

**MALAYAN FLOUR MILLS BERHAD (196101000210 (4260-M))**  
**(Incorporated in Malaysia)**  
**UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET**  
**As at 30 June 2023**

	(Unaudited) As at 30.06.2023 RM '000	(Audited) As at 31.12.2022 RM '000
<b>Assets</b>		
Property, plant and equipment	455,423	444,476
Intangible assets	933	566
Investment properties	4,855	4,883
Right-of-use assets	17,817	19,028
Investments in joint ventures	19 713,554	693,598
Investment in an associate	-	1,061
Deferred tax assets	5,742	5,771
Other receivables	71,065	71,065
<b>Total non-current assets</b>	<b>1,269,389</b>	<b>1,240,448</b>
Trade and other receivables, including derivatives	548,251	572,297
Prepayments and other assets	4,188	7,393
Inventories	511,834	627,831
Current tax assets	6,930	5,932
Fixed deposits	314,080	157,219
Cash and cash equivalents	62,229	86,710
	<b>1,447,512</b>	<b>1,457,382</b>
Asset classified as held for sale	33,597	33,597
<b>Total current assets</b>	<b>1,481,109</b>	<b>1,490,979</b>
<b>Total assets</b>	<b>2,750,498</b>	<b>2,731,427</b>
Share capital	536,437	535,902
Reserves	782,437	749,820
RCULS - Equity	78,212	78,694
<b>Total equity attributable to owners of the Company</b>	<b>1,397,086</b>	<b>1,364,416</b>
<b>Non-controlling interests</b>	<b>96,187</b>	<b>101,677</b>
<b>Total equity</b>	<b>1,493,273</b>	<b>1,466,093</b>
<b>Liabilities</b>		
Deferred tax liabilities	11,089	10,538
RCULS - Liabilities	-	2,126
Lease liabilities	10,456	11,353
Loans and borrowings	107,095	120,711
<b>Total non-current liabilities</b>	<b>128,640</b>	<b>144,728</b>
RCULS - Liabilities	4,839	5,026
Lease liabilities	1,908	2,070
Trade and other payables, including derivatives	115,354	125,304
Loans and borrowings	1,005,393	984,981
Current tax liabilities	1,091	3,225
<b>Total current liabilities</b>	<b>1,128,585</b>	<b>1,120,606</b>
<b>Total liabilities</b>	<b>1,257,225</b>	<b>1,265,334</b>
<b>Total equity and liabilities</b>	<b>2,750,498</b>	<b>2,731,427</b>
<b>Net assets per share attributable to owners of the Company (RM)</b>	<b>1.37</b>	<b>1.34</b>

The Condensed Consolidated Balance Sheet should be read in conjunction with the audited financial statements for year ended 31 December 2022 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 30 June 2023

	Note	3 months ended		Financial Period Ended	
		30.06.2023	30.06.2022	30.06.2023	30.06.2022
		RM '000	RM '000	RM '000	RM '000
<b>Revenue</b>		<b>752,749</b>	661,676	<b>1,579,443</b>	1,296,553
Cost of goods sold		<b>(716,071)</b>	(600,621)	<b>(1,498,527)</b>	(1,172,038)
<b>Gross profit</b>		<b>36,678</b>	61,055	<b>80,916</b>	124,515
Operating expenses		<b>(29,414)</b>	(30,224)	<b>(54,604)</b>	(54,532)
<b>Results from operating activities</b>		<b>7,264</b>	30,831	<b>26,312</b>	69,983
Interest expense		<b>(16,109)</b>	(9,119)	<b>(31,223)</b>	(15,768)
Interest income		<b>6,642</b>	4,416	<b>11,344</b>	9,603
<b>Net finance expenses</b>		<b>(9,467)</b>	(4,703)	<b>(19,879)</b>	(6,165)
Share of (loss)/profit of equity accounted joint ventures, net of tax		<b>(3,137)</b>	15,359	<b>3,647</b>	11,197
Share of profit/(loss) of equity accounted associate, net of tax		<b>235</b>	(5)	<b>231</b>	(9)
<b>(Loss)/Profit before tax</b>		<b>(5,105)</b>	41,482	<b>10,311</b>	75,006
Tax expense	17	<b>864</b>	(5,449)	<b>(1,656)</b>	(12,910)
<b>(Loss)/Profit for the period</b>		<b>(4,241)</b>	36,033	<b>8,655</b>	62,096
<b>(Loss)/Profit attributable to:</b>					
Owners of the Company		<b>(1,965)</b>	31,646	<b>8,475</b>	51,962
Non-controlling interests		<b>(2,276)</b>	4,387	<b>180</b>	10,134
<b>(Loss)/Profit for the period</b>		<b>(4,241)</b>	36,033	<b>8,655</b>	62,096
<b>Basic (loss)/earnings per ordinary share (sen)</b>	21	<b>(0.19)</b>	3.10	<b>0.83</b>	5.10
<b>Diluted (loss)/earnings per ordinary share (sen)</b>	21	<b>(0.12)</b>	2.62	<b>0.65</b>	4.28

