in exchange rate	(788)	(3,053)	(3,314)	(416)	-	(7,571)
At 31 December 2009/1 January 2010	21,306	214,729	257,858	30,503	14,836	539,232
Additions	1,982	3,072	9,876	3,139	49,202	67,271
Disposals	-	(317)	(450)	(2,622)	-	(3,389)
Write-off	-	(2,444)	(1,144)	(20)	-	(3,608)
Transfers	-	-	1,186	-	(1,186)	-
Effect of movements in exchange rates	(1,666)	(6,452)	(6,950)	(911)	-	(15,979)
At 31 December 2010	21,622	208,588	260,376	30,089	62,852	583,527
Representing items:						
- At cost	19,559	184,141	260,376	30,089	62,852	557,017
- At valuation	2,063	24,447	-	-	-	26,510
	21,622	208,588	260,376	30,089	62,852	583,527

3. Property, plant and equipment (cont'd)

	Land RM'000	Buildings and jetty RM'000	Plant, machinery, fixtures and equipment RM'000	Motor vehicles and boats RM'000	Capital work-in-progress RM'000	Total RM'000
Group						
Depreciation and impairment loss						
At 1 January 2009						
Accumulated depreciation	7,483	95,954	201,064	27,468	-	331,969
Accumulated impairment losses	-	1,720	4,728	-	-	6,448
	7,483	97,674	205,792	27,468	-	338,417
Charge for the year	601	4,920	9,620	1,434	-	16,575
Impairment loss	-	1,502	111	-	-	1,613
Disposals	-	-	(366)	(2,784)	-	(3,150)
Write-off	-	(3,076)	(5,374)	(66)	-	(8,516)
Transfers	-	-	(311)	311	-	-
Effect of movements in exchange rates	(292)	(918)	(2,214)	(378)	-	(3,802)
At 31 December 2009/1 January 2010						
Accumulated depreciation	7,792	97,190	202,721	25,985	-	333,688
Accumulated impairment losses	-	2,912	4,537	-	-	7,449
	7,792	100,102	207,258	25,985	-	341,137

3. Property, plant and equipment (cont'd)

	Land RM'000	Buildings and jetty RM'000	Plant, machinery, fixtures and equipment RM'000	Motor vehicles and boats RM'000	Capital work-in-progress RM'000	Total RM'000
Group						
Depreciation and impairment loss						
At 31 December 2009/1 January 2010						
Accumulated depreciation	7,792	97,190	202,721	25,985	-	333,688
Accumulated impairment losses	-	2,912	4,537	-	-	7,449
	7,792	100,102	207,258	25,985	-	341,137
Charge for the year	560	4,815	9,453	1,590	-	16,418
Impairment loss	-	17,015	-	-	-	17,015
Disposals	-	(317)	(393)	(2,438)	-	(3,148)
Write-off	-	(2,444)	(1,144)	(20)	-	(3,608)
Effect of movements in exchange rates	(654)	(2,106)	(4,977)	(772)	-	(8,509)
At 31 December 2010						
Accumulated depreciation	7,698	98,640	205,949	24,345	-	336,632
Accumulated impairment losses	-	18,425	4,248	-	-	22,673
	7,698	117,065	210,197	24,345	-	359,305
Carrying amounts						
At 1 January 2009	14,611	109,590	55,903	3,218	14,034	197,356
At 31 December 2009/1 January 2010	13,514	114,627	50,600	4,518	14,836	198,095
At 31 December 2010	13,924	91,523	50,179	5,744	62,852	224,222

3. Property, plant and equipment (cont'd)

	Land RM'000	Buildings and jetty RM'000	Plant, machinery, fixtures and equipment RM'000	Motor vehicles and boats RM'000	Capital work-in-progress RM'000	Total RM'000
Company						
Cost/Valuation						
At 1 January 2009	6,058	79,340	84,696	13,252	13,809	197,155
Additions	-	805	1,933	905	11,171	14,814
Disposals	-	-	(286)	(734)	-	(1,020)
Write-off	-	-	(2,281)	-	-	(2,281)
Transfers	-	10,671	1	-	(10,672)	-
At 31 December 2009/1 January 2010	6,058	90,816	84,063	13,423	14,308	208,668
Additions	-	563	4,683	1,376	37,865	44,487
Disposals	-	-	(155)	(575)	-	(730)
Write-off	-	(685)	(207)	-	-	(892)
Transfers	-	-	911	-	(911)	-
At 31 December 2010	6,058	90,694	89,295	14,224	51,262	251,533
Representing items:						
- At cost	3,995	66,247	89,295	14,224	51,262	225,023
- At valuation	2,063	24,447	-	-	-	26,510
At 31 December 2010	6,058	90,694	89,295	14,224	51,262	251,533

3. Property, plant and equipment (cont'd)

	Land RM'000	Buildings and jetty RM'000	Plant, machinery, fixtures and equipment RM'000	Motor vehicles and boats RM'000	Capital work-in-progress RM'000	Total RM'000
Company						
Depreciation and impairment loss						
At 1 January 2009	2,655	31,178	68,929	10,927	-	113,689
Charge for the year	169	1,804	2,868	927	-	5,768
Disposals	-	-	(272)	(622)	-	(894)
Write-off	-	-	(2,272)	-	-	(2,272)
At 31 December 2009/1 January 2010	2,824	32,982	69,253	11,232	-	116,291
Charge for the year	168	1,872	3,016	937	-	5,993
Impairment loss	-	17,015	-	-	-	17,015
Disposals	-	-	(129)	(574)	-	(703)
Write-off	-	(685)	(142)	-	-	(827)
At 31 December 2010						
Accumulated depreciation	2,992	34,169	71,998	11,595	-	120,754
Accumulated impairment losses	-	17,015	-	-	-	17,015
At 31 December 2010	2,992	51,184	71,998	11,595	-	137,769
Carrying amounts						
At 1 January 2009	3,403	48,162	15,767	2,325	13,809	83,466
At 31 December 2009/1 January 2010	3,234	57,834	14,810	2,191	14,308	92,377
At 31 December 2010	3,066	39,510	17,297	2,629	51,262	113,764

3. Property, plant and equipment (cont'd)

3.1 Impairment loss

The Group assessed the recoverable amount of all the property, plant and equipment and wrote down the carrying amount with respect of its buildings and jetty by RM17,015,000 (2009: RM1,613,000) based on their recoverable scrap values. The impairment loss is recognised in other expenses.

3.2 Property, plant and equipment under the revaluation model

The Company's buildings and jetty were revalued on 1 January 1983 by independent professionally qualified valuers using an open market value method.

The Company has availed itself to the transitional provision when the MASB first issued FRS 116_{2004}, *Property, Plant and Equipment* in 2000. Due to the absence of historical records, the Group is not able to provide the carrying amounts of the revalued buildings and jetty had they been carried under the cost model.

3.3 Land

Included in the carrying amounts of land are:

	2010 RM'000	2009 RM'000
Group		
Freehold land	1,346	1,346
Short term leasehold land	8,694	8,098
Long term leasehold land	3,884	4,070
	13,924	13,514
Company		
Long term leasehold land	3,066	3,234

Legal title to certain leasehold land of the Group with a carrying amount of RM1,091,000 (2009: RM1,747,000) have not been transferred to the respective subsidiaries.

4. Intangible assets

	Computer softwares Group RM'000	Computer softwares Company RM'000
Cost		
At 1 January 2009	9,276	5,366
Additions	589	337
Write-off	(436)	(436)
Effect of movements in exchange rates	(725)	-
At 31 December 2009/1 January 2010	8,704	5,267
Additions	331	135
Write-off	(543)	(8)
Effect of movements in exchange rates	(433)	-
At 31 December 2010	8,059	5,394
Amortisation		
At 1 January 2009	5,937	4,170
Amortisation for the year	1,224	907
Write-off	(433)	(433)
Effect of movements in exchange rates	(604)	-
At 31 December 2009/1 January 2010	6,124	4,644
Amortisation for the year	648	346
Write-off	(439)	(5)
Effect of movements in exchange rates	(177)	-
At 31 December 2010	6,156	4,985
Carrying amounts		
At 1 January 2009	3,339	1,196
At 31 December 2009/1 January 2010	2,580	623
At 31 December 2010	1,903	409

4.1 Intangible assets

Intangible assets principally comprise expenditure that are directly attributable to the acquisition of software licences and any other development costs directly attributable to the preparation of the computer software for its intended use.

4.2 Amortisation

The amortisation is allocated to the income statements on a straight-line basis over the intangible assets' estimated useful lives.

