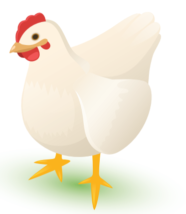
Malayan Flour Mills Berhad

Registration No. 196101000210 (4260-M)

Enhancing A Journey of Integration



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Board of Directors

Tun Arshad bin Ayub
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Teh Wee Chye
(Managing Director)

Datuk Oh Chong Peng
(Senior Independent Non-Executive Director)

Dato' Wira Zainal Abidin bin Mahamad Zain
(Independent Non-Executive Director)

Prakash A/L K.V.P Menon
(Non-Independent Non-Executive Director)

Quah Poh Keat
(Independent Non-Executive Director)

Prof. Datin Paduka Setia Dato' Dr Aini binti Ideris
(Independent Non-Executive Director)

Dato' Maznah binti Abdul Jalil
(Independent Non-Executive Director)

Azhari Arshad
(Executive Director)

Lim Pang Boon
(Executive Director)

Audit & Risk Management Committee

Datuk Oh Chong Peng
(Chairman and Senior Independent Non-Executive Director)

Tun Arshad bin Ayub
(Non-Independent Non-Executive Director)

Dato' Wira Zainal Abidin bin Mahamad Zain
(Independent Non-Executive Director)

Quah Poh Keat
(Independent Non-Executive Director)

Nomination Committee

Dato' Wira Zainal Abidin bin Mahamad Zain
(Chairman and Independent Non-Executive Director)

Tun Arshad bin Ayub
(Non-Independent Non-Executive Director)

Datuk Oh Chong Peng
(Senior Independent Non-Executive Director)

Prakash A/L K.V.P Menon
(Non-Independent Non-Executive Director)

Prof. Datin Paduka Setia Dato' Dr Aini binti Ideris
(Independent Non-Executive Director)

Remuneration Committee

Tun Arshad bin Ayub
(Chairman and Non-Independent Non-Executive Director)

Datuk Oh Chong Peng
(Senior Independent Non-Executive Director)

Prakash A/L K.V.P Menon
(Non-Independent Non-Executive Director)

Teh Wee Chye
(Managing Director)

Secretary

Mah Wai Mun
MAICSA 7009729
SSM PC No. 202008000785

Registered Office & Head Office

22nd Floor, Wisma MCA
163 Jalan Ampang, 50450 Kuala Lumpur
Tel. No: 03-2170 0999
Fax No: 03-2170 0888
Website: www.mfm.com.my
Email: ir@mflour.com.my

Share Registrar

Boardroom Share Registrars Sdn Bhd
Registration No. 199601006647 (378993-D)
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor Darul Ehsan
Tel. No: 03-7890 4700
Fax No: 03-7890 4670

Factories

Jalan David Sung, Batu Undan
32200 Lumut, Perak Darul Ridzuan

Lot 133, Jalan Pukal
Pasir Gudang Industrial Estate
81700 Pasir Gudang, Johor Darul Takzim

Branches

PULAU PINANG
4557, Jalan Heng Choon Thian
12000 Butterworth, Pulau Pinang

PERAK
B-1-1, Kompleks Falim
Laluan Falim 3, Taman Falim Indah
30200 Ipoh, Perak Darul Ridzuan

MELAKA
81-1, Jalan MP1
Taman Merdeka Permai
75350 Batu Berendam, Melaka

JOHOR
Lot 133, Jalan Pukal
Pasir Gudang Industrial Estate
81700 Pasir Gudang, Johor Darul Takzim

KELANTAN
Lot 4045, Blok C, No. 4 Jalan 1/44
Pengkalan Chepa, Mukim Panchor
Daerah Kemumin
16100 Kota Bahru, Kelantan Darul Naim

PAHANG
A1, Jalan Seri Setali 1
Taman Tunas Manja
25300 Kuantan, Pahang Darul Makmur

Subsidiaries

Vimaflour Ltd

MFM International Ltd

Mekong Flour Mills Ltd

MFM Ltd

Dindings Supreme Sdn Bhd
Registration No. 202101004006 (1404305-K)

Dindings Poultry Development Centre Sdn Bhd
Registration No. 198901002738 (180044-A)

Dindings Poultry Processing Sdn Bhd
Registration No. 198501012354 (144808-P)

Dindings Soya & Multifeeds Sdn Berhad
Registration No. 197701003866 (34884-U)

Premier Grain Sdn Bhd
Registration No. 200601034320 (754079-T)

AVIOTA Sdn Bhd
Registration No. 201601042871 (1213813-D)

Dindings Grand Parent Farm Sdn Bhd
Registration No. 198501012507 (144962-W)

Dindings Broiler Breeder Farm Sdn Bhd
Registration No. 198801005243 (172600-T)

MFM Feedmill Sdn Bhd
Registration No. 198801005258 (172615-X)

Muda Fibre Manufacturing Sdn Bhd
Registration No. 197901004586 (48785-V)

MFM Property Sdn Bhd
Registration No. 198801009334 (176691-P)

Semakin Dinamik Sdn Bhd
Registration No. 198901008231 (185533-V)

Syarikat Pengangkutan Lumut Sdn Bhd
Registration No. 197901007050 (51336-M)

Principal Bankers

Alliance Bank Malaysia Berhad
Registration No. 198201008390 (88103-W)

Bangkok Bank Berhad
Registration No. 199401014060 (299740-W)

MUFG Bank (Malaysia) Berhad
Registration No. 199401016638 (302316-U)

Coöperatieve Rabobank U.A.
Singapore Branch
Registration No. UEN: S86FC3634A

Hong Leong Bank Berhad
Registration No. 193401000023 (97141-X)

HSBC Bank Malaysia Berhad
Registration No. 198401015221 (127776-V)

Malayan Banking Berhad
Registration No. 196001000142 (3813-K)

OCBC Bank (Malaysia) Berhad
Registration No. 199401009721 (295400-W)

AmBank Islamic Berhad
Registration No. 199401009897 (295576-U)

Sumitomo Mitsui Banking Corporation
Malaysia Berhad
Registration No. 201001042446 (926374-U)

United Overseas Bank (Malaysia) Berhad
Registration No. 199301017069 (271809-K)

Stock Exchange Listing

Bursa Malaysia Securities Berhad
Registration No. 200301033577 (635998-W)
- Main Market

Sector: Consumer Products & Services

Sub Sector: Food & Beverages

Stock Name: MFLOUR

Stock Code: 3662

Solicitors

Isharidah, Ho, Chong & Menon

Auditors

KPMG PLT

BOARD OF DIRECTORS

From top left:
Mr Azhari Arshad
Mr Quah Poh Keat
Mr Lim Pang Boon
Mr Prakash A/L K.V.P Menon
Dato' Wira Zainal Abidin bin Mahamad Zain

From bottom left:
Prof. Datin Paduka Setia Dato' Dr Aini binti Ideris
Mr Teh Wee Chye
Tun Arshad bin Ayub
Datuk Oh Chong Peng
Dato' Maznah binti Abdul Jalil

DIRECTORS' PROFILE

Tun Arshad bin Ayub

(Non-Independent Non-Executive Chairman)

Tun Arshad bin Ayub (Male), aged 92, a Malaysian, was appointed to the Board of the Company on 30 August 2002 and is presently the Chairman of the Company. He is also the Chairman of the Remuneration Committee as well as member of the Audit & Risk Management and Nomination Committees of the Company. He graduated with a Diploma in Agriculture in 1954 from College of Agriculture, Serdang and pursued his Bachelor of Science Degree in Economics with Statistics at the University College of Wales, Aberystwyth in the United Kingdom in 1958 and also Diploma in Business Administration (IMEDE), Lausanne, Switzerland in 1964. He has a distinguished career in the Malaysian Civil Service. Among the top posts he held were First Director, Mara Institute of Technology (1965-1975), Deputy Governor of Bank Negara Malaysia (1975-1977), Deputy Director-General in the Economic Planning Unit of the Prime Minister's Department (1977-1978) and Secretary-General in the Ministry of Primary Industries (1978), Ministry of Agriculture (1979-1981) and Ministry of Land and Regional Development (1981-1983). Presently, he sits on the Board of Karex Berhad. Mr Azhari Arshad who is an Executive Director of the Company is his son. He has no family relationship with the other Directors and/or major shareholder of the Company.