The Condensed Consolidated Income Statement should be read in conjunction with the audited financial statements for year ended 31 December 2022 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 30 June 2023

	3 months ended		Financial Period Ended	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
	RM '000	RM '000	RM '000	RM '000
<b>(Loss)/Profit for the period</b>	<b>(4,241)</b>	<b>36,033</b>	<b>8,655</b>	<b>62,096</b>
<b>Other comprehensive income, net of tax</b>				
Foreign currency translation differences for foreign operations	<b>31,696</b>	19,232	<b>44,656</b>	22,790
<b>Total comprehensive income for the period</b>	<b>27,455</b>	<b>55,265</b>	<b>53,311</b>	<b>84,886</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	<b>25,609</b>	47,024	<b>47,938</b>	70,344
Non-controlling interests	<b>1,846</b>	8,241	<b>5,373</b>	14,542
<b>Total comprehensive income for the period</b>	<b>27,455</b>	<b>55,265</b>	<b>53,311</b>	<b>84,886</b>

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for year ended 31 December 2022 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 30 June 2023

	←----- Attributable to Owners of the Company Non-Distributable -----→					-----→ Distributable			
	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	Retained Earnings RM '000	Total RM '000	Non- controlling interests RM '000	Total Equity RM '000
<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 (expenses)/ 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>
<b>Balance at 1.1.2023</b>	535,902	78,694	17,770	93,065	(34,444)	673,429	1,364,416	101,677	1,466,093
Total comprehensive income for the period	-	-	-	-	39,463	8,475	47,938	5,373	53,311
Conversion of RCULS	497	(482)	-	-	-	-	15	-	15
Issuance of shares pursuant to the exercise of warrants	38	-	(6)	-	-	-	32	-	32
Dividends to owners of the Company	-	-	-	-	-	(15,315)	(15,315)	-	(15,315)
Dividends to non-controlling interests	-	-	-	-	-	-	-	(10,863)	(10,863)
<b>Balance at 30.06.2023</b>	<b>536,437</b>	<b>78,212</b>	<b>17,764</b>	<b>93,065</b>	<b>5,019</b>	<b>666,589</b>	<b>1,397,086</b>	<b>96,187</b>	<b>1,493,273</b>

The Condensed Consolidated Statement Of Changes In Equity should be read in conjunction with the audited financial statements for year ended 31 December 2022 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 30 June 2023

