

MALAYAN FLOUR MILLS BERHAD (4260-M)
(Incorporated in Malaysia)
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET
As at 31 March 2018

	(Unaudited) As at 31.03.2018 RM '000	(Audited) As at 31.12.2017 RM '000
Assets		
Property, plant and equipment	812,106	769,062
Intangible assets	2,911	2,951
Investment properties	5,153	5,167
Investment in a joint venture	50,216	47,217
Investment in an associate	1,078	1,107
Deferred tax assets	9,933	10,086
Other investment	2,213	2,213
Total non-current assets	883,610	837,803
Trade and other receivables, including derivatives	379,500	373,132
Prepayments and other assets	5,947	6,607
Inventories	389,042	493,018
Biological assets	52,592	56,673
Current tax assets	3,464	2,797
Cash and cash equivalents	238,008	257,768
Total current assets	1,068,553	1,189,995
Total assets	1,952,163	2,027,798
Equity		
Share capital	377,501	377,501
Reserves	424,942	457,115
Total equity attributable to owners of the Company	802,443	834,616
Non-controlling interests	71,475	72,648
Total equity	873,918	907,264
Liabilities		
Deferred tax liabilities	10,530	12,261
Loans and borrowings	103,909	76,194
Total non-current liabilities	114,439	88,455
Trade and other payables, including derivatives	137,776	147,226
Loans and borrowings	825,065	883,121
Current tax liabilities	965	1,732
Total current liabilities	963,806	1,032,079
Total liabilities	1,078,245	1,120,534
Total equity and liabilities	1,952,163	2,027,798
Net assets per share attributable to owners of the Company (RM)	1.46	1.52

The Condensed Consolidated Balance Sheet should be read in conjunction with the audited financial statements for year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements.

MALAYAN FLOUR MILLS BERHAD (4260-M)
(Incorporated in Malaysia)
UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT
For the financial period ended 31 March 2018

	Note	Financial Period Ended	
		31.03.2018 RM '000	31.03.2017 RM '000
Revenue		563,815	604,175
Cost of goods sold		(509,022)	(527,801)
Gross profit		54,793	76,374
Operating expenses		(47,344)	(40,625)
Results from operating activities		7,449	35,749
Interest expense		(6,779)	(5,942)
Interest income		3,308	3,663
Net finance expenses		(3,471)	(2,279)
Share of (loss)/profit of equity accounted joint venture, net of tax		(1,524)	333
Share of loss of equity accounted associate, net of tax		(4)	(7)
Profit before tax		2,450	33,796
Tax credit/(expense)	17	235	(6,803)
Profit for the period		2,685	26,993
Profit attributable to:			
Owners of the Company		1,596	24,910
Non-controlling interests		1,089	2,083
Profit for the period		2,685	26,993
Basic earnings per ordinary share (sen)	21	0.29	4.53
Diluted earnings per ordinary share (sen)	21	N/A	4.53

The Condensed Consolidated Income Statement should be read in conjunction with the audited financial statements for year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements.

MALAYAN FLOUR MILLS BERHAD (4260-M)

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial period ended 31 March 2018

	Financial Period Ended	
	31.03.2018	31.03.2017
	RM '000	RM '000
Profit for the period	2,685	26,993
Other comprehensive income, net of tax		
Foreign currency translation differences for foreign operations	(16,771)	(4,620)
Total comprehensive income for the period	<u>(14,086)</u>	<u>22,373</u>
Total comprehensive income attributable to:		
Owners of the Company	(12,913)	21,087
Minority interests	(1,173)	1,286
Total comprehensive income for the period	<u>(14,086)</u>	<u>22,373</u>

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements.

MALAYAN FLOUR MILLS BERHAD (4260-M)

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial period ended 31 March 2018

