

MALAYAN FLOUR MILLS BERHAD (196101000210 (4260-M))
(Incorporated in Malaysia)
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET
As at 31 December 2023

	(Unaudited) As at 31.12.2023 RM '000	(Audited) As at 31.12.2022 RM '000
Assets		
Property, plant and equipment	446,408	444,476
Intangible assets	1,450	566
Investment properties	4,826	4,883
Right-of-use assets	16,605	19,028
Investments in joint ventures	20 709,051	693,598
Investment in an associate	-	1,061
Deferred tax assets	6,164	5,771
Other receivables	-	71,065
Total non-current assets	1,184,504	1,240,448
Trade and other receivables, including derivatives	408,797	572,297
Prepayments and other assets	5,408	7,393
Inventories	523,921	627,831
Current tax assets	4,446	5,932
Fixed deposits	332,717	157,219
Cash and cash equivalents	87,350	86,710
	1,362,639	1,457,382
Asset classified as held for sale	33,597	33,597
Total current assets	1,396,236	1,490,979
Total assets	2,580,740	2,731,427
Share capital	537,262	535,902
Reserves	727,282	749,820
RCULS - Equity	77,410	78,694
Total equity attributable to owners of the Company	1,341,954	1,364,416
Non-controlling interests	104,027	101,677
Total equity	1,445,981	1,466,093
Liabilities		
Deferred tax liabilities	18,136	10,538
RCULS - Liabilities	-	2,126
Lease liabilities	9,857	11,353
Loans and borrowings	72,060	120,711
Total non-current liabilities	100,053	144,728
RCULS - Liabilities	2,702	5,026
Lease liabilities	1,639	2,070
Trade and other payables, including derivatives	110,127	125,304
Loans and borrowings	913,622	984,981
Current tax liabilities	6,616	3,225
Total current liabilities	1,034,706	1,120,606
Total liabilities	1,134,759	1,265,334
Total equity and liabilities	2,580,740	2,731,427
Net assets per share attributable to owners of the Company (RM)		
- based on issued share capital as at 31 December 2023:	1.31	1.34
- based on enlarged share capital pursuant to conversion of RCULS and expiry of Warrants on 24 January 2024 and 23 January 2024 respectively:	1.08	1.10

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 year ended 31 December 2023

	Note	3 months ended		Financial Year Ended	
		31.12.2023	31.12.2022	31.12.2023	31.12.2022
		RM '000	RM '000	RM '000	RM '000
Revenue		794,551	819,564	3,148,901	2,915,570
Cost of goods sold		(704,934)	(778,872)	(2,912,486)	(2,674,172)
Gross profit		89,617	40,692	236,415	241,398
Operating expenses		(25,817)	(26,572)	(107,945)	(116,194)
Results from operating activities		63,800	14,120	128,470	125,204
Interest expense		(12,473)	(14,210)	(57,154)	(41,768)
Interest income		7,123	3,018	25,548	17,186
Net finance expenses		(5,350)	(11,192)	(31,606)	(24,582)
Profit from operations before (fair value loss)/ write back on remeasurement of contingent receivable		58,450	2,928	96,864	100,622
(Fair value loss)/Write back on remeasurement of contingent receivable		(71,065)	8,819	(71,065)	8,819
Share of (loss)/profit of equity accounted joint ventures, net of tax		(895)	39,767	5,932	70,020
Share of (loss)/profit of equity accounted associate, net of tax		-	(4)	231	(17)
(Loss)/Profit before tax		(13,510)	51,510	31,962	179,444
Tax expense		(17,300)	(6,985)	(26,677)	(25,444)
(Loss)/Profit for the period/year		(30,810)	44,525	5,285	154,000
(Loss)/Profit attributable to:					
Owners of the Company		(39,361)	46,874	(6,681)	145,045
Non-controlling interests		8,551	(2,349)	11,966	8,955
(Loss)/Profit for the period/year		(30,810)	44,525	5,285	154,000
Basic (loss)/earnings per ordinary share (sen)	22	(3.85)	4.59	(0.65)	14.22
Basic earnings per ordinary share (sen) (adjusted)*	22	3.10	3.73	6.30	13.36
Diluted (loss)/earnings per ordinary share (sen)	22	(3.15)	3.43	(0.46)	10.67
Diluted earnings per ordinary share (sen) (adjusted)*	22	2.58	2.79	5.29	10.03

* The adjusted basic and diluted earnings per share exclude the fair value loss arising from remeasurement of contingent receivable of RM71.065 million in the quarter and financial year ended 31 December 2023 (2022: write back on remeasurement of contingent consideration receivable of RM8.819 million).