	6 months ended	
	30.06.2023 RM'000	30.06.2022 RM'000
<b>Cash Flows From Operating Activities</b>		
<b>Profit before tax</b>	10,311	75,006
Adjustments for:		
Depreciation of property, plant and equipment and investment properties and amortisation of intangible assets	17,015	20,289
Depreciation of right-of-use assets	1,304	1,320
Gain on disposal of property, plant and equipment	(1)	-
Gain on lease modification	(9)	(91)
Interest expense	31,223	15,768
Interest income	(11,344)	(9,603)
Net impairment/(reversal on impairment) of financial assets	887	(1,676)
Property, plant and equipment and intangible assets written off	4	42
Share of profit of equity accounted joint ventures, net of tax	(3,647)	(11,197)
Share of (profit)/loss of equity accounted associate, net of tax	(231)	9
Net unrealised (gain)/loss on foreign exchange	(2,421)	7,911
Operating profit before changes in working capital	<u>43,091</u>	<u>97,778</u>
Inventories	115,997	(231,787)
Trade and other receivables, prepayments and other financial assets	26,752	(24,942)
Trade and other payables and other financial liabilities	<u>9,803</u>	<u>(14,939)</u>
Cash generated from/(used in) operations	<u>195,643</u>	<u>(173,890)</u>
Net income tax paid	(4,271)	(18,574)
Interest received	11,344	9,603
Interest paid	<u>(30,781)</u>	<u>(14,667)</u>
Net cash generated from/(used in) operating activities	<u>171,935</u>	<u>(197,528)</u>
<b>Cash Flows From Investing Activities</b>		
Acquisition of property, plant and equipment and intangible assets	(20,438)	(13,595)
Proceeds from disposal of property, plant and equipment	14	-
(Increase)/Decrease in fixed deposits	<u>(156,861)</u>	<u>25,806</u>
Net cash (used in)/ generated from investing activities	<u>(177,285)</u>	<u>12,211</u>
<b>Cash Flows From Financing Activities</b>		
Dividends paid to owners of the Company	(15,315)	(20,398)
Dividends paid to non-controlling interests	(10,863)	(20,572)
Net (repayment)/proceeds from loans and borrowings	(9,822)	98,710
Payment of lease liabilities	(1,020)	(396)
RCULS coupon paid	(2,735)	(2,742)
Proceeds from issuance of shares pursuant to the exercise of the warrants	32	-
Net cash (used in)/generated from financing activities	<u>(39,723)</u>	<u>54,602</u>
<b>Net decrease in Cash and Cash Equivalents</b>	<u>(45,073)</u>	<u>(130,715)</u>
Effect of exchange rate fluctuations on cash held	20,592	20,557
<b>Cash and Cash Equivalents at Beginning of Year</b>	<u>86,710</u>	<u>214,077</u>
<b>Cash and Cash Equivalents at End of Financial Period</b>	<u>62,229</u>	<u>103,919</u>

**Cash and Cash Equivalents**

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

	6 months ended	
	30.06.2023 RM'000	30.06.2022 RM'000
Deposits placed with licensed banks	25,306	39,924
Cash and bank balances	36,923	42,509
Liquid investments	-	21,486
	<u>62,229</u>	<u>103,919</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for year ended 31 December 2022 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 2022.

**2. Significant accounting policies**

The audited financial statements of the Group for the year ended 31 December 2022 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 2022, except for those standards, amendments and IC interpretation which are effective from the annual period beginning on or after 1 January 2023 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 2023, 760,966 new ordinary shares were issued and allotted arising from the conversion of RM380,483 nominal value of RCULS at the conversion price of RM0.50 each.

In the current quarter, 231,800 new ordinary shares were issued and allotted arising from the conversion of RM115,900 nominal value of RCULS at the conversion price of RM0.50 each.

As at 30 June 2023, the outstanding nominal value of RCULS is RM108,909,204.

**Warrants**

In the quarter ended 31 March 2023, there were 9,920 Warrants exercised which resulted in 9,920 new ordinary shares at the issue price of RM0.68 each being issued and thereafter listed on the Main Market of Bursa Securities.

In the current quarter, there were 37,487 Warrants exercised which resulted in 37,487 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 30 June 2023, the total number of Warrants which remained unexercised was 136,640,910.

Accordingly, the issued and paid-up share capital of the Company increased to RM536,436,513 comprising 1,021,250,432 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 30 June 2023.

**7. Dividend**

The interim dividend of 1.5 sen per ordinary share in respect of the financial year ended 31 December 2022, amounting to RM15,315,000 was paid on 24 March 2023.

The Board has declared an interim dividend of 1.5 sen per ordinary share for the current financial year ending 31 December 2023. The dividend will be paid on 29 September 2023 to holders of ordinary shares whose names appear in the Record of Depositors at the close of business on 15 September 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 30 June 2023, the outstanding loans proportionately amounted to USD5.9 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 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 value-added tax ("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. Based on the advice of its tax consultant who is of the view that there are sufficient grounds to challenge this VAT year 2017, PT Bungasari has filed for a judicial review at the Supreme Court to overturn the results of the Tax Court. On 22 December 2022, the 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; on 26 January 2023 for the month of March, June, July, September, November and December; on 28 February 2023 for the month of February and on 21 June 2023 for the month of January and October. Hence, the case for VAT year 2017 is officially closed.