	← Attributable to Owners of the Company →			Retained Earnings RM '000	Total RM '000	Non- controlling interests RM '000	Total Equity RM '000
	Share Capital RM '000	Reserve attributable to Capital RM '000	Reserve attributable to Revenue RM '000				
Balance at 1.1.2017	275,120	143,169	(9,643)	424,459	833,105	84,292	917,397
Total comprehensive income for the year	-	-	(30,717)	68,568	37,851	(2,243)	35,608
Issuance of shares pursuant to the exercise of warrants	95	-	-	-	95	-	95
Transfer of reserves upon expiry of warrants	33,370	(33,370)	-	-	-	-	-
Dividends to owners of the Company	-	-	-	(35,767)	(35,767)	-	(35,767)
Dividends to non-controlling interests	-	-	-	-	-	(6,856)	(6,856)
Changes of ownership interest in subsidiaries	-	-	-	(668)	(668)	(2,545)	(3,213)
Transfer pursuant to Companies Act 2016 (note a)	68,916	(68,916)	-	-	-	-	-
Balance at 31.12.2017	377,501	40,883	(40,360)	456,592	834,616	72,648	907,264
Balance at 1.1.2018	377,501	40,883	(40,360)	456,592	834,616	72,648	907,264
Total comprehensive income for the year	-	-	(14,509)	1,596	(12,913)	(1,173)	(14,086)
Dividends to owners of the Company	-	-	-	(19,260)	(19,260)	-	(19,260)
Balance at 31.03.2018	377,501	40,883	(54,869)	438,928	802,443	71,475	873,918

Note a

Effective from 31 January 2017, the new Companies Act 2016 ("the Act") abolished the concept of authorised share capital and par value of share capital. Consequently, during the period, the Company transferred the credit standing in the share premium account of RM68.918 million to the share capital account pursuant to the transitional provision set out in Section 618(2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use this amount for purposes as set out in Section 618(3) of the Act. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any members of the Company as a result of this transition.

MALAYAN FLOUR MILLS BERHAD (4260-M)
(Incorporated in Malaysia)
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the financial period ended 31 March 2018

	3 months ended	
	31.03.2018	31.03.2017
	RM'000	RM'000
Cash Flows From Operating Activities		
Profit before tax	2,450	33,796
Adjustments for:		
Amortisation and depreciation	13,193	12,768
(Gain)/Loss on disposal of property, plant and equipment	(10)	26
Interest expense	6,779	5,942
Interest income	(3,308)	(3,663)
Property, plant and equipment and intangible assets written off	1	1
Share of loss/(profit) of equity accounted joint venture, net of tax	1,524	(333)
Share of loss of equity accounted associate, net of tax	4	7
Net unrealised loss on foreign exchange	719	2,516
Operating profit before changes in working capital	<u>21,352</u>	51,060
Inventories	95,668	70,470
Biological assets	4,081	(6,404)
Trade and other receivables, prepayments and other financial assets	(9,788)	42,012
Trade and other payables and other financial liabilities	<u>(3,416)</u>	26,680
Cash generated from operations	107,897	183,818
Net income tax paid	(2,720)	(4,216)
Interest received	3,308	3,663
Interest paid	<u>(6,779)</u>	(5,942)
Net cash generated from operating activities	<u>101,706</u>	177,323
Cash Flows From Investing Activities		
Acquisition of property, plant and equipment and intangible assets	(64,851)	(18,746)
Increase in investment in a joint venture	(8,119)	-
Proceeds from disposal of property, plant and equipment	10	54
Net cash used in investing activities	<u>(72,959)</u>	(18,692)
Cash Flows From Financing Activities		
Dividends paid to owners of the Company	(19,260)	(19,258)
Net repayment of loans and borrowings	(18,448)	(204,565)
Net cash used in financing activities	<u>(37,708)</u>	(223,823)
Net decrease In Cash and Cash Equivalents	(8,962)	(65,192)
Effect of exchange rate fluctuations on cash held	(10,798)	49,095
Cash and Cash Equivalents at Beginning of Year	<u>257,768</u>	371,190
Cash and Cash Equivalents at End of Financial Year	<u>238,008</u>	<u>355,093</u>

Cash and Cash Equivalents

Cash and cash equivalents included in the condensed consolidated statement of cash flows comprise:-

	3 months ended	
	31.03.2018	31.03.2017
	RM'000	RM'000
Deposits placed with licensed banks	214,201	280,152
Cash and bank balances	23,807	74,941
	<u>238,008</u>	<u>355,093</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements.

1. Basis of preparation

This condensed consolidated interim financial statements (Condensed Report) has been prepared in accordance with MFRS134: Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. This condensed report should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017.