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 year ended 31 December 2023

	3 months ended		Financial Year Ended	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM '000	RM '000	RM '000	RM '000
(Loss)/Profit for the period/year	(30,810)	44,525	5,285	154,000
Other comprehensive (expense)/income, net of tax				
Foreign currency translation differences for foreign operations	(14,055)	(33,857)	16,050	1,190
Total comprehensive (expense)/income for the period/year	(44,865)	10,668	21,335	155,190
Total comprehensive (expense)/income attributable to:				
Owners of the Company	(51,387)	17,052	8,122	145,008
Non-controlling interests	6,522	(6,384)	13,213	10,182
Total comprehensive (expense)/income for the period/year	(44,865)	10,668	21,335	155,190

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 year ended 31 December 2023

	Attributable to Owners of the Company					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
Balance at 1.1.2022	535,623	78,179	17,770	93,065	(34,407)	564,084	1,254,314	96,242	1,350,556
Total comprehensive (expense)/ 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)
Balance at 31.12.2022	535,902	78,694	17,770	93,065	(34,444)	673,429	1,364,416	101,677	1,466,093
Balance at 1.1.2023	535,902	78,694	17,770	93,065	(34,444)	673,429	1,364,416	101,677	1,466,093
Total comprehensive income/ (expense) for the year	-	-	-	-	14,803	(6,681)	8,122	13,213	21,335
Conversion of RCULS	1,311	(1,284)	-	-	-	-	27	-	27
Issuance of shares pursuant to the exercise of warrants	49	-	(7)	-	-	-	42	-	42
Dividends to owners of the Company	-	-	-	-	-	(30,653)	(30,653)	-	(30,653)
Dividends to non-controlling interests	-	-	-	-	-	-	-	(10,863)	(10,863)
Balance at 31.12.2023	537,262	77,410	17,763	93,065	(19,641)	636,095	1,341,954	104,027	1,445,981

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 year ended 31 December 2023

	12 months ended	
	31.12.2023	31.12.2022
	RM'000	RM'000
Cash Flows From Operating Activities		
Profit before tax	31,962	179,444
Adjustments for:		
Bad debt recovered	(23)	-
Depreciation of property, plant and equipment and investment properties and amortisation of intangible assets	34,597	39,687
Depreciation of right-of-use assets	2,610	2,881
Fair value loss/(Write back) on remeasurement of contingent receivable	71,065	(8,819)
Dividend income	(3)	(4)
Loss on liquidation of subsidiaries	-	35
Gain on disposal of property, plant and equipment	(102)	(218)
Gain on lease modification	(9)	(196)
Interest expense	57,154	41,768
Interest income	(25,548)	(17,186)
Net impairment/(reversal on impairment) of financial assets	1,554	(1,494)
Property, plant and equipment and intangible assets written off	20	295
Share of profit of equity accounted joint ventures, net of tax	(5,932)	(70,020)
Share of (profit)/loss of equity accounted associate, net of tax	(231)	17
Net unrealised (gain)/loss on foreign exchange	(2,127)	4,860
Operating profit before changes in working capital	164,987	171,050
Inventories	103,910	(130,849)
Trade and other receivables, prepayments and other financial assets	164,342	(75,010)
Trade and other payables and other financial liabilities	(5,510)	6,560
Cash generated from/(used in) operations	427,729	(28,249)
Net income tax paid	(14,550)	(28,244)
Interest received	25,548	17,186
Interest paid	(56,110)	(40,058)
Net cash generated from/(used in) operating activities	382,617	(79,365)
Cash Flows From Investing Activities		
Acquisition of property, plant and equipment and intangible assets	(35,566)	(50,257)
Dividend income	3	4
Proceeds from disposal of property, plant and equipment	132	218
(Increase)/Decrease in fixed deposits	(175,498)	163,233
Net cash (used in)/generated from investing activities	(210,929)	113,198
Cash Flows From Financing Activities		
Dividends paid to owners of the Company	(30,653)	(35,700)
Dividends paid to non-controlling interests	(10,863)	(20,572)
Net repayment from loans and borrowings	(126,835)	(102,790)
Payment of lease liabilities	(2,067)	(1,545)
RCULS coupon paid	(5,458)	(5,481)
Exercise of the warrants	41	-
Net cash used in financing activities	(175,835)	(166,088)
Net decrease in Cash and Cash Equivalents	(4,147)	(132,255)
Effect of exchange rate fluctuations on cash held	4,787	4,888
Cash and Cash Equivalents at Beginning of Year	86,710	214,077
Cash and Cash Equivalents at End of Financial Year	87,350	86,710

Cash and Cash Equivalents

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

	12 months ended	
	31.12.2023	31.12.2022
	RM'000	RM'000
Deposits placed with licensed banks	25,763	30,033
Cash and bank balances	61,587	56,677
	87,350	86,710

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 year 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 year-to-date.

