

**MALAYAN FLOUR MILLS BERHAD (196101000210 (4260-M))**  
**(Incorporated in Malaysia)**  
**UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET**  
**As at 31 March 2022**

	(Unaudited) As at 31.03.2022 RM '000	(Audited) As at 31.12.2021 RM '000
<b>Assets</b>		
Property, plant and equipment	430,659	436,379
Intangible assets	278	341
Investment properties	4,926	4,941
Right-of-use assets	21,101	21,747
Investments in joint ventures	21 625,651	629,217
Investment in an associate	1,053	1,052
Deferred tax assets	8,036	6,730
Other receivables	182,217	182,217
<b>Total non-current assets</b>	<u>1,273,921</u>	<u>1,282,624</u>
Trade and other receivables, including derivatives	390,811	381,590
Prepayments and other assets	2,647	1,661
Inventories	675,234	494,000
Current tax assets	4,568	3,612
Cash and cash equivalents	425,147	534,529
	<u>1,498,407</u>	<u>1,415,392</u>
Asset classified as held for sale	33,597	33,597
<b>Total current assets</b>	<u>1,532,004</u>	<u>1,448,989</u>
<b>Total assets</b>	<u><u>2,805,925</u></u>	<u><u>2,731,613</u></u>
Share capital	535,748	535,623
Reserves	643,434	640,512
RCULS - Equity	78,063	78,179
<b>Total equity attributable to owners of the Company</b>	<u>1,257,245</u>	<u>1,254,314</u>
<b>Non-controlling interests</b>	102,543	96,242
<b>Total equity</b>	<u>1,359,788</u>	<u>1,350,556</u>
<b>Liabilities</b>		
Deferred tax liabilities	6,559	5,879
RCULS - Liabilities	4,640	7,310
Lease liabilities	12,966	13,499
Loans and borrowings	153,670	166,949
<b>Total non-current liabilities</b>	<u>177,835</u>	<u>193,637</u>
RCULS - Liabilities	4,880	4,657
Lease liabilities	1,882	1,551
Trade and other payables, including derivatives	102,866	127,046
Loans and borrowings	1,150,816	1,045,163
Current tax liabilities	7,858	9,003
<b>Total current liabilities</b>	<u>1,268,302</u>	<u>1,187,420</u>
<b>Total liabilities</b>	<u>1,446,137</u>	<u>1,381,057</u>
<b>Total equity and liabilities</b>	<u><u>2,805,925</u></u>	<u><u>2,731,613</u></u>
<b>Net assets per share attributable to owners of the Company (RM)</b>	<b>1.23</b>	<b>1.23</b>

The Condensed Consolidated Balance Sheet should be read in conjunction with the audited financial statements for year ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial statements.

**MALAYAN FLOUR MILLS BERHAD (196101000210 (4260-M))**  
(Incorporated in Malaysia)  
**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT**  
For the financial period ended 31 March 2022

	Note	Financial Period Ended	
		31.03.2022	31.03.2021
		RM '000	RM '000
<b>Continuing operations</b>			
Revenue		634,877	535,556
Cost of goods sold		(571,417)	(464,514)
<b>Gross profit</b>		<b>63,460</b>	71,042
Operating expenses		(24,308)	(23,210)
<b>Results from operating activities</b>		<b>39,152</b>	47,832
Interest expense		(6,649)	(5,149)
Interest income		5,187	9,434
<b>Net finance (expenses)/income</b>		<b>(1,462)</b>	4,285
Share of (loss)/profit of equity accounted joint ventures, net of tax		(4,162)	4,053
Share of loss of equity accounted associate, net of tax		(4)	(4)
<b>Profit before tax</b>		<b>33,524</b>	56,166
Tax expense	17	(7,461)	(10,693)
<b>Profit from continuing operations</b>		<b>26,063</b>	45,473
<b>Discontinued operations arising from deconsolidation of subsidiaries</b>			
Loss from discontinued operations, net of tax	18	-	(23,764)
<b>Profit for the period</b>		<b>26,063</b>	21,709
<b>Profit/(Loss) attributable to:</b>			
Owners of the Company			
- from continuing operations		20,316	41,422
- from discontinued operations		-	(23,764)
		20,316	17,658
Non-controlling interests		5,747	4,051
<b>Profit for the period</b>		<b>26,063</b>	21,709
<b>Basic earnings/(loss) per ordinary share (sen)</b>			
- from continuing operations	23	1.99	4.08
- from discontinued operations	23	-	(2.34)
<b>Diluted earnings/(loss) per ordinary share (sen)</b>			
- from continuing operations	23	1.66	3.04
- from discontinued operations	23	-	(1.73)

The Condensed Consolidated Income Statement should be read in conjunction with the audited financial statements for year ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial statements.

**MALAYAN FLOUR MILLS BERHAD (196101000210 (4260-M))**

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

For the financial period ended 31 March 2022

	Financial	
	Period Ended	
	31.03.2022	31.03.2021
	RM '000	RM '000
<b>Profit for the period</b>	<b>26,063</b>	21,709
<b>Other comprehensive income, net of tax</b>		
Foreign currency translation differences for foreign operations	<b>3,558</b>	12,169
<b>Total comprehensive income for the period</b>	<b>29,621</b>	<b>33,878</b>
<b>Total comprehensive income/(expense) attributable to:</b>		
Owners of the Company		
- from continuing operations	<b>23,320</b>	51,180
- from discontinued operations	-	(23,764)
	<b>23,320</b>	27,416
Minority interests	<b>6,301</b>	6,462
<b>Total comprehensive income for the period</b>	<b>29,621</b>	<b>33,878</b>

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited December 2021 and the accompanying explanatory notes attached to the interim financial statements.

