

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

	(Unaudited) As at 31.12.2022 RM '000	(Audited) As at 31.12.2021 RM '000
<b>Assets</b>		
Property, plant and equipment	444,476	436,379
Intangible assets	566	341
Investment properties	4,883	4,941
Right-of-use assets	19,028	21,747
Investments in joint ventures	693,598	629,217
Investment in an associate	1,061	1,052
Deferred tax assets	5,771	6,730
Other receivables	71,065	182,217
<b>Total non-current assets</b>	<b>1,240,448</b>	<b>1,282,624</b>
Trade and other receivables, including derivatives	571,583	381,590
Prepayments and other assets	7,393	1,661
Inventories	627,831	494,000
Current tax assets	5,932	3,612
Cash and cash equivalents	243,929	534,529
	<b>1,456,668</b>	<b>1,415,392</b>
Asset classified as held for sale	33,597	33,597
<b>Total current assets</b>	<b>1,490,265</b>	<b>1,448,989</b>
<b>Total assets</b>	<b>2,730,713</b>	<b>2,731,613</b>
Share capital	535,902	535,623
Reserves	749,820	640,512
RCULS - Equity	78,694	78,179
<b>Total equity attributable to owners of the Company</b>	<b>1,364,416</b>	<b>1,254,314</b>
<b>Non-controlling interests</b>	<b>101,677</b>	<b>96,242</b>
<b>Total equity</b>	<b>1,466,093</b>	<b>1,350,556</b>
<b>Liabilities</b>		
Deferred tax liabilities	10,538	5,879
RCULS - Liabilities	2,126	7,310
Lease liabilities	11,353	13,499
Loans and borrowings	120,711	166,949
<b>Total non-current liabilities</b>	<b>144,728</b>	<b>193,637</b>
RCULS - Liabilities	5,026	4,657
Lease liabilities	2,070	1,551
Trade and other payables, including derivatives	124,590	127,046
Loans and borrowings	984,981	1,045,163
Current tax liabilities	3,225	9,003
<b>Total current liabilities</b>	<b>1,119,892</b>	<b>1,187,420</b>
<b>Total liabilities</b>	<b>1,264,620</b>	<b>1,381,057</b>
<b>Total equity and liabilities</b>	<b>2,730,713</b>	<b>2,731,613</b>
<b>Net assets per share attributable to owners of the Company (RM)</b>	<b>1.34</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 December 2022

	Note	3 months ended		Financial Period Ended	
		31.12.2022	31.12.2021	31.12.2022	31.12.2021
		RM '000	RM '000	RM '000	RM '000
<b>Continuing operations</b>					
Revenue		819,564	694,689	2,915,570	2,426,936
Cost of goods sold		(778,872)	(620,234)	(2,674,172)	(2,140,976)
<b>Gross profit</b>		<b>40,692</b>	<b>74,455</b>	<b>241,398</b>	<b>285,960</b>
Operating expenses		(26,572)	(25,016)	(116,194)	(102,708)
<b>Results from operating activities</b>		<b>14,120</b>	<b>49,439</b>	<b>125,204</b>	<b>183,252</b>
Interest expense		(14,210)	(6,620)	(41,768)	(20,817)
Interest income		3,018	5,938	17,186	29,634
<b>Net finance (expenses)/income</b>		<b>(11,192)</b>	<b>(682)</b>	<b>(24,582)</b>	<b>8,817</b>
<b>Profit from operations before write back/fair value loss on remeasurement of contingent receivable and provision for Profit Guarantee Payment</b>		<b>2,928</b>	<b>48,757</b>	<b>100,622</b>	<b>192,069</b>
Write back/(fair value loss) on remeasurement of contingent receivable		8,819	(77,867)	8,819	(77,867)
Provision for Profit Guarantee Payment		-	-	-	(15,000)
Share of profit/(loss) of equity accounted joint ventures, net of tax		39,767	18,092	70,020	(2,282)
Share of loss of equity accounted associate, net of tax		(4)	(2)	(17)	(16)
<b>Profit/(Loss) before tax</b>		<b>51,510</b>	<b>(11,020)</b>	<b>179,444</b>	<b>96,904</b>
Tax expense	17	(6,985)	(9,837)	(25,444)	(35,881)
<b>Profit/(Loss) from continuing operations</b>		<b>44,525</b>	<b>(20,857)</b>	<b>154,000</b>	<b>61,023</b>
<b>Discontinued operations arising from deconsolidation of subsidiaries</b>					
Profit from discontinued operations, net of tax	18	-	51,746	-	137,519
<b>Profit for the period</b>		<b>44,525</b>	<b>30,889</b>	<b>154,000</b>	<b>198,542</b>
<b>Profit/(Loss) attributable to:</b>					
Owners of the Company					
- from continuing operations		46,874	(27,721)	145,045	36,390
- from discontinued operations		-	51,746	-	137,519
		46,874	24,025	145,045	173,909
Non-controlling interests		(2,349)	6,864	8,955	24,633
<b>Profit for the period</b>		<b>44,525</b>	<b>30,889</b>	<b>154,000</b>	<b>198,542</b>
<b>Basic earnings per ordinary share (sen)</b>					
- from continuing operations	23	4.59	(2.72)	14.22	3.57
- from discontinued operations	23	-	5.07	-	13.51
<b>Diluted earnings per ordinary share (sen)</b>					
- from continuing operations	23	3.43	(2.02)	10.67	2.71
- from discontinued operations	23	-	3.76	-	10.01

