

MALAYAN FLOUR MILLS BERHAD (196101000210 (4260-M))
(Incorporated in Malaysia)
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET
As at 30 June 2024

	(Unaudited) As at 30.06.2024 RM '000	(Audited) As at 31.12.2023 RM '000
Assets		
Property, plant and equipment	443,785	446,408
Intangible assets	1,357	1,450
Investment properties	4,798	4,826
Right-of-use assets	15,825	16,605
Investments in joint ventures	710,812	709,051
Deferred tax assets	4,723	6,164
Total non-current assets	1,181,300	1,184,504
Trade and other receivables, including derivatives	421,984	408,797
Prepayments and other assets	4,925	5,408
Inventories	503,306	523,921
Current tax assets	2,981	4,446
Fixed deposits	284,455	332,717
Cash and cash equivalents	96,252	87,350
	1,313,903	1,362,639
Asset classified as held for sale	33,597	33,597
Total current assets	1,347,500	1,396,236
Total assets	2,528,800	2,580,740
Share capital	651,092	537,262
Reserves	717,859	727,282
RCULS - Equity	-	77,410
Total equity attributable to owners of the Company	1,368,951	1,341,954
Non-controlling interests	104,665	104,027
Total equity	1,473,616	1,445,981
Liabilities		
Deferred tax liabilities	18,850	18,136
Loans and borrowings	45,360	72,060
Lease liabilities	9,432	9,857
Total non-current liabilities	73,642	100,053
RCULS - Liabilities	-	2,702
Trade and other payables, including derivatives	89,366	110,127
Loans and borrowings	886,440	913,622
Lease liabilities	1,514	1,639
Current tax liabilities	4,222	6,616
Total current liabilities	981,542	1,034,706
Total liabilities	1,055,184	1,134,759
Total equity and liabilities	2,528,800	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 30 June 2024

	Note	3 months ended		Financial Period Ended	
		30.06.2024	30.06.2023	30.06.2024	30.06.2023
		RM '000	RM '000	RM '000	RM '000
Revenue		751,900	752,749	1,503,502	1,579,443
Cost of goods sold		(694,340)	(716,071)	(1,366,055)	(1,498,527)
Gross profit		57,560	36,678	137,447	80,916
Operating expenses		(24,104)	(29,414)	(52,353)	(54,604)
Results from operating activities		33,456	7,264	85,094	26,312
Interest expense		(11,127)	(16,109)	(21,819)	(31,223)
Interest income		5,561	6,642	11,905	11,344
Net finance expenses		(5,566)	(9,467)	(9,914)	(19,879)
Share of profit/(loss) of equity accounted joint ventures, net of tax		796	(3,137)	7,138	3,647
Share of profit of equity accounted associate, net of tax		-	235	-	231
Profit/(Loss) before tax		28,686	(5,105)	82,318	10,311
Tax expense		(6,377)	864	(17,100)	(1,656)
Profit/(Loss) for the period		22,309	(4,241)	65,218	8,655
Profit/(Loss) attributable to:					
Owners of the Company		18,827	(1,965)	56,726	8,475
Non-controlling interests		3,482	(2,276)	8,492	180
Profit/(Loss) for the period		22,309	(4,241)	65,218	8,655
Basic earnings/(loss) per ordinary share (sen)	21	1.52	(0.19)	4.68	0.83
Diluted earnings/(loss) per ordinary share (sen)	21	1.52	(0.12)	4.68	0.65

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 30 June 2024

	3 months ended		Financial Period Ended	
	30.06.2024	30.06.2023	30.06.2024	30.06.2023
	RM '000	RM '000	RM '000	RM '000
Profit/(Loss) for the period	22,309	(4,241)	65,218	8,655
Other comprehensive income, net of tax				
Foreign currency translation differences for foreign operations	(15,827)	31,696	(12,389)	44,656
Total comprehensive income for the period	6,482	27,455	52,829	53,311
Total comprehensive income attributable to:				
Owners of the Company	4,897	25,609	45,535	47,938
Non-controlling interests	1,585	1,846	7,294	5,373
Total comprehensive /income for the period	6,482	27,455	52,829	53,311