5. Investment properties

	Freehold land RM'000	Buildings RM'000	Total RM'000
Group			
Cost/Valuation			
At 1 January 2009/31 December 2009/ 31 December 2010	3,943	2,836	6,779
Representing items:			
- At cost	369	1,096	1,465
- At valuation	3,574	1,740	5,314
	3,943	2,836	6,779
Depreciation			
At 1 January 2009	-	1,103	1,103
Depreciation for the year	-	57	57
At 31 December 2009/1 January 2010	-	1,160	1,160
Depreciation for the year	-	57	57
At 31 December 2010	-	1,217	1,217
Carrying amounts			
At 1 January 2009	3,943	1,733	5,676
At 31 December 2009/1 January 2010	3,943	1,676	5,619
At 31 December 2010	3,943	1,619	5,562

5. Investment properties (cont'd)

	Freehold land RM'000	Buildings RM'000	Total RM'000
Company			
Cost/Valuation			
At 1 January 2009/31 December 2009/ 31 December 2010	3,672	2,836	6,508
Representing items:			
- At cost	98	1,096	1,194
- At valuation	3,574	1,740	5,314
	3,672	2,836	6,508
Depreciation			
At 1 January 2009	-	1,103	1,103
Depreciation for the year	-	57	57
At 31 December 2009/1 January 2010	-	1,160	1,160
Depreciation for the year	-	57	57
At 31 December 2010	-	1,217	1,217
Carrying amounts			
At 1 January 2009	3,672	1,733	5,405
At 31 December 2009/1 January 2010	3,672	1,676	5,348
At 31 December 2010	3,672	1,619	5,291

The fair value of the investment properties for the Group and the Company as at 31 December 2010 approximate RM33,871,000 (2009: RM29,400,000) and RM33,321,000 (2009: RM28,800,000) respectively.

5. Investment properties (cont'd)

The following are recognised in the income statements in respect of investment properties:

	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Rental income	205	199	241	235
Direct operating expenses of investment properties:				
- revenue generating investment properties	43	43	51	51

Certain investment properties were revalued on 1 January 1983 by independent professionally qualified valuers using the open market value method.

The Group has availed itself to the transitional provision when the MASB first issued FRS 116_{2004}, *Property, Plant and Equipment* in 2000. Due to the absence of historical records, the Group is not able to provide the carrying amounts of the revalued freehold land and buildings had they been carried under the cost model.

6. Investments in subsidiaries

	Company 2010 RM'000	Company 2009 RM'000
Unquoted shares at cost	288,997	203,390
Less: Accumulated impairment losses	(54,067)	(54,067)
	234,930	149,323

During the year, the Company subscribed 10,180,000 new ordinary shares of RM1 each in Premier Grain Sdn. Bhd. ("PGR") for a cash consideration of RM10,180,000. Dindings Poultry Processing Sdn. Bhd., a subsidiary which previously owned 51% of PGR disposed its shares to the Company at RM6,446 during the year. The effective ownership interest in PGR decreased from 97% to 51%.

During the year, the Company considered the advances to Dindings Poultry Processing Sdn. Bhd. and Dindings Poultry Development Centre Sdn. Bhd. of RM49,196,000 and RM26,225,000, respectively as a capital contribution to subsidiaries as repayments of these amounts are neither fixed nor expected in the near term.

The impairment recognised represents the allowance made to adjust the carrying amount of the investment in certain subsidiaries to their estimated recoverable amount.

6. Investments in subsidiaries (cont'd)

The subsidiaries, all of which are incorporated in Malaysia except as disclosed otherwise, comprise:

Name of subsidiary	Principal activities	Effective ownership interest 2010 %	Effective ownership interest 2009 %
Dindings Soya & Multifeeds Sdn. Berhad	Manufacture and sale of animal feeds and related raw materials	70	70
Syarikat Pengangkutan Lumut Sdn. Bhd.	Transport management. The Company ceased its operations in 2006	100	100
Dindings Poultry Processing Sdn. Bhd.	Processing and sale of poultry products	95	95
Dindings Broiler Breeder Farm Sdn. Bhd.	Breeding and sale of day-old chicks	100	100
MFM Feedmill Sdn. Bhd.	Manufacture and sale of animal feeds and sale of related raw materials	100	100
Dindings Poultry Development Centre Sdn. Bhd.	Poultry grow-out farm, purchase and contract farming of poultry for resale	100	100
Semakin Dinamik Sdn. Bhd.	Breeding and sale of day-old chicks and eggs	100	100
Vimaflour Limited* (incorporated in Vietnam)	Milling and selling wheat flour together with its allied products	70	70
Muda Fibre Manufacturing Sdn. Bhd.	Manufacture and sale of polypropylene and polyethylene woven bags and its allied products. The Company ceased its operations in 2004	60	60
MFM International Ltd. (incorporated in British Virgin Islands) #	Investment holding	100	100

6. Investments in subsidiaries (cont'd)

Name of subsidiary	Principal activities	Effective ownership interest 2010 %	2009 %
MFM Property Sdn. Bhd.	Dormant	100	100
Dindings Grand Parent Farm Sdn. Bhd.	Dormant	100	100
MFM Ltd.	Dormant	100	100
Premier Grain Sdn. Bhd.	Trading in corn, soyabean meal and other feed ingredients. The Company commenced its operations on 1 April 2010.	51	97**
Subsidiary of MFM International Ltd.			
Mekong Flour Mills Ltd.* (incorporated in Vietnam)	Milling and selling wheat flour together with its allied products	100	100

* Audited by other member firms of KPMG International
** In the previous year, 51% direct interest was held through Dindings Poultry Processing Sdn. Bhd.
# Not audited by KPMG

7. Investment in an associate

	Group 2010 RM'000	2009 RM'000
Unquoted shares at cost	2,800	2,800
Share of post-acquisition reserves	(2,800)	(2,657)
	-	143

7. Investment in an associate (cont'd)

Summary financial information for an associate, not adjusted for the percentage ownership held by the Group:

	Country incorporation	Effective ownership interest %	Revenues (100%) RM'000	Loss (100%) RM'000	Total assets (100%) RM'000	Total liabilities (100%) RM'000
2010						
Fongcheng Enterprises Sendirian Berhad +	Malaysia	28	76,931	(80)	6,571	(6,293)
2009						
Fongcheng Enterprises Sendirian Berhad +	Malaysia	28	73,763	(440)	7,366	(7,009)

+ Held through Dindings Soya & Multifeeds Sdn. Berhad

8. Other investments

	Group RM'000	Company RM'000
2010		
Non-current		
Available-for-sale financial assets		
- Unquoted shares in Malaysia	60	60
- Unquoted shares outside Malaysia	5,082	5,082
	5,142	5,142
Less: Accumulated impairment losses	(5,142)	(5,142)
	-	-
2009		
Non-current		
At cost :		
Unquoted shares in Malaysia	60	60
Unquoted shares outside Malaysia	5,116	5,082
Less: Accumulated impairment losses	(5,082)	(5,082)
	94	60

The comparative figures as at 31 December 2009 have not been presented based on the new categorisation of financial assets resulting from the adoption of FRS 139 by virtue of the exemption given in FRS 7.44AA.

9. Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Group						
Property, plant and equipment	(285)	-	9,401	6,972	9,116	6,972
Revaluation on property, plant and equipment	-	-	2,888	3,290	2,888	3,290
Provisions	(7,384)	(5,658)	-	-	(7,384)	(5,658)
Tax losses carry-forward	(1,651)	-	-	-	(1,651)	-
Tax (assets)/liabilities	(9,320)	(5,658)	12,289	10,262	2,969	4,604
Set off	5,189	3,062	(5,189)	(3,062)	-	-
Net tax (assets)/liabilities	(4,131)	(2,596)	7,100	7,200	2,969	4,604
Company						
Property, plant and equipment	-	-	7,112	6,146	7,112	6,146
Revaluation on property, plant and equipment	-	-	2,888	3,290	2,888	3,290
Provisions	(2,900)	(2,236)	-	-	(2,900)	(2,236)
Tax (assets)/liabilities	(2,900)	(2,236)	10,000	9,436	7,100	7,200
Set off	2,900	2,236	(2,900)	(2,236)	-	-
Net tax liabilities	-	-	7,100	7,200	7,100	7,200

9. Deferred tax assets and liabilities (cont'd)

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2010 RM'000	2009 RM'000
Taxable temporary differences	(10,117)	(13,934)
Unutilised capital allowance	62,275	69,028
Tax loss carry-forwards	61,604	74,906
	113,762	130,000
Tax at 25% (2009: 25%)	28,440	32,500

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits there from.

Subject to agreement by the Inland Revenue Board, the Group has estimated unutilised reinvestment allowance amounting to RM196,000 (2009: RM1,604,800) available at the balance sheet date to be carried forward to set off against future taxable income.

10. Trade and other receivables

		Group		Company	
	Note	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Trade receivables		217,628	187,364	68,473	57,756
Amount due from subsidiaries	10.1	-	-	12,601	93,960
Other receivables	10.2	9,782	4,582	5,556	2,361
Deposits		1,655	1,264	1,017	656
		229,065	193,210	87,647	154,733

10.1 Amount due from subsidiaries

The amount due from subsidiaries is unsecured, interest free and repayable on demand.