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 December 2022

	3 months ended		Financial Year Ended	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	RM '000	RM '000	RM '000	RM '000
<b>Profit for the period</b>	<b>44,525</b>	<b>30,889</b>	<b>154,000</b>	<b>198,542</b>
<b>Other comprehensive (loss)/income, net of tax</b>				
Foreign currency translation differences for foreign operations	(33,857)	(3,786)	1,190	22,838
<b>Total comprehensive income for the period</b>	<b>10,668</b>	<b>27,103</b>	<b>155,190</b>	<b>221,380</b>
<b>Total comprehensive income/(loss) attributable to:</b>				
Owners of the Company				
- from continuing operations	17,052	(30,919)	145,008	55,573
- from discontinued operations	-	51,746	-	137,519
Minority interests	(6,384)	6,276	10,182	28,288
<b>Total comprehensive income for the period</b>	<b>10,668</b>	<b>27,103</b>	<b>155,190</b>	<b>221,380</b>

The Condensed Consolidated Statement of Comprehensive Income 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 CHANGES IN EQUITY**

For the financial period ended 31 December 2022

	← Attributable to Owners of the Company →					→ Distributable	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	-	-	-	-	(37)	145,045	145,008	10,182	155,190
Conversion of RCULS	279	515	-	-	-	-	794	-	794
Dividends to owners of the Company	-	-	-	-	-	(35,700)	(35,700)	(4,747)	(40,447)
<b>Balance at 31.12.2022</b>	<b>535,902</b>	<b>78,694</b>	<b>17,770</b>	<b>93,065</b>	<b>(34,444)</b>	<b>673,429</b>	<b>1,364,416</b>	<b>101,677</b>	<b>1,466,093</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 December 2022

	12 months ended	
	31.12.2022 RM'000	31.12.2021 RM'000
<b>Cash Flows From Operating Activities</b>		
<b>Profit before tax from :</b>		
- continuing operations	179,444	96,904
- discontinued operations	-	133,272
	<u>179,444</u>	<u>230,176</u>
Adjustments for:		
Depreciation of property, plant and equipment and investment properties and amortisation of intangible assets	39,687	48,881
Depreciation of right-of-use assets	2,881	3,075
(Write back)/fair value loss on remeasurement of contingent receivable	(8,819)	77,867
Provision for Profit Guarantee Payment	-	15,000
Dividend income	(4)	(7)
Loss on liquidation of subsidiaries	35	-
Gain on deconsolidation of subsidiaries	-	(174,264)
Gain on disposal of property, plant and equipment	(218)	(230)
Loss on lease modification	(196)	(134)
Interest expense	41,768	25,238
Interest income	(17,186)	(20,896)
Net (gain)/loss on impairment of financial assets	(1,495)	791
Property, plant and equipment and intangible assets written off	295	691
Share of (profit)/loss of equity accounted joint ventures, net of tax	(70,020)	2,282
Share of loss of equity accounted associate, net of tax	17	16
Net unrealised loss on foreign exchange	4,860	128
Operating profit before changes in working capital	<u>171,049</u>	<u>208,614</u>
Inventories	(130,849)	(192,735)
Biological assets	-	(365)
Trade and other receivables, prepayments and other financial assets	(74,294)	(98,913)
Trade and other payables and other financial liabilities	5,845	(47,454)
Cash used in operations	<u>(28,249)</u>	<u>(130,853)</u>
Net income tax paid	(28,244)	(39,788)
Interest received	17,186	20,896
Interest paid	(40,058)	(24,322)
Net cash used in operating activities	<u>(79,365)</u>	<u>(174,067)</u>
<b>Cash Flows From Investing Activities</b>		
Acquisition of property, plant and equipment and intangible assets	(50,257)	(46,659)
Dividend income	4	7
Proceeds from disposal of property, plant and equipment	218	424
Proceeds from deconsolidation of subsidiaries, net of cash and cash equivalents disposed of	-	134,237
Net cash (used in)/ generated from investing activities	<u>(50,035)</u>	<u>88,009</u>
<b>Cash Flows From Financing Activities</b>		
Dividends paid to owners of the Company	(35,700)	(10,181)
Dividends paid to non-controlling interests	(20,572)	(10,269)
Net proceeds from loans and borrowings	(102,790)	225,281
Payment of lease liabilities	(1,545)	(2,190)
RCULS coupon paid	(5,481)	(5,593)
Proceeds from issuance of shares pursuant to the exercise of the warrants	-	599
Net cash (used in)/generated from financing activities	<u>(166,088)</u>	<u>197,647</u>
<b>Net (decrease)/increase in Cash and Cash Equivalents</b>	<u>(295,488)</u>	<u>111,589</u>
Effect of exchange rate fluctuations on cash held	4,888	18,313
<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>243,929</u>	<u>534,529</u>
<b>Cash and Cash Equivalents</b>		

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

	12 months ended	
	31.12.2022 RM'000	31.12.2021 RM'000
Deposits placed with licensed banks	187,252	438,813
Cash and bank balances	56,677	89,585
Liquid investments	-	6,131
	<u>243,929</u>	<u>534,529</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 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.

