

**MALAYAN FLOUR MILLS BERHAD (4260-M)**  
**(Incorporated in Malaysia)**  
**UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET**  
**As at 31 March 2020**

	<b>(Unaudited)</b> <b>As at</b> <b>31.03.2020</b> <b>RM '000</b>	<b>(Audited)</b> <b>As at</b> <b>31.12.2019</b> <b>RM '000</b>
<b>Assets</b>		
Property, plant and equipment	1,100,801	1,090,312
Intangible assets	1,632	1,733
Investment properties	5,039	5,053
Right-of-use assets	31,257	31,087
Investment in a joint venture	136,773	130,912
Investment in an associate	1,098	1,074
Deferred tax assets	9,391	9,751
<b>Total non-current assets</b>	<b>1,285,991</b>	<b>1,269,922</b>
Trade and other receivables, including derivatives	398,074	394,112
Prepayments and other assets	4,650	4,964
Inventories	461,709	510,219
Biological assets	50,772	56,860
Current tax assets	5,846	481
Cash and cash equivalents	430,531	330,753
	<b>1,351,582</b>	<b>1,297,389</b>
Asset classified as held for sale	14,782	14,821
<b>Total current assets</b>	<b>1,366,364</b>	<b>1,312,210</b>
<b>Total assets</b>	<b>2,652,355</b>	<b>2,582,132</b>
Share capital	529,219	527,571
Reserves	438,497	481,279
RCULS - Equity component	83,918	85,462
<b>Total equity attributable to owners of the Company</b>	<b>1,051,634</b>	<b>1,094,312</b>
<b>Non-controlling interests</b>	<b>90,733</b>	<b>86,686</b>
<b>Total equity</b>	<b>1,142,367</b>	<b>1,180,998</b>
<b>Liabilities</b>		
Deferred tax liabilities	3,301	2,644
RCULS - Liability component	15,971	18,500
Lease liabilities	3,297	3,377
Loans and borrowings	217,164	223,058
<b>Total non-current liabilities</b>	<b>239,733</b>	<b>247,579</b>
RCULS - Liability component	5,282	5,495
Lease liabilities	2,269	1,886
Trade and other payables, including derivatives	140,683	191,303
Loans and borrowings	1,116,949	947,628
Current tax liabilities	5,072	7,243
<b>Total current liabilities</b>	<b>1,270,255</b>	<b>1,153,555</b>
<b>Total liabilities</b>	<b>1,509,988</b>	<b>1,401,134</b>
<b>Total equity and liabilities</b>	<b>2,652,355</b>	<b>2,582,132</b>
<b>Net assets per share attributable to owners of the Company (RM)</b>	<b>1.04</b>	<b>1.09</b>

The Condensed Consolidated Balance Sheet should be read in conjunction with the audited financial statements for year ended 31 December 2019 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 2020

	Note	Financial Period Ended	
		31.03.2020	31.03.2019
		RM '000	RM '000
<b>Revenue</b>		<b>654,282</b>	635,171
Cost of goods sold		<b>(597,703)</b>	(569,499)
<b>Gross profit</b>		<b>56,579</b>	65,672
Operating expenses		<b>(63,688)</b>	(41,793)
<b>Results from operating activities</b>		<b>(7,109)</b>	23,879
Interest expense		<b>(10,073)</b>	(7,305)
Interest income		<b>4,685</b>	2,266
<b>Net finance expenses</b>		<b>(5,388)</b>	(5,039)
Share of (loss)/profit of equity accounted joint venture, net of tax		<b>(1,126)</b>	7,037
Share of loss of equity accounted associate, net of tax		<b>(4)</b>	(2)
<b>(Loss)/Profit before tax</b>		<b>(13,627)</b>	25,875
Tax expense	17	<b>(1,138)</b>	(3,963)
<b>(Loss)/Profit for the period</b>		<b>(14,765)</b>	21,912
<b>(Loss)/Profit attributable to:</b>			
Owners of the Company		<b>(16,786)</b>	19,873
Non-controlling interests		<b>2,021</b>	2,039
<b>(Loss)/Profit for the period</b>		<b>(14,765)</b>	21,912
<b>Basic (loss)/earnings per ordinary share (sen)</b>	21	<b>(1.67)</b>	2.41
<b>Diluted (loss)/earnings per ordinary share (sen)</b>	21	<b>(1.33)</b>	1.83