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 30 June 2024

	← Attributable to Owners of the Company →					→ Distributable	Total RM '000	Non- controlling interests RM '000	Total Equity RM '000
	Share Capital RM '000	Redeemable Convertible Unsecured Loan Stocks ("RCULS") - Equity component RM '000	Warrant reserve RM '000	Other capital reserve RM '000	Translation reserve RM '000				
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 (expense)/ income for the year	-	-	-	-	(11,191)	56,726	45,535	7,294	52,829
Conversion of RCULS	106,750	(77,410)	(10,732)	-	-	(18,608)	-	-	-
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)	(6,656)	(25,243)
Balance at 30.06.2024	651,092	-	-	93,065	(30,832)	655,626	1,368,951	104,665	1,473,616

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 30 June 2024

	6 months ended	
	30.06.2024 RM'000	30.06.2023 RM'000
Cash Flows From Operating Activities		
Profit/(Loss) before tax	82,318	10,311
Adjustments for:		
Depreciation of property, plant and equipment and investment properties and amortisation of intangible assets	17,536	17,015
Depreciation of right-of-use assets	1,207	1,304
Gain on disposal of property, plant and equipment	(402)	(1)
Gain on lease modification	(50)	(9)
Interest expense	21,819	31,223
Interest income	(11,905)	(11,344)
Net impairment of financial assets	167	887
Property, plant and equipment and intangible assets written off	9	4
Share of profit of equity accounted joint ventures, net of tax	(7,138)	(3,647)
Share of profit of equity accounted associate, net of tax	-	(231)
Net unrealised loss/(gain) on foreign exchange	1,088	(2,421)
Operating profit before changes in working capital	<u>104,649</u>	43,091
Inventories	20,614	115,997
Trade and other receivables, prepayments and other financial assets	(12,871)	26,752
Trade and other payables and other financial liabilities	(19,072)	9,803
Cash generated from operations	<u>93,320</u>	195,643
Net income tax paid	(15,855)	(4,271)
Interest received	11,905	11,344
Interest paid	(21,819)	(30,781)
Net cash generated from operating activities	<u>67,551</u>	171,935
Cash Flows From Investing Activities		
Acquisition of property, plant and equipment and intangible assets	(17,210)	(20,438)
Proceeds from disposal of property, plant and equipment	709	14
Decrease/(Increase) in fixed deposits	48,262	(156,861)
Net cash generated from/(used in) investing activities	<u>31,761</u>	(177,285)
Cash Flows From Financing Activities		
Dividends paid to owners of the Company	(18,587)	(15,315)
Dividends paid to non-controlling interests	(6,656)	(10,863)
Net repayment from loans and borrowings	(56,659)	(9,822)
Payment of lease liabilities	(939)	(1,020)
RCULS coupon paid	(2,702)	(2,735)
Exercise of the warrants	49	32
Net cash used in financing activities	<u>(85,494)</u>	(39,723)
Net increase/(decrease) in Cash and Cash Equivalents	13,818	(45,073)
Effect of exchange rate fluctuations on cash held	(4,916)	20,592
Cash and Cash Equivalents at Beginning of Year	87,350	86,710
Cash and Cash Equivalents at End of Financial Period	<u>96,252</u>	<u>62,229</u>

Cash and Cash Equivalents

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

	6 months ended	
	30.06.2024 RM'000	30.06.2023 RM'000
Deposits placed with licensed banks	19,050	25,306
Cash and bank balances	77,202	36,923
	<u>96,252</u>	<u>62,229</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 quarter ended 31 March 2024, 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 quarter ended 31 March 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 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 30 June 2024.

MALAYAN FLOUR MILLS BERHAD (196101000210 (4260-M))
Notes to the Financial Report for the Financial Period Ended 30 June 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 Board has declared an interim dividend of 1.5 sen per ordinary share for the current financial year ending 31 December 2024. The dividend will be paid on 27 September 2024 to holders of ordinary shares whose names appear in the Record of Depositors at the close of business on 12 September 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 30 June 2024, the outstanding loans proportionately amounted to USD1.76 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 heard DPDC's submission on the Stay Application on 12 June 2024. The Stay Application is pending decision from the Tribunal.