**MALAYAN FLOUR MILLS BERHAD (196101000210 (4260-M))**

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the financial period ended 31 March 2022

	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	Redeemable Convertible Unsecured Loan Stocks ("RCULS") - Equity component RM '000	Warrant reserve RM '000	Other capital reserve RM '000	Translation reserve RM '000				
<b>Balance at 1.1.2021</b>	530,665	82,479	17,884	40,883	(53,590)	452,538	1,070,859	94,048	1,164,907
Total comprehensive income for the year	-	-	-	-	19,183	173,909	193,092	28,288	221,380
Retained earnings reinvested as capital contribution in subsidiaries	-	-	-	52,182	-	(52,182)	-	-	-
Conversion of RCULS	4,245	(4,300)	-	-	-	-	(55)	-	(55)
Issuance of shares pursuant to the exercise of warrants	713	-	(114)	-	-	-	599	-	599
Dividends to owners of the Company	-	-	-	-	-	(10,181)	(10,181)	-	(10,181)
Dividends to non-controlling interests	-	-	-	-	-	-	-	(26,094)	(26,094)
<b>Balance at 31.12.2021</b>	<b>535,623</b>	<b>78,179</b>	<b>17,770</b>	<b>93,065</b>	<b>(34,407)</b>	<b>564,084</b>	<b>1,254,314</b>	<b>96,242</b>	<b>1,350,556</b>
<b>Balance at 1.1.2022</b>	535,623	78,179	17,770	93,065	(34,407)	564,084	1,254,314	96,242	1,350,556
Total comprehensive income for the year	-	-	-	-	3,004	20,316	23,320	6,301	29,621
Conversion of RCULS	125	(116)	-	-	-	-	9	-	9
Dividends to owners of the Company	-	-	-	-	-	(20,398)	(20,398)	-	(20,398)
<b>Balance at 31.3.2022</b>	<b>535,748</b>	<b>78,063</b>	<b>17,770</b>	<b>93,065</b>	<b>(31,403)</b>	<b>564,002</b>	<b>1,257,245</b>	<b>102,543</b>	<b>1,359,788</b>

The Condensed Consolidated Statement Of Changes In Equity should be read in conjunction with the audited financial statements for year ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial statements.

**MALAYAN FLOUR MILLS BERHAD (196101000210 (4260-M))**  
(Incorporated in Malaysia)  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
For the financial period ended 31 March 2022

	3 months ended	
	31.03.2022 RM'000	31.03.2021 RM'000
<b>Cash Flows From Operating Activities</b>		
<b>Profit/(Loss) before tax from :</b>		
- continuing operations	33,524	56,166
- discontinued operations	-	(28,011)
	<u>33,524</u>	<u>28,155</u>
Adjustments for:		
Depreciation of property, plant and equipment and investment properties and amortisation of intangible assets	9,915	18,081
Depreciation of right-of-use assets	595	740
Gain on disposal of property, plant and equipment	-	(25)
Gain on lease modification	(37)	-
Interest expense	6,649	7,767
Interest income	(5,187)	(4,786)
Net gain on impairment of financial assets	(507)	(519)
Property, plant and equipment and intangible assets written off	1	331
Share of loss/(profit) of equity accounted joint ventures, net of tax	4,162	(4,053)
Share of loss of equity accounted associate, net of tax	4	4
Net unrealised loss/(gain) on foreign exchange	1,710	(832)
Operating profit before changes in working capital	<u>50,829</u>	<u>44,863</u>
Inventories	(176,561)	(64,761)
Biological assets	-	2,450
Trade and other receivables, prepayments and other financial assets	(8,902)	328
Trade and other payables and other financial liabilities	(5,628)	(87,933)
Cash used in operations	<u>(140,262)</u>	<u>(105,053)</u>
Net income tax paid	(10,244)	(8,257)
Interest received	5,187	4,786
Interest paid	(6,344)	(7,461)
Net cash used in operating activities	<u>(151,663)</u>	<u>(115,985)</u>
<b>Cash Flows From Investing Activities</b>		
Acquisition of property, plant and equipment and intangible assets	(7,405)	(8,416)
Proceeds from disposal of property, plant and equipment	-	75
Net cash used in investing activities	<u>(7,405)</u>	<u>(8,341)</u>
<b>Cash Flows From Financing Activities</b>		
Dividends paid to owners of the Company	(20,398)	(10,181)
Dividends paid to non-controlling interests	(15,825)	-
Net proceeds from loans and borrowings	85,746	169,320
Payment of lease liabilities	(165)	(505)
RCULS coupon paid	(2,742)	(2,848)
Proceeds from issuance of shares pursuant to the exercise of the warrants	-	3
Net cash generated from financing activities	<u>46,616</u>	<u>155,789</u>
<b>Net (decrease)/increase in Cash and Cash Equivalents</b>	<u>(112,452)</u>	<u>31,463</u>
Effect of exchange rate fluctuations on cash held	3,070	12,344
<b>Cash and Cash Equivalents at Beginning of Year</b>	<u>534,529</u>	<u>404,627</u>
<b>Cash and Cash Equivalents at End of Financial Period</b>	<u>425,147</u>	<u>448,434</u>

**Cash and Cash Equivalents**

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

	3 months ended	
	31.03.2022 RM'000	31.03.2021 RM'000
Deposits placed with licensed banks	344,289	389,696
Cash and bank balances	68,839	23,923
Liquid investments	12,019	34,815
	<u>425,147</u>	<u>448,434</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for year ended 31 December 2021 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 2021.