In the quarter ended 30 June 2022, 186,000 new ordinary shares were issued and allotted arising from the conversion of RM93,000 nominal value of RCULS at the conversion price of RM0.50 each.

In the current quarter, 121,200 new ordinary shares were issued and allotted arising from the conversion of RM60,600 nominal value of RCULS at the conversion price of RM0.50 each.

As at 31 December 2022, the outstanding nominal value of RCULS is RM109,405,587.

**Warrants**

In the current quarter, there were 50 Warrants exercised which resulted in 50 new ordinary shares at the issue price of RM0.68 each being issued and thereafter listed on the Main Market of Bursa Securities.

As at 31 December 2022, the total number of Warrants which remained unexercised was 136,688,317.

Accordingly, the issued and paid-up share capital of the Company increased to RM535,901,690 comprising 1,020,210,259 ordinary shares following the RCULS conversion and warrant exercise above.

Other than the above, there were no issuances, repurchases and repayment of debt and equity securities during the financial period ended 31 December 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 interim dividend of 1.5 sen per ordinary share in respect of the current financial year ended 31 December 2022, amounting to RM15,301,329 was paid on 23 September 2022.

The Board has declared a second interim single tier dividend of 1.5 sen per ordinary share for the current financial year ended 31 December 2022. The dividend will be paid on 24 March 2023 to holders of ordinary shares whose names appear in the Record of Depositors at the close of business on 14 March 2023.

**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**

**a) 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 ("PT Bungasari"). As at 31 December 2022, the outstanding loans proportionately amounted to USD7.6 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 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 Tax Court proceedings for the assessment of overclaimed VAT for the year 2017 which was released in June 2022 was not in favour of PT Bungasari. The Group's 30% share of the potential liabilities is RM6.1 million for the year 2017 (Potential VAT underpayment : IDR 66.262.679.462 and the penalty : IDR 39.757.607.677). 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, the company has filed for a judicial review at Supreme Court to overturn the results of the Tax Court. On 22 December 2022, Supreme Court issued decrees in favour of PT Bungasari in respect of the VAT for year 2017 assessment for the month of April, May and August and on 26 January 2023 for the month of March, June, July, September, November and December. Tax period for the month of January, February and October are still under Supreme Court review and the results are expected to be in consistent with the concluded months.

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.

**b) Dindings Poultry Development Centre Sdn Bhd**

Dindings Poultry Development Centre Sdn Bhd ("DPDC"), a joint venture of the Company, had on 5 August 2022, received a Notice of Proposed Decision issued by the Malaysia Competition Commission ("MyCC") pursuant to Section 36 of the Competition Act 2010 ("the Act") ("Proposed Decision"). The Proposed Decision is premised primarily on the allegation that DPDC had engaged in agreements and/or concerted practices to fix the quantum of poultry feed price which is in breach of Section 4(1) read together with Sections 4(2)(a) and 4(3) of the Act.

DPDC strongly denies the allegation of the aforesaid infringement which is without merit and intends to defend such unfounded allegation vigorously. DPDC has appointed external legal counsel to represent it and will submit written representations within the specified period and make an oral representation before MyCC. However, in the event of any findings contrary, MyCC has proposed a financial penalty equivalent to 10% based on the relevant turnover and based on MyCC's calculations for the alleged period which amounts to RM70.0 million. DPDC denies that it is liable for the said penalty and refutes the basis of the calculation applied by MyCC. DPDC submitted its written submission to MyCC on 31 January 2023 rebutting the allegation of the aforesaid infringement.

The Company would like to state that at this juncture the Proposed Decision is not final nor conclusive. MyCC has in its press statement dated 5 August 2022 highlighted that its findings are provisional and it should not be assumed that DPDC has broken the law at this stage.

The Board of Directors concurs with DPDC's position and is of the view that there is no financial impact to the Group.