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 30.06.2024 RM'000	As at 31.12.2023 RM'000
Property, plant and equipment		
Contracted but not provided for	<u>36,671</u>	<u>46,072</u>
Share of commitment of joint ventures		
- Contracted but not provided for	10,463	12,630
- Approved but not contracted for	<u>44,579</u>	<u>44,579</u>
	<u>55,042</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 30 June 2024.

12. Segmental Information

Results for 6 months ended 30 June 2024

	Flour and grain trading	Poultry Integration (DTSB Group)	Others	Total
	RM'000	RM'000	RM'000	RM'000
Total segment revenue	1,478,185	-	34,549	1,512,734
Eliminations - inter-segment	(9,232)	-	-	(9,232)
Revenue	1,468,953	-	34,549	1,503,502
Results from operating activities	84,901	-	193	85,094
Interest expense				(21,819)
Interest income				11,905
Share of profit of equity accounted joint ventures, net of tax	4,085	3,053	-	7,138
Profit before tax				82,318
Segments assets	1,709,033	-	108,955	1,817,988
Investments in joint ventures	152,121	558,691	-	710,812
Total segment assets	1,861,154	558,691	108,955	2,528,800

Results for 6 months ended 30 June 2024

	PT Bungasari Flour Mills Indonesia	Poultry Integration (DTSB Group)
	RM'000	RM'000
Revenue	1,326,742	481,200
Profit before tax	6,930	10,609
Tax credit/(expenses)	6,686	(4,622)
Profit after tax	13,616	5,987
Share of profit of equity accounted joint ventures	4,085	3,053
Segment assets	1,505,405	1,358,801

12. Segmental Information (cont'd)

Results for 6 months ended 30 June 2023

	Flour and grain trading	Poultry Integration (DTSB Group)	Others	Total
	RM'000	RM'000	RM'000	RM'000
Total segment revenue	1,552,487	-	41,646	1,594,133
Eliminations - inter-segment	(14,690)	-	-	(14,690)
Revenue	1,537,797	-	41,646	1,579,443
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 venture, net of tax	(17,316)	20,963	-	3,647
Share of profit of equity accounted associate, net of tax				231
Profit before tax				10,311
Segments assets	1,923,064	-	113,880	2,036,944
Investment in a joint venture	162,832	550,722	-	713,554
Total segment assets	2,085,896	550,722	113,880	2,750,498

Results for 6 months ended 30 June 2023

	PT Bungasari Flour Mills Indonesia	Poultry Integration (DTSB Group)
	RM'000	RM'000
Revenue	1,015,464	589,905
(Loss)/Profit before tax	(58,480)	41,055
Tax expense	764	48
(Loss)/Profit after tax	(57,716)	41,103
Share of (loss)/profit of equity accounted joint ventures	(17,316)	20,963
Segment assets	1,457,080	1,348,251

13. Performance Review

Financial review for current quarter was as follows:

	3 months ended		Changes	6 months ended		Changes
	30.06.2024	30.06.2023		30.06.2024	30.06.2023	
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	751,900	752,749	(0.1%)	1,503,502	1,579,443	(4.8%)
Results from operating activities	33,456	7,264	360.6%	85,094	26,312	223.4%
Profit/(Loss) before tax	28,686	(5,105)	661.9%	82,318	10,311	698.4%
Profit/(Loss) after tax	22,309	(4,241)	626.0%	65,218	8,655	653.5%
Profit/(Loss) attributable to owners of the Company	18,827	(1,965)	1058.1%	56,726	8,475	569.3%

Review of Quarter-on-Quarter results

For the quarter ended 30 June 2024 ("Q2 2024"), the Group recorded revenue of RM751.9 million, a marginal decrease of 0.1% compared to RM752.7 million recorded in the preceding year corresponding quarter ended 30 June 2023 ("Q2 2023"). This decline in revenue was primarily attributed to lower revenue recorded in other segment but partially offset by higher revenue in flour and grain trading segment.