The Condensed Consolidated Income Statement should be read in conjunction with the audited financial statements for year ended 31 December 2019 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 2020

	Financial Period Ended	
	31.03.2020	31.03.2019
	RM '000	RM '000
<b>(Loss)/Profit for the period</b>	<b>(14,765)</b>	21,912
<b>Other comprehensive (expense)/income, net of tax</b>		
Foreign currency translation differences for foreign operations	<b>(5,837)</b>	(3,859)
<b>Total comprehensive (expense)/income for the period</b>	<b>(20,602)</b>	18,053
<b>Total comprehensive (expense)/income attributable to:</b>		
Owners of the Company	<b>(24,649)</b>	16,689
Minority interests	<b>4,047</b>	1,364
<b>Total comprehensive (expense)/income for the period</b>	<b>(20,602)</b>	18,053

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for year ended 31 December 2019 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 2020

	← Attributable to Owners of the Company →					→	Distributable	Non-controlling interests	Total Equity
	Share Capital	Redeemable Convertible Unsecured Loan Stocks ("RCULS")	Warrant reserve	Other capital reserve	Translation reserve				
	RM '000	- Equity component RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
<b>Balance at 1.1.2019</b>	377,501	-	-	40,883	(42,223)	443,789	819,950	74,223	894,173
Total comprehensive income for the year	-	-	-	-	(523)	43,251	42,728	16,779	59,507
Rights shares issued	110,057	-	-	-	-	-	110,057	-	110,057
Issuance of RCULS	-	137,704	-	-	-	-	137,704	-	137,704
Shares and RCULS issuance expenses	(896)	(1,345)	-	-	-	-	(2,241)	-	(2,241)
Issuance of warrants	(7,154)	(10,730)	17,884	-	-	-	-	-	-
Conversion of RCULS	48,062	(40,167)	-	-	-	-	7,895	-	7,895
Issuance of shares pursuant to the exercise of warrants	1	-	-	-	-	-	1	-	1
Dividends to owners of the Company	-	-	-	-	-	(21,782)	(21,782)	-	(21,782)
Dividends to non-controlling interests	-	-	-	-	-	-	-	(4,316)	(4,316)
<b>Balance at 31.12.2019</b>	<b>527,571</b>	<b>85,462</b>	<b>17,884</b>	<b>40,883</b>	<b>(42,746)</b>	<b>465,258</b>	<b>1,094,312</b>	<b>86,686</b>	<b>1,180,998</b>
<b>Balance at 1.1.2020</b>	527,571	85,462	17,884	40,883	(42,746)	465,258	1,094,312	86,686	1,180,998
Total comprehensive (expense)/ income for the year	-	-	-	-	(7,863)	(16,786)	(24,649)	4,047	(20,602)
Conversion of RCULS	1,648	(1,544)	-	-	-	-	104	-	104
Dividends to owners of the Company	-	-	-	-	-	(18,133)	(18,133)	-	(18,133)
<b>Balance at 31.03.2020</b>	<b>529,219</b>	<b>83,918</b>	<b>17,884</b>	<b>40,883</b>	<b>(50,609)</b>	<b>430,339</b>	<b>1,051,634</b>	<b>90,733</b>	<b>1,142,367</b>

The Condensed Consolidated Statement Of Changes In Equity should be read in conjunction with the audited financial statements for year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.

**MALAYAN FLOUR MILLS BERHAD (4260-M)**  
(Incorporated in Malaysia)  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
For the financial period ended 31 March 2020