He has attended all the 8 Board meetings held during the financial year. He has no conflict of interest with the Company.

Mr Teh Wee Chye

(Managing Director)

Mr Teh Wee Chye (Male), aged 67, a Malaysian, was appointed to the Board as an Executive Director of the Company on 19 June 1989 and is presently the Managing Director of the Company. He is also a member of the Remuneration Committee of the Company. He holds a Bachelor of Science Degree in Naval Architect and Marine Engineering and a Master's Degree in Ship Building and Shipping Management from the Massachusetts Institute of Technology, USA. In the summer of 1974, he received his training at the American Bureau of Shipping Research & Development Department, New York. Upon graduation in 1975 he was employed as an Engineer with Eastern Steamship (S) Pte Ltd, Singapore. He joined Malayan Flour Mills Berhad in 1976 as the Deputy Mill Manager and was promoted as the Plant Manager in 1978. He was appointed as the Project Manager in 1979 in charge of the Company's entire expansion plans. He is also a director of Seu Teck Sean Tong Charitable Organisation Berhad. He is a major shareholder of the Company.

He has attended all the 8 Board meetings held during the financial year. He is deemed interested in various related party transactions with the Group.

DIRECTORS' PROFILE (CONT'D)

Datuk Oh Chong Peng

(Senior Independent Non-Executive Director)

Datuk Oh Chong Peng (Male), aged 76, a Malaysian, was appointed to the Board of the Company on 20 August 2008 and is presently the Chairman of the Audit & Risk Management Committee and a member of the Nomination and Remuneration Committees of the Company. He is a Fellow of the Institute of Chartered Accountants in England and Wales ("ICAEW") as well as a member of the Malaysian Institute of Certified Public Accountants ("MICPA") and the Malaysian Institute of Accountants ("MIA").

He joined Coopers & Lybrand (now known as PricewaterhouseCoopers) in London in 1969 and in Malaysia in 1971. He was a Partner of Coopers & Lybrand Malaysia from 1974 and retired as a Senior Partner of Coopers & Lybrand in 1997.

Presently, he sits on the Board of WCE Holdings Berhad, Saujana Resort (M) Berhad and PUC Berhad.

Datuk Oh is a trustee of the UTAR Education Foundation (2002) and a council member of University Tunku Abdul Rahman.

His past appointments included being a Government appointed Chairman of the Labuan Financial Services Authority (1996-2020), Government appointed Committee Member of the Kuala Lumpur Stock Exchange (1990-1996), a Council member (1981-2002), a past President of the MICPA (1994-1996) and a board member of Malaysian Accounting Standards Board (2003-2009). He was Chairman of Land & General Berhad (1999-2007), Nanyang Press Holdings Berhad (2001-2005) and Alliance Financial Group Berhad (2006-2017) and was a board member of Rashid Hussain Berhad Group of Companies (1998-2003), Star Publications (M) Berhad (1987-2009), British American Tobacco (Malaysia) Berhad (1998-2019) and Dialog Group Berhad (2009-2020).

He has attended all the 8 Board meetings held during the financial year. He has no family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest with the Company.

Dato' Wira Zainal Abidin bin Mahamad Zain

(Independent Non-Executive Director)

Dato' Wira Zainal Abidin bin Mahamad Zain (Male), aged 71, a Malaysian, was appointed to the Board of the Company on 1 September 2009 and is presently the Chairman of the Nomination Committee and a member of the Audit & Risk Management Committee of the Company. He holds a Bachelor of Arts (Hons-International Relations) Degree from University of Malaya.

He has a distinguished career in the Malaysian Civil Service. His past appointments include being appointed to the Administrative and Diplomatic Service of Malaysia as Assistant Secretary at the Ministry of Foreign Affairs (1973), Second Secretary of the Embassy of Malaysia in Jakarta, Indonesia (1974-1977), Assistant Secretary of Ministry of Foreign Affairs (1977-1979), Charge d'Affaires of the Embassy of Malaysia in Tehran, Iran (1979-1982), Principal Assistant Secretary of Ministry of Foreign Affairs (1982-1983), Charge d'Affaires of Embassy of Malaysia in Abu Dhabi, United Arab Emirates (1983-1986), Consul General of the Consulate General Malaysia in Jeddah (1986-1989), Under Secretary (West Asia, Africa & OIC) of Ministry of Foreign Affairs (1989-1991), Consul General of the Consulate General Malaysia in Vancouver, Canada (1991-1995), Ambassador of Malaysia to Brazil (1995-1998), Ambassador of Malaysia to Vietnam (1998-2001), Under Secretary (South East Asia & Pacific) of Ministry of Foreign Affairs (2001-2003), Malaysia's First Director General [Southeast Asia Regional Centre for Counter Terrorism (SEARCCT)], Ministry of Foreign Affairs (2003-2005), Ambassador of Malaysia to the Republic of Indonesia (2005-2009), Malaysia's First ASEAN Permanent Representative ad-interim Republic of Indonesia (March 2005-July 2009) and Special Envoy of the Prime Minister of Malaysia to The Islamic Republic of Afghanistan (2010-2014).

His past appointments included being an Independent Non-Executive Chairman of CIMB Bank (Vietnam) Ltd and CIMB Bank PLC in Cambodia.

He has attended all the 8 Board meetings held during the financial year. He has no family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest with the Company.

DIRECTORS' PROFILE (CONT'D)

Mr Prakash A/L K.V.P Menon

(Non-Independent Non-Executive Director)

Mr Prakash A/L K.V.P Menon (Male), aged 62, a Malaysian, was appointed to the Board of the Company on 24 May 2011 and is presently a member of the Nomination and Remuneration Committees of the Company. He is a barrister-at-law (Lincoln's Inn, London) having graduated with LLB (Hons) from University of Manchester.

He was admitted to the English Bar in 1983 and being bestowed the qualification as a Barrister. Upon completion of the term of pupillage, he was called to the Malaysian Bar and was admitted as an Advocate and Solicitor of the High Court of Malaya on 18 June 1984.

Since his admission to the Malaysian Bar, he has been in private practice and is a Senior Partner in the firm of Isharidah, Ho, Chong & Menon and is actively involved in the area of litigation. He has been in active practice for more than 30 years. He is not a director of any other public company and listed issuer.

He has attended all the 8 Board meetings held during the financial year. He has no family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest with the Company.

Mr Azhari Arshad

(Executive Director)

Mr Azhari Arshad (Male), aged 59, a Malaysian, was appointed to the Board as a Non-Executive Director on 16 August 2012 and was subsequently appointed as a Business Development & Corporate Affairs Director on 5 May 2015. He holds a Bachelor of Science Degree in Economics from University of Buckingham (UK).