2. Significant accounting policies

The audited financial statements of the Group for the year ended 31 December 2017 were prepared in accordance with MFRS. The significant accounting policies adopted in preparing this Condensed Report are consistent with those of the audited financial statements for the year ended 31 December 2017, except for those standards, amendments and IC interpretation which are effective from the annual period beginning on or after 1 January 2018 which are applicable to the Group. The adoption of these standards, amendments and IC interpretations have no material impact on this Condensed Report.

3. Seasonal or Cyclical Factors

There were no material changes brought about by seasonal or cyclical factors that affect the performance of the Group for the financial period under review.

4. Unusual Items Due to Their Nature, Size or Incidence

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows because of their nature, size or incidence for the financial period-to-date.

5. Changes in Estimates

There were no changes in estimates that have had any material effect on the financial period-to-date results.

6. Debt and Equity Securities

There were no issuances, repurchases and repayment of debt and equity securities during the financial period ended 31 March 2018.

7. Dividend

The interim single tier dividend of 3.5 sen per ordinary share in respect of the financial year ended 31 December 2017, amounting to RM19,259,994 was paid on 30 March 2018.

The Directors do not recommend any payment of dividend for the current financial period ended 31 March 2018.

8. Events After the Reporting Period

There were no material events subsequent to the end of the financial period that would affect the financial results for the current financial period under review.

9. Contingent Liabilities or Assets

The Company has provided a proportionate corporate guarantee of USD6.0 million for financing facilities granted by a financial institution to the joint venture company, PT Bungasari Flour Mills Indonesia.

10. Capital Commitments

	As at 31.03.2018 RM'000	As at 31.12.2017 RM'000
Property, plant and equipment		
Authorised but not contracted for	203,046	191,480
Contracted but not provided for	331,938	400,215
Investment in a joint venture		
Authorised but not contracted for	8,866	17,060

The authorised but not contracted for amount of RM203.0 million includes a sum of RM202.9 million relating to expansion projects in poultry integration which is expected to be incurred over the next 2 years.

11. Changes in Composition of the Group

On 30 January 2018, Dindings Poultry Development Centre Sdn. Bhd. ("DPDC") entered into a Business Transfer Agreement with MFM Feedmill Sdn. Bhd. ("MFMF") to acquire the entire business of MFMF ("Business") for a total consideration equal to the value of the Net Assets of the Business as at 31 March 2018 ("Consideration") to be wholly satisfied by the issuance and allotment of such number of new ordinary shares in DPDC to the Company at the issue price of RM1.00 per ordinary share.

Following this, on 20 April 2018, based on the value of the Net Assets of the Business as at 31 March 2018, the total consideration of the transfer of Business of MFMF to DPDC is RM29,923,310. As settlement of the Consideration, DPDC has allotted 29,923,310 ordinary shares to the Company, being the sole shareholder of MFMF, credited as fully paid-up based on the issue price of RM1.00 per ordinary share.

On 30 January 2018, DPDC also entered into a Business Transfer Agreement with Dindings Soya & Multifeeds Sdn. Berhad ("DSM") to acquire the poultry feed business undertaken by DSM ("Business") for a total consideration equal to the value of the Net Assets of the Business as at 31 March 2018 ("Consideration") to be wholly satisfied by the issuance and allotment of such number of new ordinary shares in DPDC to the Company at the issue price of RM1.00 per ordinary share.

Following this, on 20 April 2018, based on the value of the Net Assets of the Business as at 31 March 2018, the total consideration of the transfer of Business of DSM to DPDC is RM36,534,250. As settlement of the Consideration, DPDC has allotted 36,534,250 ordinary shares to the Company, being a major shareholder of DSM, credited as fully paid-up based on the issue price of RM1.00 per ordinary share.

12. Segmental Information**Results for 3 months ended 31 March 2018**

	Flour and grains trading RM'000	Poultry integration RM'000	Others RM'000	Total RM'000
Total segment revenue	412,282	169,010	-	581,292
Eliminations- inter-segment	(6,252)	(11,225)	-	(17,477)
Revenue from external customers	406,030	157,785	-	563,815
Results from operating activities	5,855	1,550	44	7,449
Interest expense				(6,779)
Interest income				3,308
Share of loss of equity accounted joint venture, net of tax				(1,524)
Share of loss of equity accounted associate, net of tax				(4)
Profit before tax				2,450
Segments assets	1,151,651	748,756	462	1,900,869
Investment in a joint venture	50,216	-	-	50,216
Investment in an associate	-	-	1,078	1,078
Total segment assets	1,201,867	748,756	1,540	1,952,163