	3 months ended	
	31.03.2020	31.03.2019
	RM'000	RM'000
<b>Cash Flows From Operating Activities</b>		
(Loss)/Profit before tax	(13,627)	25,875
Adjustments for:		
Depreciation of property, plant and equipment and investment properties and amortisation of intangible assets	20,164	15,050
Depreciation of right-of-use assets	832	912
Gain on disposal of property, plant and equipment	(225)	(97)
Interest expense	10,073	7,305
Interest income	(4,685)	(2,266)
Property, plant and equipment and intangible assets written off	188	1
Share of loss/(profit) of equity accounted joint venture, net of tax	1,126	(7,037)
Share of loss of equity accounted associate, net of tax	4	2
Net unrealised loss/(gain) on foreign exchange	7,181	(1,639)
Operating profit before changes in working capital	21,031	38,106
Inventories	54,669	(21,264)
Biological assets	6,088	(5,507)
Trade and other receivables, prepayments and other financial assets	7,256	(1,555)
Trade and other payables and other financial liabilities	(48,969)	18,349
Cash generated from operations	40,075	28,129
Net income tax paid	(7,769)	(5,203)
Interest received	4,685	2,266
Interest paid	(9,752)	(7,305)
Net cash generated from operating activities	27,239	17,887
<b>Cash Flows From Investing Activities</b>		
Acquisition of non-controlling interests in subsidiaries	-	(52,275)
Acquisition of property, plant and equipment and intangible assets	(27,595)	(5,407)
Increase in investment in a joint venture	(23,426)	-
Proceeds from disposal of property, plant and equipment	225	126
Net cash used in investing activities	(50,796)	(57,556)
<b>Cash Flows From Financing Activities</b>		
Dividends paid to owners of the Company	(18,133)	(9,740)
Net proceeds from loans and borrowings	135,993	(242,635)
Payment of lease liabilities	(566)	(602)
Proceeds from issuance of shares pursuant to the Rights Issue of Shares	-	110,057
Proceeds from issuance of Redeemable Convertible Unsecured Loan Stocks ("RCULS")	-	165,085
Shares and RCULS issuance expenses	-	(2,241)
RCULS coupon paid	(2,926)	-
Net cash from financing activities	114,368	19,924
<b>Net increase/(decrease) in Cash and Cash Equivalents</b>	90,811	(19,745)
Effect of exchange rate fluctuations on cash held	8,967	(1,793)
<b>Cash and Cash Equivalents at Beginning of Year</b>	330,753	168,832
<b>Cash and Cash Equivalents at End of Financial Period</b>	430,531	147,294

**Cash and Cash Equivalents**

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

	3 months ended	
	31.03.2020	31.03.2019
	RM'000	RM'000
Deposits placed with licensed banks	334,402	94,191
Cash and bank balances	50,937	21,768
Liquid investments	45,192	31,335
	430,531	147,294

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for year ended 31 December 2019 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 2019.

**2. Significant accounting policies**

The audited financial statements of the Group for the year ended 31 December 2019 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 2019, except for those standards, amendments and IC interpretation which are effective from the annual period beginning on or after 1 January 2020 which are applicable to the Group. The adoption of these standards, amendments and IC interpretation 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**

**Redeemable Convertible Unsecured Loan Stocks ("RCULS")**

In the current quarter, 3,296,700 new ordinary shares were issued and allotted arising from the conversion of RM1,648,350 nominal value of RCULS at the conversion price of RM0.50 each. The conversion price is satisfied by surrendering the equivalent nominal value of RCULS for cancellation.

As at 31 March 2020, the outstanding nominal value of RCULS is RM115,374,381.

**Warrants**

In the current quarter, there were no Warrants exercised.

As at 31 March 2020, the total number of Warrants which remained unexercised was 137,569,367.

Accordingly, the issued and paid-up share capital of the Company increased to RM529,219,286 comprising 1,007,391,621 ordinary shares following the RCULS conversion above.

Other than the above, there were no issuances, repurchases and repayment of debt and equity securities during the financial period ending 31 March 2020.

**MALAYAN FLOUR MILLS BERHAD (4260-M)**  
**Notes to the Financial Report for the Financial Period Ended 31 March 2020**

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**7. Dividend**

The second interim dividend of 1.8 sen per ordinary share in respect of the financial year ended 31 December 2019, amounting to RM18,133,000 was paid on 27 March 2020.

The Directors do not recommend any payment of dividend for the current financial period ended 31 March 2020.

**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 proportionate corporate guarantees of up to USD12.6 million for financing facilities granted by financial institutions to the joint venture company, PT Bungasari Flour Mills Indonesia. As at 31 March 2020, the outstanding loans proportionately amounted to USD6.7 million.