**2. Significant accounting policies**

The audited financial statements of the Group for the year ended 31 December 2021 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 2021, except for those standards, amendments and IC interpretation which are effective from the annual period beginning on or after 1 January 2022 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 ended 31 March 2022, 249,680 new ordinary shares were issued and allotted arising from the conversion of RM124,840 nominal value of RCULS at the conversion price of RM0.50 each.

As at 31 March 2022, the outstanding nominal value of RCULS is RM109,559,187.

**Warrants**

In the current quarter, there were no Warrants exercised.

As at 31 March 2022, the total number of Warrants which remained unexercised was 136,688,367.

Accordingly, the issued and paid-up share capital of the Company increased to RM535,748,090 comprising 1,019,903,009 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 2022.

**MALAYAN FLOUR MILLS BERHAD (196101000210 (4260-M))**  
**Notes to the Financial Report for the Financial Period Ended 31 March 2022**

**7. Dividend**

The interim dividend of 2.0 sen per ordinary share in respect of the financial year ended 31 December 2021, amounting to RM20,398,000 was paid on 25 March 2022.

The Directors do not recommend any payment of dividend for the current financial period ended 31 March 2022.

**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**

**PT Bungasari Flour Mills Indonesia**

Corporate Guarantee for financing facilities under joint venture

The Company has provided proportionate corporate guarantees of up to USD15.0 million for financing facilities granted by financial institutions to the joint venture company, PT Bungasari Flour Mills Indonesia. As at 31 March 2022, the outstanding loans proportionately amounted to USD11.6 million.

Tax audit update for YA 2015-2017 VAT

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.

PT Bungasari submitted objection letters against the VAT notification letters, accompanied by a sum of RM9.6 million payment to the tax authority for 2015 and 2017.

The final Tax Court hearing in Indonesia for the assessment of overclaimed VAT for the years 2015 and 2016 was concluded in December 2020, in which the Tax Court ruled in favour of PT Bungasari. The sum of RM8.7 million paid for the year 2015 was refunded to PT Bungasari in February 2021. Subsequently, the Director General of Tax (Jakarta) filed a judiciary review at the Supreme Court to overturn the results of the Tax Court for the years 2015 and 2016. In February and March 2022, the Supreme Court ruled in favour of PT Bungasari for the judicial review of VAT for year 2016 and VAT for year 2015 respectively. Hence, the cases for VAT years 2015 and 2016 are officially closed.

The court proceedings for the assessment of overclaimed VAT for the year 2017 is ongoing. The Group's 30% share of the potential liabilities is RM6.1 million for the year 2017. Based on the advice of its tax consultant who is of the view that there are sufficient grounds to challenge this VAT year 2017 assessment as well as the court decision for years 2015 and 2016 which are in favour of PT Bungasari, the Directors concur with the view that no additional provision is required in the financial statements for the potential tax liabilities of VAT year 2017. The sum of RM0.9 million paid was in accordance to PT Bungasari's VAT calculation basis.

**10. Capital Commitments**

	As at 31.03.2022 RM'000	As at 31.12.2021 RM'000
<b>Property, plant and equipment</b>		
Contracted but not provided for	21,723	8,801
Joint ventures		
- Share of commitment of joint ventures	6,820	7,543

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

There were no changes to the corporate structure of the Group for the financial period ended 31 March 2022.

**MALAYAN FLOUR MILLS BERHAD (196101000210 (4260-M))**  
**Notes to the Financial Report for the Financial Period Ended 31 March 2022**

**12. Segmental Information**

	<b>Results for 3 months ended 31 March 2022</b>			
	<b>Continuing operations</b>			
	<b>Flour and grains trading</b>	<b>Poultry Integration (DTSB Group)</b>	<b>Others</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Total segment revenue	626,367	-	13,714	640,081
Eliminations - inter-segment	(5,204)	-	-	(5,204)
<b>Revenue</b>	<b>621,163</b>	<b>-</b>	<b>13,714</b>	<b>634,877</b>
Results from operating activities	40,423	-	(1,271)	39,152
Interest expense				(6,649)
Interest income				5,187
Share of profit/(loss) of equity accounted joint ventures, net of tax	836	(4,998)	-	(4,162)
Share of loss of equity accounted associate, net of tax				(4)
<b>Profit before tax</b>				<b>33,524</b>
<b>Profit from discontinued operations, net of tax</b>				<b>-</b>
Segments assets	2,072,865	-	106,356	2,179,221
Investments in joint ventures	177,923	447,728	-	625,651
Investment in an associate	-	-	1,053	1,053
<b>Total segment assets - continuing operations</b>	<b>2,250,788</b>	<b>447,728</b>	<b>107,409</b>	<b>2,805,925</b>
<b>Segment assets - discontinued operations</b>				<b>-</b>