**10. Capital Commitments**

	As at 31.12.2022 RM'000	As at 31.12.2021 RM'000
<b>Property, plant and equipment</b>		
Contracted but not provided for	<u>22,419</u>	<u>8,801</u>
Joint ventures		
- Share of commitment of joint ventures	<u>24,489</u>	<u>7,543</u>

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

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

There were no changes to the corporate structure of the Group for the financial period ended 31 December 2022 except for the following:

- (a) On 24 May 2022, the following dormant/inactive wholly-owned subsidiaries namely Syarikat Pengangkutan Lumut Sdn Bhd, Dindings Grand Parent Farm Sdn Bhd and Aviota Sdn Bhd were placed under members' voluntary winding-up pursuant to Section 439(1)(b) of the Companies Act, 2016. The liquidation process is still on-going; and
- (b) On 31 May 2022, Dindings Broiler Breeder Farm Sdn Bhd, a wholly-owned subsidiary, which is currently dormant was placed under members' voluntary winding-up pursuant to Section 439(1)(b) of the Companies Act, 2016. The liquidation process is still on-going.

The voluntary winding up of the subsidiaries do not have a material impact on the earnings and net assets of the Group for the financial year ended 31 December 2022.

**12. Segmental Information**

	<b>Results for 12 months ended 31 December 2022</b>			
	<b>Continuing operations</b>			
	<b>Flour and grain 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	2,868,491	-	71,964	2,940,455
Eliminations - inter-segment	(24,885)	-	-	(24,885)
<b>Revenue</b>	<b>2,843,606</b>	<b>-</b>	<b>71,964</b>	<b>2,915,570</b>
Results from operating activities	127,724	-	(2,520)	125,204
Interest expense				(41,768)
Interest income				17,186
Write back on remeasurement of contingent receivable				8,819
Share of (loss)/profit of equity accounted joint ventures, net of tax	(7,013)	77,033	-	70,020
Share of loss of equity accounted associate, net of tax				(17)
<b>Profit before tax</b>				<b>179,444</b>
Segments assets	1,923,608	-	112,446	2,036,054
Investments in joint ventures	190,086	503,512	-	693,598
Investment in an associate	-	-	1,061	1,061
<b>Total segment assets - continuing operations</b>	<b>2,113,694</b>	<b>503,512</b>	<b>113,507</b>	<b>2,730,713</b>

	<b>Results for 12 months ended 31 December 2022</b>	
	<b>PT Bungasari Flour Mills Indonesia</b>	<b>Poultry Integration (DTSB Group)</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Revenue</b>	<b>1,815,020</b>	<b>1,109,578</b>
<b>(Loss)/Profit before tax</b>	<b>(27,741)</b>	<b>103,507</b>
Tax credit	4,365	47,538
<b>(Loss)/Profit after tax</b>	<b>(23,376)</b>	<b>151,045</b>
<b>Share of (loss)/profit of equity accounted joint ventures</b>	<b>(7,013)</b>	<b>77,033</b>
Segment assets	1,647,890	1,332,920



	Results for 12 months ended 31 December 2021			
	Continuing operations			
	Flour and grain trading	Poultry Integration (DTSB Group)	Others	Total
	RM'000	RM'000	RM'000	RM'000
Total segment revenue	2,388,547	-	57,709	2,446,256
Eliminations - inter-segment	(19,320)	-	-	(19,320)
<b>Revenue</b>	<b>2,369,227</b>	<b>-</b>	<b>57,709</b>	<b>2,426,936</b>
Results from operating activities	187,001	-	(3,749)	183,252
Interest expense				(20,817)
Interest income				29,634
Fair value loss on remeasurement of contingent receivable				(77,867)
Provision for Profit Guarantee Payment				(15,000)
Share of profit/(loss) of equity accounted joint venture, net of tax	8,184	(10,466)	-	(2,282)
Share of loss of equity accounted associate, net of tax				(16)
<b>Profit before tax</b>				<b>96,904</b>
<b>Profit from discontinued operations, net of tax</b>				<b>137,519</b>
Segments assets	1,993,318	-	108,026	2,101,344
Investment in a joint venture	176,491	452,726	-	629,217
Investment in an associate	-	-	1,052	1,052
<b>Total segment assets - continuing operations</b>	<b>2,169,809</b>	<b>452,726</b>	<b>109,078</b>	<b>2,731,613</b>

	Results for 12 months ended 31 December 2021	
	PT Bungasari Flour Mills Indonesia	Poultry Integration (DTSB Group)
	RM'000	RM'000
<b>Revenue</b>	<b>1,653,411</b>	<b>860,139</b>
<b>Profit/(Loss) before tax</b>	<b>36,507</b>	<b>(93,288)</b>
Tax (expense)/credit	(9,227)	36,022
<b>Profit/(Loss) after tax</b>	<b>27,280</b>	<b>(57,266)</b>
<b>Share of profit/(loss) of equity accounted joint ventures</b>	<b>8,184</b>	<b>(10,466)</b>
Segment assets	1,671,374	993,547

\* 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.