10.2 Other receivables

Included in other receivables of the Group are interest receivable from the deposits placed with licensed banks of RM2,174,000 (2009: RM281,000), insurance claimable of RM1,589,000 (2009: RM876,000) and balances with related parties of RM284,000 (2009: RM217,000).

11. Inventories

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Raw materials	281,647	202,104	88,328	91,498
Finished goods	17,320	22,345	4,884	5,009
Poultry livestocks and hatching eggs	12,026	13,179	-	-
Consumables	13,947	11,556	3,563	3,520
	324,940	249,184	96,775	100,027

The write-down of inventories to net realisable value for the Group amounted to RM901,000 (2009: RM1,538,000). The write-down is included in cost of goods sold.

The reversal of write-down of inventories of the Group amounted to RM811,000 (2009: Nil) was made during the year when the related inventories were sold.

12. Cash and cash equivalents

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Deposits placed with licensed banks	187,136	100,826	12,800	17,000
Cash and bank balances	34,838	41,353	19,401	9,306
	221,974	142,179	32,201	26,306

13. Capital and reserves

13.1 Share capital

	Group and Company			
	Amount 2010 RM'000	Number of shares 2010 '000	Amount 2009 RM'000	Number of shares 2009 '000
Authorised: Ordinary shares of RM1 each	200,000	200,000	200,000	200,000
Issued and fully paid: Ordinary shares at RM1 each	107,645	107,645	107,645	107,645

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

13. Capital and reserves (cont'd)

13.2 Revaluation reserve

The revaluation reserve relates to surplus on revaluation of property, plant and equipment and investment properties in 1983.

13.3 Other capital reserve

The other capital reserve comprises an amount transferred from retained earnings arising from the issuance of bonus shares by subsidiaries.

13.4 Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

13.5 Section 108 tax credit

Subject to agreement by the Inland Revenue Board, the Company has sufficient Section 108 tax credit and tax exempt income to frank all of its distributable reserves at 31 December 2010 if paid out as dividends.

The Finance Act 2007 introduced a single tier company income tax system with effect from 1 January 2008. As such, the remaining Section 108 tax credit as at 31 December 2010 will be available to the Company until such time the credit is fully utilised or upon expiry of the six-year transitional period on 31 December 2013, whichever is earlier.

14. Trade and other payables, including derivatives

	Note	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Trade payables		39,368	37,398	5,194	4,777
Amount due to subsidiaries	14.1	-	-	39,862	6,018
Other payables and accruals	14.2	46,125	47,497	17,903	15,790
Financial liabilities at fair value through profit or loss:					
- forward foreign currency contracts		1,914	-	-	-
		87,407	84,895	62,959	26,585

14.1 Amount due to subsidiaries

The amount due to subsidiaries is unsecured, interest free and repayable on demand.

14.2 Other payables and accruals

Included in other payables and accruals of the Group and the Company are deposits from customers of RM5,801,000 and RM186,000 (2009: RM15,576,000 and RM45,000) respectively, and an amount of RM743,000 (2009: RM3,070,000) payable to Mr Teh Liang Teik, a former Director and Chairman of the Company as retirement gratuity.

15. Loans and borrowings

	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Current				
Unsecured bankers' acceptances/Unsecured revolving credits	385,172	229,439	113,995	127,500

Included in the Group's loans and borrowings are unsecured revolving credits of RM171,847,000 (2009: RM23,025,000) denominated in USD.

16. Operating profit

	Note	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Operating profit is arrived at after charging:					
Amortisation of intangible assets	4	648	1,224	346	907
Auditors' remuneration:					
- Audit services					
KPMG		225	185	65	65
Affiliates of KPMG		82	98	-	-
Other auditors		5	5	-	-
- Other services					
KPMG		22	10	22	10
Affiliates of KPMG		63	64	42	32
Bad debts written off		-	13	-	-
Depreciation of investment properties	5	57	57	57	57
Depreciation of property, plant and equipment	3	16,418	16,575	5,993	5,768
Impairment loss:					
- Property, plant and equipment	3	17,015	1,613	17,015	-
- Trade receivables		2,087	177	-	-
- Other investments	8	60	-	60	-
Intangible assets written off		104	3	3	3
Interest expense from unsecured bankers' acceptances/unsecured revolving credits		8,136	9,870	3,309	4,454
Inventories written down		901	1,538	-	-
Net realised loss on foreign exchange		2,579	2,641	923	-
Net unrealised loss on foreign exchange		-	842	-	-
Personnel expenses (including key management personnel):					
- Contributions to Employees Provident Fund		7,383	5,853	3,899	2,682
- Wages, salaries and others		72,919	54,674	34,005	22,036
Property, plant and equipment written off		-	53	65	9
Rental expenses for premises		3,672	2,563	1,557	1,267

16. Operating profit (cont'd)

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
and after crediting:				
Dividends from subsidiaries (unquoted):				
- non tax exempt	-	-	960	480
- tax exempt	-	-	23,020	4,074
Gain on disposal of property, plant and equipment	369	499	88	60
Insurance recoveries	14,860	232	14,032	146
Interest income from deposits placed with licensed banks	10,043	5,275	737	555
Net realised gain on foreign exchange	-	-	-	1,145
Net unrealised gain on foreign exchange	3,256	-	-	-
Rental income from:				
- Investment properties	205	199	241	235
- Others	101	233	895	570
Reversal of impairment loss on trade receivables	2,675	1,377	1,000	-
Reversal of inventories written down	811	-	-	-

17. Key management personnel compensation

The key management personnel compensations are as follows:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Directors				
- Fees	600	476	600	465
- Remuneration	4,817	4,405	4,503	4,194
Other short term employee benefits (including estimated monetary value of benefits-in-kind)	141	141	141	141
	5,558	5,022	5,244	4,800

Notes to the Financial Statements *(cont'd)*

18. Tax expense

Recognised in the income statements

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Current tax expense				
Malaysian - current year	15,646	14,740	13,467	14,004
- prior year	(1,780)	925	(1,392)	1,396
Overseas - current year	15,336	3,788	-	-
Total current tax	29,202	19,453	12,075	15,400
Deferred tax expense				
Origination and reversal of temporary differences	2,009	300	(100)	311
Recognition of previously unrecognised temporary differences	(3,644)	-	-	-
Total deferred tax	(1,635)	300	(100)	311
Total tax expense	27,567	19,753	11,975	15,711
Reconciliation of tax expense				
Profit for the year	100,326	72,281	41,068	43,295
Total tax expense	27,567	19,753	11,975	15,711
Profit before tax	127,893	92,034	53,043	59,006
Tax at Malaysian tax rate of 25% (2009: 25%)	31,973	23,009	13,261	14,752
Effect of tax rates in foreign jurisdiction*	(5,031)	(4,372)	-	-
Non-deductible expenses	9,344	2,755	7,935	2,255
Non-taxable income	(1,892)	(120)	(7,647)	(1,146)
Tax incentives	(1,346)	(2,499)	(125)	-
Unrecognised deferred tax assets	-	1,601	-	-
Recognition of previously unrecognised temporary differences	(3,644)	-	-	-
Tax savings from group relief	(57)	(1,546)	(57)	(1,546)
	29,347	18,828	13,367	14,315
(Over)/Under provision in prior years	(1,780)	925	(1,392)	1,396
	27,567	19,753	11,975	15,711

18. Tax expense (cont'd)

* A subsidiary in a foreign jurisdiction has been granted a 50% tax reduction whilst another foreign subsidiary was subject to a 25% (2009: 15%) tax rate on its taxable income and an exemption for income from an additional production line for the first 3 years commencing 2007 and thereafter, a 50% tax reduction for the next 5 years.

19. Earnings per share

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share was based on the profit attributable to ordinary equity holders of RM84,824,000 (2009: RM62,879,000) and the number of ordinary shares outstanding of 107,645,000 (2009: 107,645,000).

20. Dividends

Dividends recognised in the current year by the Company are:

	Sen per share (net of tax)	Total amount RM'000	Date of payment
2010			
Interim 2010 ordinary	4.50	4,844	15 December 2010
Final 2009 ordinary	3.75	4,037	5 July 2010
Special 2009 ordinary	7.50	8,073	5 July 2010
Total amount		16,954	
2009			
Interim 2009 ordinary	3.75	4,037	15 January 2010
Final 2008 ordinary	3.75	4,037	6 July 2009
Special 2008 ordinary	7.50	8,073	6 July 2009
Total amount		16,147	

After the balance sheet date, the following dividends were proposed by the Directors. These dividends will be recognised in subsequent financial reports upon approval by the owners of the Company.

	Sen per share (net of tax)	Total amount RM'000
Final ordinary	3.75	4,037
Special ordinary	11.25	12,110
Total amount		16,147

21. Operating segments

Segment information is presented in respect of the Group's business and geographical segments. For each business and geographical segments, the Group's chief operating decision maker reviews internal management report on a regular basis.