In Q2 2024, the Group's operating profit was RM33.5 million as compared to RM7.3 million in Q2 2023 due to higher profits from flour and grain trading segment. The Group's share of profit in equity accounted joint ventures in Q2 2024 amount to RM0.8 million as compared to a share of loss RM3.1 million in Q2 2023. Overall, the Group recorded a profit before tax ("PBT") of RM28.7 million as compared to a loss before tax of RM5.1 million in Q2 2023. The main factors were as follows:-

- (i) The flour and grain trading generated an operating profit of RM33.5 million in Q2 2024 as compared to RM7.2 million in Q2 2023. Flour and grain trading operating profit improved significantly in Q2 2024, mainly attributed to improved contribution margin recorded from lower wheat consumption costs and lower unrealised loss on commodity and unrealised foreign exchange gain (Q2 2023 - unrealised foreign exchange loss) partially set off by realised loss on commodity and realised loss on foreign exchange (Q2 2023 - realised gain on commodity and realised gain of foreign exchange respectively);
- (ii) The Group's share of loss of equity accounted joint venture, PT Bungasari Flour Mills Indonesia amounted to RM3.5 million in Q2 2024 as compared to RM8.8 million Q2 2023. This is largely attributable to better contribution margin, higher sales volume driven by favourable feed market and higher deferred tax assets recognised but partially set off by higher foreign exchange losses;
- (iii) In Q2 2024, the Group's share of profit of equity accounted joint venture, Dindings Tyson Sdn Bhd ("DTSB") amounted to RM4.3 million, a decrease as compared to RM5.6 million in Q2 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 RM5.6 million in Q2 2024 as compared to RM9.5 million in Q2 2023 mainly due to decrease in interest expense from lower borrowings.

Review of Year-on-Year results

For the financial period ended 30 June 2024 ("1H2024"), the revenue decreased by 4.8% to RM1.5 billion as compared to RM1.6 billion recorded in the financial period ended 30 June 2023 ("1H2023"), attributable mainly to lower selling prices in flour and grain trading business.

In 1H2024, the Group recorded an operating profit of RM85.1 million as compared to RM26.3 million in the previous year corresponding period. The Group's share of profit in equity accounted joint ventures amounted to RM7.1 million in 1H2024 as compared to RM3.6 million in 1H2023. Overall, the Group recorded a PBT of RM82.3 million as compared to RM10.3 million a year ago. This was attributable to:-

- (i) The flour and grain trading generated an operating profit of RM84.9 million as compared to RM25.6 million in the previous year corresponding period. The higher operating profit is mainly contributed by improved contribution margin from decrease in commodity prices on the back of increase in sales volume;
- (ii) In 1H2024, a net interest expense of RM9.9 million was incurred, as compared to RM19.9 million in 1H2023. The decrease in interest expenses was mainly due to lower borrowings; and
- (iii) The Group's share of profit of equity accounted joint venture amounted to RM7.1 million in 1H2024 as compared to RM3.6 million a year ago. Details as below:

	30.06.2024	30.06.2023
	RM'000	RM'000
PT Bungasari Flour Mills Indonesia	4,085	(17,316)
DTSB group	3,053	20,963
	<u>7,138</u>	<u>3,647</u>

In 1H2024, the Group's share of profit on PT Bungasari Flour Mills Indonesia was RM4.1 million as compared to a share of loss of RM17.3 million a year ago. The improved performance was mainly attributable to better contribution margin and higher sales volume, lower net interest expenses and higher deferred tax assets recognised but partially set off by higher foreign exchange losses.

The Group's share of profit on DTSB Group was RM3.1 million in 1H2024 as compared to RM21.0 million in the previous year corresponding period. The decrease was contributed mainly by lower sales volume and subsidy income and higher reversal of deferred tax assets and partially set off against higher fair value gain on biological assets in 1H2024.