5. Changes in Estimates

There were no changes in estimates that have had any material effect on the financial year-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 quarter ended 30 June 2023, 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.

In the quarter ended 30 September 2023, 1,294,690 new ordinary shares were issued and allotted arising from the conversion of RM647,345 nominal value of RCULS at the conversion price of RM0.50 each.

In the current quarter, 334,200 new ordinary shares were issued and allotted arising from the conversion of RM167,100 nominal value of RCULS at the conversion price of RM0.50 each.

As at 31 December 2023, the outstanding nominal value of RCULS is RM108,094,759.

Subsequent to the year end and up to the RCULS's maturity date of 24 January 2024, a total of 216,189,518 new ordinary shares were issued and allotted arising from the full conversion of RM108,094,759 nominal value of RCULS at the conversion price of RM0.50 each.

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 quarter ended 30 June 2023, 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.

In the current quarter, there were 13,200 Warrants exercised which resulted in 13,200 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 2023, the total number of Warrants which remained unexercised was 136,627,710.

Accordingly, the issued and paid-up share capital of the Company increased to RM537,261,650 comprising 1,022,892,522 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 year ended 31 December 2023.

Subsequent to the year end and up to the Warrants' expiry date of 23 January 2024, there were 72,125 Warrants exercised which resulted in 72,125 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 23 January 2024, the total number of Warrants which remained unexercised was 136,555,585 and has automatically lapsed.

Pursuant to the conversion of RCULS upon maturity and expiry of Warrants, the enlarged number of issued share capital was 1,239,154,165.

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 interim dividend of 1.5 sen per ordinary share in respect of the financial year ended 31 December 2023, amounting to RM15,338,000 was paid on 29 September 2023.

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 2023. The dividend amounting to RM18,587,000 will be paid on 29 March 2024 to holders of ordinary shares whose names appear in the Record of Depositors at the close of business on 15 March 2024.

8. Events After the Reporting Period

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

9. Contingent Liabilities or Assets

a) PT Bungasari Flour Mills Indonesia

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 2023, the outstanding loans proportionately amounted to USD3.6 million.

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.

DPDC had on 22 December 2023, received MyCC's Notice of Finding of An Infringement under Section 40 of the Competition Act 2010 together with the Decision of Infringement under Section 4(1) read with Sections 4(2)(a) and 4(3) of the Competition Act 2010 dated 11 December 2023 ("the Decision").

MyCC maintains its finding of price-fixing infringement with imposition of financial penalty of RM70,023,622.35 on DPDC and accordingly based on the advice of legal counsel, DPDC disagrees with the decision by MyCC and had on 9 January 2024 filed a Notice of Appeal with the Competition Appeal Tribunal to appeal against the Decision and applied for a stay of the Decision pending appeal.

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

10. Capital Commitments

	As at 31.12.2023 RM'000	As at 31.12.2022 RM'000
Property, plant and equipment		
Contracted but not provided for	46,072	22,419
Share of commitment of joint ventures		
- Contracted but not provided for	12,630	24,467
- Approved but not contracted for	44,579	-
	57,209	24,467

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 2023.

12. Segmental Information

Results for 12 months ended 31 December 2023

	Flour and grain trading	Poultry Integration (DTSB Group)	Others	Total
	RM'000	RM'000	RM'000	RM'000
Total segment revenue	3,091,539	-	83,445	3,174,984
Eliminations - inter-segment	(26,083)	-	-	(26,083)
Revenue	3,065,456	-	83,445	3,148,901
Results from operating activities	125,346	-	3,124	128,470
Interest expense				(57,154)
Interest income				25,548
Fair value loss on remeasurement of contingent receivable				(71,065)
Share of (loss)/profit of equity accounted joint ventures, net of tax	(19,947)	25,879	-	5,932
Share of profit of equity accounted associate, net of tax				231
Profit before tax				31,962
Segments assets	1,761,402	-	110,287	1,871,689
Investments in joint ventures	153,413	555,638	-	709,051
Total segment assets	1,914,815	555,638	110,287	2,580,740