**b) Dindings Poultry Development Centre Sdn Bhd, a wholly owned subsidiary of our joint venture company, Dindings Tyson Sdn Bhd**

Dindings Poultry Development Centre Sdn Bhd ("DPDC"), 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 submit written representations and make an oral representation before MyCC. However, in the event of any findings to the 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 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 and made our oral representation on 29 and 31 May 2023.

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 30.06.2023 RM'000	As at 31.12.2022 RM'000
<b>Property, plant and equipment</b>		
Contracted but not provided for	6,150	22,419
Share of commitment of joint ventures		
- Contracted but not provided for	11,609	24,467
- Approved but not contracted for	4,743	-
	<u>16,352</u>	<u>24,467</u>

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

There were no changes to the corporate structure of the Group for the financial period ended 30 June 2023.

**12. Segmental Information**

**Results for 6 months ended 30 June 2023**

	<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	1,552,487	-	41,646	1,594,133
Eliminations - inter-segment	(14,690)	-	-	(14,690)
<b>Revenue</b>	<b>1,537,797</b>	<b>-</b>	<b>41,646</b>	<b>1,579,443</b>
Results from operating activities	25,592	-	720	26,312
Interest expense				(31,223)
Interest income				11,344
Share of (loss)/profit of equity accounted joint ventures, net of tax	(17,316)	20,963	-	3,647
Share of profit of equity accounted associate, net of tax				231
<b>Profit before tax</b>				<b>10,311</b>
Segments assets	1,923,064	-	113,880	2,036,944
Investments in joint ventures	162,832	550,722	-	713,554
Investment in an associate	-	-	-	-
<b>Total segment assets</b>	<b>2,085,896</b>	<b>550,722</b>	<b>113,880</b>	<b>2,750,498</b>

**Results for 6 months ended 30 June 2023**

	<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>1,015,464</b>	<b>589,905</b>
<b>(Loss)/Profit before tax</b>	<b>(58,480)</b>	<b>41,055</b>
Tax credit	764	48
<b>(Loss)/Profit after tax</b>	<b>(57,716)</b>	<b>41,103</b>
<b>Share of (loss)/profit of equity accounted joint ventures</b>	<b>(17,316)</b>	<b>20,963</b>
Segment assets	1,457,080	1,384,251



12. Segmental Information

Results for 6 months ended 30 June 2022

	Flour and grain trading RM'000	Poultry Integration (DTSB Group) RM'000	Others RM'000	Total RM'000
Total segment revenue	1,277,032	-	31,037	1,308,069
Eliminations - inter-segment	(11,516)	-	-	(11,516)
<b>Revenue</b>	<b>1,265,516</b>	<b>-</b>	<b>31,037</b>	<b>1,296,553</b>
Results from operating activities	73,549	-	(3,566)	69,983
Interest expense				(15,768)
Interest income				9,603
Share of profit of equity accounted joint venture, net of tax	1,648	9,549	-	11,197
Share of loss of equity accounted associate, net of tax				(9)
<b>Profit before tax</b>				<b>75,006</b>
Segments assets	2,128,988	-	105,353	2,234,341
Investment in a joint venture	180,556	462,275	-	642,831
Investment in an associate	-	-	1,070	1,070
<b>Total segment assets</b>	<b>2,309,544</b>	<b>462,275</b>	<b>106,423</b>	<b>2,878,242</b>

Results for 6 months ended 30 June 2022

	PT Bungasari Flour Mills Indonesia RM'000	Poultry Integration (DTSB Group) RM'000
<b>Revenue</b>	<b>869,770</b>	<b>497,404</b>
<b>Profit before tax</b>	<b>7,778</b>	<b>14,935</b>
Tax (expense)/credit	(2,284)	3,789
<b>Profit after tax</b>	<b>5,494</b>	<b>18,724</b>
<b>Share of profit of equity accounted joint ventures</b>	<b>1,648</b>	<b>9,549</b>
Segment assets	1,575,512	1,234,191