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 30.06.2024 RM'000	Immediate Preceding Quarter 31.03.2024 RM'000	Changes %
Revenue	751,900	751,602	0.0%
Results from operating activities	33,456	51,638	(35.2%)
Profit before tax	28,686	53,632	(46.5%)
Profit after tax	22,309	42,909	(48.0%)
Profit attributable to owners of the Company	18,827	37,899	(50.3%)

Operating profit decreased to RM33.5 million in Q2 2024 (Q1 2024: RM51.6 million) primarily attributable to lower contribution margin in flour and grain segment.

The Group's share of loss of equity accounted joint venture, PT Bungasari Flour Mills Indonesia amounted to RM3.5 million in Q2 2024 as compared to a share of profit of RM7.6 million in Q1 2024. This is largely attributable to lower sales volume and an increase in foreign exchange losses.

In Q2 2024, the Group's share of profit of equity accounted joint venture, Dindings Tyson Sdn Bhd ("DTSB") amounted to RM4.3 million as compared to a share of loss of RM1.2 million in Q1 2024 mainly due to higher sales volumes and lower input costs recognised in current quarter.

As a result, the Group reported a PBT of RM28.7 million in Q2 2024 as compared to RM53.6 million in Q1 2024.

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 remain volatile and continue to be impacted by the persisting uncertainties in macroeconomic and geopolitical considerations. 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

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. 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 will 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		6 months ended	
	30.06.2024 RM'000	30.06.2023 RM'000	30.06.2024 RM'000	30.06.2023 RM'000
Current income tax				
- current year	5,686	(367)	14,941	1,076
- prior year	-	-	4	4
Deferred tax				
- Origination and reversal of temporary difference	691	(497)	2,155	580
- Over provision in prior year	-	-	-	(4)
	<u>6,377</u>	<u>(864)</u>	<u>17,100</u>	<u>1,656</u>

Excluding the share of profit in equity accounted joint ventures, the Group's effective tax rate for the current quarter and for the financial period ended 30 June 2024 was slightly lower than the Malaysia statutory tax rate of 24% mainly due to 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 2024 were as follows:

	As at 30.06.2024 RM'000	As at 31.12.2023 RM'000
Unsecured Long Term Borrowings		
<u>Term loans</u>		
Denominated in Ringgit Malaysia	45,360	67,940
Denominated in Euro (iii)	-	4,120
	<u>45,360</u>	<u>72,060</u>
Unsecured Short Term Borrowings		
<u>Bankers' acceptances/revolving credits</u>		
Denominated in Ringgit Malaysia	462,320	390,179
Denominated in US Dollar (i)	100,202	182,797
Denominated in Vietnamese Dong (ii)	260,277	269,642
	<u>822,799</u>	<u>842,618</u>
<u>Term loans</u>		
Denominated in Ringgit Malaysia	45,160	45,160
Denominated in US Dollar (i)	4,720	9,180
Denominated in Euro (iii)	13,761	16,664
	<u>63,641</u>	<u>71,004</u>
	<u>886,440</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 RM104,922,000 equivalent to USD22,232,000 translated at USD/MYR rate of 4.7195 (2023: RM191,977,000 equivalent to USD41,825,000 translated at USD/MYR rate of 4.5900);
- (ii) Denominated in VND of RM260,277,000 equivalent to VND1,405 billion translated at VND/MYR rate of 5,397 (2023: RM269,642,000 equivalent to VND1,435 billion translated at VND/MYR rate of 5,322); and
- (iii) Denominated in Euro of RM13,761,000 equivalent to Euro2,671,000 translated at Euro/MYR rate of 5.1521 (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 30 June 2024 were as follows:

	As at 30.06.2024 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

	<u>PT Bungasari Flour Mills Indonesia</u>	<u>DTSB Group</u>	As at
	30%	51%	30.06.2024 RM'000
Percentage of ownership interest			
At cost	RM'000	RM'000	RM'000
Unquoted shares	192,865	463,192	656,057
Share of post-acquisition reserves	(40,744)	95,499	54,755
	<u>152,121</u>	<u>558,691</u>	<u>710,812</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.