The Group's operations comprise the following main business segments:

- Flour and trading in grains and other allied products — Milling and selling wheat flour and trading in grains and other allied products
- Feeds and trading in feed ingredients — Manufacture and sale of animal feeds and related raw materials
- Poultry integration — Processing and sale of poultry products, breeding and sale of day-old-chicks, sale of eggs and contract farming activities

The Group's other operations include companies that had ceased operations in prior years and dormant companies. None of these segments meets any of the quantitative threshold for determining reportable segments in 2010 or 2009.

Performance is measured based on segment profit before tax, interest, depreciation and amortisation, as included in the internal management reports that are reviewed by the Group's chief operating decision maker. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

The total of segment asset is measured based on all assets of a segment, as included in the internal management reports that are reviewed by the Group's chief operating decision maker. Segment total asset is used to measure the return of assets of each segment.

21. Operating segments (cont'd)

	Flour and trading in grains and other allied products		Feeds and trading in feed ingredients		Poultry integration		Others		Eliminations		Consolidated	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Business segments												
Revenue from external customers	764,489	727,752	440,098	233,329	350,504	239,972	-	-	-	-	1,555,091	1,201,053
Inter-segment revenue	12,534	9,775	4,064	9,380	4,482	1,051	-	-	(21,080)	(20,206)	-	-
Total segment revenue	777,023	737,527	444,162	242,709	354,986	241,023	-	-	(21,080)	(20,206)	1,555,091	1,201,053
Results from operating activities	109,075	100,053	12,375	9,097	4,847	(12,160)	(168)	(185)	-	-	126,129	96,805
Interest income	9,399	5,210	644	65	-	-	-	-	-	-	10,043	5,275
Interest expense	(5,239)	(8,037)	(2,025)	(1,037)	(872)	(796)	-	-	-	-	(8,136)	(9,870)
Share of loss after tax of equity accounted associate	-	-	-	-	(143)	(176)	-	-	-	-	(143)	(176)
Profit before tax	113,235	97,226	10,994	8,125	3,832	(13,132)	(168)	(185)	-	-	127,893	92,034
Depreciation and amortisation	10,760	11,854	1,692	1,662	4,671	4,340	-	-	-	-	17,123	17,856
Tax expense	(27,174)	(19,309)	(2,488)	(444)	2,095	-	-	-	-	-	(27,567)	(19,753)
Impairment loss on property, plant and equipment	17,015	-	-	1,502	-	111	-	-	-	-	17,015	1,613
Insurance recoveries	14,032	146	72	53	756	33	-	-	-	-	14,860	232
Non-cash expenses other than depreciation and amortisation	267	890	4,749	193	231	6	-	-	-	-	5,247	1,089
Capital expenditure	45,335	16,452	1,678	347	20,589	7,247	-	-	-	-	67,602	24,046
Segment assets	656,680	558,622	206,467	95,565	150,598	139,968	1,968	2,040	-	-	1,015,713	796,195
Investment in an associate	-	-	-	-	-	143	-	-	-	-	-	143
Total segments assets	656,680	558,622	206,467	95,565	150,598	140,111	1,968	2,040	-	-	1,015,713	796,338

21. Operating segments (cont'd)

Geographical segments

	Malaysia		Vietnam		Consolidated	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Revenue from external customers	1,141,878	851,556	413,213	349,497	1,555,091	1,201,053
Non-current assets	192,982	154,737	42,837	54,390	235,819	209,127

Major customers

There were no customers with revenue equal or more than 10% of the Group's total revenue for the year ended 31 December 2010.

22. Financial instruments

Certain comparative figures have not been presented for 31 December 2009 by virtue of the exemption given in paragraph 44AA of FRS 7.

22.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

(a) Loans and receivables (L&R);
(b) Fair value through profit or loss (FVTPL); and
(c) Other financial liabilities measured at amortised cost (OL).

	Note	Carrying amount RM'000	L&R/ (OL) RM'000	FVTPL RM'000
2010				
Financial assets				
Group				
Trade and other receivables	10	229,065	229,065	-
Cash and cash equivalents	12	221,974	221,974	-
		451,039	451,039	-
Company				
Trade and other receivables	10	87,647	87,647	-
Cash and cash equivalents	12	32,201	32,201	-
		119,848	119,848	-

22. Financial instruments (cont'd)

22.1 Categories of financial instruments (cont'd)

	Note	Carrying amount RM'000	L&R/ (OL) RM'000	FVTPL RM'000
2010				
Financial liabilities				
Group				
Trade and other payables, including derivatives	14	(87,407)	(85,493)	(1,914)
Loans and borrowings	15	(385,172)	(385,172)	-
		(472,579)	(470,665)	(1,914)
Company				
Trade and other payables	14	(62,959)	(62,959)	-
Loans and borrowings	15	(113,995)	(113,995)	-
		(176,954)	(176,954)	-

22.2 Net gains and losses arising from financial instruments

	2010 Group RM'000	2010 Company RM'000
Net gains / (losses) arising on:		
Fair value through profit or loss:		
- forward foreign currency contracts	(1,914)	-
Available-for-sale financial asset *	(60)	(60)
Loans and receivables	10,631	1,737
Financial liabilities measured at amortised cost	(7,459)	(4,232)
	1,198	(2,555)

* *relates to impairment loss on other investments (Note 8)*

22.3 Financial risk management

The Group has exposure to credit, interest rate, currency and liquidity risks from its use of financial instruments.

22. Financial instruments (cont'd)

22.4 Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group and the Company's exposure to credit risk arises principally from its receivables from customers.

Receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit risk is addressed by the Credit Committee that sets policies, approves credit evaluations and institutes mitigating actions. New customers are subject to credit evaluation process and existing customers' risk profiles are reviewed regularly with a view to setting appropriate terms of trade and credit limits. Where appropriate, further sales are suspended and legal actions are taken to attempt recoveries and mitigate losses.

Exposure to credit risk and credit quality

At the balance sheet date, the maximum exposure to credit risk arising from receivables is represented by their carrying amounts in the balance sheets.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than 3 months, which are deemed to have higher credit risk, are monitored individually. The trade receivables balances which are past due more than 3 months but not impaired for the Group and Company amounted to RM248,000 and Nil, respectively.

The exposure of credit risk for trade receivables as at the balance sheet date by geographic region was:

	Group 2010 RM'000
Malaysia	171,673
Vietnam	45,955
	217,628

22. Financial instruments (cont'd)

22.4 Credit risk (cont'd)

Impairment losses

The movements in the allowance for impairment losses of trade receivables during the year were:

	Group 2010 RM'000	Company 2010 RM'000
At 1 January	7,405	2,490
Impairment loss recognised	2,087	-
Impairment loss reversed	(2,675)	(1,000)
Impairment loss written off	(869)	(13)
Effect of movements in exchange rate	(60)	-
At 31 December	5,888	1,477

The allowance account in respect of trade receivables is used to record impairment losses. Unless the Group and the Company is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

Intercompany balances

The Company provides unsecured advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

As at the balance sheet date, the maximum exposure to credit risk is represented by their carrying amounts in the balance sheet.

As at the balance sheet date, there was no indication that the advances to the subsidiaries are not recoverable. The Company does not specifically monitor the ageing of the advances to subsidiaries.

22.5 Interest rate risk

The Group and the Company's exposure to interest rate risk relates primarily to their borrowings and deposits with licensed banks.

Risk management objectives, policies and processes for managing the risk

The Group and the Company's bank borrowings and interest bearing deposits are both subject to interest based on fixed rates. Market interest rates movements are monitored with the view to ensuring that the most competitive rates are secured and where appropriate, borrowing arrangements are restructured or reduced. The Group and the Company's interest bearing assets are mainly placed in short term deposits with reputable financial institutions.

22. Financial instruments (cont'd)

22.5 Interest rate risk (cont'd)

Exposure to interest rate risk

The interest rate profile of the Group's and the Company's significant interest bearing financial instruments, based on the carrying amounts as at the balance sheet date was:

	Note	Group 2010 RM'000	Company 2010 RM'000
Fixed rate instruments			
Deposits placed with licensed banks	12	187,136	12,800
Unsecured bankers' acceptances/ Unsecured revolving credits	15	(385,172)	(113,995)
		(198,036)	(101,195)

Interest rate risk sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the balance sheet date would not affect the income statements.

22.6 Foreign currency risk

The Group and the Company are exposed to foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities. The currency giving rise to this risk is primarily United States Dollar (USD).

Risk management objectives, policies and processes for managing the risk

The Group and the Company monitor their exposure to foreign currency movements closely and where appropriate, the Group and the Company have used forward exchange contracts to hedge some of its foreign currency risk.