**MALAYAN FLOUR MILLS BERHAD (196101000210 (4260-M))**  
**Notes to the Financial Report for the Financial Period Ended 30 June 2023**

**13. Performance Review**

Financial review for current quarter was as follows:

	3 months ended		Changes	6 months ended		Changes
	30.06.2023	30.06.2022		30.06.2023	30.06.2022	
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	752,749	661,676	13.8%	1,579,443	1,296,553	21.8%
Results from operating activities	7,264	30,831	(76.4%)	26,312	69,983	(62.4%)
(Loss)/Profit before tax	(5,105)	41,482	(112.3%)	10,311	75,006	(86.3%)
(Loss)/Profit after tax	(4,241)	36,033	(111.8%)	8,655	62,096	(86.1%)
(Loss)/Profit attributable to owners of the Company	(1,965)	31,646	(106.2%)	8,475	51,962	(83.7%)

Review of Quarter-on-Quarter results

For the quarter ended 30 June 2023 ("Q2 2023"), the Group recorded revenue of RM752.7 million, an increase of 13.8% compared to RM661.7 million recorded in the preceding year corresponding quarter ended 30 June 2022 ("Q2 2022"). This was mainly attributed to higher sales recorded in the flour and grain trading segment.

In Q2 2023, the Group's operating profit was RM7.3 million as compared to RM30.8 million in Q2 2022, primarily due to lower profits from flour and grain trading segment. The Group's share of loss in equity accounted joint ventures in Q2 2023 amount to RM3.1 million as compared to a share of profit of RM15.4 million in Q2 2022. Overall, the Group recorded a loss before tax ("LBT") of RM5.1 million as compared to a profit before tax ("PBT") of RM41.5 million in Q2 2022. The main factors were as follows:-

- (i) The flour and grain trading generated an operating profit of RM7.2 million in Q2 2023 as compared to RM33.1 million in Q2 2022. Flour and grain trading operating profit declined by 78.2% in Q2 2023, mainly attributed to lower contribution margin from higher input costs coupled with the weakening of MYR and VND in foreign exchange translation which were partially set off by increase in selling prices;
- (ii) The Group's share of loss of equity accounted joint venture, PT Bungasari Flour Mills Indonesia amounted to RM8.8 million in Q2 2023 as compared to a share of profit of RM0.8 million Q2 2022. The loss is largely attributable to lower contribution margin with an increase in input cost and higher realised foreign currency losses arising from a weakening of IDR;
- (iii) In Q2 2023, the Group's share of profit of equity accounted joint venture, Dindings Tyson Sdn Bhd ("DTSB") amounted to RM5.6 million, a decrease of RM8.9 million as compared to RM14.5 million in Q2 2022 due to lower sales volume and contribution margin from higher input costs, lower subsidy income, partially set off by lower fair value loss on biological assets; and
- (iv) The net interest expenses increased to RM9.5 million in Q2 2023 as compared to RM4.7 million in Q2 2022 mainly due to higher interest rates.

The Others segment includes the results from aqua feedmilling business. The operating profit from this segment improved to RM0.04 million in Q2 2023 as compared to a loss of RM2.3 million in same quarter last year. This is largely driven by increased sales volume and selling prices, partially set off with higher raw material costs in aqua feeds and higher interest expenses from increase of interest rate.

Review of Year-on-Year results

Revenue increased by 21.8% to RM1.6 billion for the financial period ended 30 June 2023 ("1H2023"), as compared to RM1.3 billion posted in the previous year corresponding period ("1H2022"), attributable mainly to higher sales in the flour and grain trading business.