	<b>Results for 3 months ended 31 March 2022</b>	
	<b>PT Bungasari Flour Mills</b>	<b>Poultry Integration (DTSB Group)</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Revenue</b>	<b>468,981</b>	<b>231,233</b>
Results from operating activities	8,064	(13,387)
Interest expense	(3,983)	(1,297)
Interest income	208	44
<b>Profit/(Loss) before tax</b>	<b>4,289</b>	<b>(14,640)</b>
Tax expense	(1,501)	4,839
<b>Profit/(Loss) after tax</b>	<b>2,788</b>	<b>(9,801)</b>
<b>Share of profit/(loss) of equity accounted joint ventures</b>	<b>836</b>	<b>(4,998)</b>
Segment assets	1,652,115	1,155,951



**MALAYAN FLOUR MILLS BERHAD (196101000210 (4260-M))**  
**Notes to the Financial Report for the Financial Period Ended 31 March 2022**

	Results for 3 months ended 31 March 2021			
	Continuing operations			
	Flour and grains trading RM'000	Poultry Integration (DTSB Group) RM'000	Others RM'000	Total RM'000
Total segment revenue	525,451	-	11,656	537,107
Eliminations - inter-segment	(1,551)	-	-	(1,551)
<b>Revenue</b>	<b>523,900</b>	<b>-</b>	<b>11,656</b>	<b>535,556</b>
Results from operating activities	48,652	-	(820)	47,832
Interest expense				(5,149)
Interest income				9,434
Share of profit of equity accounted joint venture, net of tax	4,053	-	-	4,053
Share of loss of equity accounted associate, net of tax				(4)
<b>Profit before tax</b>				<b>56,166</b>
<b>Loss from discontinued operations, net of tax</b>				<b>(23,764)</b>
Segments assets	1,495,212	-	102,740	1,597,952
Investment in a joint venture	168,211	-	-	168,211
Investment in an associate	-	-	1,062	1,062
<b>Total segment assets - continuing operations</b>	<b>1,663,423</b>	<b>-</b>	<b>103,802</b>	<b>1,767,225</b>
<b>Segment assets - discontinued operations</b>				<b>939,540</b>

	Results for 3 months ended 31 March 2021	
	PT Bungasari Flour Mills RM'000	Poultry Integration (DTSB Group) RM'000
	<b>Revenue</b>	<b>338,897</b>
Results from operating activities	18,509	(20,745)
Interest expense	(3,480)	(7,388)
Interest income	189	122
<b>Profit/(Loss) before tax</b>	<b>15,218</b>	<b>(28,011)</b>
Tax expense	(1,708)	4,247
<b>Profit/(Loss) after tax</b>	<b>13,510</b>	<b>(23,764)</b>
<b>Share of profit of equity accounted joint venture</b>	<b>4,053</b>	<b>*</b>
Segment assets	1,319,262	939,540

\* The financial results of DTSB Group from 1 January 2021 to 31 May 2021 were disclosed as discontinued operations arising from the deconsolidation of DTSB as at 31 May 2021.

**MALAYAN FLOUR MILLS BERHAD (196101000210 (4260-M))**  
**Notes to the Financial Report for the Financial Period Ended 31 March 2022**

**13. Performance Review**

Financial review for current quarter was as follows:

**Continuing operations**

	3 months ended		Changes
	31.03.2022	31.03.2021	
	RM'000	RM'000	%
Revenue	634,877	535,556	18.5%
Results from operating activities	39,152	47,832	(18.1%)
Profit before tax	33,524	56,166	(40.3%)
Profit after tax	26,063	45,473	(42.7%)
Profit attributable to owners of the Company	20,316	41,422	(51.0%)

**Review of Quarter-on-Quarter results**

For the quarter ended 31 March 2022 (Q1 2022), the Group recorded a revenue of RM634.9 million, an increase of 18.5% from RM535.6 million registered in the same quarter ended 31 March 2021 (Q1 2021). This was attributed to higher sales recorded in the flour and grains trading segment which increased by 18.6%.

The Group recorded an operating profit of RM39.2 million in Q1 2022 as compared to an operating profit of RM47.8 million in Q1 2021, primarily due to lower profits from flour and grains trading segment. The Group's share of loss in equity accounted joint ventures in Q1 2022 amounted to RM4.2 million as compared to a share of profit of RM4.1 million in Q1 2021. Consequently, for its continuing operations, the Group recorded a profit before tax (PBT) of RM33.5 million in Q1 2022 as compared to RM56.2 million in Q1 2021. The main factors were as follows:-

- (i) The flour and grains trading generated an operating profit of RM40.4 million in Q1 2022 as compared to an operating profit of RM48.7 million in Q1 2021. Flour and grains trading segment's operating profit declined by 16.9% from that of Q1 2021, mainly attributable to higher wheat costs, which exceeded the impact of higher selling prices in Q1 2022; and
- (ii) In Q1 2022, the Group's share of profit of equity accounted joint venture, PT Bungasari Flour Mills Indonesia amounted to RM0.8 million as compared to a share of profit of RM4.1 million in Q1 2021. The joint venture registered higher revenue attributable to higher selling prices. However, margin was compressed due to the higher wheat costs in Q1 2022. The IDR was relatively stable in Q1 2022 as compared to Q1 2021; and
- (iii) As explained in Note 18, the financial results of DTSB Group in Q1 2022 are accounted for as a joint venture and the share of profit/(loss) is presented as an operating segment. On the contrary, the financial results of DTSB Group in Q1 2021 were presented and disclosed as discontinued operations arising from the deconsolidation of DTSB as at 31 May 2021. DTSB Group represented the Group's poultry business comprising poultry farming and feed milling via DPDC and poultry processing via DPP.

