

MALAYAN FLOUR MILLS BERHAD (196101000210 (4260-M))
(Incorporated in Malaysia)
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET
As at 31 March 2024

	(Unaudited) As at 31.03.2024 RM '000	(Audited) As at 31.12.2023 RM '000
Assets		
Property, plant and equipment	443,807	446,408
Intangible assets	1,362	1,450
Investment properties	4,812	4,826
Right-of-use assets	16,481	16,605
Investments in joint ventures	19 715,321	709,051
Deferred tax assets	5,335	6,164
Total non-current assets	1,187,118	1,184,504
Trade and other receivables, including derivatives	421,830	408,797
Prepayments and other assets	5,675	5,408
Inventories	399,727	523,921
Current tax assets	3,110	4,446
Fixed deposits	351,319	332,717
Cash and cash equivalents	111,065	87,350
	1,292,726	1,362,639
Asset classified as held for sale	33,597	33,597
Total current assets	1,326,323	1,396,236
Total assets	2,513,441	2,580,740
Share capital	651,092	537,262
Reserves	712,963	727,282
RCULS - Equity	-	77,410
Total equity attributable to owners of the Company	1,364,055	1,341,954
Non-controlling interests	109,736	104,027
Total equity	1,473,791	1,445,981
Liabilities		
Deferred tax liabilities	18,771	18,136
Loans and borrowings	56,650	72,060
Lease liabilities	9,931	9,857
Total non-current liabilities	85,352	100,053
RCULS - Liabilities	-	2,702
Trade and other payables, including derivatives	95,309	110,127
Loans and borrowings	853,009	913,622
Lease liabilities	1,508	1,639
Current tax liabilities	4,472	6,616
Total current liabilities	954,298	1,034,706
Total liabilities	1,039,650	1,134,759
Total equity and liabilities	2,513,441	2,580,740
Net assets per share attributable to owners of the Company (RM)	1.10	1.31

The Condensed Consolidated Balance Sheet should be read in conjunction with the audited financial statements for year ended 31 December 2023 and the accompanying explanatory notes attached to the interim financial statements.

MALAYAN FLOUR MILLS BERHAD (196101000210 (4260-M))
(Incorporated in Malaysia)
UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT
For the financial period ended 31 March 2024

	Note	Financial Period Ended	
		31.03.2024 RM '000	31.03.2023 RM '000
Revenue		751,602	826,694
Cost of goods sold		(671,715)	(782,456)
Gross profit		79,887	44,238
Operating expenses		(28,249)	(25,190)
Results from operating activities		51,638	19,048
Interest expense		(10,692)	(15,114)
Interest income		6,344	4,702
Net finance expenses		(4,348)	(10,412)
Share of profit of equity accounted joint ventures, net of tax		6,342	6,784
Share of loss of equity accounted associate, net of tax		-	(4)
Profit before tax		53,632	15,416
Tax expense		(10,723)	(2,520)
Profit for the period		42,909	12,896
Profit attributable to:			
Owners of the Company		37,899	10,440
Non-controlling interests		5,010	2,456
Profit for the period		42,909	12,896
Basic earnings per ordinary share (sen)	21	3.20	1.02
Diluted earnings per ordinary share (sen)	21	N/A	0.77

The Condensed Consolidated Income Statement should be read in conjunction with the audited financial statements for year ended 31 December 2023 and the accompanying explanatory notes attached to the interim financial statements.

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

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial period ended 31 March 2024

	Financial Period Ended	
	31.03.2024	31.03.2023
	RM '000	RM '000
Profit for the period	42,909	12,896
Other comprehensive income, net of tax		
Foreign currency translation differences for foreign operations	3,438	12,960
Total comprehensive income for the period	46,347	25,856
Total comprehensive income attributable to:		
Owners of the Company	40,638	22,329
Non-controlling interests	5,709	3,527
Total comprehensive /income for the period	46,347	25,856

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for year ended 31 December 2023 and the accompanying explanatory notes attached to the interim financial statements.