Results for 12 months ended 31 December 2023

	PT Bungasari Flour Mills Indonesia	Poultry Integration (DTSB Group)
	RM'000	RM'000
Revenue	2,224,740	1,141,459
(Loss)/Profit before tax	(79,035)	52,120
Tax credit/(expenses)	12,545	(1,377)
(Loss)/Profit after tax	(66,490)	50,743
Share of (loss)/profit of equity accounted joint ventures	(19,947)	25,879
Segment assets	1,736,930	1,339,922

12. Segmental Information (cont'd)

Results for 12 months ended 31 December 2022				
	Flour and grain trading	Poultry Integration (DTSB Group)	Others	Total
	RM'000	RM'000	RM'000	RM'000
Total segment revenue	2,868,491	-	71,964	2,940,455
Eliminations - inter-segment	(24,885)	-	-	(24,885)
Revenue	2,843,606	-	71,964	2,915,570
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 venture, net of tax	(7,013)	77,033	-	70,020
Share of loss of equity accounted associate, net of tax				(17)
Profit before tax				179,444
Segments assets	1,924,322	-	112,446	2,036,768
Investment in a joint venture	163,839	529,759	-	693,598
Investment in an associate	-	-	1,061	1,061
Total segment assets	2,088,161	529,759	113,507	2,731,427

Results for 12 months ended 31 December 2022			
	PT Bungasari Flour Mills Indonesia	Poultry Integration (DTSB Group)	
	RM'000	RM'000	
Revenue	1,815,020	1,109,578	
(Loss)/Profit before tax	(27,741)	103,507	
Tax credit	4,365	47,538	
(Loss)/Profit after tax	(23,376)	151,045	
Share of (loss)/profit of equity accounted joint ventures	(7,013)	77,033	
Segment assets	1,647,890	1,333,050	

MALAYAN FLOUR MILLS BERHAD (196101000210 (4260-M))
Notes to the Financial Report for the Financial Period Ended 31 December 2023

13. Performance Review

Financial review for current quarter was as follows:

	3 months ended		Changes	12 months ended		Changes
	31.12.2023	31.12.2022		31.12.2023	31.12.2022	
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	794,551	819,564	(3.1%)	3,148,901	2,915,570	8.0%
Results from operating activities	63,800	14,120	351.8%	128,470	125,204	2.6%
(Loss)/Profit before tax	(13,510)	51,510	(126.2%)	31,962	179,444	(82.2%)
(Loss)/Profit after tax	(30,810)	44,525	(169.2%)	5,285	154,000	(96.6%)
(Loss)/Profit attributable to owners of the Company	(39,361)	46,874	(184.0%)	(6,681)	145,045	(104.6%)

Review of Quarter-on-Quarter results

For the quarter ended 31 December 2023 ("Q4 2023"), the Group recorded revenue of RM794.6 million, a marginal decrease of 3.1% compared to RM819.6 million recorded in the preceding year corresponding quarter ended 31 December 2022 ("Q4 2022"). This was mainly attributed to lower sales recorded in the flour and grain trading segment.

In Q4 2023, the Group's operating profit was RM63.8 million as compared to RM14.1 million in Q4 2022, primarily due to higher profits from flour and grain trading segment. The Group's share of loss in equity accounted joint ventures in Q4 2023 amount to RM0.9 million as compared to a share of profit RM39.8 million in Q4 2022. Overall, the Group recorded a loss before tax ("LBT") of RM13.5 million as compared to a profit before tax ("PBT") of RM51.5 million in Q4 2022. The main factors were as follows:-