Results for 3 months ended 31 March 2017

	Flour and grains trading RM'000	Poultry integration RM'000	Others RM'000	Total RM'000
Total segment revenue	412,839	209,174	-	622,013
Eliminations- inter-segment	(9,567)	(8,271)	-	(17,838)
Revenue from external customers	403,272	200,903	-	604,175
Results from operating activities	22,395	13,384	(30)	35,749
Interest expense				(5,942)
Interest income				3,663
Share of profit of equity accounted joint venture, net of tax				333
Share of loss of equity accounted associate, net of tax				(7)
Profit before tax				33,796
Segments assets	1,279,295	627,435	192	1,906,922
Investment in a joint venture	44,796	-	-	44,796
Investment in an associate	-	-	1,183	1,183
Total segment assets	1,324,091	627,435	1,375	1,952,901

13. Performance Review

Financial review for current quarter was as follows:

	3 months ended		Changes %
	31.03.2018 RM'000	31.03.2017 RM'000	
Revenue	563,815	604,175	(6.7%)
Results from operating activities	7,449	35,749	(79.2%)
Profit before tax	2,450	33,796	(92.8%)
Profit after tax	2,685	26,993	(90.1%)
Profit attributable to owners of the Company	1,596	24,910	(93.6%)

For the quarter ended 31 March 2018 (Q1 2018), the Group recorded a revenue of RM563.8 million, a decrease of 6.7% from RM604.2 million registered in 31 March 2017 (Q1 2017). This was attributable to lower sales in poultry integration segment.

The Group recorded a profit before tax (PBT) amounting to RM2.5 million in Q1 2018 as compared to RM33.8 million in Q1 2017. This was mainly due to lower profits in flour and grains trading and poultry integration segments coupled with higher net interest expense in Q1 2018.

Our equity accounted joint venture in Indonesia suffered a share of loss amounting to RM1.5 million in Q1 2018 as compared to a share of profit of RM0.3 million in Q1 2017. Although the joint venture entity was operating at full capacity, unfortunately it was severely affected by the unexpected and sudden depreciation of the Indonesian Rupiah against US Dollar. On the 28 May 2018, the Indonesian government through the Central Bank had increased the interest rate to stem the outflow of the US Dollar with the intention to prevent further depreciation.

Flour and grains trading

The flour and grains trading segment recorded a revenue of RM406.0 million in Q1 2018 as compared to RM403.3 million in Q1 2017 mainly due to higher sales volume in Q1 2018. Despite the increase in the wheat costs, we have delayed our decision to increase the price of flour hence maintaining our market share and managed to record a marginal volume increment. There was an operating profit of RM5.9 million in Q1 2018 as compared to RM 22.4 million in Q1 2017, mainly due to lower margins arising from higher wheat costs in Q1 2018. Moving forward, besides continuing with our effort to source raw material efficiently and optimising our operating costs in order to sustain our margin, we will also be cautiously monitoring the wheat costs movement against the market price and as a last resort we will make the necessary price adjustment in order to sustain our business.

Poultry integration

The poultry integration segment recorded a significant decrease of 21.5% in revenue to RM157.8 million in Q1 2018 as compared to RM200.9 million in Q1 2017, mainly due to lower sales volume coupled with comparatively lower selling price of live birds in Q1 2018. This lower volume is a carry over effect of the production performance issues encountered during the last quarter of year 2017. As our breeder flock has a long life cycle period of approximately 16 months, it takes a few months for the farm to recover its performance. As of end 2017, action plans to improve performance were put in place resulting in improvement in day-old-chick production, hence we expect performance to normalise by July 2018.

In Q1 2018, the poultry integration posted an operating profit of RM1.6 million as compared to RM13.4 million in Q1 2017 mainly due to lower margins arising from lower sales of live birds coupled with net fair value loss on biological assets of RM5.0 million in Q1 2018 as compared to net fair value gain on biological assets of RM2.7 million in Q1 2017. The decline in fair value of the biological assets was mainly due to lower live birds price in Q1 2018 as compared to Q1 2017.