For the period ended 30 June 2023, the Group recorded an operating profit of RM26.3 million as compared to RM70.0 million in the preceding year. The Group's share of profit in equity accounted joint ventures amounted to RM3.6 million in 1H2023 as compared to RM11.2 million in 1H2022. Overall, the Group recorded a lower PBT of RM10.3 million as compared to RM75.0 million in previous year corresponding period. This was attributable to:-

- (i) The flour and grain trading generated an operating profit of RM25.6 million as compared to an operating profit of RM73.5 million in 1H2022. The lower operating profit is mainly due to lower contribution margin from higher input costs mainly driven by higher raw material price and the weakening of RM against USD which was partially set off by higher sales volume, selling prices and realised and unrealised gain on commodity and derivatives. Grain trading business achieved profitable result in 1H2023 largely attributable to higher sales volume and contribution margin which partially set off by higher realised and unrealised loss on commodity and derivatives;
- (ii) A net interest expense of RM19.9 million was incurred in the 1H2023 as compared to RM6.2 million in the preceding year. The increase in interest expenses was mainly due to higher interest rate with higher borrowings attributed to the escalating commodity prices, partially offset by higher interest income; and
- (iii) The Group's share of profit of equity accounted joint venture was amounted to RM3.6 million in 1H2023 (1H2022: share of profit of RM11.2 million). Details as below:

	30.06.2023	30.06.2022
	RM'000	RM'000
PT Bungasari Flour Mills Indonesia	(17,316)	1,648
DTSB group	20,963	9,549
	<u>3,647</u>	<u>11,197</u>

In 1H2023, the Group's share of loss on PT Bungasari Flour Mills Indonesia was RM17.3 million as compared to a share of profit of RM1.6 million a year ago. The performance was adversely impacted by lower sales volume coupled with higher wheat milling cost, increased interest expenses, partially offset with higher deferred tax asset recognised arising from operating loss.

The Group's share of profit on DTSB Group was RM21.0 million in 1H2023 as compared to RM9.5 million in 1H2022. The turnaround of the performance of DTSB was contributed mainly by higher sales volume, higher chicken subsidy from the Malaysian Government, coupled with fair value gain on biological assets in 1H2023 as compared to a fair value loss in 1H2022.

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

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

	Current Quarter 30.06.2023 RM'000	Immediate Preceding Quarter 31.03.2023 RM'000	Changes %
Revenue	752,749	826,694	(8.9%)
Results from operating activities	7,264	19,048	(61.9%)
(Loss)/Profit before tax	(5,105)	15,416	(133.1%)
(Loss)/Profit after tax	(4,241)	12,896	(132.9%)
(Loss)/Profit attributable to owners of the Company	(1,965)	10,440	(118.8%)

Operating profit decreased by 61.9% against the preceding quarter, primarily attributable to lower contribution margins arising from flour and grain segment and the aqua feed milling business.

The Group recorded a LBT of RM5.1 million (Q1 2023: PBT of RM15.4 million) mainly due to:

- (i) lower share of results of equity accounted joint ventures from joint venture, DTSB Group of RM5.6 million in current quarter (Q1 2023: RM15.3 million) due to sales volume decrease with higher input costs, lower subsidy income and fair value loss on biological assets recognised in the current quarter; and
- (ii) a net realised and unrealised loss on commodity, derivatives and borrowings of RM3.3 million was recognised in current quarter (Q1 2023: gain of RM4.7 million).

**15. Prospects**

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

**Flour and grain trading**

The persisting macroeconomic and geopolitical uncertainties continue to have a prolonged impact on the commodity prices of wheat and grain. The recent withdrawal of Black Sea grain deal in July resulted in a temporary spike in global grain prices as the Black Sea grain deal plays a significant role in global food price stability. On the other hand, the unpredictable weather patterns across the wheat planting regions such as dry conditions and heat wave are expected to affect the overall wheat supply in the market. The Company will continue to monitor the impact of commodity prices arising from the global supply and demand dynamics and adjust selling prices accordingly and to diversify the sources of wheat, corn and soyabean meal.