MALAYAN FLOUR MILLS BERHAD (196101000210 (4260-M))
(Incorporated in Malaysia)
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the financial period ended 31 March 2024

	← Attributable to Owners of the Company →					Retained Earnings RM '000	Total RM '000	Non- controlling interests RM '000	Total Equity RM '000
	Share Capital RM '000	Redeemable Convertible Unsecured Loan Stocks ("RCULS") - Equity component RM '000	Warrant reserve RM '000	Other capital reserve RM '000	Translation reserve RM '000				
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
Balance at 1.1.2024	537,262	77,410	17,763	93,065	(19,641)	636,095	1,341,954	104,027	1,445,981
Total comprehensive income for the year	-	-	-	-	2,739	37,899	40,638	5,709	46,347
Conversion of RCULS	106,750	(77,410)	(10,732)	-	-	(18,607)	-	-	-
Issuance of shares pursuant to the exercise of warrants	58	-	(9)	-	-	-	49	-	49
Transfer of warrant reserve upon expiry of warrants to share capital	7,022	-	(7,022)	-	-	-	-	-	-
Dividends to owners of the Company	-	-	-	-	-	(18,587)	(18,587)	-	(18,587)
Balance at 31.03.2024	651,092	-	-	93,065	(16,902)	636,800	1,364,055	109,736	1,473,791

The Condensed Consolidated Statement Of Changes In Equity should be read in conjunction with the audited financial statements for year ended 31 December 2023 and the accompanying explanatory notes attached to the interim financial statements.

MALAYAN FLOUR MILLS BERHAD (196101000210 (4260-M))
(Incorporated in Malaysia)
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the financial period ended 31 March 2024

	3 months ended	
	31.03.2024 RM'000	31.03.2023 RM'000
Cash Flows From Operating Activities		
Profit before tax	53,632	15,416
Adjustments for:		
Depreciation of property, plant and equipment and investment properties and amortisation of intangible assets	8,838	8,768
Depreciation of right-of-use assets	605	650
Gain on disposal of property, plant and equipment	(367)	-
Gain on lease modification	(50)	(9)
Interest expense	10,692	15,114
Interest income	(6,344)	(4,702)
Net impairment/(reversal on impairment) of financial assets	207	(227)
Property, plant and equipment and intangible assets written off	4	1
Share of profit of equity accounted joint ventures, net of tax	(6,342)	(6,784)
Share of loss of equity accounted associate, net of tax	-	4
Net unrealised loss/(gain) on foreign exchange	1,376	(4,680)
Operating profit before changes in working capital	<u>62,251</u>	<u>23,551</u>
Inventories	124,194	14,702
Trade and other receivables, prepayments and other financial assets	(13,508)	(68,707)
Trade and other payables and other financial liabilities	(12,405)	(16,105)
Cash generated from/(used in) operations	<u>160,532</u>	<u>(46,559)</u>
Net income tax paid	(10,117)	(3,748)
Interest received	6,344	4,702
Interest paid	(10,692)	(14,948)
Net cash generated from/(used in) operating activities	<u>146,067</u>	<u>(60,553)</u>
Cash Flows From Investing Activities		
Acquisition of property, plant and equipment and intangible assets	(5,740)	(9,732)
Proceeds from disposal of property, plant and equipment	672	-
Increase in fixed deposits	(18,602)	(58,434)
Net cash used in investing activities	<u>(23,670)</u>	<u>(68,166)</u>
Cash Flows From Financing Activities		
Dividends paid to owners of the Company	(18,587)	(15,315)
Net (repayment)/proceeds from loans and borrowings	(79,810)	128,661
Payment of lease liabilities	(468)	(507)
RCULS coupon paid	(2,702)	(2,735)
Exercise of the warrants	49	7
Net cash (used in)/generated from financing activities	<u>(101,518)</u>	<u>110,111</u>
Net increase/(decrease) in Cash and Cash Equivalents	20,879	(18,608)
Effect of exchange rate fluctuations on cash held	2,836	4,123
Cash and Cash Equivalents at Beginning of Year	87,350	86,710
Cash and Cash Equivalents at End of Financial Period	<u>111,065</u>	<u>72,225</u>

Cash and Cash Equivalents

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

	3 months ended	
	31.03.2024 RM'000	31.03.2023 RM'000
Deposits placed with licensed banks	52,801	23,989
Cash and bank balances	58,264	48,236
	<u>111,065</u>	<u>72,225</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for year ended 31 December 2023 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 2023.