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

Financial review for current quarter compared with immediate preceding quarter were as follows:

	Current Quarter	Immediate Preceding Quarter	Changes
	31.03.2018	31.12.2017	
	RM'000	RM'000	%
Revenue	563,815	591,209	(4.6%)
Results from operating activities	7,449	16,188	(54.0%)
Profit before tax	2,450	14,723	(83.4%)
Profit after tax	2,685	5,453	(50.8%)
Profit attributable to owners of the Company	1,596	3,995	(60.1%)

For Q1 2018, the Group recorded a revenue of RM563.8 million which represented a decrease of 4.6% from RM591.2 million registered in the quarter ended 31 December 2017 (Q4 2017), mainly due to lower sales volume recorded in flour and grains trading and poultry integration segments in Q1 2018.

The Group recorded a profit before tax of RM2.5 million in Q1 2018 as compared to a profit before tax of RM14.7 million registered in Q4 2017. Flour and grains trading segment's operating profit declined by 53.8% to RM5.9 million primarily due to higher wheat costs and lower sales volume. Poultry integration segment's operating profit also experienced a decline of 56.0% to RM1.6 million due to lower sales volume and a RM7.6 million reduction in net fair value on biological assets in Q1 2018, partially negated by better margins from the sales of live birds in Q1 2018. Our equity accounted joint venture also registered a loss of RM1.5 million in Q1 2018 against profit of RM2.2 million in Q4 2017 due to weakened Indonesian Rupiah against US Dollar.

15. Prospects

Despite the uncertain global economic environment, volatile commodity prices and foreign exchange rates, the Board expects the Group's performance in 2018 to remain positive.

16. Variance of Actual from Forecast Profit After Tax and Profit Guarantee

- (a) Profit forecast : Not applicable
- (b) Profit guarantee : Not applicable

17. Income Tax (Credit)/Expense

	3 months ended	
	31.03.2018	31.03.2017
	RM'000	RM'000
Current income tax		
Malaysian - current year	160	2,582
Overseas - current year	997	2,766
- prior years	187	-
Deferred tax - Origination and reversal of temporary difference	(460)	-
- (Over)/Under provision in prior year	(1,119)	1,455
	<u>(235)</u>	<u>6,803</u>

The Group is in a tax credit position in the current quarter due to deferred tax income recognised. Excluding the underprovision in prior years, the Group's effective tax rate for the current income tax during the quarter was higher than the Malaysia statutory tax rate of 24% mainly due to share of losses of equity accounted joint venture and lower profits during the quarter, which was partially offset by tax incentives in Vietnam and utilisation of tax losses in Malaysia.

18. Status of Corporate Proposals

There were no new proposals announced as at 24 May 2018, the latest practicable date which is not earlier than seven (7) days from the date of this report.

19. Group's Borrowings and Debt Securities

The details of the Group's borrowings as at 31 March 2018 were as follows:

	As at 31.03.2018 RM'000	As at 31.12.2017 RM'000
Unsecured Long Term Borrowings		
<u>Term loans</u>		
Denominated in Ringgit Malaysia	103,909	76,194
Unsecured Short Term Borrowings		
<u>Bankers' acceptances/revolving credits</u>		
Denominated in Ringgit Malaysia	250,488	316,268
Denominated in US Dollar (i)	538,787	529,657
Denominated in Vietnamese Dong (ii)	16,430	17,836
<u>Term loans</u>		
Denominated in Ringgit Malaysia	19,360	19,360
	<u>825,065</u>	<u>883,121</u>

Included in the Group's loans and borrowings are unsecured bankers' acceptances/unsecured revolving credits:

- (i) Denominated in USD of RM538,787,000 equivalent to USD139,474,000 translated at USD/MYR rate of 3.8630 (2017: RM529,657,000, equivalent to USD130,860,000 translated at USD/MYR rate of 4.0475); and
- (ii) Denominated in VND of RM16,430,000, equivalent to VND97,055 million translated at VND/MYR rate of 5,907 (2017: RM17,836,000, equivalent to VND100,182 million translated at VND/MYR rate of 5,617)

20. Changes in Material Litigation

There was no material litigation action since the last annual balance sheet date to the date of this report.

21. Earnings Per Share ("EPS")**(a) Basic Earnings Per Ordinary Share**

Basic earnings per ordinary share amounts are calculated by dividing profit for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares in issue during the period.