He has more than 20 years' experience in business development and marketing. In 1988, he joined Shell Malaysia Trading as a Senior Marketing Executive. Thereafter, he joined Pennzoil Malaysia as a Marketing Country Manager in 1993. In 1996, he was with Conoco Philips Malaysia as a Marketing Director in Malaysia. From 2002 until 2006, he was the Business Development and Marketing Strategy Consultant for Petronas downstream sector companies i.e. Petronas Dagangan Berhad and Petronas Holdings respectively. Subsequently, he was the Business Strategy, Marketing & Project Development Consultant for South-East Asia in US Management & Marketing Consultancy.

He is not a director of any other public company and listed issuer. He is the son of the Chairman of the Company, Tun Arshad bin Ayub.

He has attended all the 8 Board meetings held during the financial year. He has no conflict of interest with the Company.

Mr Quah Poh Keat

(Independent Non-Executive Director)

Mr Quah Poh Keat (Male), aged 68, a Malaysian, was appointed to the Board of the Company on 25 May 2017 and is presently a member of the Audit & Risk Management Committee of the Company. He is a member of the Malaysian Institute of Accountants ("MIA"), Fellow of the Malaysian Institute of Taxation ("MIT"), member of the Malaysian Institute of Certified Public Accountants ("MICPA"), member of the Chartered Institute of Management Accountants ("CIMA") and a Fellow of the Association of Chartered Certified Accountants ("FCCA").

He was a partner of KPMG Malaysia since 1 October 1982 and was the Senior Partner of the firm from 1 October 2000 until 30 September 2007. Prior to taking up the position of Senior Partner, he was in charge of the Tax Practice and the Japanese Practice in KPMG Malaysia. He was also a member of the KPMG Japanese Practice Council which is the governing body within KPMG International which looks after the Japanese Practices in the KPMG world. He was also a member of KPMG Asia Pacific Board and a member of KPMG International Council. He retired from KPMG Malaysia on 31 December 2007.

He had served as an Independent Non-Executive Director of Public Bank Berhad Group from 30 July 2008 to 1 October 2013 until his appointment as the Deputy Chief Executive Officer of Public Bank Berhad from 1 October 2013 until 31 December 2015. Prior to that, he was an Independent Non-Executive Director of IOI Properties Berhad, PLUS Expressways Berhad, IOI Corporation Berhad and Telekom Malaysia Berhad.

Presently, he sits on the Board of Public Mutual Berhad, LPI Capital Berhad, Lonpac Insurance Berhad, Kuala Lumpur Kepong Berhad and Paramount Corporation Berhad.

He has attended all the 8 Board meetings held during the financial year. He has no family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest with the Company.

Prof. Datin Paduka Setia Dato' Dr Aini binti Ideris

(Independent Non-Executive Director)

Prof. Datin Paduka Setia Dato' Dr Aini binti Ideris (Female), aged 67, a Malaysian, was appointed to the Board of the Company on 25 May 2017 and is presently a member of the Nomination Committee of the Company. She holds a Doctor of Veterinary Medicine (DVM), 1979 from Universiti Pertanian Malaysia (UPM), currently, Universiti Putra Malaysia, Masters of Veterinary Science (MVSc), 1981 from University of Liverpool, England, Doctor of Philosophy (PhD) (Avian Medicine), 1989 from UPM. She attended Postdoctoral trainings at University of California Davis, USA (1990-1992) and at Cornell University, USA in 1993.

She is a Council Member of Malaysian College of Veterinary Specialists (MCVS); Council Member of Academy of Sciences Malaysia, member of the Board of Governance of International Medical University (IMU) and International Medical College (IMC); and Executive Member of National Cancer Council (MAKNA). She was a Board Member of Yayasan Putra Business School, UPM Education & Training Sdn Bhd, and the Founding Chairman of the Board of Directors, UPM Holdings Sdn Bhd.

Her research interest is in avian respiratory and immunosuppressive diseases, especially in the development of conventional and genetically engineered vaccines. In 2011, she received the National Academic Award (AAN) 2010 for the Innovation and Product Commercialisation Award Category. Her research group also won the Innovation Award in Public and Private Sector Research (2008) in which she was the co-researcher. She also won several other National and International awards.

She was the Coordinator for the National Centre of Excellence for Swiftlets, under the Ministry of Agriculture and Agro-based Industry (MOA) and Vice President of the World Veterinary Poultry Association (WVPA, World body). Currently, she is the President of WVPA, Malaysia) for the second time. She has extensive administrative experience other than in the field of teaching and learning. She was the Acting Head of the Department of Veterinary Clinical Studies, Chairman of the University Veterinary Teaching Hospital, Deputy Dean of the Faculty of Veterinary Medicine, Dean of the Graduate School and Chairman of the Deans of Graduate Studies, Public Institutions of Higher Learning Council, Malaysia.

She was the Deputy Vice-Chancellor (Academic and International) of UPM from December 2008 to 2013 and was Chairman of Deputy Vice-Chancellors' Committee/Rector (Academic and International) during that period. In October 2014, she was appointed as the first Director of Corporate Strategy & Communications Office (CoSComm), UPM until her appointment as the 8th Vice-Chancellor of UPM on 1 January 2016 to 30 June 2020. She retired from UPM on 1 January 2021. Presently, she sits on the Board of QL Resources Berhad.

She has attended 7 out of the 8 Board meetings held during the financial year. She has no family relationship with any Director and/or major shareholder of the Company. She has no conflict of interest with the Company.

Mr Lim Pang Boon

(Executive Director)

Mr Lim Pang Boon (Male), aged 65, a Malaysian, was appointed to the Board as an Executive Director of the Company on 1 January 2018. He holds a Bachelor of Science Degree in Electrical Engineering from University of Arkansas, USA.

He was a Project/Site Engineer of Tenaga Ewbank Consulting Engineers prior to joining the Company as an Electrical Engineer at its Lumut Plant from 1990 to 1992 and was promoted to Plant Manager of MFM Feedmill Sdn Bhd at Pasir Gudang from 1993 to 2000.

He was the Project Manager for the setting up of Vimaflour Ltd in Vietnam from 1996 to 1998. Subsequently, he was appointed as the General Director and Authorised Representative of the Members' Council of Vimaflour Ltd in 2002. He retired as the General Director on 31 August 2019.

He was also appointed as the Deputy General Director and Authorised Representative of the Member's Council of Mekong Flour Mills Ltd in 2000 and 2006 respectively. He was later promoted as the General Director in 2008. He is not a director of any other public company and listed issuer.

He has attended all the 8 Board meetings held during the financial year. He has no family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest with the Company.

Dato' Maznah binti Abdul Jalil

(Independent Non-Executive Director)

Dato' Maznah binti Abdul Jalil (Female), aged 67, a Malaysian, was appointed to the Board as an Independent Non-Executive Director on 10 December 2019. She holds a Bachelor of Science Degree in Business Administration (Finance) from Northern Illinois University and a Master's Degree in Business Administration (Finance) from Central Michigan University, USA.

She joined Master-Carriage (Malaysia) Sdn Bhd as Director of Corporate Affairs in (1992-1995). Prior to that, she was with Amanah Merchant Bank Berhad as a Manager in Corporate Finance and Advisory for 13 years. In 1997, she was appointed as Senior Group Director of DRB-HICOM Berhad (1992-2006). She was formerly Chairman of Prestariang Berhad (Now Known As "Awanbiru Technology Berhad"), Uni.Asia General Insurance Berhad and Uni.Asia Life Assurance Berhad. She had also previously served on the Board of UOB Bank (Malaysia) Berhad, Edaran Otomobil Nasional Berhad, EON Capital Berhad, EON Bank Berhad, Gadek (Malaysia) Berhad, HICOM Holdings Berhad, Proton Holdings Berhad, Horsedale Development Berhad, Labuan Reinsurance (L) Ltd, Malaysian International Merchant Bankers Berhad, Felcra Berhad and several private limited companies under DRB-HICOM. Thereafter, she joined Hong Leong Financial Group Berhad as Executive Vice President, Corporate Finance & Principal Investment prior to her appointment as Executive Vice President, Investment Banking at Kenanga Investment Bank Berhad where she served until 2011. She was also formerly a Director of Universiti Teknologi MARA (UiTM) and a member of University of Technology & Computer Science.