- The flour and grain trading generated an operating profit of RM62.7 million in Q4 2023 as compared to RM13.7 million in Q4 2022. Flour and grain trading operating profit improved significantly in Q4 2023, mainly attributed to higher contribution margin from higher sales volume coupled with realised and unrealised gain on commodity, derivatives and foreign exchange which were partially set off by decrease in selling price;
- In Q4 2023, a fair value loss on remeasurement of contingent receivable of RM71.1 million was recognised as compared to a write back on remeasurement of contingent receivable of RM8.8 million recognised in Q4 2022;
- The Group's share of profit of equity accounted joint venture, PT Bungasari Flour Mills Indonesia amounted to RM1.3 million in Q4 2023 as compared to a share of loss RM8.5 million Q4 2022. This is largely attributable to increased sales volume with higher contribution margin coupled with lower interest expenses, partially offset with lower foreign exchange gain;
- In Q4 2023, the Group's share of loss of equity accounted joint venture, Dindings Tyson Sdn Bhd ("DTSB") amounted to RM2.2 million, a decrease as compared to a share of profit of RM48.2 million in Q4 2022 due to lower sales volume and contribution margin from lower selling price, lower subsidy income, higher fair value loss on biological assets and lower deferred tax assets recognised in Q4 2023; and
- The net interest expenses decreased to RM5.4 million in Q4 2023 as compared to RM11.2 million in Q4 2022 mainly due to higher interest income from higher fixed deposits placement, coupled with lower interest expense attributable to decrease in borrowings.

The Others segment includes the results from aqua feedmilling business. The operating profit of RM1.0 million from this segment in Q4 2023 was higher as compared RM0.4 million in same quarter last year. This is largely driven by higher sales volume with higher contribution margin from lower input costs, partially set off with higher interest expenses from increase in interest rate.

Review of Year-on-Year results

For the financial year ended 31 December 2023 ("FY2023"), the revenue increased by 8.0% to RM3.1 billion as compared to RM2.9 billion recorded in the financial year ended 31 December 2022 ("FY2022"), attributable mainly to higher sales in the flour and grain trading business.

In FY2023, the Group recorded an operating profit of RM128.5 million as compared to RM125.2 million in the preceding year. The Group's share of profit in equity accounted joint ventures amounted to RM5.9 million in FY2023 as compared to RM70.0 million in FY2022. In financial year ended 31 December 2023, a fair value loss on remeasurement of contingent receivable of RM71.1 million was recognised as compared to the preceding year whereby a write back on remeasurement of contingent receivable of RM8.8 million was recorded. Overall, the Group recorded a PBT of RM32.0 million as compared to a PBT of RM179.4 million in the preceding year. This was attributable to:-

- The flour and grain trading generated an operating profit of RM125.3 million as compared to RM127.7 million in the preceding year. The lower operating profit is mainly due to lower contribution margin from lower selling price, partially set off by higher sales volume and realised and unrealised gain on commodity, derivatives and foreign exchange.
- In FY2023, a net interest expense of RM31.6 million was incurred, as compared to RM24.6 million in the preceding year. The increase in interest expenses was mainly due to higher interest rate, partially offset by higher interest income; and
- The Group's share of profit of equity accounted joint venture amounted to RM5.9 million in FY2023 as compared to RM70.0 million a year ago. Details as below:

	31.12.2023	31.12.2022
	RM'000	RM'000
PT Bungasari Flour Mills Indonesia	(19,947)	(7,013)
DTSB group	25,879	77,033
	<u>5,932</u>	<u>70,020</u>

In FY2023, the Group's share of loss on PT Bungasari Flour Mills Indonesia was RM19.9 million as compared to RM7.0 million a year ago. The performance was adversely impacted by lower contribution margin from weakening of selling price despite higher sales volume, coupled with higher realised and unrealised foreign exchange losses, partially offset with higher deferred tax asset recognised arising from operating loss.

The Group's share of profit on DTSB Group was RM25.9 million in FY2023 as compared to RM77.0 million in the previous year. The decrease was contributed mainly by lower sales volume and subsidy income, fair value loss on biological assets and lower deferred tax assets recognised in FY2023.

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

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

	Current Quarter 31.12.2023 RM'000	Immediate Preceding Quarter 30.09.2023 RM'000	Changes %
Revenue	794,551	774,907	2.5%
Results from operating activities	63,800	38,358	66.3%
(Loss)/Profit before tax	(13,510)	35,161	(138.4%)
(Loss)/Profit after tax	(30,810)	27,440	(212.3%)
(Loss)/Profit attributable to owners of the Company	(39,361)	24,205	(262.6%)

Operating profit significantly improved to RM63.8 million in Q4 2023 (Q3 2023: RM38.4 million) primarily attributable to higher contribution margin arising from flour and grain segment with higher sales volume, partially offset with lower selling price.

In Q4 2023, a fair value loss on remeasurement of contingent receivable of RM71.1 million was recognised.