In 2017, the Indonesian tax authority having performed tax audit in relation to its value-added tax ("VAT") has issued a notification letter imposing a total sum of RM17.1 million (additional tax assessment of RM8.55 million and penalty of RM8.55 million) on PT Bungasari on the basis of overclaimed VAT for the year 2015. In 2018, the Indonesian tax authority has issued another notification letter imposing a total sum of RM16.8 million (additional tax assessment of RM8.4 million and penalty of RM8.4 million) on PT Bungasari on the basis of overclaimed VAT for the year 2016. In 2019, the Indonesian tax authority has issued another notification letter imposing a total sum of RM20.3 million (additional tax assessment of RM10.6 million and penalty of RM9.7 million) on PT Bungasari on the basis of overclaimed VAT for the year 2017. The Group's 30% share of the potential liabilities are RM5.1 million, RM5.0 million and RM6.1 million for the years 2015, 2016 and 2017 respectively.

PT Bungasari submitted objection letters against the VAT notification letters, accompanied by a sum of RM9.6 million payment to the tax authority. PT Bungasari has obtained the advice of its tax consultant who is of the view that there are sufficient grounds to challenge this assessment. On that basis, the Directors concur with the view that no additional provision is required in the financial statements for the potential tax liabilities up to the reporting date and the payment of RM9.6 million will be recoverable.

**10. Capital Commitments**

	As at 31.03.2020 RM'000	As at 31.12.2019 RM'000
<b>Property, plant and equipment</b>		
Contracted but not provided for	<u>121,363</u>	<u>133,782</u>

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

During the current quarter, the Company increased its investment in the joint venture company, PT Bungasari by subscribing for an additional 5,713 shares with a nominal value of USD1,000 (in Indonesian Rupiah equivalent) per share based on a proportionate shareholding for a cash consideration of approximately RM23,355,000 (equivalent to USD5,713,200). The remaining advances amounting to RM71,000 (equivalent to USD16,800) made in 2019 was converted into equity during the current quarter. Subsequent to the subscription, the percentage of ownership interest in PT Bungasari remained at 30%.

## 12. Segmental Information

## Results for 3 months ended 31 March 2020

	Flour and grains trading RM'000	Poultry integration RM'000	Others RM'000	Total RM'000
Total segment revenue	501,520	190,339	-	691,859
Eliminations- inter-segment	(15,886)	(21,691)	-	(37,577)
<b>Revenue from external customers</b>	<b>485,634</b>	<b>168,648</b>	<b>-</b>	<b>654,282</b>
Results from operating activities	22,080	(29,152)	(37)	(7,109)
Interest expense				(10,073)
Interest income				4,685
Share of loss of equity accounted joint venture, net of tax				(1,126)
Share of loss of equity accounted associate, net of tax				(4)
<b>Loss before tax</b>				<b>(13,627)</b>
Segments assets	1,444,966	1,068,995	523	2,514,484
Investment in a joint venture	136,773	-	-	136,773
Investment in an associate	-	-	1,098	1,098
<b>Total segment assets</b>	<b>1,581,739</b>	<b>1,068,995</b>	<b>1,621</b>	<b>2,652,355</b>

## Results for 3 months ended 31 March 2019

	Flour and grains trading RM'000	Poultry integration RM'000	Others RM'000	Total RM'000
Total segment revenue	469,294	188,140	-	657,434
Eliminations- inter-segment	(14,669)	(7,594)	-	(22,263)
<b>Revenue from external customers</b>	<b>454,625</b>	<b>180,546</b>	<b>-</b>	<b>635,171</b>
Results from operating activities	22,012	1,855	12	23,879
Interest expense				(7,305)
Interest income				2,266
Share of profit of equity accounted joint venture, net of tax				7,037
Share of loss of equity accounted associate, net of tax				(2)
<b>Profit before tax</b>				<b>25,875</b>
Segments assets	1,181,118	982,697	517	2,164,332
Investment in a joint venture	73,150	-	-	73,150
Investment in an associate	-	-	1,104	1,104
<b>Total segment assets</b>	<b>1,254,268</b>	<b>982,697</b>	<b>1,621</b>	<b>2,238,586</b>



**MALAYAN FLOUR MILLS BERHAD (4260-M)**  
**Notes to the Financial Report for the Financial Period Ended 31 March 2020**

**13. Performance Review**

Financial review for current quarter was as follows:

	3 months ended		Changes
	31.03.2020	31.03.2019	%
Revenue	RM'000	RM'000	
	654,282	635,171	3.0%
Results from operating activities	(7,109)	23,879	(129.8%)
(Loss)/Profit before tax	(13,627)	25,875	(152.7%)
(Loss)/Profit after tax	(14,765)	21,912	(167.4%)
(Loss)/Profit attributable to owners of the Company	<u>(16,786)</u>	<u>19,873</u>	<u>(184.5%)</u>

For the quarter ended 31 March 2020 (Q1 2020), the Group recorded a revenue of RM654.3 million, an increase of 3.0% from RM635.2 million registered in the same quarter ended 31 March 2019 (Q1 2019). This was attributed to higher sales recorded in flour and grains trading segment by 6.8% but partially offset by a decline in the poultry integration segment's sales by 6.6%.

The Group recorded an operating loss of RM7.1 million in Q1 2020 as compared to an operating profit of RM23.9 million in Q1 2019. The flour and grains trading segment recorded a marginally higher operating profit of RM22.1 million in Q1 2020 as compared to an operating profit of RM22.0 million in Q1 2019. This profit was negated by losses incurred in the poultry integration segment amounting to RM29.2 million in Q1 2020 as compared to an operating profit of RM1.9 million in the same quarter last year. Consequently, the Group recorded a loss before tax (LBT) of RM13.6 million in Q1 2020 as compared to a profit before tax (PBT) of RM25.9 million in Q1 2019. This was attributable to:-

- (i) Flour and grains trading segment's operating profit was marginally higher, primarily due to favourable margins arising from better production efficiency whilst demand for flour and grains remained strong in Q1 2020.
- (ii) Poultry integration segment recorded an operating loss of RM29.2 million in Q1 2020 as compared to an operating profit of RM1.9 million in Q1 2019, attributable to key factors below:-
  - a) In the Malaysian market, live birds prices fell as there was excessive live birds supply, caused by the market supply disruption especially in the slowdown of live birds export to neighbouring country and lower consumer demand for live birds in the midst of the Movement Control Order in March 2020. As a result, losses were incurred due to the depressed live birds prices and the lower sales volume in Q1 2020; and
  - b) Fair value loss on biological assets in Q1 2020 amounted to RM8.1 million as compared to a fair value loss on biological assets of RM1.0 million in Q1 2019; and
  - c) Higher depreciation and interest expenses were recorded in the poultry integration segment in Q1 2020 as compared to that of Q1 2019 as the new primary poultry processing plant was completed and became operational since Q1 2020.
- (iii) In Q1 2020, the Group's share of loss of equity accounted joint venture in Indonesia amounted to RM1.1 million as compared to a share of profit of RM7.0 million in Q1 2019. Despite the strong demand for flour and favourable margin being generated in Q1 2020, the profit was eroded by forex loss caused by the weaker Indonesian Rupiah against the US Dollar in Q1 2020 amidst the COVID-19 pandemic whereby the US Dollar, as a safe haven currency, gained strength over emerging currencies.

**MALAYAN FLOUR MILLS BERHAD (4260-M)**  
**Notes to the Financial Report for the Financial Period Ended 31 March 2020**

**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 31.03.2020 RM'000	Immediate Preceding Quarter 31.12.2019 RM'000	Changes %
Revenue	654,282	719,667	(9.1%)
Results from operating activities	(7,109)	20,393	(134.9%)
(Loss)/Profit before tax	(13,627)	19,602	(169.5%)
(Loss)/Profit after tax	(14,765)	10,443	(241.4%)
(Loss)/Profit attributable to owners of the Company	(16,786)	3,260	(615.0%)

Revenue declined 9.1% in Q1 2020 as compared to that of Q4 2019, mainly due to lower sales volume in flour and grains trading segment.

Flour and grains trading's operating profit decreased by 51.1% in Q1 2020, from RM45.1 million in Q4 2019 to RM22.1 million in Q1 2020, mainly due to lower margins and net realised and unrealised loss on foreign exchange in Q1 2020.

Poultry integration segment recorded an operating loss of RM29.2 million in Q1 2020 as compared to an operating loss of RM24.7 million in Q4 2019, mainly attributable to lower sales volume of live birds amidst low live birds prices, coupled with higher depreciation in Q1 2020. Fair value loss on biological assets amounted to RM8.1 million in Q1 2020 as compared to fair value loss of RM8.3 million in Q4 2019.