	3 months ended	
	31.03.2018 RM'000	31.03.2017 RM'000
Profit attributable to ordinary shareholders of the Company	1,596	24,910
Weighted average number of Ordinary Shares in issue for basic EPS computation ('000)	550,285	550,239
Dilutive potential ordinary shares - Assumed exercise of Warrants	-	-
Weighted average number of Ordinary Shares in issue for diluted EPS computation ('000)	N/A	550,239
Basic earnings per ordinary share (sen)	0.29	4.53
Diluted earnings per ordinary share (sen)	N/A	4.53

(b) Diluted Earnings Per Ordinary Share

The diluted earnings per ordinary share amounts are calculated by dividing profit for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares in issue during the period after adjustment for the effects of all dilutive potential ordinary shares comprising Warrants.

The Company does not have any diluted earnings per share as at 31 March 2018.

In the preceding year corresponding quarter, the Warrants are anti-dilutive as the Warrants exercise price was higher than the average market price of the Company's shares during the period. Accordingly, the exercise of Warrants has been ignored in the calculation of dilutive earnings per ordinary share.

22. Profit for the period

	3 months ended	
	31.03.2018 RM'000	31.03.2017 RM'000
Profit for the period is arrived at after charging:		
Amortisation and depreciation	13,193	12,768
Interest expense from unsecured bankers' acceptances/ revolving credits/term loans	6,779	5,942
Net realised loss on future and option contracts	-	1,472
Net unrealised loss on future and option contracts	-	882
Net unrealised loss on foreign exchange	719	2,516
Net realised loss on foreign exchange	1,115	-
Net fair value loss on biological assets	4,992	-
Property, plant and equipment and intangible assets written off	1	1
Loss on disposal of property, plant and equipment	-	26
Impairment loss of trade receivables	785	58
and after crediting:		
Interest income from deposits placed with licensed banks	3,308	3,663
Bad debts recovered	25	-
Insurance recoveries	863	445
Gain on disposal of property, plant and equipment	10	-
Net unrealised gain on future and option contracts	273	-
Net realised gain on future and option contracts	483	-
Net realised gain on foreign exchange	-	52
Net fair value gain on biological assets	-	2,660
Reversal of impairment loss of trade receivables	32	120

23. Derivatives**(a) Contract and fair value of derivatives**

	As at 31.03.2018		As at 31.12.2017	
	Contract value RM'000	Fair value RM'000	Contract value RM'000	Fair value RM'000
Derivative financial asset				
<u>Less than 1 year</u>				
- Future and option contracts	6,365	6,519	-	-
Derivative financial liability				
<u>Less than 1 year</u>				
- Foreign currency forward contracts	419,639	415,189	367,224	361,484
- Future and option contracts	-	-	11,973	11,854

(b) Foreign currency risk*Currency risk sensitivity analysis*

A 5 percent (2017: 5 percent) strengthening/(weakening) of RM against USD for the foreign currency forward contracts outstanding at the balance sheet date would have increased/(decreased) equity and post-tax profit or loss by the amounts shown below:

	3 months ended 31.03.2018		3 months ended 31.03.2017	
	Equity	Profit or loss	Equity	Profit or loss
	RM'000	RM'000	RM'000	RM'000
Group	(4,528)	4,528	(1,093)	1,093

(c) Liquidity risk

The contract values of the derivatives disclosed in Note 23(a) represent the contractual cash outflows of the derivatives.

- (d) The significant accounting policies adopted for financial assets and financial liabilities measured at fair value through profit or loss are consistent with those of the audited financial statements for the year ended 31 December 2017.

24. Net gains and losses arising from financial instruments

	3 months ended	
	31.03.2018	31.03.2017
	RM'000	RM'000
Net (losses)/gains on:		
Fair value through profit or loss:		
- foreign currency forward contracts	1,092	(14,886)
- future and option contracts	756	(2,354)
Loan and receivables	2,555	3,725
Financial liabilities measured at amortised cost	(9,704)	6,473
	<u>(5,301)</u>	<u>(7,043)</u>

For the 3 months ending 31 March 2018, the net losses are mainly due to interest expenses on borrowings coupled with realised and unrealised loss on foreign exchange but partially offset by interest income and realised and unrealised gain on future and option contracts.

Fair value changes are dependent on the market prices of derivatives as at liquidation date and end of reporting period.

By Order of the Board

MAH WAI MUN
Secretary
MAICSA 7009729

Kuala Lumpur
30 May 2018