The Group's share of profit of equity accounted joint venture, PT Bungasari Flour Mills Indonesia amounted to RM1.3 million in Q4 2023 as compared to a share of loss of RM4.0 million in Q3 2023. This is largely attributable to higher contribution margin from higher sales volume, realised and unrealised foreign exchange gain in current quarter, coupled with higher deferred tax asset recognised arising from operating loss.

In Q4 2023, the Group's share of loss of equity accounted joint venture, Dindings Tyson Sdn Bhd ("DTSB") amounted to RM2.2 million (Q3 2023: share of profit of RM7.2 million) mainly due to lower sales volume with lower selling price, lower subsidy income and higher fair value loss on biological assets recognised in current quarter.

As a result, the Group reported a LBT of RM13.5 million in Q4 2023 as compared to PBT of RM35.2 million in Q3 2023.

15. Prospects

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

Flour and grain trading

The commodity prices of wheat and grain continue to be impacted by the persisting macroeconomic uncertainties and evolving geopolitical tensions. On the other hand, the unpredictable weather conditions across the wheat planting regions such as heat wave with dry conditions are likely to affect the global wheat supply. 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 soybean meal.

Poultry Industry

Internationally, 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. However, the recent uplifting of chicken subsidy and ceiling price by government is seen as a positive development for chicken producers once the supply and demand for poultry reaches an equilibrium. With the expected recovery in the demand and our synergistic partnership with Tyson International Holding Company, the Company is optimistic of its outlook for 2024 and beyond.

The changing geopolitical scene is a dynamic phenomenon that presents both opportunities and challenges for nations around the world. Despite the challenges mentioned above, the Group expects to be profitable for the year ending 2024.

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

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

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17. Income Tax Expense

	3 months ended		12 months ended	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
Current income tax				
- current year	11,063	(223)	18,685	21,304
- prior year	-	-	794	(1,228)
Deferred tax				
- Origination and reversal of temporary difference	3,117	7,208	4,082	5,368
- Under provision in prior year	3,120	-	3,116	-
	<u>17,300</u>	<u>6,985</u>	<u>26,677</u>	<u>25,444</u>

Excluding the share of (loss)/profit in equity accounted joint ventures, fair value loss arising from remeasurement of contingent receivable and under provision of deferred tax in prior year, the Group's effective tax rate for the current quarter and for the financial year ended 31 December 2023 approximate the Malaysia statutory tax rate of 24%.

18. Status of Corporate Proposals

- (a) There were no new proposals announced as at 22 February 2024, 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:

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 Company has received a letter dated 13 December 2023 from Tyson together with a First Earnout Account prepared based on the audited financial statements of DTSB Group for FYE 2022. The Company and Tyson have agreed on the following terms and conditions in respect of the First Earnout Consideration:
 - (1) The estimated First Earnout Consideration was RM140 million;
 - (2) The EBITDA for FYE 2022 of RM144.453 million was greater than the targeted EBITDA of RM141 million, hence no deduction to the First Earnout Consideration; and
 - (3) As the net Debt for FYE 2022 amounting to RM84.874 million was higher than the targeted net Debt of RM44 million by RM40.874 million, the variance is multiplied by 49% to arrive at the amount of RM20.028 million which was deducted and arrived at the adjusted First Earnout Consideration of RM119.972 million.
- 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.

Accordingly, MFM has received RM119.972 million from Tyson for the First Earnout Consideration on 13 December 2023.

The First Earnout Consideration together with the Initial Consideration are RM289.916 million which form part of the aggregate Disposal Consideration.

Accordingly, the revised utilisation of the First Earnout Consideration is as follows:

<u>Purpose</u>	<u>Proposed Utilisation</u> RM' million	<u>As at 31 December 2023</u>		<u>Timeframe for Utilisation</u>	<u>Deviation</u>	
		<u>Actual Utilisation</u> RM' million	<u>Balance Unutilised</u> RM' million		<u>RM' million</u>	<u>%</u>
Repayment of bank borrowings	140.00	119.97	-	Within 6 months	20.03	14%
	<u>140.00</u>	<u>119.97</u>	<u>-</u>		<u>20.03</u>	<u>*</u>

* The Company received the actual First Earnout Consideration amounting to RM119.972 million, which was lower than the proposed utilisation of the First Earnout Consideration of RM140 million.