### 13. Performance Review

Financial review for current quarter was as follows:

#### Continuing operations

	3 months ended		Changes	12 months ended		Changes
	31.12.2022	31.12.2021		31.12.2022	31.12.2021	
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	819,564	694,689	18.0%	2,915,570	2,426,936	20.1%
Results from operating activities	14,120	49,439	(71.4%)	125,204	183,252	(31.7%)
Profit/(Loss) before tax	51,510	(11,020)	567.4%	179,444	96,904	85.2%
Profit/(Loss) after tax	44,525	(20,857)	313.5%	154,000	61,023	152.4%
Profit/(Loss) attributable to owners of the Company	46,874	(27,721)	269.1%	145,045	36,390	298.6%

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

Review of Quarter-on-Quarter results

The Group recorded revenue of RM819.6 million in Q4 2022, an increase of 18% compared to Q4 2021's revenue of RM694.7 million mainly attributed to higher sales recorded in the flour and grain trading segment.

The Group recorded an operating profit of RM14.1 million in Q4 2022 as compared to RM49.4 million in Q4 2021, primarily due to lower profits from flour and grain trading segment. The Group's share of profit in equity accounted joint ventures in Q4 2022 amount to RM39.8 million as compared to RM18.1 million in Q4 2021. Consequently, for its continuing operations, the Group recorded a profit before tax ("PBT") of RM51.5 million as compared to a loss of RM11 million in Q4 2021. The main factors were as follows:-

- (i) The flour and grain trading generated an operating profit of RM13.7 million in Q4 2022 as compared to RM65.2 million in Q4 2021. Flour and grain trading operating profit declined by 79% in Q4 2022, mainly attributed to higher input costs due to higher commodity prices coupled with the weakening of MYR and VND in foreign exchange translation which were partially set off by increase in selling prices;
- (ii) In Q4 2022, a write back on remeasurement of contingent receivable of RM8.8 million was recognised as compared to a fair value loss of RM77.9 million recognised in Q4 2021;
- (iii) The Group's share of loss of equity accounted joint venture, PT Bungasari Flour Mills Indonesia amounted to RM8.5 million in Q4 2022 as compared to a share of profit of RM1.6 million Q4 2021. The loss is mainly attributable to lower sales volume coupled with an increase in input cost due to higher commodity prices, higher interest expense and foreign currency loss arising from the weakening of IDR;
- (iv) In Q4 2022, the Group's share of profit of equity accounted joint venture, Dindings Tyson Sdn Bhd ("DTSB") amounted to RM48.2 million as compared to RM16.5 million in Q4 2021 due to price increase with better sales mix, chicken subsidy from the Malaysian Government, higher plant utilisation and improved farm performance and higher deferred tax asset recognised arising from tax incentives; and
- (v) Net interest expenses of RM11.2 million was incurred in Q4 2022 as compared to RM0.7 million in Q4 2021. The increase is mainly attributable to higher interest rates, and increase in borrowings due to higher commodity prices in Q4 2022 as compared to Q4 2021.

The Others segment includes the results from aqua feedmilling business.

Review of Year-on-Year results

Revenue increased by 20% to RM2.9 billion in FY2022, as compared to RM2.4 billion posted in the FY2021, attributable mainly to higher sales in the flour and grain trading business.

The Group recorded an operating profit of RM125.2 million in the current year as compared to RM183.3 million in the preceeding year. The Group's share of profit in equity accounted joint ventures for the year ended 31 December 2022 amounted to RM70 million as compared to a share of loss of RM2.3 million in the preceeding year. In financial year ended 31 December 2022, a write back on remeasurement of contingent receivable of RM8.8 million was recognised as compared to the preceeding year whereby RM77.9 million fair value loss and profit guarantee payment of RM15 million were recorded. Consequently, the Group recorded a higher profit before tax ("PBT") of RM179.4 million as compared to a PBT of RM96.9 million in the preceeding year. This was attributable to:-

- (i) The flour and grain trading segment generated an operating profit of RM127.7 million as compared to an operating profit of RM187 million in the preceeding year. The lower operating profit is mainly due to lower sales volume, coupled with higher input costs mainly driven by higher raw material price and the weakening of RM against USD which was partially set off by higher selling prices. On the contrary grain trading business recorded a smaller loss as compared to the preceeding year due to higher selling prices which partially set off by increase in commodity prices albeit lower trading volumes;
- (ii) A net interest expense of RM24.6 million was incurred in FY2022 as compared to a net interest income of RM8.8 million in the preceding year. The reduction was mainly due to the lower interest income after capitalisation of intercompany advances from DTSB Group in FY2022, higher interest rate with higher borrowings attributed to the escalating commodity prices and novation of term loan to MFM from DTSB Group in FY2021; and
- (ii) The Group's share of profit of equity accounted joint venture was amounted to RM70 million in FY2022 (FY2021: share of loss of RM2.3 million). Details as below:

	31.12.2022	31.12.2021
	RM'000	RM'000
PT Bungasari Flour Mills Indonesia	(7,013)	8,185
DTSB group	77,033	(10,467)
	<u>70,020</u>	<u>(2,282)</u>

In FY2022, the Group's share of loss on PT Bungasari Flour Mills Indonesia was RM7 million as compared to share of profit of RM8.2 million in the preceeding year. The performance was adversely impacted by lower sales volume coupled with increase in input cost due to higher commodity prices, higher interest cost and foreign currency loss arising from a weakening of IDR.