Presently, she is a board member of Pavilion Real Estate Investment Trust, Boustead Heavy Industries Corporation Berhad, InNature Berhad, Lembaga Tabung Angkatan Tentera and Opus Asset Management Sdn Bhd as well as the Chairman of SCS Global Advisory (M) Sdn Bhd.

She has attended all the 8 Board meetings held during the financial year. She has no family relationship with any Director and/or major shareholder of the Company. She has no conflict of interest with the Company.

KEY SENIOR MANAGEMENT PROFILE

Mr Teh Wee Chye

(Managing Director)

Aged 67, Male, Malaysian

Mr Teh Wee Chye was appointed to the Board as an Executive Director of the Company on 19 June 1989 and is presently the Managing Director of the Company. His profile is listed in the Directors' Profile on page 5 of this Annual Report.

Mr Azhari Arshad

(Director, Business Development & Corporate Affairs)

Aged 59, Male, Malaysian

Mr Azhari Arshad was appointed to the Board as the Business Development & Corporate Affairs Director on 5 May 2015. His profile is listed in the Directors' Profile on page 8 of this Annual Report.

Mr Lim Pang Boon

(Executive Director cum Head of Flour Division - Mekong Flour Mills Ltd, Vietnam)

Aged 65, Male, Malaysian

Mr Lim Pang Boon was appointed to the Board as an Executive Director of the Company on 1 January 2018 and is presently the General Director of Mekong Flour Mills Ltd in Vietnam. His profile is listed in the Directors' Profile on page 11 of this Annual Report.

Mr Huynh Duc Chinh

(Head of Flour Division - Vimaflour Ltd, Vietnam)

Aged 49, Male, Vietnamese

Mr Huynh Duc Chinh joined Vimaflour Ltd on 5 September 1995 as a Project Administrator. He undertook various positions in the Company Secretarial, Procurement and Sales & Marketing Departments before being promoted as Vimaflour Ltd's Branch Manager in Danang in 2003. From 2004 till 2007, he worked for International Financial Corporation – World Bank as Business Development Officer. He rejoined Vimaflour Ltd on 26 February 2007 as Sales and Marketing Manager and was promoted to the current position on 1 September 2019.

He holds a Master's Degree in Management from Solvay Business School and Université libre de Bruxelles, a French-speaking private research university in Brussels, Belgium.

He has more than 20 years of experience in flour business in Vietnam.

Mr Yap Fan Yee

(General Manager, Flour)

Aged 77, Male, Malaysian

Mr Yap Fan Yee joined the Company on 18 February 1965. He is a pioneer in the Company and was promoted to the current position in 1991.

He holds a Flour Milling Full Technological Certificate from City and Guilds. He has more than 54 years of experience in flour milling.

Mr Wong Kok Wai

(General Manager, Supply Chain)

Aged 51, Male, Malaysian

Mr Wong Kok Wai joined the Company on 25 September 2017 as the Financial Controller of the Company. On 18 February 2020, he assumed a new position of General Manager, Supply Chain to drive the supply chain strategies for the Poultry Integration.

He is a member of the Chartered Institute of Management Accountants ("CIMA") and a member of the Malaysian Institute of Accountants ("MIA").

He is an experienced Accountant of over 25 years in various industries such as hospitality, manufacturing, food & beverage and fast moving consumer goods.

KEY SENIOR MANAGEMENT PROFILE (CONT'D)

Mr Lee Low

(General Manager, Aquaculture)

Aged 57, Male, Malaysian

Mr Lee Low joined the Group on 15 June 2017 as the General Manager of Aquaculture.

He holds a Bachelor of Science Degree in Fisheries from Universiti Putra Malaysia and is an active member of the Malaysia Aquaculture Development Association ("MADA").

He has over 30 years of experience in aquaculture industry managing the marine shrimp hatchery, shrimp farming, shrimp processing plant, a few species of marine & freshwater fish farming and aquafeed marketing.

Mr Hideki Oya

(Chief Executive Officer, Premier Grain Sdn Bhd cum General Manager, Purchasing)

Aged 41, Male, Japanese

Mr Hideki Oya joined the Company on 1 April 2018 as the General Manager, Purchasing. In addition, he was appointed as an Executive Director and the Chief Executive Officer of Premier Grain Sdn Bhd on 19 February 2020.

He holds a Degree in Human Science from Waseda University, Japan.

He has over 17 years of experience in grains trading industry, ocean freight and grains logistics. He was with Toyota Tsusho Corporation from 2002 to 2017. From 2013 to 2017, he was the Director and Controller of Procurement and Sales of Premier Grain Sdn Bhd.

Mdm Carol Chan Chui Yoke

(General Manager, Group Human Resources)

Aged 49, Female, Malaysian

Mdm Carol Chan Chui Yoke joined the Company on 2 June 2014 as the General Manager, Group Human Resources.

She holds a Master of Business Administration from University of Missouri, Kansas City, USA.

She has more than 22 years of experience in full spectrum of Human Capital functions with more than 11 years' experience in senior position in driving human resources strategies that support the Company's overall business plans and strategies.

Mr Alex Yap Kien Tiong

(General Manager, Group Internal Audit and Risk Management)

Aged 53, Male, Malaysian

Mr Alex Yap Kien Tiong joined the Company on 9 July 2018 as the General Manager, Group Internal Audit and Risk Management.

He holds a Bachelor's Degree in Economics from La Trobe University, Australia and is a Fellow of CPA Australia. He is also a member of Malaysian Institute of Accountants ("MIA").

He has over 27 years of experience in external & internal audit and managing aftersales business operations (continuous improvement). He gained his experience working in audit firms for 6 years, including 4 years with an international accounting firm. Subsequently, he joined the local conglomerates for more than 20 years in various capacities.

Mr Horace Tee Kok Choy

(Chief Information Officer)

Aged 42, Male, Malaysian

Mr Horace Tee Kok Choy joined the Company on 7 August 2018 as the Chief Information Officer.

He holds a Bachelor of Science Degree in Microelectronic from Campbell University as well as a Post Graduate Diploma in Business Administration from University of Wales.

He has over 19 years of experience in information technology from his various positions in the consulting, manufacturing, shared services and telecommunication industries.

KEY SENIOR MANAGEMENT PROFILE (CONT'D)

Mr Chua Kiat Hwa

(Senior General Manager, Purchasing cum Director of Premier Grain Sdn Bhd)

Aged 58, Male, Malaysian

Mr Chua Kiat Hwa joined the Company on 16 March 1992 and was promoted as Senior General Manager, Purchasing on 1 January 2016. He was also appointed as a Director of Premier Grain Sdn Bhd on 31 March 2010.

He holds a Master of Business Administration from Hawaii Pacific University, Honolulu, Hawaii and a Bachelor's Degree in Arts from Universiti Kebangsaan Malaysia.

He has more than 28 years of commodity trading experience, having constant dealings with large international commodity brokers and grains institutions.

Ir Beh Men Huat

(General Manager, Group Engineering Services & Projects)

Aged 64, Male, Malaysian

Ir Beh Men Huat joined the Company on 5 December 2008 as the Senior Manager, Group Engineering Services & Projects and was subsequently promoted to be General Manager in 2012.