22. Financial instruments (cont'd)

22.6 Foreign currency risk (cont'd)

Exposure to foreign currency risk

The Group's exposure to foreign currency (a currency which is other than the currency of the Group entities) risk, based on carrying amounts as at the balance sheet date was:

RM'000	Note	2010 Denominated in USD	2009 Denominated in USD
Group			
Unsecured bankers' acceptances / Unsecured revolving credits	15	(171,847)	(23,025)
Financial liabilities at fair value through profit or loss:			
- forward foreign currency contracts	14	(1,914)	-
Exposure in the balance sheets		(173,761)	(23,025)

Currency risk sensitivity analysis

A 5 percent strengthening/weakening of RM against USD at the balance sheet date would have increased/decreased equity and profit after tax by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

Group	2010 Equity RM'000	2010 Profit after tax RM'000
USD	-	1,013

22.7 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group and the Company monitor and maintain a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

22. Financial instruments (cont'd)

22.7 Liquidity risk (cont'd)

Maturity analysis

The following table indicates the maturity profile of the Group's and the Company's financial liabilities at the balance sheet date based on undiscounted contractual payments:

	Note	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Under 1 year RM'000
Group					
2010					
Non-derivative financial liabilities					
Trade and other payables, excluding derivatives	14	85,493	-	85,493	85,493
Unsecured bankers' acceptances/ Unsecured revolving credits	15	385,172	0.89 – 6.46	391,029	391,029
Derivative financial liabilities					
Forward exchange contracts:					
Outflow	14	1,914	-	76,943	76,943
		472,579		553,465	553,465
Company					
2010					
Non-derivative financial liabilities					
Trade and other payables	14	62,959	-	62,959	62,959
Unsecured bankers' acceptances/ Unsecured revolving credits	15	113,995	3.14 – 3.67	115,264	115,264
		176,954		178,223	178,223

22. Financial instruments (cont'd)

22.8 Fair value of financial instruments

The carrying amounts of cash and cash equivalents, trade and other receivables, trade and other payables and short term borrowings, approximate fair values due to the relatively short term nature of these financial instruments.

It was not practicable to estimate the fair value of the Group's investment in unquoted shares in the previous year due to the lack of comparable quoted market prices and the inability to estimate fair value without incurring excessive costs.

The fair value of other financial liabilities, together with the carrying amounts shown in the balance sheets, is as follow:

Group	2010 Carrying amount RM'000	2010 Fair value RM'000	2009 Carrying amount RM'000	2009 Fair value RM'000
Forward exchange contracts:				
Liabilities	1,914	1,914	-	-

Derivatives

The fair value of forward exchange contracts is based on their listed market price, if available. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

23. Capital management

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern.

The debt-to-equity ratios at 31 December 2010 and at 31 December 2009 were as follows:

	Group 2010 RM'000	Group 2009 RM'000
Total borrowings (Note 15)	385,172	229,439
Less: Cash and cash equivalents (Note 12)	(221,974)	(142,179)
Net debt	163,198	87,260
Total equity	522,835	464,775
Debt-to-equity ratio	0.3	0.2

24. Capital and other commitments

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Property, plant and equipment				
Authorised but not contracted for	89,317	106,671	28,236	98,887
Contracted but not provided for	97,916	21,059	85,774	18,568

25. Related parties

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group.

The significant related party transactions of the Group and the Company, other than key management personnel, are as follow:

	2010 RM'000	2009 RM'000
Group and Company		
Services rendered and hiring of motor vehicles from companies in which a Director, Teh Wee Chye, has financial interest		
- Pembena Transport Sdn. Bhd.	(20)	(45)
- Indah Enterprise Sdn. Bhd.	(42)	(31)
Company		
Subsidiaries		
- Sales of goods	12,534	9,775
- Rental of premises	459	459
- Rental of furniture and fittings	147	147
- Rental of equipment	325	-
- Management fees	602	-

Balances with subsidiaries and related parties are disclosed in Note 10 and 14. All transactions have been entered in the ordinary course of business and have been established based on negotiated terms.

26. Significant changes in accounting policies

26.1 FRS 139, *Financial Instruments: Recognition and Measurement*

The adoption of FRS 139 has resulted in several changes to accounting policies relating to recognition and measurement of financial instruments. Significant changes in accounting policies are as follows:

Derivatives

Prior to the adoption of FRS 139, derivative contracts were recognised in the financial statements on settlement date. With the adoption of FRS 139, derivative contracts are now categorised as fair value through profit or loss and measured at their fair values with the gain or loss recognised in the income statements.

Impairment of trade and other receivables

Prior to the adoption of FRS 139, an allowance for doubtful debts was made when a receivable is considered irrecoverable by the management. With the adoption of FRS 139, an impairment loss is recognised for trade and other receivables and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate.

The adoption of FRS 139 does not affect the basic earnings per ordinary share for prior periods and has no impact to the current year's basic earnings per share.

26.2 FRS 8, *Operating Segments*

As of 1 January 2010, the Group determines and presents operating segments based on the information that internally is provided to the Group's chief operating decision maker. This change in accounting policy is due to the adoption of FRS 8. Previously operating segments were determined and presented in accordance with FRS 114_{2004}, *Segment Reporting*.

Comparative segment information has been re-presented. Since the change in accounting policy only impacts presentation and disclosure aspects, there is no impact on earnings per share.

26.3 FRS 101, *Presentation of Financial Statements* (revised)

The Group applies revised FRS 101 (revised) which became effective as of 1 January 2010. As a result, the Group presents all non-owner changes in equity in the consolidated statement of comprehensive income.

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 share.

27. Supplementary information on the breakdown of realised and unrealised profits or losses

On 25 March 2010, Bursa Malaysia Securities Berhad ("Bursa Malaysia") issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the unappropriated profits or accumulated losses as at the balance sheet date, into realised and unrealised profits or losses.

On 20 December 2010, Bursa Malaysia further issued another directive on the disclosure and the prescribed format of presentation.

The breakdown of the retained earnings of the Group and of the Company as at 31 December 2010, into realised and unrealised profits, pursuant to the directive, is as follows:

	2010	
	Group RM'000	Company RM'000
Total retained earnings of the Company and its subsidiaries:		
- realised	234,469	213,827
- unrealised	(1,627)	(7,100)
	232,842	206,727
Add: Consolidation adjustments	95,489	-
Total retained earnings	328,331	206,727

The determination of realised and unrealised profits is based on the Guidance of Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by Malaysian Institute of Accountants on 20 December 2010.

Statement by Directors

pursuant to Section 169(15) of the Companies Act, 1965

In the opinion of the Directors, the financial statements set out on pages 39 to 99 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company at 31 December 2010 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

Tan Sri Dato' Seri Arshad bin Ayub

Teh Wee Chye

Kuala Lumpur
30 March 2011

Statutory Declaration

pursuant to Section 169(16) of the Companies Act, 1965

I, **Quah Ban Lee**, the Director primarily responsible for the financial management of Malayan Flour Mills Berhad, do solemnly and sincerely declare that the financial statements set out on pages 39 to 99 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed in Kuala Lumpur on 30 March 2011.

Quah Ban Lee

Before me,

Ahmad B. Laya (W259)
Commissioner for Oaths
Kuala Lumpur

Independent Auditors' Report

to the Members of Malayan Flour Mills Berhad

Report on the Financial Statements

We have audited the financial statements of Malayan Flour Mills Berhad, which comprise the balance sheets as at 31 December 2010 of the Group and of the Company, and the income statements, statements of comprehensive income, changes in equity and cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 39 to 98.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia, and for such internal control as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2010 and of their financial performance and cash flows for the year then ended.

Independent Auditors' Report (cont'd)

to the Members of Malayan Flour Mills Berhad

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 6 to the financial statements.

(c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(d) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Reporting Responsibilities

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information set out in Note 27 to the financial statements has been compiled by the Company as required by the Bursa Malaysia Securities Berhad Listing Requirements and is not required by the Financial Reporting Standards. We have extended our audit procedures to report on the process of compilation on such information. In our opinion, the information has been properly compiled, in all material respects, in accordance with the Guidance of Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG
Firm Number: AF 0758
Chartered Accountants

Petaling Jaya
30 March 2011

Chong Dee Shiang
Approval Number: 2782/09/12(J)
Chartered Accountant

Analysis of Shareholdings

as at 31 March 2011

Authorised Capital	-	RM200,000,000
Issued and fully paid	-	RM107,644,606
Class of shares	-	Ordinary shares of RM1.00 each

4,229 ordinary shareholders
Voting rights: One vote for one share

Size of Holdings	No. of Shareholders	% of Shareholders	No. of Issued Shares	% of Issued Capital
Less than 100	181	4.28	4,679	0.00
100 to 1,000	1,352	31.97	1,122,504	1.04
1,001 - 10,000	2,240	52.97	8,396,479	7.80
10,001 - 100,000	404	9.55	10,274,005	9.55
100,001 to less than 5% of issued shares	50	1.18	52,142,185	48.44
5% and above of issued shares	2	0.05	35,704,754	33.17
	4,229	100.00	107,644,606	100.00