2. Significant accounting policies

The audited financial statements of the Group for the year ended 31 December 2023 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 2023, except for those standards, amendments and IC interpretation which are effective from the annual period beginning on or after 1 January 2024 which are applicable to the Group. The adoption of these standards, amendments and IC interpretation have no material impact on this Condensed Report.

3. Seasonal or Cyclical Factors

There were no material changes brought about by seasonal or cyclical factors that affect the performance of the Group for the financial period under review.

4. Unusual Items Due to Their Nature, Size or Incidence

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows because of their nature, size or incidence for the financial period-to-date.

5. Changes in Estimates

There were no changes in estimates that have had any material effect on the financial period-to-date results.

6. Debt and Equity Securities

Redeemable Convertible Unsecured Loan Stocks ("RCULS")

In the current quarter, 79,190 new ordinary shares were issued and allotted arising from the conversion of RM39,595 nominal value of RCULS at the conversion price of RM0.50 each.

Upon RCULS's maturity date on 24 January 2024, a total of 216,110,328 new ordinary shares were issued and allotted arising from the full conversion of RM108,055,164 nominal value of RCULS at the conversion price of RM0.50 each.

Warrants

In the current quarter, 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 Warrant's expiry date of 23 January 2024, the total number of Warrants which remained unexercised was 136,555,585 and has automatically lapsed.

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

Other than the above, there were no issuances, repurchases and repayment of debt and equity securities during the financial period ended 31 March 2024.

MALAYAN FLOUR MILLS BERHAD (196101000210 (4260-M))
Notes to the Financial Report for the Financial Period Ended 31 March 2024

7. Dividend

The second interim dividend of 1.5 sen per ordinary share in respect of the financial year ended 31 December 2023, amounting to RM18,587,000 was paid on 29 March 2024.

The Directors do not recommend any payment of dividend for the current financial period ended 31 March 2024.

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

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 March 2024, the outstanding loans proportionately amounted to USD2.5 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 its oral representation on 29 and 31 May 2023.

On 22 December 2023, DPDC 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 million on DPDC.

The legal counsel is of the view that there were sufficient grounds to challenge the Decision. On 9 January 2024, DPDC filed a Notice of Appeal with the Competition Appeal Tribunal ("Tribunal") to appeal against the Decision and applied for a stay of the Decision pending appeal. The Tribunal has set 12 June 2024 as the hearing date for the Stay Application.

Based on the advice of the legal counsel, the Directors concurs with DPDC's view that no provision is required in the financial statements at this juncture.

10. Capital Commitments

	As at 31.03.2024 RM'000	As at 31.12.2023 RM'000
Property, plant and equipment		
Contracted but not provided for	<u>50,247</u>	<u>46,072</u>
Share of commitment of joint ventures		
- Contracted but not provided for	11,187	12,630
- Approved but not contracted for	<u>44,579</u>	<u>44,579</u>
	<u>55,766</u>	<u>57,209</u>

11. Changes in Composition of the Group

There were no changes to the corporate structure of the Group for the financial period ended 31 March 2024.

12. Segmental Information

Results for 3 months ended 31 March 2024

	Flour and grain trading	Poultry Integration (DTSB Group)	Others	Total
	RM'000	RM'000	RM'000	RM'000
Total segment revenue	737,931	-	18,976	756,907
Eliminations - inter-segment	(5,305)	-	-	(5,305)
Revenue	732,626	-	18,976	751,602
Results from operating activities	51,364	-	274	51,638
Interest expense				(10,692)
Interest income				6,344
Share of profit/(loss) of equity accounted joint ventures, net of tax	7,583	(1,241)	-	6,342
Profit before tax				53,632
Segments assets	1,683,716	-	114,404	1,798,120
Investments in joint ventures	160,924	554,397	-	715,321
Total segment assets	1,844,640	554,397	114,404	2,513,441

Results for 3 months ended 31 March 2024

	PT Bungasari Flour Mills Indonesia	Poultry Integration (DTSB Group)
	RM'000	RM'000
Revenue	871,985	241,185
Profit/(Loss) before tax	25,903	(867)
Tax (expenses)/credit	(626)	(1,567)
Profit/(Loss) after tax	25,277	(2,434)
Share of profit/(loss) of equity accounted joint ventures	7,583	(1,241)
Segment assets	1,840,591	1,343,948