He holds a Bachelor of Science Degree in Civil Engineering (First Class Honours) from University of Strathclyde, United Kingdom and a Master of Finance from RMIT University, Australia. He is also a Professional Engineer registered with the Board of Engineers.

He has more than 37 years of working experience in both the public and private sectors, primarily in the field of water privatisation concession, planning, design, construction supervision, contract administration and project management in building, civil, infrastructure works in Malaysia and overseas.

Mdm Helen Tan Hui Joo

(Financial Controller)

Aged 42, Female, Malaysian

Ms Helen Tan Hui Joo joined the Company on 7 July 2020 as the Financial Controller of the Company.

She is a Fellow of the Association of Chartered Certified Accountants ("FCCA") and a member of the Malaysian Institute of Accountants ("MIA").

She has over 20 years of experience in various industries i.e. fast moving consumer goods, automotive, electronics and financial services sector. Her area of expertise includes finance operation, corporate finance, merger and acquisition exercise, group reporting and consolidation, budgeting, forecasting, internal controls and statutory compliance.

Additional Information:

1. Save for Mr Teh Wee Chye, Mr Azhari Arshad and Mr Lim Pang Boon, none of the other Key Senior Management members have any directorship in public companies and listed issuers.

2. Save for Mr Teh Wee Chye and Mr Azhari Arshad, none of the other Key Senior Management members have any family relationship with any Director and/or major shareholder of the Company.

3. Save for Mr Teh Wee Chye, none of the other Key Senior Management members have any conflict of interest in business transactions with the Company.

CHAIRMAN'S STATEMENT

"On behalf of the Board of Directors, I am pleased to present the Annual Report of Malayan Flour Mills Berhad ("MFM") for the financial year ended 31 December 2020."

Review of Performance

MFM Group ("Group") recorded a revenue of RM2.68 billion for the financial year 2020, which was similar level to that of the previous financial year. The Group's profit before tax for the year was lower at RM36.0 million as compared to RM78.3 million in the previous year mainly due to the challenges in poultry integration segment and lower share of profit on equity accounted joint venture.

The revenue of flour and grains trading segment constituted 75.6% of our Group's revenue. The revenue for this segment increased by 2.4% to RM2.03 billion as compared to previous year primarily due to higher sales volume of flour resulting from healthy growth seen in our Vietnam operation. Operating profit of the segment stood at RM122.5 million, representing a 6.8% improvement from a year earlier due to margin improvement in the flour business. However, these were partially offset by lower margin in the grains trading business due to higher grains cost, coupled with lower net realised and unrealised gain on futures and options contracts. This segment contributed significantly to the Group's operating profit.

Our joint venture in Indonesia, PT Bungasari Flour Mills Indonesia ("BFMI"), had recorded a 3% lower revenue as compared to the previous year due to lower sales volume of industrial feed products which decreased by 48% in 2020, but was partially negated by the higher sales volume of flour and by-products. The Group's share of profit in 2020 amounted to RM1.0 million as compared to the previous year's share of profit of RM14.1 million, due to higher depreciation and interest cost arising from the commencement of operations of new manufacturing facilities during the year.

The poultry integration segment had recorded lower revenue of RM653 million primarily due to sales volume of live birds sold externally had decreased whilst more broilers being channeled to the poultry processed products segment. In addition, the average selling prices of poultry processed products remained dampened due to competitive pressure coupled with higher depreciation cost in 2020 due to the new primary poultry processing plant. As a result, the segment incurred RM70 million of operating loss compared to RM32 million loss from a year earlier.

Our Group is embarking on investment/expansion in the poultry integration segment further downstream to create stability and enhance its future earnings growth.

Corporate Development

In the financial year 2020, the Group had invested additional RM38.8 million in BFMI to expand its production capacity and meet the growing demand for flour in Indonesia.

On 10 February 2021, MFM entered into a conditional share purchase agreement with Tyson International Holding Company ("Tyson") for the proposed disposal of 49% equity interest in Dindings Supreme Sdn Bhd, a wholly owned subsidiary of MFM, to Tyson for a total disposal consideration of up to RM420 million in conjunction with the proposed strategic partnership with Tyson.

Outlook for 2021

Commodity prices and foreign exchange rates remain volatile amid an uncertain global economic environment arising from the impact of COVID-19 pandemic. Due to these challenges, the Board will be taking the following measures to mitigate the uncertainties on the Group's performance in 2021:

- The positive effect of the proposed partnership with Tyson on the poultry integration business will allow us to leverage on their strength to increase our sales volume and venture into export market.

- Working on a proposal of price adjustment and drive more efficient trade spend to protect our margin.

- Progressive efforts to improve feeds quality and invest in the best state-of-the art technology through the application of the Internet of Things (IOT) and artificial intelligence to upgrade existing broiler farmhouse to improve efficiency and performance.

Quality Assurance

As further commitment to reinforce our halal integrity in addition to the already existing halal certifications, MFM is in the process of setting up a Syariah Advisory Panel consisting of eminent Shariah scholars to advise, oversee and ensure all Shariah compliant matters in respect of the business activities and transactions of the Group.

Dividend

The Board of Directors had declared an interim dividend of 1.0 sen per ordinary share for financial year ended 31 December 2020 which was paid on 26 March 2021.

Appreciation

I would like to extend my sincere appreciation to my fellow Directors, the management and employees at all levels in the Group for their steadfast and unwavering effort, support and commitment amidst the headwinds faced by the Group in 2020.

Equally important, I would also like to thank you, our shareholders, as well as our customers, suppliers, bankers, business associates, government agencies and regulatory authorities, for the unrelenting support, trust and confidence in the Group during the year.

Tun Arshad bin Ayub

Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

History and Milestones

Malayan Flour Mills Berhad ("MFM") incorporated in 1961, is pioneer in the flour milling industry in Malaysia with 2 flour mills at Lumut and Pasir Gudang. It is now a regional flour player with operations in North of Vietnam (since 1994), South of Vietnam (since 2000) and West Java, Indonesia through a tri-partite joint venture (since 2011). MFM's operations throughout the region produced and sold over 1 million metric tons of flour every year.

Beyond flour milling, MFM has also expanded into the poultry industry in Malaysia since 1983. Its poultry businesses are vertically integrated, encompass feed mills, hatchery, breeder farms, broiler farms and poultry processing plant. Every year, MFM Group ("Group") produces approximately 60 million broiler chicken for consumption by Malaysians. Our Group owns one of the biggest closed-house broiler farms in the country, intending to ramp up the capacity to over 100 million by 2023. The upgrading of its primary poultry processing plant with daily slaughtering capacity of 280,000 birds, which is 3 times of the previous capacity has been completed.

Since 2010, MFM expanded into the trading of raw material for animal feeds in Malaysia through a 51% owned company with Toyota Tsusho Corporation Group.

Group Strategy and Objective

Financial year 2020 had been a challenging year for MFM with a relatively robust year for flour-milling in the region but we encountered significant headwinds in the poultry industry in Malaysia.

Our key strengths as a group lies in our transparency with key stakeholders and good manufacturing practices in which we have diligently honed over the past 50 years in agri-food production. By leveraging our core competencies in mass production, economies of scale, technical know-hows and standardisation of best practices, we have been able to replicate our good manufacturing practices beyond our core in the flour milling business in Malaysia into the poultry integration business and beyond the shores of Malaysia into Vietnam and Indonesia.