	Thirty (30) Largest Shareholders	No. of Shares	Percentage Holding (%)
1.	Thye Nam Loong Holdings Sdn Bhd	26,100,754	24.25
2.	HSBC Nominees (Asing) Sdn Bhd [Exempt An For Credit Suisse (SG BR-TST-SING)]	9,604,000	8.92
3.	Astar Commercial Limited	5,313,000	4.94
4.	Onas Resources Sdn Bhd	5,300,000	4.92
5.	Star Hill Avenue (M) Sdn Bhd	5,298,000	4.92
6.	Tan Sri Dato' Seri Arshad bin Ayub	4,653,385	4.32
7.	A. A. Anthony Nominees (Asing) Sdn Bhd [Solid Esteem Sdn Bhd for Wise Bright Investment Limited]	3,500,572	3.25
8.	Zalaraz Sdn Bhd	2,924,000	2.72
9.	Teh Liang Teik	2,908,800	2.70
10.	Amble Volume Sdn Bhd	2,742,000	2.55
11.	Essence Lane Sdn Bhd	2,233,729	2.08
12.	Teh Wee Kok	1,591,600	1.48
13.	A. A. Anthony Nominees (Asing) Sdn Bhd [Amble Volume Sdn Bhd for Rise Glory Investment Limited]	1,572,171	1.46
14.	Favourite Access Sdn Bhd	1,000,000	0.93
15.	Duangmanee Liewphairatana	869,300	0.81
16.	Solid Esteem Sdn Bhd	864,000	0.80
17.	Koperasi Polis Diraja Malaysia Berhad	840,200	0.78
18.	Yeoh Kean Hua	664,900	0.62
19.	Thye Nam Loong Shipping Sdn Bhd	574,800	0.53
20.	Suai Timber Products Sdn Bhd	531,600	0.49
21.	HSBC Nominees (Asing) Sdn Bhd [Caceis Bank Paris for Prevoir Renaissance Vietnam]	530,000	0.49
22.	RHB Capital Nominees (Tempatan) Sdn Bhd [Pledged Securities Account for Susy Ding (CEB)]	518,100	0.48

Analysis of Shareholdings *(cont'd)*

as at 31 March 2011

Thirty (30) Largest Shareholders	No. of Shares	Percentage Holding (%)
23. Teh Li Choo	473,572	0.44
24. Teh Wee Chye	456,500	0.42
25. Thye Nam Loong Sdn Bhd	417,600	0.39
26. Teh Wei Siong	406,000	0.38
27. Lai Kong Mun	400,000	0.37
28. Dato' Hj Shaharuddin bin Hj Haron	400,000	0.37
29. Allison Foo May Ling	400,000	0.37
30. Alliancegroup Nominees (Tempatan) Sdn Bhd [Pledged Securities Account for Teh Win Kee (8016787)]	366,455	0.34

Substantial Shareholders

Name	Direct Interest No. of Shares	%	Indirect Interest No. of Shares	%
Thye Nam Loong Holdings Sdn Bhd	26,100,754	24.25	949,200(1)	0.88
Teh Liang Teik	2,908,800	2.70	27,624,754(2)	25.66
Teh Wee Kok	1,591,600	1.48	27,624,754(3)	25.66
Teh Wee Chye	456,500	0.42	29,870,483(4)	27.75
Tan Sri Dato' Seri Arshad bin Ayub	4,653,385	4.32	2,924,000(5)	2.72

Directors' Interests in the Company and its Related Corporations

Name	Direct Interest No. of Shares	%	Indirect Interest No. of Shares	%
Tan Sri Dato' Seri Arshad bin Ayub	4,653,385	4.32	2,924,000(5)	2.72
Teh Wee Chye	456,500	0.42	29,870,483(4)	27.75
Dato' Hj Shaharuddin bin Hj Haron	400,000	0.37	-	-
Geh Cheng Hooi	-	-	266,800(6)	0.25
Quah Ban Lee	235,000	0.22	-	-
Datuk Oh Chong Peng	-	-	-	-
Lim Pang Boon	41,800	0.04	-	-
Thong Kok Mun	-	-	120,000(7)	0.11
Dato' Wira Zainal Abidin bin Mahamad Zain	-	-	-	-

Director, Teh Wee Chye is deemed to have interests in all the shares held by the Company in its related corporations by virtue of his substantial shareholdings in the Company.

Analysis of Shareholdings *(cont'd)*

as at 31 March 2011

Notes:

(1) *Deemed interested through Thye Nam Loong Sdn Bhd and Suai Timber Products Sdn Bhd.*

(2) *Deemed interested through Thye Nam Loong Holdings Sdn Bhd, Thye Nam Loong Sdn Bhd, Thye Nam Loong Shipping Sdn Bhd and Suai Timber Products Sdn Bhd.*

(3) *Deemed interested through Thye Nam Loong Holdings Sdn Bhd, Thye Nam Loong Sdn Bhd, Thye Nam Loong Shipping Sdn Bhd and Suai Timber Products Sdn Bhd.*

(4) *Deemed interested through Thye Nam Loong Holdings Sdn Bhd, Thye Nam Loong Sdn Bhd, Thye Nam Loong Shipping Sdn Bhd, Suai Timber Products Sdn Bhd, Essence Lane Sdn Bhd and shareholdings of his spouse.*

(5) *Deemed interested through Zalaraz Sdn Bhd.*

(6) *Deemed interested through Emmel Sdn Bhd and shareholdings of his spouse.*

(7) *Deemed interested through shareholdings of his spouse.*

List of Properties

Description, Location & Size	Existing Use	Approximate Age of Building (Year)	Date/Year of last Revaluation/ Acquisition	Net Book Value At 31-12-10 RM
Freehold land with shophouses Lots 448 & 449 Section 4 Town of Butterworth, Penang Total: 1.62 acres	Shoplot	50	9 Sept 1996	3,455,000
Freehold land with residential building Lot 449 Section 67 District of Kuala Lumpur Total: 1.00 acres	Commercial land and building	71	4 Dec 1996	1,611,000
Freehold land Lots 5326, 5327 and part of Lots 5331 & 5332 District of Dindings Perak Darul Ridzuan Total: 9.00 acres	Vacant land	-	1981	72,000
Leasehold land and buildings Lots 4902 (expiring on 11-12-2061) 5337 (expiring on 25-4-2075) 5466 & 5336 (expiring on 22-11-2090) PT 4333 HSD 28222 / PT 4334 HSD 28223 (expiring on 25-4-2075) Mukim of Lumut, District of Dindings Perak Darul Ridzuan Total: 61.43 acres	Office and factory	29-44	6 Oct 1998	28,424,000
Freehold land with shophouses Grant No. 36370, Lot No. 12256 Mukim of Pulai District of Johor Bahru Johor Darul Takzim Total: 0.04 acres	Shoplot	31	1991	155,000
Leasehold land with building Lot PTD 119736, HSD 238626 (expiring on 28-2-2051) Mukim of Plentong District of Johor Bahru Johor Darul Takzim Total: 10.1 acres	Office and factory	18	3 Feb 1995	27,621,000

List of Properties (cont'd)

Description, Location & Size	Existing Use	Approximate Age of Building (Year)	Date/Year of last Revaluation/ Acquisition	Net Book Value At 31-12-10 RM
Leasehold land with building HSD 34668 PTD 6411 (expiring on 22-7-2096) Mukim of Batu Berendam District of Melaka Tengah Total: 0.13 acres	Shoplot	13	1997	455,000
Freehold land with building Lot PTB 18284 Mukim of Tampoi District of Johor Bahru Johor Darul Takzim Total: 0.13 acres	Factory	11	1999	565,000
Leasehold land with farm buildings Kawasan Batu Undan Farm Mukim of Lumut Perak Darul Ridzuan (Title yet to be issued) Total: 200 acres	Breeder farm	21	13 Mar 1995	1,996,000
Leasehold land with building PN 108306, Lot 6478 Mukim of Lumut District of Manjung Perak Darul Ridzuan Total: 16.1 acres	Office and factory	20	10 Mar 1995	5,782,000
Freehold land with house PTD 46071 Title No. 142790 Mukim of Plentong District of Johor Bahru Johor Darul Takzim Total: 0.04 acres	Residential house	19	1990	43,000
Leasehold land with farm buildings Pasir Panjang Mukim of Pengkalan Bahru Perak Darul Ridzuan (Title yet to be issued) Total: 621 acres	Broiler farm	18	1992	3,290,000
Leasehold land with building HS(M) 2/1991, PT No. 2981 (expiring on 24-4-2042) Mukim of Sungai Seluang District of Kulim, Kedah Total: 7.5 acres	Office and factory	28	14 Jul 2004	1,911,000

List of Properties *(cont'd)*

Description, Location & Size	Existing Use	Approximate Age of Building (Year)	Date/Year of last Revaluation/ Acquisition	Net Book Value At 31-12-10 RM
Freehold land Grant 1784, Lot 12653 Mukim of Sitiawan District of Dindings Perak Darul Ridzuan Total: 17 acres	Vacant land	-	1997	271,000
Freehold land GM 3937, Lot 12553 Mukim of Bagan Serai District of Kerian Perak Darul Ridzuan Total: 2.19 acres	Vacant land	-	1990	1
Land Use Rights with building (expiring on 31-8-2024) Cai Lan, Quang Ninh Province The Socialist Republic of Vietnam Total: 17.30 acres	Office and factory	13	1994	16,009,000
Freehold land with farm buildings GM 168 to 171 (inclusive) Lot 8209 to 8212 (inclusive) Mukim of Sri Gading (VIII) District of Batu Pahat Johor Darul Takzim Total: 17.84 acres	Breeder Farm	14	2000	1,995,000
Land Use Rights with building (expiring on 30-6-2048) Phu My Industrial Zone I Tan Thanh District Baria - Vungtau Province The Socialist Republic of Vietnam Total: 17.29 acres	Office and factory	8	2000	13,760,000
Leasehold Land HS(D) 3/74, PT29 HS (D) 4/74, PT 30 (expiring on 7-5-2034) Mukim of Lumut District of Manjung Perak Darul Ridzuan Total: 25.81 acres	Vacant land	-	2010	3,527,000

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Fifty-First Annual General Meeting of Malayan Flour Mills Berhad will be held at the Auditorium, 3rd Floor, Wisma MCA, Jalan Ampang, 50450 Kuala Lumpur on Tuesday, 24 May 2011 at 10.00 a.m. for the following purposes :-

1. To receive the Audited Financial Statements for the financial year ended 31 December 2010 together with the Reports of the Directors and Auditors thereon. [Please refer to note (1)].