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19. Group's Borrowings and Debt Securities

The details of the Group's borrowings as at 31 December 2023 were as follows:

	As at 31.12.2023 RM'000	As at 31.12.2022 RM'000
Unsecured Long Term Borrowings		
<u>Term loans</u>		
Denominated in Ringgit Malaysia	67,940	113,100
Denominated in Euro (iii)	4,120	7,611
	<u>72,060</u>	<u>120,711</u>
Unsecured Short Term Borrowings		
<u>Bankers' acceptances/revolving credits</u>		
Denominated in Ringgit Malaysia	390,179	419,020
Denominated in US Dollar (i)	191,977	398,733
Denominated in Vietnamese Dong (ii)	269,642	116,447
Denominated in Euro (iii)	-	239
	<u>851,798</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)	16,664	-
	<u>61,824</u>	<u>50,542</u>
	<u>913,622</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 RM191,977,000 equivalent to USD41,825,000 translated at USD/MYR rate of 4.5900 (2022: RM404,115,000 equivalent to USD92,054,000 translated at USD/MYR rate of 4.3900);
- (ii) Denominated in VND of RM269,642,000 equivalent to VND1,435 billion translated at VND/MYR rate of 5,322 (2022: RM116,447,000 equivalent to VND629,449 million translated at VND/MYR rate of 5,405); and
- (iii) Denominated in Euro of RM20,784,000 equivalent to Euro4,015,000 translated at Euro/MYR rate of 5.1766 (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 31 December 2023 were as follows:

	As at 31.12.2023 RM'000	As at 31.12.2022 RM'000
RCULS - Liability component		
Non-current	-	2,126
Current	2,702	5,026
	<u>2,702</u>	<u>7,152</u>

20. Investments in joint ventures

	<u>PT Bungasari Flour Mills Indonesia</u>	<u>DTSB Group</u>	As at 31.12.2023 RM'000
	30%	51%	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	(39,452)	92,446	52,994
	<u>153,413</u>	<u>555,638</u>	<u>709,051</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>

21. Changes in Material Litigation

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

22. 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		12 months ended	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
(Loss)/Profit attributable to ordinary shareholders of the Company	(39,361)	46,874	(6,681)	145,045
Weighted average number of Ordinary Shares in issue for basic EPS computation ('000)	1,022,720	1,020,122	1,021,580	1,019,923
Basic (loss)/earnings per ordinary share (sen)	(3.85)	4.59	(0.65)	14.22
Basic Earnings Per Ordinary Share (adjusted):				
(Loss)/Profit attributable to ordinary shareholders of the Company	(39,361)	46,874	(6,681)	145,045
Fair value loss/(Write back) on remeasurement of contingent receivable	71,065	(8,819)	71,065	(8,819)
Profit attributable to ordinary shareholders of the Company (adjusted)	31,704	38,055	64,384	136,226
Weighted average number of Ordinary Shares in issue for basic EPS computation ('000)	1,022,720	1,020,122	1,021,580	1,019,923
Basic earnings per ordinary share (sen) (adjusted)	3.10	3.73	6.30	13.36

(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		12 months ended	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
(Loss)/Profit attributable to ordinary shareholders of the Company	(39,361)	46,874	(6,681)	145,045
Interest expense on RCULS, net of tax	300	305	1,044	1,710
	(39,061)	47,179	(5,637)	146,755
Weighted average number of Ordinary Shares in issue for basic EPS computation ('000)	1,022,720	1,020,122	1,021,580	1,019,923
Dilutive potential ordinary shares				
- Assumed conversion of RCULS	216,190	218,811	216,190	218,811
- Assumed exercise of Warrants	72 *	136,688	72 *	136,688
Weighted average number of Ordinary Shares in issue for diluted EPS computation ('000)	1,238,982	1,375,621	1,237,842	1,375,422
Diluted (loss)/earnings per ordinary share (sen)	(3.15)	3.43	(0.46)	10.67

* Actual Warrants exercised subsequent to the year end and up to the Warrants' expiry date of 23 January 2024.