12. Segmental Information (cont'd)

Results for 3 months ended 31 March 2023

	Flour and grain trading	Poultry Integration (DTSB Group)	Others	Total
	RM'000	RM'000	RM'000	RM'000
Total segment revenue	813,677	-	19,540	833,217
Eliminations - inter-segment	(6,523)	-	-	(6,523)
Revenue	807,154	-	19,540	826,694
Results from operating activities	18,368	-	680	19,048
Interest expense				(15,114)
Interest income				4,702
Share of (loss)/profit of equity accounted joint venture, net of tax	(8,563)	15,347	-	6,784
Share of loss of equity accounted associate, net of tax				(4)
Profit before tax				15,416
Segments assets	2,024,808	-	110,348	2,135,156
Investment in a joint venture	162,842	545,106	-	707,948
Investment in an associate	-	-	1,061	1,061
Total segment assets	2,187,650	545,106	111,409	2,844,165

Results for 3 months ended 31 March 2023

	PT Bungasari Flour Mills Indonesia	Poultry Integration (DTSB Group)
	RM'000	RM'000
Revenue	557,159	305,973
(Loss)/Profit before tax	(28,216)	31,363
Tax expense	(323)	(1,271)
(Loss)/Profit after tax	(28,539)	30,092
Share of (loss)/profit of equity accounted joint ventures	(8,563)	15,347
Segment assets	1,462,086	1,348,099

MALAYAN FLOUR MILLS BERHAD (196101000210 (4260-M))
Notes to the Financial Report for the Financial Period Ended 31 March 2024

13. Performance Review

Financial review for current quarter was as follows:

	3 months ended		Changes
	31.03.2024	31.03.2023	
	RM'000	RM'000	%
Revenue	751,602	826,694	(9.1%)
Results from operating activities	51,638	19,048	171.1%
Profit before tax	53,632	15,416	247.9%
Profit after tax	42,909	12,896	232.7%
Profit attributable to owners of the Company	37,899	10,440	263.0%

Review of Quarter-on-Quarter results

For the quarter ended 31 March 2024 ("Q1 2024"), the Group recorded revenue of RM751.6 million, a decrease of 9.1% compared to RM826.7 million recorded in the preceding year corresponding quarter ended 31 March 2023 ("Q1 2023"). This was mainly attributed to lower sales recorded in the flour and grain trading segment.

In Q1 2024, the Group's operating profit was RM51.6 million as compared to RM19.0 million in Q1 2023, primarily due to higher profits from flour and grain trading segment. The Group's share of profit in equity accounted joint ventures in Q1 2024 amount to RM6.3 million as compared to RM6.8 million in Q1 2023. Overall, the Group recorded a profit before tax ("PBT") of RM52.6 million as compared to RM15.4 million in Q1 2023. The main factors were as follows:-

- (i) The flour and grain trading generated an operating profit of RM51.4 million in Q1 2024 as compared to RM18.4 million in Q1 2023. Flour and grain trading operating profit improved significantly in Q1 2024, mainly attributed to higher contribution margin recorded from lower wheat consumption costs, which were partially offset by decrease in selling price and coupled with lower realised and unrealised gain on commodity, derivatives and foreign exchange;
- (ii) The Group's share of profit of equity accounted joint venture, PT Bungasari Flour Mills Indonesia amounted to RM7.6 million in Q1 2024 as compared to a share of loss RM8.6 million Q1 2023. This is largely attributable to increased sales volume with higher contribution margin from a greater decrease in wheat consumption costs as compared to decrease in selling price, coupled with lower interest expenses, partially offset with lower foreign exchange gain;
- (iii) In Q1 2024, the Group's share of loss of equity accounted joint venture, Dindings Tyson Sdn Bhd ("DTSB") amounted to RM1.2 million, a decrease as compared to a share of profit of RM15.3 million in Q1 2023 due to lower sales volume coupled with lower selling price and discontinuation of chicken subsidy but partially set off by lower input cost and higher fair value gain on biological assets recognised in the current quarter; and
- (iv) The net interest expenses decreased to RM4.3 million in Q1 2024 as compared to RM10.4 million in Q1 2023 mainly due to lower interest expense from lower borrowings, coupled with higher interest income from higher fixed deposits placement.