2. To sanction the payment of a Final Dividend of 5 sen per Ordinary Share less 25% income tax and a Special Dividend of 15 sen per Ordinary Share less 25% income tax for the financial year ended 31 December 2010. **(Resolution 1)**

3. To re-elect Mr Teh Wee Chye who retires in accordance with Article 111 of the Company's Articles of Association, and being eligible, has offered himself for re-election. **(Resolution 2)**

4. To re-elect Datuk Oh Chong Peng who retires in accordance with Article 111 of the Company's Articles of Association, and being eligible, has offered himself for re-election. **(Resolution 3)**

5. To consider and if thought fit, pass the following motions: -

   (a) "That pursuant to Section 129 (6) of the Companies Act, 1965, Tan Sri Dato' Seri Arshad bin Ayub be re-appointed as a Director of the Company to hold office until the next Annual General Meeting"; **(Resolution 4)**

   (b) "That pursuant to Section 129 (6) of the Companies Act, 1965, Mr Geh Cheng Hooi be re-appointed as a Director of the Company to hold office until the next Annual General Meeting"; and **(Resolution 5)**

   (c) "That pursuant to Section 129 (6) of the Companies Act, 1965, Dato' Hj Shaharuddin bin Hj Haron be re-appointed as a Director of the Company to hold office until the next Annual General Meeting". **(Resolution 6)**

6. To approve the increase in the aggregate Directors' fees payable to the Directors of the Company from an amount not exceeding RM500,000/- per annum to an amount not exceeding RM800,000/- per annum. **(Resolution 7)**

7. To re-appoint Messrs KPMG as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 8)**

8. As Special Business:-

To consider and if thought fit, to pass with or without modifications, the following motions:-

8.1 Ordinary Resolution 1 **(Resolution 9)**
Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature pursuant to paragraph 10.09 of the Bursa Malaysia Securities Berhad Listing Requirements

"**THAT** subject always to the Companies Act, 1965, the provisions of the Memorandum and Articles of Association of the Company, the requirements of the Bursa Malaysia Securities Berhad ("Bursa Securities") and the approvals of all relevant authorities, approval be and is hereby given to Malayan Flour Mills Berhad ("Company") to enter into recurrent transactions with Dindings Soya & Multifeeds Sdn Berhad, the nature of which is set out in Section 2 of the Circular to Shareholders dated 29 April 2011 for the purposes of Paragraph 10.09 of the Bursa Securities Listing Requirements, subject to the following:-

(a) the transactions are carried out in the ordinary course of business, at arm's length, on normal commercial terms and on terms not more favourable to the related party than those generally available to the public and are not to the detriment of the minority shareholders;

(b) disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year and that such approval shall continue in force, unless revoked or varied by Ordinary Resolution of the Company in a general meeting and will subject to renewal thereat, expire at the conclusion of the next Annual General Meeting of the Company following the passing of this Ordinary Resolution or at the expiration of the period within which the next Annual General Meeting of the Company is required to be held under the Companies Act, 1965 (excluding any extension of such period as may be allowed under the Companies Act, 1965); and

(c) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution."

8.2 Ordinary Resolution 2 **(Resolution 10)**
Proposed Renewal of Authority for Share Buy-Back

"**THAT** subject always to the Companies Act, 1965, the provisions of the Memorandum and Articles of Association of the Company, the requirements of the Bursa Malaysia Securities Berhad ("Bursa Securities") and the approvals of all relevant governmental and/or regulatory authorities, the Company be and is hereby authorised, to the fullest extent permitted by law, to purchase such amount of ordinary shares of RM1.00 each in the Company ("Proposed Share Buy-back") as may be determined by the Directors of the Company from time to time through the Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that the aggregate number of shares purchased pursuant to this resolution does not exceed ten per cent (10%) of the total issued and paid-up share capital of the Company as at the point of purchase and that an amount not exceeding the Company's retained profits and share premium accounts at the time of the purchase(s) will be allocated by the Company for the Proposed Share Buy-back;

AND THAT the authority conferred by this resolution will be effective immediately and shall continue in force until: -

(a) the conclusion of the first annual general meeting of the Company following the general meeting at which such resolution was passed at which time it shall lapse unless by ordinary resolution passed at that meeting, the authority is renewed, either conditionally or subject to conditions; or

(b) the expiration of the period within which the next annual general meeting after that date is required by law to be held; or

(c) revoked or varied by ordinary resolution passed by shareholders in a general meeting,

whichever occurs first.

Notice of Annual General Meeting *(cont'd)*

AND THAT authority be and is hereby given unconditionally and generally to the Directors of the Company to take all such steps as are necessary or expedient (including without limitation, the opening and maintaining of central depository account(s) under the Securities Industry (Central Depositories) Act, 1991, and the entering into of all other agreements, arrangements and guarantee with any party or parties) to implement, finalise and give full effect to the aforesaid purchase with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities and with the fullest power to do all such acts and things thereafter (including without limitation, the cancellation or retention as treasury shares of all or any part of the repurchased shares) in accordance with the Companies Act, 1965, the provisions of the Memorandum and Articles of Association of the Company and the requirements and/or guidelines of the Bursa Securities and all other relevant governmental and/or regulatory authorities and to do all such things as the said Directors may deem fit and expedient in the best interest of the Company."

9. To transact any other business of which due notice shall have been given.

By Order of the Board

Mah Wai Mun (MAICSA 7009729)
Company Secretary

Kuala Lumpur
29 April 2011

Notes:-

1. *This Agenda item is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of the shareholders and hence, is not put forward for voting.*
2. *A member entitled to attend and vote at the 51st Annual General Meeting is entitled to appoint not more than two proxies to attend and to vote in his/her stead. The proxy shall be a member of the Company, an Advocate, an approved company Auditor or a person approved by the Companies Commission of Malaysia.*
3. *Where a member appoints two (2) proxies, the appointment shall be invalid unless he/she specifies the proportion of his/her holding to be represented by each proxy.*
4. *Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account it holds which is credited with ordinary shares of the Company.*

Notice of Annual General Meeting *(cont'd)*

5. *The instrument appointing a proxy must be in writing under the hand of the appointer or his attorney duly authorised in writing or, if the appointer is a corporation, either under seal or the hand of the attorney duly authorised.*

6. *The instrument appointing a proxy must be duly deposited at the Registered Office of the Company, 22nd Floor, Wisma MCA, Jalan Ampang, 50450 Kuala Lumpur, not less than 48 hours before the time for holding the meeting or any adjournment thereof.*

7. *For the purpose of determining a member who shall be entitled to attend this 51st Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Article 66(b) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a Record of Depositors as at 16 May 2011. Only a depositor whose name appears on such Record of Depositors shall be entitled to attend the said meeting or appoint proxies to attend and vote on his/her behalf.*

8. *Notes on Special Business*

   Resolution 9
   The proposed Resolution 9, if passed, will enable the Company to enter into recurrent related party transactions with Dindings Soya & Multifeeds Sdn Berhad for the purposes of Paragraph 10.09 of the Bursa Securities Listing Requirements. This authority, subject to renewal thereat, will expire at the conclusion of the next Annual General Meeting of the Company following the passing of this Ordinary Resolution or at the expiration of the period within which the next Annual General Meeting of the Company is required to be held under the Companies Act, 1965 (excluding any extension of such period as may be allowed under the Companies Act, 1965) (unless earlier revoked or varied by Ordinary Resolution of the Company in a general meeting), whichever is earlier.