In Q1 2022, DTSB Group generated a revenue of RM231.2 million and a loss after tax of RM9.8 million. Consequently, the Group's share of loss of this equity accounted joint venture at 51% amounted to RM5.0 million in Q1 2022. In Q1 2021, DTSB Group generated a revenue of RM196.6 million and a loss after tax of RM23.8 million (disclosed as discontinued operations). The losses in Q1 2022 narrowed due to the key factors below:-

- a) In Q1 2022, the poultry industry continued to experience shortage of broiler supply arising from the emergence of Low Pathogenic Avian Influenza (LPAI) and Newcastle Disease since July 2021. Price control on standard chicken continued to be in effect from 5 February 2022 to 5 June 2022. In Q1 2022, the poultry integration's losses narrowed due to higher average selling prices of poultry processed products, which partially mitigated the negative effects of feed costs due to higher grains cost. Nonetheless, sales volume in Q1 2022 was limited by the broiler supply constraint; and
  - b) A lower net interest expense was recorded in Q1 2022, amounting to RM1.3 million as compared to RM7.3 million in Q1 2021; and
  - c) An insurance proceeds of RM2.0 million was received in Q1 2022 for the compensation of damaged farmhouses; and
  - d) A lower fair value loss on biological assets was recorded in Q1 2022, amounting to RM5.9 million as compared to a fair value loss of RM6.8 million in Q1 2021.
- (iv) A net interest expense of RM1.5 million was incurred in Q1 2022 as compared to a net interest income of RM4.3 million in Q1 2021. The reduction was mainly due to the lower interest income after capitalisation of intercompany advances from DTSB Group.

The Others segment includes the results from aqua feedmilling business.

**MALAYAN FLOUR MILLS BERHAD (196101000210 (4260-M))**  
**Notes to the Financial Report for the Financial Period Ended 31 March 2022**

**13. Performance Review (continued)**

***Discontinued operations arising from deconsolidation of subsidiaries***

	3 months ended		Changes
	31.03.2022	31.03.2021	
	RM'000	RM'000	%
Loss from discontinued operations, net of tax	-	(23,764)	100.0%

The financial results of DTSB Group from 1 January 2021 to 31 May 2021 were disclosed as discontinued operations arising from the deconsolidation of DTSB as at 31 May 2021.

**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:

***Continuing operations***

	Current	Immediate	Changes
	Quarter	Preceding Quarter	
	31.03.2022	31.12.2021	
	RM'000	RM'000	%
Revenue	634,877	694,689	(8.6%)
Results from operating activities	39,152	49,439	(20.8%)
Profit/(Loss) before tax	33,524	(11,020)	404.2%
Profit/(Loss) after tax	26,063	(20,857)	225.0%
Profit/(Loss) attributable to owners of the Company	20,316	(27,721)	173.3%

Revenue decreased by 8.6% in Q1 2022 from that of Q4 2021 due to lower sales volume in Q1 2022.

In Q4 2021, the Company recorded a fair value loss of RM77.9 million arising from a lower contingent consideration receivable based on the estimated consideration to be received from Tyson for the First Earnout Consideration and Second Earnout Consideration.

Excluding the abovementioned fair value loss in Q4 2021, the Group PBT in Q1 2022 is lower at RM33.5 million as compared to PBT of RM66.8 million in Q4 2021. The lower PBT is mainly due to lower profits from flour and grains trading segment as well as share of loss on equity accounted joint venture in Q1 2022. Flour and grains trading segment recorded a lower operating profit of RM40.4 million in Q1 2022, representing a 19.5% decrease from that of Q4 2021 as well as lower sales volume in Q1 2022.

Our equity accounted joint venture, PT Bungasari Flour Mills Indonesia recorded a lower share of profit of RM0.8 million in Q1 2022 as compared to a share of profit of RM1.6 million in Q4 2021. The lower profit is driven by lower sales volume and margin.

As for the equity accounted joint venture, DTSB Group, the Group's share of loss amounted to RM5.0 million in Q1 2022 as compared to a share of profit in Q4 2021 which amounted to RM16.5 million.

In Q1 2022, DTSB Group incurred a loss after tax of RM9.8 million, as compared to a profit after tax of RM32.3 million in Q4 2021. The loss in Q1 2022 was mainly due to the following factors:

- (i) Fair value loss on biological assets in Q1 2022 amounted to RM5.9 million as compared to fair value gain of RM35.6 million in Q4 2021; and
- (ii) Lower deferred tax income of RM4.8 million in Q1 2022 as compared to deferred tax income of RM12.6 million in Q4 2021; which was partially set off by:
  - (i) An insurance proceeds of RM2.0 million which was received in Q1 2022 for the compensation of damaged farmhouses; and
  - (ii) Higher margin from poultry integration was recorded in Q1 2022, mainly due to higher average selling prices of poultry processed products which compensated for the higher feeds cost. However, sales volume in Q1 2022 was limited by the broiler supply constraint.

***Discontinued operations arising from deconsolidation of subsidiaries***

	3 months ended
	31.12.2021
	RM'000
<b>Profit from discontinued operations, net of tax</b>	<b>51,746</b>

In Q4 2021, profit from discontinued operations amounted to RM51.7 million, which mainly represents part of the gain on disposal of 49% equity interest in DTSB Group to Tyson totalling RM174.3 million. An initial gain of RM126.2 million was recognised on 31 May 2021.