The Others segment includes the results from aqua feedmilling business. The operating profit of RM0.2 million from this segment in Q1 2024 was lower as compared RM0.7 million in same quarter last year. This is largely driven by lower contribution margin from lower selling price, coupled with higher operating expenses.

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	Immediate	Changes
	Quarter	Preceding	
	31.03.2024	31.12.2023	
	RM'000	RM'000	%
Revenue	751,602	794,551	(5.4%)
Results from operating activities	51,638	63,800	(19.1%)
Profit/(Loss) before tax	53,632	(13,510)	497.0%
Profit/(Loss) after tax	42,909	(30,810)	239.3%
Profit/(Loss) attributable to owners of the Company	37,899	(39,361)	196.3%

Operating profit decreased to RM51.6 million in Q1 2024 (Q4 2023: RM63.8 million) primarily attributable to lower contribution margin from lower sales volume and selling price in flour and grain segment.

A loss on remeasurement of contingent consideration receivable of RM71.1 million was recognised in previous quarter.

The Group's share of profit of equity accounted joint venture, PT Bungasari Flour Mills Indonesia amounted to RM7.6 million in Q1 2024 as compared to a share of profit of RM1.3 million in Q4 2023. This is largely attributable to higher sales volume with higher contribution from lower wheat consumption costs, partialy offset by lower foreign exchange gain and lower deferred tax asset recognised.

In Q1 2024, the Group's share of loss of equity accounted joint venture, Dindings Tyson Sdn Bhd ("DTSB") amounted to RM1.2 million as compared to a share of loss of RM2.2 million in Q4 2023 mainly due to lower input costs and higher fair value gain on biological assets recognised in current quarter, partially offset by lower sales volume arising from boycott.

As a result, the Group reported a PBT of RM53.6 million in Q1 2024 as compared to LBT of RM13.5 million in Q4 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. Locally, the 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

17. Income Tax Expense

	3 months ended	
	31.03.2024	31.03.2023
	RM'000	RM'000
Current income tax		
- current year	9,255	1,443
- prior year	4	4
Deferred tax		
- Origination and reversal of temporary difference	1,464	1,077
- Under provision in prior year	-	(4)
	<u>10,723</u>	<u>2,520</u>

Excluding the share of profit in equity accounted joint ventures, the Group's effective tax rate for the current quarter ended 31 March 2024 was slightly lower than the Malaysia statutory tax rate of 24% mainly due to tax incentives and lower tax rates in Vietnam.

MALAYAN FLOUR MILLS BERHAD (196101000210 (4260-M))
Notes to the Financial Report for the Financial Period Ended 31 March 2024

18. Group's Borrowings and Debt Securities

The details of the Group's borrowings as at 31 March 2024 were as follows:

	As at 31.03.2024 RM'000	As at 31.12.2023 RM'000
Unsecured Long Term Borrowings		
<u>Term loans</u>		
Denominated in Ringgit Malaysia	56,650	67,940
Denominated in Euro (iii)	-	4,120
	<u>56,650</u>	<u>72,060</u>
Unsecured Short Term Borrowings		
<u>Bankers' acceptances/revolving credits</u>		
Denominated in Ringgit Malaysia	391,504	390,179
Denominated in US Dollar (i)	154,742	182,797
Denominated in Vietnamese Dong (ii)	235,799	269,642
	<u>782,045</u>	<u>842,618</u>
<u>Term loans</u>		
Denominated in Ringgit Malaysia	45,160	45,160
Denominated in US Dollar (i)	7,081	9,180
Denominated in Euro (iii)	18,723	16,664
	<u>70,964</u>	<u>71,004</u>
	<u>853,009</u>	<u>913,622</u>

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

- (i) Denominated in USD of RM161,823,000 equivalent to USD34,281,000 translated at USD/MYR rate of 4.7205 (2023: RM191,977,000 equivalent to USD41,825,000 translated at USD/MYR rate of 4.5900);
- (ii) Denominated in VND of RM235,799,000 equivalent to VND1,247 billion translated at VND/MYR rate of 5,290 (2023: RM269,642,000 equivalent to VND1,435 billion translated at VND/MYR rate of 5,322); and
- (iii) Denominated in Euro of RM18,723,000 equivalent to Euro3,608,000 translated at Euro/MYR rate of 5.1888 (2023: RM20,784,000 equivalent to Euro4,015,000 translated at Euro/MYR rate of 5.1766).