The Group's share of profit on DTSB Group was to RM77 million as compared to a share of loss of RM10.5 million in the preceeding year. The turnaround of the performance of DTSB was contributed mainly by price increase with better sales mix, chicken subsidy from the Malaysian Government, higher plant utilisation and improved farm performance coupled with lower interest expense arising from capitalising of inter-co advances and deferred tax asset recognised arising from tax incentives.

**Discontinued operations arising from deconsolidation of subsidiaries**

	3 months ended		Changes	12 months ended		Changes
	31.12.2022	31.12.2021		31.12.2022	31.12.2021	
	RM'000	RM'000	%	RM'000	RM'000	%
Profit from discontinued operations, net of tax	-	51,746	-	-	137,519	(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 Quarter 31.12.2022 RM'000	Immediate Preceding Quarter 30.09.2022 RM'000	Changes %
Revenue	819,564	799,453	2.5%
Results from operating activities	14,120	41,101	(65.6%)
Profit before tax	51,510	52,928	(2.7%)
Profit after tax	44,525	47,379	(6.0%)
Profit attributable to owners of the Company	46,874	46,209	1.4%

Revenue increased by 2.5% against the preceding quarter, primarily attributed to higher selling prices and sales volume arising from flour and grain segment.

The Group's PBT decreased to RM51.5 million (Q3 2022: RM52.9 million) mainly due to:

- (i) rising input costs despite a higher sales volume and selling price in most segments coupled with foreign exchange translation loss in the flour and grain trading segment;
- (ii) share of loss joint venture, PT Bungasari Flour Mills Indonesia of RM8.5 million in current quarter (Q3 2022: RM0.2 million) due to higher wheat costs with lower contribution margins, higher interest cost and foreign currency loss arising from the weakening of IDR; and
- (iii) higher share of results of equity accounted joint ventures from joint venture, DTSB Group by RM29 million in current quarter at the back of improved farm performance, chicken subsidy from Malaysia Government and deferred tax asset recognised arising from tax incentives.

**15. Prospects**

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

**Flour and grain trading**

Macroeconomic and geopolitical uncertainties continue to have an impact on the commodity prices of wheat and grain. The unpredictability of global weather will further impact the global grain production. The Company will continue to monitor the impact of commodity prices arising from the global supply and demand dynamics and adjust selling prices accordingly. The Company will continue to diversify the sources of wheat, corn and soyabean meal.

**Poultry Industry**

The poultry industry is similarly impacted by the global macroeconomic and geopolitical uncertainties. In addition to this, the poultry industry is further impacted by disease outbreaks and the disruption in the supply of parent stock and commercial day-old-chicks. With the demand for domestic broilers expected to maintain, coupled with the expected improvement in the prospects of the domestic economy and our synergistic partnership with Tyson International Holding Company, the Company is optimistic of its outlook for 2023 and beyond.

Despite the challenges mentioned above, the Group will continue to work towards achieving satisfactory results for the year ending 2023.

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

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

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

**17. Income Tax Expense**

**Continuing operations**

	3 months ended		12 months ended	
	31.12.2022 RM'000	31.12.2021 RM'000	31.12.2022 RM'000	31.12.2021 RM'000
Current income tax				
- current year	(222)	10,304	21,305	39,300
- prior year	-	6	(1,228)	(1,367)
Deferred tax				
- Origination and reversal of temporary difference	7,207	(473)	5,367	(2,127)
- Under provision in prior year	-	-	-	75
	<u>6,985</u>	<u>9,837</u>	<u>25,444</u>	<u>35,881</u>

Excluding the share of profit/(loss) in equity accounted joint ventures, the Group's effective tax rate during the quarter ended 31 December 2022 and for the year ended 31 December 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 ("DTSB") Group from 1 January 2021 to 31 May 2021 were disclosed as discontinued operations with loss of RM39.7 million 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.

An initial gain of RM126.2 million was recognised in previous year based on a disposal consideration of RM420 million. As at 31 December 2021, the disposal consideration was revised to RM445.0 million as the Company received RM185.0 million from Tyson as the Initial Consideration in 2021 and in the event the financial targets for the First Earnout Consideration and the Second Earnout Consideration are met in full respectively, another RM260.0 million (at present value) to be received in future years.

**19. Status of Corporate Proposals**

- (a) There were no new proposals announced as at 24 February 2023, 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.
- On 16 August 2022, the Company has remitted the Profit Guarantee Payment of RM15 million to Tyson. Based on EBITDA of DTSB Group for financial year ended 2021, which was less than RM54 million, Tyson was entitled to the Profit Guarantee Payment of RM15 million.
- 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 ended 2022 becomes available and following final agreement by the Company 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 the Company 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 December 2022</u>		<u>Timeframe for Utilisation</u>	<u>Deviation Over spent</u>	
		<u>Actual Utilisation</u> RM' million	<u>Balance Unutilised</u> RM' million		<u>RM' million</u>	<u>%</u>
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.