## 15. Prospects

The Board has the following views on the future prospect of the Group:

### a. Flour Industry in Malaysia

The flour industry in Malaysia experienced unprecedented challenges in 2022 arising from the disruption in the supply chain of wheat caused by the Ukraine crisis and global weather. The Company has been working closely with the Ministry of Domestic Trade and Consumer Affairs (MDTCA) to adjust the price of flour. The industry adjusted the price of flour in March 2022 and arising from the Indian government's unexpected announcement to ban the export of Indian wheat on 13 May 2022 which further aggravated the global shortage of wheat and resulted in another surge in the global wheat prices. It is expected that there will be another round of price increase on flour in the near term.

### b. Flour Industry in Vietnam

The flour industry in Vietnam is similarly impacted by the rising wheat prices due to the abovementioned factors. Whilst there will be further price adjustments in view of rising wheat prices, we expect to maintain our market share.

### c. Poultry Industry

The industry experienced a series of successive perfect storms:

- the disruption in demand caused by the MCO from March 2020 and the recent Omicron risk which still prevails.
- the unprecedented surge in the price of corn, soymeal, ocean freight and crude oil prices since October 2020 which was further exacerbated by the Ukraine geopolitical situation and is expected to continue unabated.
- the unexpected emergence of Low Pathogenic Avian Influenza (LPAI) and Newcastle Disease since July 2021 which have further curtailed the supply of commercial day-old-chicks and caused broiler shortage in the market.
- the massive floods in December 2021 impacted the poultry industry negatively as it resulted in high mortality which caused the farmers to defer the placement of day-old-chicks for fear of high mortality caused by Newcastle Disease and further financial losses, which till today remain unresolved.

Arising from the above, the poultry industry had suffered tremendous losses and it needs to be resuscitated with effective government policies to strengthen the industry and ensure the Food Security of the Nation is restored.

In view of the above and the synergistic partnership with Tyson International Holding Company since end May 2021 and with the improved economic prospects for 2022 due to the herd immunity arising from high and full vaccination rate in the nation, DTSB (the joint venture company) is optimistic of its outlook for 2022 and beyond.

## 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

### ***Continuing operations***

	3 months ended	
	31.03.2022	31.03.2021
	RM'000	RM'000
Current income tax		
- current year	8,081	11,360
- prior year	9	6
Deferred tax		
- Origination and reversal of temporary difference	(629)	(748)
- Under provision in prior year	-	75
	7,461	10,693

Excluding the share of loss in equity accounted joint ventures, the Group's effective tax rate during the quarter ended 31 March 2022 is lower than the Malaysia statutory tax rate of 24% mainly due to tax incentives and lower tax rates in Vietnam.

## 18. Discontinued Operations arising from deconsolidation of subsidiaries

The financial results of Dindings Tyson Sdn Bhd (formerly known as Dindings Supreme Sdn. Bhd.) ("DTSB") Group from 1 January 2021 to 31 May 2021 were disclosed as discontinued operations arising from the deconsolidation of DTSB Group comprising 2 subsidiaries, Dindings Poultry Processing Sdn Bhd ("DPP") and Dindings Poultry Development Centre Sdn Bhd ("DPDC") pursuant to the disposal of the Company's 49% equity interest in DTSB to Tyson International Holding Company ("Tyson") on 31 May 2021. Arising from thereon, the retained interest of 51% equity interest in DTSB has been accounted for as an investment in joint venture.

**MALAYAN FLOUR MILLS BERHAD (196101000210 (4260-M))**  
**Notes to the Financial Report for the Financial Period Ended 31 March 2022**

**19. Status of Corporate Proposals**

(a) There were no new proposals announced as at 21 May 2022, 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 is as follows:

(i) Status of utilisation of proceeds from the disposal consideration derived from the disposal of 49% equity interest in DTSB to Tyson

The disposal consideration arising from the Company's disposal of 49% equity interest in DTSB to Tyson is to be received in 3 tranches

- Initial Consideration, First Earnout Consideration and Second Earnout Consideration:-

- In 2021, the Company received an aggregate Initial Consideration of RM184,944,276.

- The First Earnout Consideration will be calculated and paid, subject to conditions being met, after the audited financial statements of DTSB Group for financial year ending 2022 becomes available and following final agreement by MFM and Tyson.

- The Second Earnout Consideration will be calculated and paid, subject to conditions being met after the audited financial statements of DTSB Group for financial year ending 2023 becomes available and following final agreement by MFM and Tyson.

The status of the utilisation of proceeds from the Initial Consideration is as follows:

<u>Purpose</u>	<u>Proposed Utilisation</u> RM' million	<u>As at 31 March 2022</u>		<u>Timeframe for Utilisation</u>	<u>Deviation Over spent</u>	
		<u>Actual Utilisation</u> RM' million	<u>Balance Unutilised</u> RM' million		RM' million	%
Repayment of bank borrowings	170.94	170.94	-	Within 6 months	-	-
Estimated expenses in relation to the Strategic Partnership	14.00	14.06	-	Within 1 month	(0.06) *	0%
	<u>184.94</u>	<u>185.00</u>	<u>-</u>		<u>(0.06)</u>	

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

(ii) Status of utilisation proceeds from the Rights Issue

The status of the utilisation of proceeds from the Rights Issue is as follows:

<u>Purpose</u>	<u>Proposed Utilisation</u> RM' million	<u>As at 31 March 2022</u>		<u>Timeframe for Utilisation</u>	<u>Deviation Over spent</u>	
		<u>Actual Utilisation</u> RM' million	<u>Balance Unutilised</u> RM' million		RM' million	%
Capital expenditure and repayment of revolving credit loans drawn to finance the capital expenditure	216.76	210.28	6.48	Within 3 years <sup>@</sup>	-	-
Repayment of revolving credit loans drawn to finance working capital requirement	54.80	54.80	-	-	-	-
Estimated expenses for the Rights Issue	3.58	3.95	-	-	(0.37) *	-10%
	<u>275.14</u>	<u>269.03</u>	<u>6.48</u>		<u>(0.37)</u>	

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

<sup>@</sup> The time frame for the utilisation of proceeds was extended from 28 January 2021 until 28 January 2022. Construction works are completed and pending finalisation of claims. The unutilised proceeds will be used for the working capital of the Group.

**MALAYAN FLOUR MILLS BERHAD (196101000210 (4260-M))**  
**Notes to the Financial Report for the Financial Period Ended 31 March 2022**

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

The details of the Group's borrowings as at 31 March 2022 were as follows:

	As at 31.03.2022 RM'000	As at 31.12.2021 RM'000
<b>Unsecured Long Term Borrowings</b>		
<u>Term loans</u>		
Denominated in Ringgit Malaysia	146,970	158,260
Denominated in US Dollar (i)	6,700	8,689
	<u>153,670</u>	<u>166,949</u>
<b>Unsecured Short Term Borrowings</b>		
<u>Bankers' acceptances/revolving credits</u>		
Denominated in Ringgit Malaysia	291,887	256,774
Denominated in US Dollar (i)	754,962	661,029
Denominated in Vietnamese Dong (ii)	50,786	76,311
<u>Term loans</u>		
Denominated in Ringgit Malaysia	45,160	45,160
Denominated in US Dollar (i)	8,021	5,889
	<u>1,150,816</u>	<u>1,045,163</u>

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

- (i) Denominated in USD of RM769,682,000 equivalent to USD182,996,000 translated at USD/MYR rate of 4.2060 (2021: RM675,607,000 equivalent to USD162,211,000 translated at USD/MYR rate of 4.1650); and  
(ii) Denominated in VND of RM50,786,000 equivalent to VND277,718 million translated at VND/MYR rate of 5.468 (2021: RM76,311,000 equivalent to VND419,939 million translated at VND/MYR rate of 5.503)

The details of the Group's debt securities as at 31 March 2022 were as follows:

	As at 31.03.2022 RM'000	As at 31.12.2021 RM'000
<b>RCULS - Liability component</b>		
Non-current	4,640	7,310
Current	4,880	4,657
	<u>9,520</u>	<u>11,967</u>

**21. Investments in joint ventures**

	<u>PT Bungasari</u> <u>Flour Mills</u> <u>Indonesia</u>	<u>DTSB Group</u>	As at
	30%	51%	31.03.2022
	RM'000	RM'000	RM'000
<i>Percentage of ownership interest</i>			
At cost			
Unquoted shares	192,865	463,192	656,057
Share of post-acquisition reserves	(14,942)	(15,464)	(30,406)
	<u>177,923</u>	<u>447,728</u>	<u>625,651</u>
			As at
	RM'000	RM'000	31.12.2021
At cost			
Unquoted shares	192,865	463,192	656,057
Share of post-acquisition reserves	(16,374)	(10,466)	(26,840)
	<u>176,491</u>	<u>452,726</u>	<u>629,217</u>

## 22. Changes in Material Litigation

Dindings Poultry Processing Sdn Bhd ("DPP"), a joint venture (formerly a subsidiary prior to 31 May 2021) of the Company, had appointed eTEC E&C (M) Sdn Bhd as contractor ("the Contractor") to construct the new v5, primary processing and further processing plant in Lumut in December 2016. As the Contractor had breached the terms of the agreement, DPP had issued a notice of termination of the contract for breach of the terms of the contract which entitled DPP to make a demand on the performance guarantee of RM12.4 million issued in favour of DPP pursuant to the terms of the contract. Just prior to the demand, the Contractor commenced proceeding in the High Court to restrain DPP from making the demand. The High Court dismissed the Contractor's claim and the bank issuing the guarantee proceeded to release the sum of RM12.4 million to DPP. The Contractor filed an appeal against the decision and the matter was fixed for case management in the Court of Appeal on 10 March 2021. On 15 February 2022, the Court of Appeal unanimously dismissed the Contractor's Appeal with costs to be paid by the Contractor to DPP. There is no further action on this matter.

Simultaneously, the Contractor had commenced adjudication proceedings for an alleged claim under various progress claims in the total sum of RM65.9 million. DPP had appointed solicitors to resist the alleged claim on the grounds that the claim is frivolous. DPP had also raised a counterclaim sum of RM48.1 million in the said proceedings. On 8 April 2021, the Adjudicator had delivered his decision to disallow the Contractor's claim and had awarded cost of the adjudication to be paid by the Contractor to DPP. DPP filed application to enforce the Adjudication Decision dated 8 April 2021 and the Contractor separately filed application to set aside and stay part of Adjudication Decision dated 8 April 2021 at High Court. Case Management was fixed on 19 July 2021 and it was decided that both DPP and the Contractor's applications would be heard together. The hearing at High Court was fixed on 7 October 2021. On 30 November 2021, the High Court dismissed the Contractor's Setting Aside and Stay Application and allowed DPP's Enforcement Application. DPP had since received the adjudication costs from the Contractor. Hence, the case is closed.