**Poultry Industry**

Likewise, the poultry industry is similarly impacted by the global macroeconomic and geopolitical uncertainties. Globally, the poultry industry is adversely impacted by HPAI outbreaks resulting in disruptions in the global supply of Grandparent ("GP") day-old-chicks ("DOCs"), Parent Stock ("PS") DOCs and Commercial DOCs. The prevailing disease outbreaks in Malaysia has disrupted the supply of PS and Commercial DOCs. Although the demand for domestic broilers is expected to remain high, the volatility of the raw material cost has made the poultry industry to be more challenging. 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 expects positive 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

**17. Income Tax Expense**

	3 months ended		6 months ended	
	30.06.2023 RM'000	30.06.2022 RM'000	30.06.2023 RM'000	30.06.2022 RM'000
Current income tax				
- current year	(367)	5,153	1,076	13,234
- prior year	-	-	4	9
Deferred tax				
- Origination and reversal of temporary difference	(497)	296	580	(333)
- Over provision in prior year	-	-	(4)	-
	<u>(864)</u>	<u>5,449</u>	<u>1,656</u>	<u>12,910</u>

Excluding the share of (loss)/profit in equity accounted joint ventures, the Group's effective tax rate for the period ended 30 June 2023 is slightly higher than the Malaysia statutory tax rate of 24% mainly due to reversal of deferred tax asset upon RCULS coupon paid, partially offset by tax incentives and lower tax rates in Vietnam.

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

The details of the Group's borrowings as at 30 June 2023 were as follows:

	As at 30.06.2023 RM'000	As at 31.12.2022 RM'000
<b>Unsecured Long Term Borrowings</b>		
<u>Term loans</u>		
Denominated in Ringgit Malaysia	90,520	113,100
Denominated in Euro (iii)	16,575	7,611
	<u>107,095</u>	<u>120,711</u>
<b>Unsecured Short Term Borrowings</b>		
<u>Bankers' acceptances/revolving credits</u>		
Denominated in Ringgit Malaysia	399,873	419,020
Denominated in US Dollar (i)	401,523	398,733
Denominated in Vietnamese Dong (ii)	154,625	116,447
Denominated in Euro (iii)	-	239
	<u>956,021</u>	<u>934,439</u>
<u>Term loans</u>		
Denominated in Ringgit Malaysia	45,160	45,160
Denominated in US Dollar (i)	-	5,382
Denominated in Euro (iii)	4,212	-
	<u>49,372</u>	<u>50,542</u>
	<u>1,005,393</u>	<u>984,981</u>

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

- (i) Denominated in USD of RM401,523,000 equivalent to USD86,071,000 translated at USD/MYR rate of 4.6650 (2022: RM404,115,000 equivalent to USD92,054,000 translated at USD/MYR rate of 4.3900);
- (ii) Denominated in VND of RM154,625,000 equivalent to VND787,380 million translated at VND/MYR rate of 5,092 (2022: RM116,447,000 equivalent to VND629,449 million translated at VND/MYR rate of 5,405); and
- (iii) Denominated in Euro of RM20,787,000 equivalent to Euro4,015,000 translated at Euro/MYR rate of 5.1771 (2022: RM7,850,000 equivalent to Euro1,642,000 translated at Euro/MYR rate of 4.7808).

The details of the Group's debt securities as at 30 June 2023 were as follows:

	As at 30.06.2023 RM'000	As at 31.12.2022 RM'000
<b>RCULS - Liability component</b>		
Non-current	-	2,126
Current	4,839	5,026
	<u>4,839</u>	<u>7,152</u>

**19. Investments in joint ventures**

	<u>PT Bungasari Flour Mills Indonesia</u> 30%	<u>DTSB Group</u> 51%	As at 30.06.2023 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	(30,033)	87,530	57,497
	<u>162,832</u>	<u>550,722</u>	<u>713,554</u>
At cost	RM'000	RM'000	As at 31.12.2022 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>

**20. Changes in Material Litigation**

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

**21. Earnings Per Share ("EPS")**

**(a) Basic (Loss)/Earnings Per Ordinary Share**

Basic (loss)/earnings per ordinary share amounts are calculated by dividing (loss)/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		6 months ended	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
	RM'000	RM'000	RM'000	RM'000
(Loss)/Profit attributable to ordinary shareholders of the Company	(1,965)	31,646	8,475	51,962
Weighted average number of Ordinary Shares in issue for basic EPS computation ('000)	1,021,196	1,019,903	1,020,853	1,019,808
(Loss)/Basic earnings per ordinary share (sen)	(0.19)	3.10	0.83	5.10