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21. Earnings Per Share ("EPS")

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

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

	3 months ended		6 months ended	
	30.06.2024	30.06.2023	30.06.2024	30.06.2023
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) attributable to ordinary shareholders of the Company	18,827	(1,965)	56,726	8,475
Weighted average number of Ordinary Shares in issue for basic EPS computation ('000)	1,239,154	1,021,196	1,211,831	1,020,853
Basic earnings/(loss) per ordinary share (sen)	1.52	(0.19)	4.68	0.83

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

The diluted earnings/(loss) per ordinary share amounts are calculated by dividing profit/(loss) for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares in issue during the period after adjustment for the effects of all dilutive potential ordinary shares comprising RCULS and Warrants.

	3 months ended		6 months ended	
	30.06.2024	30.06.2023	30.06.2024	30.06.2023
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) attributable to ordinary shareholders of the Company	18,827	(1,965)	56,726	8,475
Interest expense on RCULS, net of tax	-	276	-	442
	18,827	(1,689)	56,726	8,917
Weighted average number of Ordinary Shares in issue for basic EPS computation ('000)	1,239,154	1,021,196	1,211,831	1,020,853
Dilutive potential ordinary shares				
- Assumed conversion of RCULS	-	217,818	-	218,579
- Assumed exercise of Warrants	-	136,641	-	136,641
Weighted average number of Ordinary Shares in issue for diluted EPS computation ('000)	1,239,154	1,375,655	1,211,831	1,376,073
Diluted earnings/(loss) per ordinary share (sen)	1.52	(0.12)	4.68	0.65

22. Profit/(Loss) for the period

	3 months ended		6 months ended	
	30.06.2024	30.06.2023	30.06.2024	30.06.2023
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) for the period is arrived at after charging:				
Depreciation of property, plant and equipment and investment properties and amortisation of intangible assets	8,698	8,247	17,536	17,015
Depreciation of right-of-use assets	602	654	1,207	1,304
Interest expense from unsecured bankers' acceptances/ revolving credits/term loans/lease liabilities/RCULS	11,127	16,109	21,819	31,223
Net realised loss/(gain) on future and option contracts	174	(1,190)	(1,267)	(2,047)
Net unrealised (gain)/loss on foreign exchange	(288)	2,259	1,088	(2,421)
Net unrealised loss on future and option contracts	767	5,977	1,398	5,731
Property, plant and equipment written off	5	3	9	4
Impairment loss of trade receivables	603	1,091	1,045	1,336
Impairment loss of amount due from associate	-	197	-	197
and after crediting:				
Interest income	5,561	6,642	11,905	11,344
Insurance recoveries	200	439	251	569
Net realised (loss)/gain on foreign exchange	(42)	3,772	692	2,721
Gain on disposal of property, plant and equipment	35	1	402	1
Reversal of impairment loss of trade receivables	643	174	878	646

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Notes to the Financial Report for the Financial Period Ended 30 June 2024

23. Derivatives

(a) Contract and fair value of derivatives

	As at 30.06.2024		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	92,003	92,344	-	-
- Future and option contracts	-	-	(131)	160
Derivative financial liability				
<u>Less than 1 year</u>				
- Foreign currency forward contracts	22,571	22,570	86,280	84,920
- Future and option contracts	9,887	8,780	-	-

(b) Foreign currency risk

Currency risk sensitivity analysis

A 5 percent (2023: 5 percent) strengthening/(weakening) of RM against USD, Euro and GBP 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 30.06.2024 RM'000	30.06.2023 RM'000
Group	5,746	12,969

(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		6 months ended	
	30.06.2024 RM'000	30.06.2023 RM'000	30.06.2024 RM'000	30.06.2023 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	(692)	7,767	1,700	18,584
- future and option contracts	(941)	(4,787)	(131)	(3,684)
- liquid investments	36	18	95	59
Financial assets at amortised cost	5,565	6,119	11,643	11,007
Financial liabilities measured at amortised cost	(10,078)	(22,403)	(23,688)	(44,847)
	(6,110)	(13,286)	(10,381)	(18,881)

For the 6 months ended 30 June 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
29 August 2024