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

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

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

	As at 31.12.2022 RM'000	As at 31.12.2021 RM'000
<b>Unsecured Long Term Borrowings</b>		
<u>Term loans</u>		
Denominated in Ringgit Malaysia	113,100	158,260
Denominated in US Dollar (i)	-	8,689
Denominated in Euro Dollar (iii)	7,611	-
	<u>120,711</u>	<u>166,949</u>
<b>Unsecured Short Term Borrowings</b>		
<u>Bankers' acceptances/revolving credits</u>		
Denominated in Ringgit Malaysia	419,020	256,774
Denominated in US Dollar (i)	398,733	661,029
Denominated in Vietnamese Dong (ii)	116,447	76,311
Denominated in Euro Dollar (iii)	239	-
	<u>934,439</u>	<u>994,114</u>
<u>Term loans</u>		
Denominated in Ringgit Malaysia	45,160	45,160
Denominated in US Dollar (i)	5,382	5,889
	<u>50,542</u>	<u>51,049</u>
	<u>984,981</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 RM404,115,000 equivalent to USD92,054,000 translated at USD/MYR rate of 4.39 (2021: RM675,607,000 equivalent to USD162,211,000 translated at USD/MYR rate of 4.1650); and
- (ii) Denominated in VND of RM116,447,000 equivalent to VND629,449 million translated at VND/MYR rate of 5,405 (2021: RM76,311,000 equivalent to VND419,939 million translated at VND/MYR rate of 5,503)
- (iii) Denominated in Euro of RM7,850,000 equivalent to Euro1,642,000 translated at Euro/MYR rate of 4.6846 (2021: RM NIL)

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

	As at 31.12.2022 RM'000	As at 31.12.2021 RM'000
<b>RCULS - Liability component</b>		
Non-current	2,126	7,310
Current	5,026	4,657
	<u>7,152</u>	<u>11,967</u>

**21. Investments in joint ventures**

	<u>PT Bungasari Flour Mills Indonesia</u> 30%	<u>DTSB Group</u> 51%	As at 31.12.2022 RM'000
<i>Percentage of ownership interest</i>			
At cost	RM'000	RM'000	RM'000
Unquoted shares	192,865	463,192	656,057
Share of post-acquisition reserves	(29,026)	66,567	37,541
	<u>163,839</u>	<u>529,759</u>	<u>693,598</u>
At cost	RM'000	RM'000	As at 31.12.2021 RM'000
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**

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

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

**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		12 months ended	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) attributable to ordinary shareholders of the Company				
- continuing operations	46,874	(27,721)	145,045	36,390
- discontinued operations	-	51,746	-	137,519
	<u>46,874</u>	<u>24,025</u>	<u>145,045</u>	<u>173,909</u>
Weighted average number of Ordinary Shares in issue for basic EPS computation ('000)	<u>1,020,122</u>	<u>1,019,653</u>	<u>1,019,923</u>	<u>1,018,156</u>
Basic earnings per ordinary share (sen)				
- continuing operations	4.59	(2.72)	14.22	3.57
- discontinued operations	-	5.07	-	13.51
	<u>4.59</u>	<u>2.36</u>	<u>14.22</u>	<u>17.08</u>

**Basic Earnings Per Ordinary Share from continuing operations (adjusted):**

Profit/(Loss) attributable to ordinary shareholders of the Company				
- continuing operations	46,874	(27,721)	145,045	36,390
(Write back)/fair value loss on remeasurement of contingent receivable	(8,819)	77,867	(8,819)	77,867
Provision for Profit Guarantee Payment	-	-	-	15,000
Profit attributable to ordinary shareholders of the Company				
- continuing operations (adjusted)	<u>38,055</u>	<u>50,146</u>	<u>136,226</u>	<u>129,257</u>
Weighted average number of Ordinary Shares in issue for basic EPS computation ('000)	<u>1,020,122</u>	<u>1,019,653</u>	<u>1,019,923</u>	<u>1,018,156</u>
Basic earnings per ordinary share (sen)				
- continuing operations (adjusted)	<u>3.73</u>	<u>4.92</u>	<u>13.36</u>	<u>12.70</u>

**MALAYAN FLOUR MILLS BERHAD (196101000210 (4260-M))**
**Notes to the Financial Report for the Financial Period Ended 31 December 2022**
**(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 RCULS and Warrants.