We remained committed to invest up to RM1.10 billion in the State of Perak and always look out for strategic investments around the region to realise our long-term vision of becoming a trusted and leading food manufacturing corporation in ASEAN, and we remained steadfast in that pursuit despite the temporary headwinds affecting the poultry industry.

Financial Performance Review

Financial year 2020 proved to be a demanding time for MFM where revenue had remained flat at RM2.68 billion, whilst profit before tax ("PBT") had decreased significantly to RM36.0 million from RM78.3 million a year earlier.

Significant improvement in the flour milling segment had contributed positively to mitigate continued challenges and competition in poultry integration segment. Flour and grains trading segment's operating results were better with operating profit growing 6.8% to RM122.5 million on the back of RM2.03 billion in revenue. This was mainly attributed to favourable margin arising from higher sales volume of flour. However, this was partially offset by lower margin in the grains trading business due to higher grains cost.

The poultry integration segment's revenue decline by 6.9% mainly due to lower sales volume of live birds sold externally. Nonetheless, the poultry processed product category recorded higher sales volume in the year with the expanded production capacity in the new primary poultry processing plant. Margins were lower in the financial year due to competitive pressure and as a result, the poultry integration's operating loss widened to RM70 million compared to an operating loss of RM32 million in the previous year.

The net interest expenses reduced by RM1.1 million to RM17.3 million in 2020 as compared to the previous year primarily due to the lower interest rate environment throughout the year.

As at 31 December 2020, our Group's total assets stood at RM2.58 billion with cash and cash equivalents of RM404.6 million. Our Group's EBITDA decreased by 24.6% to RM125 million in the current financial year as compared to RM165.7 million previously.

Review of Operation

In 2020, due to challenges faced from COVID-19 pandemic with several lockdowns in the country, rising cost of raw material and low utilisation of capacity, our Group's revenue was flat and profit was severely reduced as compared to the prior year. Nevertheless, the Vietnamese Dong ("VND") remained stable in 2020 at VND23,190 to a United States Dollar and coupled with higher sales volume of flour, had enabled better overall contribution in flour segment. Overall, the sentiment in poultry integration segment was dampened due to the reduction in demand from the food service channel as restaurants were closed for dine-in arising from the implementation of Movement Control Order ("MCO") which began in March 2020.

The flour and grains trading segment experienced a year-on-year growth of 2.4% to RM2.03 billion from RM1.98 billion due to higher sales volume in flour. The grains sales volume was 2% lower than previous year due to the lower demand of feed as resulted from lower consumption of meat during the lockdown period.

The Group's share of profit from the joint venture in Indonesia, PT Bungasari Flour Mills Indonesia ("BFMI") amounted to RM1.0 million as compared to a share of profit of RM14.1 million in the preceding year. Whilst demand for flour remained strong, BFMI recorded lower profit in 2020 mainly due to higher depreciation and interest cost due to commencement of operations of new manufacturing facilities during the year.

Amidst positive progress in the flour and grains trading segment, we will continue our efforts to drive production efficiency through better flour extraction and blending process.

The poultry integration segment recorded a lower revenue amounting to RM653 million in 2020 as compared to RM701.5 million in the preceding year due to lower sales volume of live birds sold externally as well as lower average selling price of poultry processed products. This segment incurred an operating loss of RM70 million in 2020 as compared to an operating loss of RM32 million posted in the preceding year. The loss was mainly due to lower margin of the poultry processed products due to competitive pressure coupled with the high overhead cost of new plant which had not achieved economies-of-scale as capacity utilisation remained lower than the optimum utilisation level. There was also a higher fair value loss on biological assets of RM2.1 million in 2020 compared to a loss of RM1.09 million in 2019.

Despite the immense challenges in the poultry integration segment in 2020, we are continuously implementing progressive efforts to improve feeds quality, better farm-house hygiene and higher bio-security controls to mitigate future spread of diseases and improve broilers quality. With the improvements on track, we will be able to reduce production costs through optimum feed conversion ratio and lower mortality rate. With the commissioning of our new poultry processing plant in Lumut, processing capacity had increased by 3 times to slaughter live chickens and further process into higher value-added products for a wider industry base, retailers and consumers. This would reduce the segment's exposure to the volatile prices in live bird trading and generate better profitability from value-added products.

Anticipated or Known Risks

Food safety and compliance to standards are top priorities for us as a food manufacturer as usage of flour and poultry is very wide and diverse and it cut across different cultural background, race and religion. To ensure our customers and consumers can use products produced by us without any worry or doubt, we have implemented Hazard Analysis and Critical Control Points ("HACCP") in all our manufacturing facilities. At the same time, all our products are halal certified by Department of Islamic Development Malaysia ("JAKIM") and are subject to annual compliance audit.

Due to the nature of the poultry industry which faces inherent risk of avian diseases outbreak, we are always vigilant in managing our farms with comprehensive bio-security measures in place.

In summary, we are confident that based on our track record and leading position in the flour and poultry industries, our Group will be able to mitigate such risks with our proactive and preventive measures put in place.

Outlook and Prospects for 2021

As food manufacturing is our core business, we are responsible to feed people in the countries in which we operate but challenges of uncertain global economic environment, volatile commodity prices and foreign exchange rates arising from COVID-19 pandemic will have an impact on the Group's performance.

Due to these challenges, the Board will be taking proactive and preventive measures to mitigate the uncertainties on the Group's performance in 2021.

GO BEYOND SUSTAINABILITY 2020

Achieving greater heights in our drive to manage sustainability

TABLE OF CONTENTS

MFM GROUP

BUSINESS DIVISIONS

Our Sustainability Report will be reported for three business divisions: flour division, poultry integration division and aqua feeds division.

Flour

- MALAYAN FLOUR MILLS BERHAD (MFM)
- VIMAFLOUR LTD
- MEKONG FLOUR MILLS LTD
- PT BUNGASARI FLOUR MILLS INDONESIA

Poultry Integration

- DINDINGS POULTRY DEVELOPMENT CENTRE SDN. BHD. (DPDC)
- DINDINGS POULTRY PROCESSING SDN. BHD. (DPP)

Aqua Feeds

- DINDINGS SOYA & MULTIFEEDS SDN. BERHAD (DSM)

MANAGING DIRECTOR'S MESSAGE

Dear Stakeholders,

Greetings,

On behalf of MFM, we are delighted to share the sustainability initiatives we have employed in 2020. We embrace United Nations Sustainability Development Goals (SDGs) and focus on "grow responsibly". We will continue to reinvest the profits we make from flour to develop the poultry integration business.

The expanded jetty located at the Lumut plant.

The picture shows a Panamax and a Supramax unloading at the same time.

The nearer ship with 5 hatches and ship crane is Supramax berthed at old berth. Total loaded 55,000MT wheat but discharged some in Port of Cai Lan for Vimaflour (Vietnam) and Port of Cigading for PT Bungasari (Indonesia).

Panamax fully loaded 68,000MT corn berthed at new berth. It has 7 hatches and had discharged some corn at Port of Pasir Gudang and Port of Lumut before discharging at this jetty.

2020 is indeed a memorable year for MFM. In the midst of pandemic, we continue with the pursuit of operational excellence and realising our vision of being a leading food manufacturing enterprise in the region. We are passionate in fulfilling people's bowls and appetite.

The pandemic allowed us to assess the effectiveness of our business continuity plans. We will continue to enhance the plans and work closely with authorities and other business partners to ensure minimal business disruption.

On 10 February 2021, MFM announced a partnership with Tyson Foods, Inc., one of the world's largest food companies. The strategic partnership:
- allows both companies to optimize and expand its poultry business;
- adds more supply flexibility in the country and across priority markets; and
- increases halal product offerings in local and export markets.