Our equity accounted joint venture registered a share of loss of RM1.1 million in Q1 2020 as compared to a share of profit of RM2.4 million in Q4 2019 mainly arising from forex loss caused by a weaker Indonesian Rupiah against the US Dollar in Q1 2020.

**15. Prospects**

Due to the uncertain impact of the COVID-19 pandemic on the world and domestic economic environment, volatile commodities prices and foreign exchange, the Board is unable to provide a clear indication on the Group's performance in 2020 at this moment.

**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 Expense**

	3 months ended	
	31.03.2020 RM'000	31.03.2019 RM'000
Current income tax		
- current year	5,354	4,794
- prior year	(16)	6
Deferred tax		
- Origination and reversal of temporary difference	(5,295)	(837)
- Under provision in prior year	1,095	-
	<u>1,138</u>	<u>3,963</u>

The Group's effective tax rate for the income tax expense during the quarter ended 31 March 2020 is higher than the Malaysia statutory tax rate of 24% mainly due to losses incurred in the poultry integration segment, but partially offset by the tax incentives in Vietnam.

**MALAYAN FLOUR MILLS BERHAD (4260-M)**  
**Notes to the Financial Report for the Financial Period Ended 31 March 2020**

**18. Status of Corporate Proposals**

- (a) There were no new proposals announced as at 9 May 2020, the latest practicable date which is not earlier than seven (7) days from the date of this report.
- (b) The status of the utilisation of proceeds from the Rights Issue is as follows:

<b>Purpose</b>	<b>Proposed Utilisation</b> RM' million	<b>As at 31 March 2020</b>		<b>Intended Timeframe for Utilisation</b>	<b>Deviation Over spent</b>	
		<b>Actual Utilisation</b> RM' million	<b>Balance Unutilised</b> RM' million		<b>RM' million</b>	<b>%</b>
Capital expenditure and repayment of revolving credit loans drawn to finance the capital expenditure	216.76	204.77	11.99	Within 2 years	-	-
Repayment of revolving credit loans drawn to finance working capital requirement	54.80	54.80	-	Within 1 year	-	-
Estimated expenses for the Rights Issue	3.58	3.95	-	Within 1 month	(0.37) *	-10%
	<u>275.14</u>	<u>263.52</u>	<u>11.99</u>		<u>(0.37)</u>	

\* The additional expenses incurred were paid from working capital.

**19. Group's Borrowings and Debt Securities**

The details of the Group's borrowings as at 31 March 2020 were as follows:

	As at 31.03.2020 RM'000	As at 31.12.2019 RM'000
<b>Unsecured Long Term Borrowings</b>		
<u>Term loans</u>		
Denominated in Ringgit Malaysia	217,164	223,058
<b>Unsecured Short Term Borrowings</b>		
<u>Bankers' acceptances/revolving credits</u>		
Denominated in Ringgit Malaysia	349,128	314,965
Denominated in US Dollar (i)	692,070	539,187
Denominated in Vietnamese Dong (ii)	30,661	45,896
<u>Term loans</u>		
Denominated in Ringgit Malaysia	45,090	47,580
	<u>1,116,949</u>	<u>947,628</u>

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

- (i) Denominated in USD of RM692,070,000 equivalent to USD160,459,000 translated at USD/MYR rate of 4.3130 (2019: RM539,187,000 equivalent to USD131,734,000 translated at USD/MYR rate of 4.0930); and
- (ii) Denominated in VND of RM30,661,000 equivalent to VND168,627 million translated at VND/MYR rate of 5,500 (2019: RM45,896,000 equivalent to VND260,486 million translated at VND/MYR rate of 5,676)

The details of the Group's debt securities as at 31 March 2020 were as follows:

	As at 31.03.2020 RM'000	As at 31.12.2019 RM'000
<b>RCULS - Liability component</b>		
Non-current	15,971	18,500
Current	5,282	5,495
	<u>21,253</u>	<u>23,995</u>

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**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/(loss) 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	
	31.03.2020	31.03.2019
	RM'000	RM'000
(Loss)/Profit attributable to ordinary shareholders of the Company	(16,786)	19,873
Weighted average number of Ordinary Shares in issue for basic EPS computation ('000)	1,004,860	824,247
Basic (loss)/earnings per ordinary share (sen)	(1.67)	2.41

**(b) Diluted Earnings Per Ordinary Share**

The diluted earnings per ordinary share amounts are calculated by dividing profit/(loss) 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 RCULS and Warrants.