Arising from the breach of the contract by the Contractor, DPP had initiated arbitration proceedings against the Contractor for the consequential losses and damages which had been and/or to be incurred by DPP. The claim was estimated to be approximately RM45.1 million. Against this, the Contractor counter claimed against DPP a sum of approximately RM78.7 million arising from the early termination of the Contractor's employment. DPP's solicitors had subsequently engaged in negotiation and resolved the matter amicably and favourably to DPP in March 2022. This brings all the issues between DPP and eTEC E&C (M) Sdn Bhd to an end.

There were no pending material litigations as at the date of this report.

## 23. 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	
	31.03.2022	31.03.2021
	RM'000	RM'000
Profit/(Loss) attributable to ordinary shareholders of the Company		
- continuing operations	20,316	41,422
- discontinued operations	-	(23,764)
	<u>20,316</u>	<u>17,658</u>
Weighted average number of Ordinary Shares in issue for basic EPS computation ('000)	1,019,717	1,014,167
Basic earnings/(loss) per ordinary share (sen)		
- continuing operations	1.99	4.08
- discontinued operations	-	(2.34)
	<u>1.99</u>	<u>1.74</u>

**23. Earnings Per Share ("EPS") (continued)**

**(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	
	31.03.2022 RM'000	31.03.2021 RM'000
Profit attributable to ordinary shareholders of the Company		
- continuing operations	20,316	41,422
Interest expense on RCULS, net of tax	305	306
	<u>20,621</u>	<u>41,728</u>
- discontinued operations	-	(23,764)
	<u>20,621</u>	<u>17,964</u>
Weighted average number of Ordinary Shares in issue for basic EPS computation ('000)	1,019,717	1,014,167
Dilutive potential ordinary shares		
- Assumed conversion of RCULS	219,118	219,850
- Assumed exercise of Warrants	-	137,564
	<u>1,238,835</u>	<u>1,371,581</u>
Weighted average number of Ordinary Shares in issue for diluted EPS computation ('000)		
Diluted earnings/(loss) per ordinary share (sen)		
- continuing operations	1.66	3.04
- discontinued operations	-	(1.73)
	<u>1.66</u>	<u>1.31</u>

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.

**24. Profit for the period**

	3 months ended	
	31.03.2022 RM'000	31.03.2021 RM'000
<b>Continuing and discontinued operations</b>		
Profit for the period is arrived at after charging:		
Depreciation of property, plant and equipment and investment properties and amortisation of intangible assets	9,915	18,081
Depreciation of right-of-use assets	595	740
Interest expense from unsecured bankers' acceptances/ revolving credits/term loans/lease liabilities/RCULS	6,649	7,767
Interest expense from discontinued operations	-	4,770
Net realised loss on future and option contracts	254	8,961
Net unrealised loss on future and option contracts	744	-
Net unrealised loss on foreign exchange	1,710	-
Property, plant and equipment written off	1	331
Fair value loss on biological assets	-	6,797
Impairment loss of trade receivables	222	603
	<u>22,200</u>	<u>43,750</u>
and after crediting:		
Interest income from:		
- deposits placed with licensed banks	4,933	4,629
- debtors	254	157
- discontinued operations	-	4,770
Insurance recoveries	50	127
Net unrealised gain on future and option contracts	-	4,624
Net realised gain on foreign exchange	1,315	274
Net unrealised gain on foreign exchange	-	832
Gain on disposal of property, plant and equipment	-	25
Reversal of impairment loss of trade receivables	729	1,122
	<u>7,991</u>	<u>11,464</u>



**MALAYAN FLOUR MILLS BERHAD (196101000210 (4260-M))**  
**Notes to the Financial Report for the Financial Period Ended 31 March 2022**

**25. Derivatives**

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

	As at 31.03.2022		As at 31.12.2021	
	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	201,807	201,882	-	-
- Future and option contracts	21,589	21,695	11,983	12,726
<b>Derivative financial liability</b>				
<u>Less than 1 year</u>				
- Foreign currency forward contracts	69,559	69,531	300,725	298,649
- Future and option contracts	112	-	806	802

**(b) Foreign currency risk**

*Currency risk sensitivity analysis*

A 5 percent (2021: 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	
	Profit or loss 31.03.2022 RM'000	31.03.2021 RM'000
Group	18,935	9,563

**(c) Liquidity risk**

The contract values of the derivatives disclosed in Note 25(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 2021.

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

	3 months ended	
	31.03.2022 RM'000	31.03.2021 RM'000
<b>Continuing operations and discontinued operations</b>		
Net (losses)/gains on:		
Financial assets/(liabilities) at fair value through profit or loss:		
Mandatorily required by MFRS 9		
- foreign currency forward contracts	2,122	12,823
- future and option contracts	(998)	(4,336)
- liquid investments	64	203
Financial assets at amortised cost	5,629	9,872
Financial liabilities measured at amortised cost	(9,021)	(24,181)
	(2,204)	(5,619)

For the 3 months ending 31 March 2022, the net loss was mainly due to interest expense on borrowings and unrealised loss on foreign exchange and future and option contracts but was partially offset by interest income, realised gain on foreign exchange and reversal of impairment of receivables.

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  
27 May 2022