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

The diluted (loss)/earnings per ordinary share amounts are calculated by dividing (loss)/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		6 months ended	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
	RM'000	RM'000	RM'000	RM'000
(Loss)/Profit attributable to ordinary shareholders of the Company	(1,965)	31,646	8,475	51,962
Interest expense on RCULS, net of tax	276	796	442	1,101
	(1,689)	32,442	8,917	53,063
Weighted average number of Ordinary Shares in issue for basic EPS computation ('000)	1,021,196	1,019,903	1,020,853	1,019,808
Dilutive potential ordinary shares				
- Assumed conversion of RCULS	217,818	219,118	218,579	219,118
- Assumed exercise of Warrants	136,641	-	136,641	-
Weighted average number of Ordinary Shares in issue for diluted EPS computation ('000)	1,375,655	1,239,021	1,376,073	1,238,926
Diluted (loss)/earnings per ordinary share (sen)	(0.12)	2.62	0.65	4.28

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

	3 months ended		6 months ended	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
	RM'000	RM'000	RM'000	RM'000
(Loss)/Profit for the period is arrived at after charging:				
Depreciation of property, plant and equipment and investment properties and amortisation of intangible assets	8,247	10,374	17,015	20,289
Depreciation of right-of-use assets	654	725	1,304	1,320
Interest expense from unsecured bankers' acceptances/ revolving credits/term loans/lease liabilities/RCULS	16,109	9,119	31,223	15,768
Net realised (gain)/loss on future and option contracts	(1,190)	1,512	(2,047)	1,766
Property, plant and equipment written off	3	41	4	42
Impairment loss of trade receivables	1,091	86	1,336	308
Impairment loss of amount due from associate	197	-	197	-
and after crediting:				
Interest income	6,642	4,416	11,344	9,603
Insurance recoveries	439	120	569	170
Net unrealised (loss)/gain on future and option contracts	(5,977)	3,618	(5,731)	2,874
Net realised gain/(loss) on foreign exchange	3,772	(1,012)	2,721	303
Net unrealised (loss)/gain on foreign exchange	(2,259)	(6,201)	2,421	(7,911)
Gain on disposal of property, plant and equipment	1	-	1	-
Reversal of impairment loss of trade receivables	174	1,255	646	1,984

**23. Derivatives**

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

	As at 30.06.2023		As at 31.12.2022	
	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>				
- Foreign currency forward contracts	250,660	259,373	-	-
- Future and option contracts	-	-	(3,942)	(3,929)
<b>Derivative financial liability</b>				
<u>Less than 1 year</u>				
- Foreign currency forward contracts	-	-	502,776	492,905
- Future and option contracts	39,361	33,599	44	-

**(b) Foreign currency risk**

*Currency risk sensitivity analysis*

A 5 percent (2022: 5 percent) strengthening/(weakening) of RM against USD and Euro 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:

	6 months ended	
	Profit or loss	
	30.06.2023	30.06.2022
	RM'000	RM'000
Group	12,969	13,382

**(c) Liquidity risk**

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

**(d)** The significant accounting policies adopted for financial assets and financial liabilities measured at fair value through profit or loss are consistent with those of the audited financial statements for the year ended 31 December 2022.

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

	3 months ended		6 months ended	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
	RM'000	RM'000	RM'000	RM'000
Net (losses)/gains on:				
Financial assets/(liabilities) at fair value through profit or loss:				
Mandatorily required by MFRS 9				
- foreign currency forward contracts	7,767	4,105	18,584	6,227
- future and option contracts	(4,787)	2,106	(3,684)	1,108
- liquid investments	18	86	59	150
Financial assets at amortised cost	6,119	3,824	11,007	9,453
Financial liabilities measured at amortised cost	(22,403)	(20,295)	(44,847)	(29,316)
	<u>(13,286)</u>	<u>(10,174)</u>	<u>(18,881)</u>	<u>(12,378)</u>

For the 6 months ended 30 June 2023, 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 unrealised gain on foreign currency forward contracts.

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

**By Order of the Board**

**MAH WAI MUN**  
**Secretary**  
MAICSA 7009729  
SSM Practising Certificate No. 202008000785

Kuala Lumpur  
30 August 2023