   Resolution 10
   The proposed Resolution 10, if passed, will empower the Directors to purchase the Company's shares of up to a maximum of ten per cent (10%) of the issued and paid-up share capital of the Company by utilising the funds allocated out of the retained profits and share premium accounts of the Company. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

Notice of Closure of Book

NOTICE IS HEREBY GIVEN that the Register of Members of the Company will be closed from 1 June 2011 to 2 June 2011, both dates inclusive, for the purpose of preparing dividend warrants. If approved by members at the Fifty-First Annual General Meeting on 24 May 2011, the final dividend of 5 sen per Ordinary Share less 25% income tax and a Special Dividend of 15 sen per Ordinary Share less 25% income tax in respect of the financial year ended 31 December 2010 will be paid on 13 June 2011. The entitlement date for dividend payment is on 31 May 2011.

FURTHER NOTICE IS HEREBY GIVEN that a Depositor shall qualify for dividend entitlement only in respect of :-

(a) Shares deposited into the Depositor's securities account before 12.30 p.m. on 27 May 2011 (in respect of shares which are exempted from mandatory deposit);

(b) Shares transferred into the Depositor's securities account before 4.00 p.m. on 31 May 2011 in respect of ordinary transfers; and

(c) Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

By Order of the Board

Mah Wai Mun (MAICSA 7009729)
Company Secretary

Kuala Lumpur
29 April 2011

Statement of Accompanying Notice of Annual General Meeting

Pursuant to Paragraph 8.28(2) of the Listing Requirements of the Bursa Malaysia Securities Berhad

PARTICULARS OF DIRECTORS STANDING FOR RE-APPOINTMENT

1. Tan Sri Dato' Seri Arshad bin Ayub *(Independent Non-Executive Chairman)*

Tan Sri Dato' Seri Arshad bin Ayub, aged 82, a Malaysian, was appointed to the Board of the Company on 30 August 2002 and is presently the Chairman of the Company. He is also the Chairman of the Remuneration Committee, a member of the Audit and Nomination Committees of the Company. He graduated with a Diploma in Agriculture in 1954 from College of Agriculture, Serdang and pursued his Bachelor of Science degree in Economics with Statistics at the University College of Wales, Aberystwyth in the United Kingdom in 1958 and also Diploma in Business Administration (IMEDE), Lausanne, Switzerland in 1964. He has a distinguished career in the Malaysian Civil Service. Among the top posts he held were First Director, Mara Institute of Technology (1965-1975), Deputy Governor of Bank Negara Malaysia (1975-1977), Deputy Director-General in the Economic Planning Unit of the Prime Minister's Department (1977-1978) and Secretary-General in the Ministry of Primary Industries (1978), Ministry of Agriculture (1979-1981) and Ministry of Land and Regional Development (1981-1983). His current directorships in public companies include Kulim (Malaysia) Berhad, KPJ Healthcare Berhad, Sindora Berhad, LBI Capital Berhad, Tomypak Holdings Berhad, Top Glove Corporation Berhad, Pelaburan Johor Berhad and Bistari Johor Berhad.

He has a direct interest of 4.32% in the Company which represents 4,653,385 ordinary shares and an indirect interest of 2.72% by virtue of his directorship and shareholding in Zalaraz Sdn Bhd which holds 2,924,000 ordinary shares in the Company.

He has no family relationship with any Director and/or substantial shareholder of the Company. He has no conflict of interest with the Company and has not been charged for any offence within the past ten years.

2. Mr Geh Cheng Hooi *(Independent Non-Executive Director)*

Mr Geh Cheng Hooi, aged 76, a Malaysian, was appointed to the Board of the Company on 11 March 2003 and is presently a member of the Audit and Nomination Committees of the Company. After qualifying as a Chartered Accountant in the United Kingdom in 1959, he worked for Price Waterhouse, London as a qualified assistant in 1960/1961 before returning to Malaysia to join KPMG Peat Marwick ("KPMG") in 1961. He was admitted as a partner in KPMG in 1964 and retired as senior partner in 1989. He is also a Fellow of The Institute of Chartered Accountants of England and Wales ("ICAEW") and a member of the Malaysian Institute of Certified Public Accountants ("MICPA"). His current directorships in public companies include Lingui Developments Berhad, Paramount Corporation Berhad and Wawasan TKH Holdings Berhad.

He has an indirect interest of 0.25% in the Company by virtue of his directorship and indirect interest through shares of 20,000 held by his spouse and shareholding in Emmel Sdn Bhd which holds 246,800 ordinary shares in the Company.

He has no family relationship with any Director and/or substantial shareholder of the Company. He has no conflict of interest with the Company and has not been charged for any offence within the past ten years.

Statement of Accompanying Notice of Annual General Meeting *(cont'd)*

Pursuant to Paragraph 8.28(2) of the Listing Requirements of the Bursa Malaysia Securities Berhad

3. Dato' Hj Shaharuddin bin Hj Haron *(Independent Non-Executive Director)*

Dato' Hj Shaharuddin bin Hj Haron, aged 72, a Malaysian, was appointed to the Board of the Company on 23 September 1993 and is presently the Chairman of the Audit and Nomination Committees and a member of the Remuneration Committee of the Company. He holds a Bachelor (Hons) Degree in Economics from the University of Malaya and a Masters Degree in Economics from the University of Pittsburgh, USA. He has a long and outstanding civil service record which began in 1963 when he joined the Economic Planning Unit of the Prime Minister's Department till 1979. He held various senior positions in the Government. He was the first Secretary of the Foreign Investment Committee (1974-1979), the Director General of Insurance in the Ministry of Finance (1983), the Director General of the National Padi and Rice Board (1985) and Secretary General of the Ministry of Public Enterprise (1986), Ministry of International Trade and Industry (1990) and Ministry of Domestic Trade and Consumer Affairs (1992). Presently, he sits on the Board of Gopeng Berhad and Latitude Tree Holdings Berhad. He has no family relationship with any Director and/or substantial shareholder of the Company.

He holds 400,000 ordinary shares in the Company but does not hold shares in any of its subsidiaries.

He has no family relationship with any Director and/or substantial shareholder of the Company. He has no conflict of interest with the Company and has not been charged for any offence within the past ten years.

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MALAYAN FLOUR MILLS BERHAD (4260-M)
(Incorporated in Malaysia)

FORM OF PROXY

I/We, ____
I/C No./Passport No./Co. No. ______________________ CDS Account No. ______________________
of ____
being a member/members of **MALAYAN FLOUR MILLS BERHAD** hereby appoint ______________________
______________________________ I/C No. ______________________ of ______________________
or failing him/her ______________________________ I/C No. ______________________
of____
or the Chairman of the Meeting as my/our proxy to vote on my/our behalf at the Fifty-First Annual General Meeting of the Company to be held on Tuesday, 24 May 2011 at 10.00 a.m. and at any adjournment thereof.

My/Our proxy is to vote as indicated below:-

NO.	MOTIONS	FOR	AGAINST
1	Declaration of a Final Dividend and a Special Dividend		
2	Re-election of Mr Teh Wee Chye under Article 111 of the Company's Articles of Association		
3	Re-election of Datuk Oh Chong Peng under Article 111 of the Company's Articles of Association		
	Re-appointment of the following Directors pursuant to Section 129(6) of the Companies Act, 1965:-		
4	a. Tan Sri Dato' Seri Arshad bin Ayub		
5	b. Mr. Geh Cheng Hooi		
6	c. Dato' Hj Shaharuddin bin Hj Haron		
7	Approval of Directors' fees		
8	Re-appointment of Auditors		
9	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		
10	Proposed Renewal of Authority for Share Buy-Back		

Dated this __________ day of ________________, 2011.

___________________ ___________________________
Number of shares held Signature/Common Seal of Shareholder

Notes:-

1. *A member entitled to attend and vote at the 51st Annual General Meeting is entitled to appoint not more than two proxies to attend and to vote in his/her stead. The proxy shall be a member of the Company, an Advocate, an approved company Auditor or a person approved by the Companies Commission of Malaysia.*
2. *Where a member appoints two (2) proxies, the appointment shall be invalid unless he/she specifies the proportion of his/her holding to be represented by each proxy.*
3. *Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account it holds which is credited with ordinary shares of the Company.*
4. *The instrument appointing a proxy must be in writing under the hand of the appointer or his attorney duly authorised in writing or, if the appointer is a corporation, either under seal or the hand of the attorney duly authorised.*
5. *The instrument appointing a proxy must be duly deposited at the Registered Office of the Company, 22nd Floor, Wisma MCA, Jalan Ampang, 50450 Kuala Lumpur, not less than 48 hours before the time for holding the meeting or any adjournment thereof.*
6. *For the purpose of determining a member who shall be entitled to attend this 51st Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Article 66(b) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a Record of Depositors as at 16 May 2011. Only a depositor whose name appears on such Record of Depositors shall be entitled to attend the said meeting or appoint proxies to attend and vote on his/her behalf.*

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The Company Secretary
MALAYAN FLOUR MILLS BERHAD (4260-M)
22nd Floor, Wisma MCA
Jalan Ampang, 50450 Kuala Lumpur

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Malayan Flour Mills Berhad (4260-M)
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