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22. Earnings Per Share ("EPS") (cont'd)

(b) Diluted (Loss)/Earnings Per Ordinary Share (cont'd)

	3 months ended		12 months ended	
	31.12.2023 RM'000	31.12.2022 RM'000	31.12.2023 RM'000	31.12.2022 RM'000
<u>Diluted Earnings Per Ordinary Share (adjusted):</u>				
(Loss)/Profit attributable to ordinary shareholders of the Company	(39,361)	46,874	(6,681)	145,045
Interest expense on RCULS, net of tax	300	305	1,044	1,710
	(39,061)	47,179	(5,637)	146,755
Fair value loss/(Write back) on remeasurement of contingent receivable	71,065	(8,819)	71,065	(8,819)
Profit attributable to ordinary shareholders of the Company (adjusted)	<u>32,004</u>	<u>38,360</u>	<u>65,428</u>	<u>137,936</u>
Weighted average number of Ordinary Shares in issue for basic EPS computation ('000)	1,022,720	1,020,122	1,021,580	1,019,923
Dilutive potential ordinary shares				
- Assumed conversion of RCULS	216,190	218,811	216,190	218,811
- Assumed exercise of Warrants	72 *	136,688	72 *	136,688
Weighted average number of Ordinary Shares in issue for diluted EPS computation ('000)	<u>1,238,982</u>	<u>1,375,621</u>	<u>1,237,842</u>	<u>1,375,422</u>
Diluted earnings per ordinary share (sen) (adjusted)	<u>2.58</u>	<u>2.79</u>	<u>5.29</u>	<u>10.03</u>

* Actual Warrants exercised subsequent to the year end and up to the Warrants' expiry date of 23 January 2024.

23. (Loss)/Profit for the period/year

	3 months ended		12 months ended	
	31.12.2023 RM'000	31.12.2022 RM'000	31.12.2023 RM'000	31.12.2022 RM'000
(Loss)/Profit for the period/year is arrived at after charging:				
Depreciation of property, plant and equipment and investment properties and amortisation of intangible assets	9,021	9,612	34,597	39,687
Depreciation of right-of-use assets	652	895	2,610	2,881
Interest expense from unsecured bankers' acceptances/ revolving credits/term loans/lease liabilities/RCULS	12,473	14,210	57,154	41,768
Net realised loss on future and option contracts	507	5,407	5,132	3,742
Net unrealised (gain)/loss on foreign exchange	(2,678)	(4,125)	(2,127)	4,860
Property, plant and equipment written off	13	245	20	295
Fair value loss/(Write back) on remeasurement of contingent receivable	71,065	(8,819)	71,065	(8,819)
Impairment loss of trade receivables	576	4,324	2,769	4,952
Impairment loss of amount due from associate	-	-	197	-
and after crediting:				
Interest income	7,123	3,018	25,548	17,186
Gain/(Loss) on liquidation of subsidiaries	72	(35)	72	(35)
Insurance recoveries	1,316	(50)	2,240	187
Net unrealised gain/(loss) on future and option contracts	2,289	5,178	322	(770)
Net realised (loss)/gain on foreign exchange	(1,134)	(6,979)	3,269	(14,359)
Bad debt recovered	-	-	23	-
Gain on disposal of property, plant and equipment	80	218	102	218
Reversal of impairment loss of trade receivables	284	3,968	1,412	6,446

24. Derivatives

(a) Contract and fair value of derivatives

	As at 31.12.2023		As at 31.12.2022	
	Contract value RM'000	Fair value RM'000	Contract value RM'000	Fair value RM'000
Derivative financial asset				
<u>Less than 1 year</u>				
- Future and option contracts	(131)	160	(3,942)	(3,929)
Derivative financial liability				
<u>Less than 1 year</u>				
- Foreign currency forward contracts	86,280	84,920	502,776	492,905
- Future and option contracts	-	-	44	-

(b) Foreign currency risk

Currency risk sensitivity analysis

A 5 percent (2022: 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	
	31.12.2023 RM'000	31.12.2022 RM'000
Group	4,246	(24,645)

(c) Liquidity risk

The contract values of the derivatives disclosed in Note 24(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.

25. Net gains and losses arising from financial instruments

	3 months ended		12 months ended	
	31.12.2023 RM'000	31.12.2022 RM'000	31.12.2023 RM'000	31.12.2022 RM'000
Net losses on:				
Financial assets/(liabilities) at fair value through profit or loss:				
Mandatorily required by MFRS 9				
- foreign currency forward contracts	(2,609)	(20,803)	8,511	(7,796)
- future and option contracts	1,782	(229)	(4,810)	(4,512)
- other receivables	-	8,819	-	8,819
- liquid investments	-	9	59	187
Financial assets at amortised cost	6,831	2,180	23,935	18,493
Financial liabilities measured at amortised cost	(8,208)	2,816	(59,791)	(53,968)
	(2,204)	(7,208)	(32,096)	(38,777)

For the 12 months ended 31 December 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
29 February 2024