October 2019
Management team with representatives from Tyson Foods, Inc. at Lumut

February 2021
Signing of strategic partnership between Tyson Foods, Inc. and MFM

According to the Halal Industry Development Corporation (HDC), Malaysia's halal industry market value is expected to reach USD$147.4 billion (RM614.36 billion) by 2025. The country exports about USD$9 billion (RM35.4 billion) in halal-certified products. The synergy will see MFM achieving economies of scale, and more economic activities in the poultry value chain.

The COVID-19 pandemic has shown how fragile we are. The virus can put us on our knees and make us humble. It also makes us stronger. We have enormous capacity to adapt and change, live and work. We will continue to embrace change and "grow responsibly" for future generations.

In light of the above, MFM will continue to play its role as a pioneer in flour milling, and a leading poultry integrator in Malaysia. Last but not least, MFM is here today because of the support of all stakeholders. To all stakeholders, thank you for your support, confidence and trust in MFM. We will continue to work hard to deliver better value to each and every one of you.

TEH WEE CHYE
MANAGING DIRECTOR

ABOUT THIS REPORT

MFM Group publishes the annual Sustainability Report with the objective of improving transparency, visibility and communication to a wide array of stakeholders. It showcases our commitment and responsibilities towards achieving Economic, Environmental and Social ("EES") values.

This 4th edition of MFM Group Sustainability Report is part of Annual Report 2020.

The UN Sustainability Development Goals (SDGs) are incorporated in this report. The specific SDG goals below are mentioned in the subsequent pages of this report wherever it is applicable.

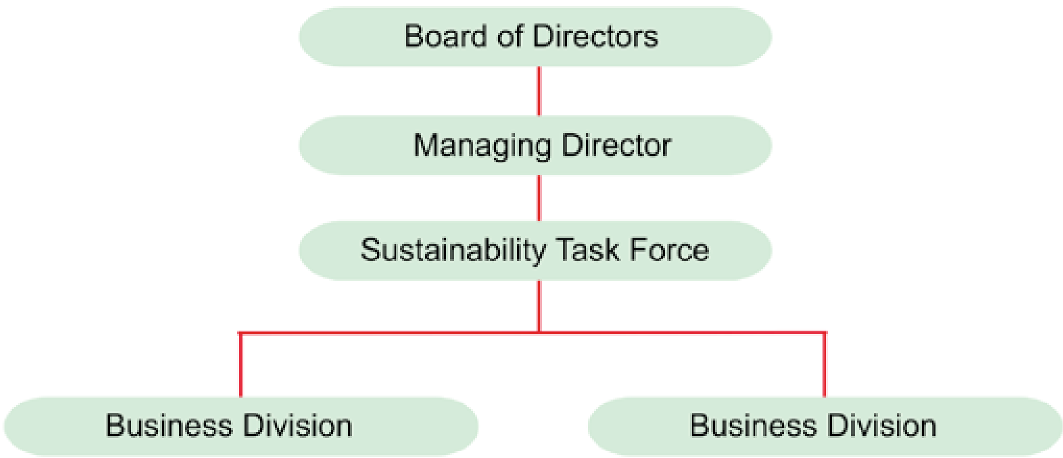
Scope & Boundaries

The reporting period for this report is from 1 January 2020 to 31 December 2020. It covers our flour, poultry integration and aqua feeds businesses in Malaysia and Vietnam. It does not include our joint venture, PT Bungasari Flour Mills Indonesia. There has been no changes to our scope for sustainability reporting since our last reporting in 2019.

Reporting Framework

The 2nd edition of Bursa Malaysia Sustainability Reporting Guide published by Bursa Malaysia Securities Berhad is used in preparing this report.

Sustainability Governance



Our Sustainability Task Force is led by our Managing Director, Mr. Teh Wee Chye to ensure reliable decision-making process for our Group in achieving greater sustainability.

Sustainability risk management is integrated into our Group's risk assessment and is spearheaded by our Sustainability Task Force which assesses the risk and publishes the Sustainability Report annually.

Our business divisions implement and manage sustainability initiatives.

Sustainability Framework

We aspire to be a leading food manufacturing enterprise in the region.

- To be the preferred provider and strategic partner in the food industry.
- To drive operational excellence by embracing a culture of continuous improvement.
- To add value to stakeholders by growing economies of scale.

Business Divisions adopt the well-known continuous improvement cycle Plan-Do-Check-Act (PDCA) in managing sustainability initiatives.

Sustainability Approach

In embracing good sustainability practices, MFM Group focuses on managing its social and environmental impact and seeks to improve operational efficiency and natural resources stewardship.

As wheat-related and poultry products would always remain as an essential part of food consumption worldwide, MFM is dedicated in constantly creating added value not only to shareholders but for society as a whole. Moving forward, MFM is committed to managing Economic, Environmental, Social and Governance matters, guided by MFM's Code of Conduct and related Policies, Standards & Guidelines.

Core Values

MFM Group upholds its core values of "QUALITAS", "CONSILIUM" and "PROGRESSUS" to identify key issues of EES.

QUALITAS

Produce and provide consumers with consistent quality products at reasonable prices

CONSILIUM

Unity of employees and management

PROGRESSUS

Continuous improvement to maintain its competitiveness and contribute effectively to benefit the society

MANAGEMENT APPROACH TO SUSTAINABILITY

Our Group has identified and prioritised key issues related to EES for our business operations as follows:

1 Balanced Relationship With Nature

- To comply with the regulatory requirements & standards in relation to environmental concerns
- To raise awareness among our employees & the whole supply chain in order to act in an environmentally-responsible manner
- To integrate environmental matter into our business decisions
- To ensure that energy & water are utilised efficiently & consumption is being monitored
- To recycle, reduce or reuse the waste or resources where practicable
- To reduce carbon footprint through energy efficiency & conservation practices

2 Workforce & Workplace Environment

- To empower our employees by offering training, motivation & career advancement
- To provide a safe & healthy workplace & take care of employees' well-being
- To encourage open communication, ideas and innovation
- To support diversity in workforce
- To provide job security to employees

3 Operations Excellence & Governance

- To have good strategic management & wisely utilise our resources
- To advance sustainable profitable growth whilst satisfying our ethical, legal & contractual obligations
- To abide by the requirements of all laws & industry's best practices
- To provide our customers with safe products that adhere to Government's legislation & requirements
- To adopt good ethical practices through Code of Conduct
- To ensure an appropriate governance system is in place to oversee the strategic development & performance that relates to the maintenance of a sustainable business
- To ensure proper risk management & internal control system are in place

4 Commitment To Society

- To engage actively with civic project, charity events & the local communities through our corporate social initiatives
- To help our community survive & prosper economically
- To provide ample job opportunities

KEY STAKEHOLDERS ENGAGEMENT

Our Group has continually engaged each stakeholder to address their concerns. We have summarised our engagement platforms with the various stakeholders and the related outcomes from each engagement.