The details of the Group's debt securities as at 31 March 2024 were as follows:

	As at 31.03.2024 RM'000	As at 31.12.2023 RM'000
RCULS - Liability component		
Non-current	-	-
Current	-	2,702
	<u>-</u>	<u>2,702</u>

19. Investments in joint ventures

	PT Bungasari Flour Mills Indonesia 30%	DTSB Group 51%	As at 31.03.2024 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	(31,941)	91,205	59,264
	<u>160,924</u>	<u>554,397</u>	<u>715,321</u>
	RM'000	RM'000	As at 31.12.2023 RM'000
At cost			
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>

20. 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 March 2024

21. Earnings Per Share ("EPS")

(a) Basic Earnings Per Ordinary Share

Basic earnings per ordinary share amounts are calculated by dividing profit for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares in issue during the period.

	3 months ended	
	31.03.2024	31.03.2023
	RM'000	RM'000
Profit attributable to ordinary shareholders of the Company	37,899	10,440
Weighted average number of Ordinary Shares in issue for basic EPS computation ('000)	1,184,508	1,020,506
Basic earnings per ordinary share (sen)	3.20	1.02

(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	
	31.03.2024	31.03.2023
	RM'000	RM'000
Profit attributable to ordinary shareholders of the Company	37,899	10,440
Interest expense on RCULS, net of tax	-	167
	37,899	10,607
Weighted average number of Ordinary Shares in issue for basic EPS computation ('000)	1,184,508	1,020,506
Dilutive potential ordinary shares		
- Assumed conversion of RCULS	-	218,050
- Assumed exercise of Warrants	-	136,678
Weighted average number of Ordinary Shares in issue for diluted EPS computation ('000)	N/A	1,375,234
Diluted earnings per ordinary share (sen)	N/A	0.77

22. Profit for the period

	3 months ended	
	31.03.2024	31.03.2023
	RM'000	RM'000
Profit for the period is arrived at after charging:		
Depreciation of property, plant and equipment and investment properties and amortisation of intangible assets	8,838	8,768
Depreciation of right-of-use assets	605	650
Interest expense from unsecured bankers' acceptances/ revolving credits/term loans/lease liabilities/RCULS	10,692	15,114
Net realised gain on future and option contracts	(1,441)	(857)
Net unrealised loss/(gain) on foreign exchange	1,376	(4,680)
Property, plant and equipment written off	4	1
Impairment loss of trade receivables	442	245
and after crediting:		
Interest income	6,344	4,702
Insurance recoveries	51	130
Net unrealised (loss)/gain on future and option contracts	(631)	246
Net realised gain/(loss) on foreign exchange	734	(1,051)
Gain on disposal of property, plant and equipment	367	-
Reversal of impairment loss of trade receivables	235	472

23. Derivatives

(a) Contract and fair value of derivatives

	As at 31.03.2024		As at 31.12.2023	
	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>				
- Foreign currency forward contracts	59,563	60,612	-	-
- Future and option contracts	(423)	(408)	(131)	160
Derivative financial liability				
<u>Less than 1 year</u>				
- Foreign currency forward contracts	52,430	52,413	86,280	84,920
- Future and option contracts	9,764	9,407	-	-

(b) Foreign currency risk

Currency risk sensitivity analysis

A 5 percent (2023: 5 percent) strengthening/(weakening) of RM against USD for the foreign currency forward contracts outstanding at the balance sheet date would have increased/(decreased) equity and post-tax profit or loss by the amounts shown below:

	3 months ended Profit or loss	
	31.03.2024 RM'000	31.03.2023 RM'000
Group	5,651	19,989

(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 2023.

24. Net gains and losses arising from financial instruments

	3 months ended	
	31.03.2024 RM'000	31.03.2023 RM'000
Net gains/(losses) on:		
Financial assets/liabilities at fair value through profit or loss:		
Mandatorily required by MFRS 9		
- foreign currency forward contracts	2,392	10,817
- future and option contracts	810	1,103
- liquid investments	59	41
Financial assets at amortised cost	6,078	4,888
Financial liabilities measured at amortised cost	(13,610)	(22,444)
	(4,271)	(5,595)

For the 3 months ended 31 March 2024, 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
17 May 2024