	3 months ended		12 months ended	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) attributable to ordinary shareholders of the Company				
- continuing operations	46,874	(27,721)	145,045	36,390
Interest expense on RCULS, net of tax	305	-	1,710	916
	47,179	(27,721)	146,755	37,306
- discontinued operations	-	51,746	-	137,519
	47,179	24,025	146,755	174,825
Weighted average number of Ordinary Shares in issue for basic EPS computation ('000)	1,020,122	1,019,653	1,019,923	1,018,156
Dilutive potential ordinary shares				
- Assumed conversion of RCULS	218,811	219,368	218,811	219,368
- Assumed exercise of Warrants	136,688	136,688	136,688	136,688
Weighted average number of Ordinary Shares in issue for diluted EPS computation ('000)	1,375,621	1,375,709	1,375,422	1,374,212
Diluted earnings per ordinary share (sen)				
- continuing operations	3.43	(2.02)	10.67	2.71
- discontinued operations	-	3.76	-	10.01
	3.43	1.75	10.67	12.72

**Diluted Earnings Per Ordinary Share from continuing operations (adjusted):**

Profit/(Loss) attributable to ordinary shareholders of the Company				
- continuing operations	46,874	(27,721)	145,045	36,390
Interest expense on RCULS, net of tax	305	-	1,710	916
	47,179	(27,721)	146,755	37,306
(Write back)/fair value loss on remeasurement of contingent receivable	(8,819)	77,867	(8,819)	77,867
Provision for Profit Guarantee Payment	-	-	-	15,000
Profit attributable to ordinary shareholders of the Company				
- continuing operations (adjusted)	38,360	50,146	137,936	130,173
Weighted average number of Ordinary Shares in issue for basic EPS computation ('000)	1,020,122	1,019,653	1,019,923	1,018,156
Dilutive potential ordinary shares				
- Assumed conversion of RCULS	218,811	219,368	218,811	219,368
- Assumed exercise of Warrants	136,688	136,688	136,688	136,688
Weighted average number of Ordinary Shares in issue for diluted EPS computation ('000)	1,375,621	1,375,709	1,375,422	1,374,212
Diluted earnings per ordinary share (sen)				
- continuing operations (adjusted)	2.79	3.65	10.03	9.47

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

**24. Profit for the period**

	3 months ended		12 months ended	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	RM'000	RM'000	RM'000	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	9,612	24,693	39,687	48,881
Depreciation of right-of-use assets	895	1,278	2,881	3,075
Interest expense from unsecured bankers' acceptances/ revolving credits/term loans/lease liabilities/RCULS	14,210	6,620	41,768	34,177
Net realised loss on future and option contracts	5,407	7,683	3,742	7,683
Property, plant and equipment written off	245	677	295	691
Fair value loss on biological assets	-	3,794	-	3,794
Fair value loss on remeasurement of contingent receivable	-	77,867	-	77,867
Provision for Profit Guarantee Payment	-	15,000	-	15,000
Loss on liquidation of subsidiaries	35	-	35	-
Impairment loss of trade receivables	4,324	729	4,952	3,075
and after crediting:				
Interest income from:				
- deposits placed with licensed banks	3,058	5,589	16,804	20,055
- debtors	(40)	349	382	520
- discontinued operations	-	-	-	8,939
Gain on deconsolidation of subsidiaries	-	174,264	-	174,264
Write back on remeasurement of contingent receivable	8,819	-	8,819	-
Insurance recoveries	(50)	406	187	464
Net unrealised gain/(loss) on future and option contracts	5,178	(544)	(770)	2,262
Net realised (loss)/gain on foreign exchange	(6,979)	1,253	(14,359)	2,267
Net unrealised gain/(loss) on foreign exchange	4,125	(3,705)	(4,860)	(128)
Gain on disposal of property, plant and equipment	218	4	218	230
Reversal of impairment loss of trade receivables	3,969	1,330	6,447	2,284

**25. Derivatives**

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

	As at 31.12.2022		As at 31.12.2021	
	Contract value	Fair value	Contract value	Fair value
	RM'000	RM'000	RM'000	RM'000
<b>Derivative financial asset</b>				
<u>Less than 1 year</u>				
- Future and option contracts	(3,942)	(3,929)	(12,726)	(11,983)
<b>Derivative financial liability</b>				
<u>Less than 1 year</u>				
- Foreign currency forward contracts	502,776	492,905	300,725	298,649
- Future and option contracts	44	-	(802)	(806)

**(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:

	12 months ended	
	Profit or loss	
	31.12.2022	31.12.2021
	RM'000	RM'000
Group	3,749	14,245

**(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.



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

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

	3 months ended		12 months ended	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	RM'000	RM'000	RM'000	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	(20,803)	(1,896)	(7,796)	4,693
- future and option contracts	(229)	1,118	(4,512)	(5,421)
- other receivables	8,819	(77,867)	8,819	(77,867)
- liquid investments	9	75	187	321
Financial assets at amortised cost	2,181	5,937	18,494	28,722
Financial liabilities measured at amortised cost	2,816	(7,059)	(53,968)	(36,389)
	<u>(7,208)</u>	<u>(79,692)</u>	<u>(38,776)</u>	<u>(85,941)</u>

For the 12 months ended 31 December 2022, the net loss was mainly due to interest expense on borrowings and unrealised loss on foreign exchange but was partially offset by interest income 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 February 2023