	3 months ended	
	31.03.2020	31.03.2019
	RM'000	RM'000
(Loss)/Profit attributable to ordinary shareholders of the Company	(16,786)	19,873
Interest expense on RCULS, net of tax	321	-
	(16,465)	19,873
Weighted average number of Ordinary Shares in issue for basic EPS computation ('000)	1,004,860	824,247
Dilutive potential ordinary shares		
- Assumed conversion of RCULS	230,749	259,695
- Assumed conversion of Warrants	-	-
Weighted average number of Ordinary Shares in issue for diluted EPS computation ('000)	1,235,609	1,083,942
Diluted (loss)/earnings per ordinary share (sen)	(1.33)	1.83

However, the Warrants were anti-dilutive during the current quarter 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.

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**22. (Loss)/Profit for the period**

	3 months ended	
	31.03.2020 RM'000	31.03.2019 RM'000
Profit for the period is arrived at after charging:		
Depreciation of property, plant and equipment and investment properties and amortisation of intangible assets	20,164	15,050
Depreciation of right-of-use assets	832	912
Interest expense from unsecured bankers' acceptances/ revolving credits/term loans/lease liabilities/RCULS	10,073	7,305
Net realised loss on future and option contracts	-	182
Net unrealised loss on future and option contracts	469	1,272
Net unrealised loss on foreign exchange	7,181	-
Net realised loss on foreign exchange	977	216
Net fair value loss on biological assets	8,063	979
Property, plant and equipment written off	188	1
Impairment loss of trade receivables	8,465	250
and after crediting:		
Interest income from:		
- deposits placed with licensed banks	4,517	2,266
- trade debtors	168	-
Insurance recoveries	193	735
Net realised gain on future and option contracts	706	-
Net unrealised gain on foreign exchange	-	1,639
Gain on disposal of property, plant and equipment	225	97
Reversal of impairment loss of trade receivables	3,376	289

**23. Derivatives**

**(a) Contract and fair value of derivatives**

	As at 31.03.2020		As at 31.12.2019	
	Contract value RM'000	Fair value RM'000	Contract value RM'000	Fair value RM'000
<b>Derivative financial asset</b>				
<u>Less than 1 year</u>				
- Foreign currency forward contracts	468,494	476,136	-	-
- Future and option contracts	34,465	35,499	3,907	4,447
<b>Derivative financial liability</b>				
<u>Less than 1 year</u>				
- Foreign currency forward contracts	30,072	29,860	376,577	371,927
- Future and option contracts	598	(490)	(842)	(967)

**MALAYAN FLOUR MILLS BERHAD (4260-M)**  
**Notes to the Financial Report for the Financial Period Ended 31 March 2020**

**(b) Foreign currency risk**

*Currency risk sensitivity analysis*

A 5 percent (2019: 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 31.03.2020		3 months ended 31.03.2019	
	Equity RM'000	Profit or loss RM'000	Equity RM'000	Profit or loss RM'000
Group	(7,353)	7,353	(919)	919

**(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 2019.

**24. Net gains and losses arising from financial instruments**

	3 months ended	
	31.03.2020 RM'000	31.03.2019 RM'000
Net (losses)/gains on:		
Financial assets/(liabilities) at fair value through profit or loss:		
Mandatorily required by MFRS 9		
- foreign currency forward contracts	12,080	2,433
- future and option contracts	237	(1,454)
Financial assets at amortised cost	(404)	2,304
Financial liabilities measured at amortised cost	(30,311)	(8,315)
	<u>(18,398)</u>	<u>(5,032)</u>
Net (loss)/gain on impairment of financial instruments:		
- financial assets at amortised cost	(5,089)	39
	<u>(5,089)</u>	<u>39</u>

For the 3 months ending 31 March 2020, the net losses are mainly due to net unrealised loss on foreign currency borrowings, interest expenses on borrowings and impairment loss on trade receivables, but partially offset with unrealised gain on foreign exchange forward 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  
 SSM Practising Certificate No. 202008000785

Kuala Lumpur  
 15 May 2020