SHAREHOLDERS

Engage via:

AGM, Quarterly Reports, Annual Reports, Shareholders' Circulars, Announcements, Analyst Briefings & Corporate Website

Concerns:

Financial performance and returns, going concern and positive investment growth

COMMUNITY & NGOs

Engage via:

Internship programmes, charity events and volunteer programmes

Concerns:

Community living, care and development

CUSTOMERS

Engage via:

Service satisfaction, customer appreciation and social media platforms

Concerns:

Quality of product, market availability, product prices and values

GOVERNMENT & REGULATORS

Engage via:

Compliance activities

Concerns:

Tax issues, pricing issues, labour practices, health issues, transparency and accountability

MEDIA

Engage via:

Media briefings, events, press conferences and internet

Concerns:

Group's performance and updates

COMPETITORS

Engage via:

Industry competition and market forces

Concerns:

Price competition, new business opportunity, innovation and creativity

HUMAN CAPITAL

Engage via:

Town hall meetings, Employee Portal, Learning & Development programmes and corporate events

Concerns:

Career development, work-life balance and employee welfare

SUPPLIERS & SERVICE PROVIDERS

Engage via:

Compliance with ISO Standards, suppliers' evaluation (audit) and quotation from suppliers

Concerns:

Payment and up-to-date information about the Group

OUR MATERIAL MATTERS

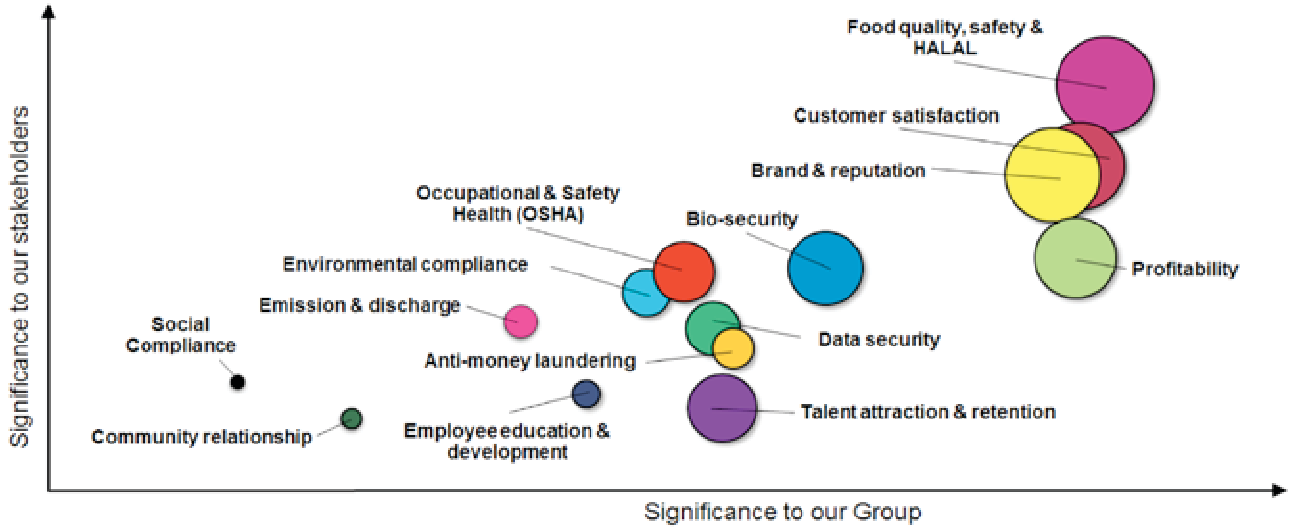
MFM Group adopted the materiality assessment in accordance to Bursa Malaysia Sustainability Reporting Guide. Material matters are defined in Bursa Malaysia Securities Berhad Listing Requirements as those:

- reflecting the business' significant EES impacts; or
- substantively influence the assessments and decisions of stakeholders

For the year 2020, MFM Group conducted a materiality assessment of 14 material matters. The Materiality Matrix below was derived based on the input of the business leaders within the Group. They are familiar with MFM Group's material matters, and the significance of those matters to MFM Group and Stakeholders.

The Materiality Matrix has been endorsed by the Board of Directors.

MATERIALITY MATRIX



1 BALANCED RELATIONSHIP WITH NATURE

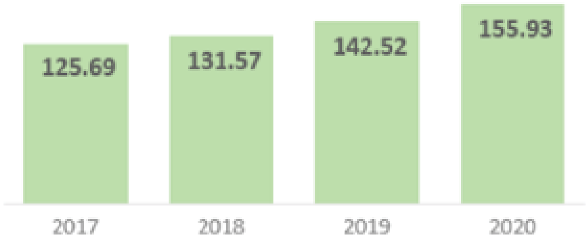
For sustainable business development, it is crucial for MFM Group to maintain a balanced relationship with mother earth where all resources come from.

ENERGY

7 8 12 13

Energy conservation plays a crucial role in slowing down the greenhouse effect. As one of the market leaders in flour manufacturing and poultry industry, MFM Group aspires to reduce its carbon footprint by conserving energy. Energy conservation is not only about reducing energy consumption, but also using energy in a more efficient manner.

Group Energy Usage (Million kWh)



Energy usage of the Group has increased in 2020 as compared to 2019. This was mainly due to increase in production volume at the new poultry processing plant. In conserving energy, we deploy the following initiatives:

- embrace energy-efficient building design;
- utilise heat recovering system;
- utilise energy-efficient equipment; and
- install LED lighting and others.

We also continue to monitor energy consumption through power meter and supervisory control and data acquisition (SCADA) system. Corrective actions are taken to reduce abnormal power consumption and minimise energy waste during idle production time.

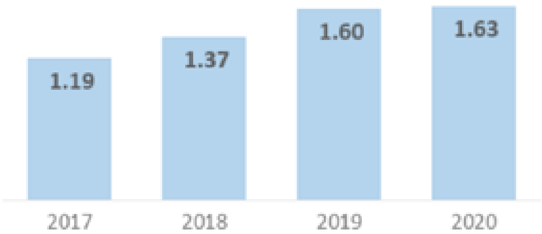
In the long run, we endeavour to manage a balance between ensuring the quality of our products and minimising energy consumption. We will also continue to explore other alternative renewable source of energy in minimising our carbon footprint.

WATER

6 8 12 14

As a major food producer, MFM Group uses significant amount of water in its operations to produce safe and clean products. In conserving water resources, we will continue to measure and manage water consumption effectively at entity level.

Group Water Usage (Million m^3)



The poultry processing plant uses relatively more water than flour mills. The increase in water usage in 2020 was due to increase in production volume at the new poultry processing plant. The plant has been designed with a rainwater harvesting system which allows rainwater to be reused.

WASTE MANAGEMENT

3 6 8 12 14

MFM Group strives to implement effective, sustainable and ecologically sound waste management.

Competent persons are engaged to manage scheduled wastes. Trained and certified personnel will assist business units in managing risk associated with scheduled waste and comply with Environmental Quality Act 1974.

MFM Group invested in a new wastewater treatment plant in 2018. Wastewater generated in the poultry processing plant is treated before its final discharge point at the plant. All wastewater is treated to achieve a minimum effluent standard in line with Department of Environment (DOE)'s requirement.

The new poultry primary processing plant is supported by a rendering plant to manage solid waste from the processing plant. The rendering plant is designed to convert chicken by-products such as chicken intestines and feathers into raw material for animal feeds. The soft offals and feather meal line is a continuous production line. The rendering plant will reduce impact on environment by transforming our waste to be used as one of the protein source in animal / aqua feeds.

Offal and Feather Meal Processing Line

EMISSION

12 13 14 15

Emission represents the various air pollutant that affects the environment and surrounding community. We are committed to reduce emissions throughout our businesses in protecting our environment. We have adopted emission controls to reduce harmful emissions from our flour and feed operations. Air filters are installed at all possible emission areas, and we have certified external parties to assist in monitoring works and complying with applicable laws and regulations.

We have also constructed a biofilter to remove odours emitted from the rendering plant. The use of natural materials such as wood chips, coconut husk and coco peat provide a growth medium for microbes to remove bad odour from air emitted from rendering plant. This process reduces air pollution whereby clean air is released into the environment.

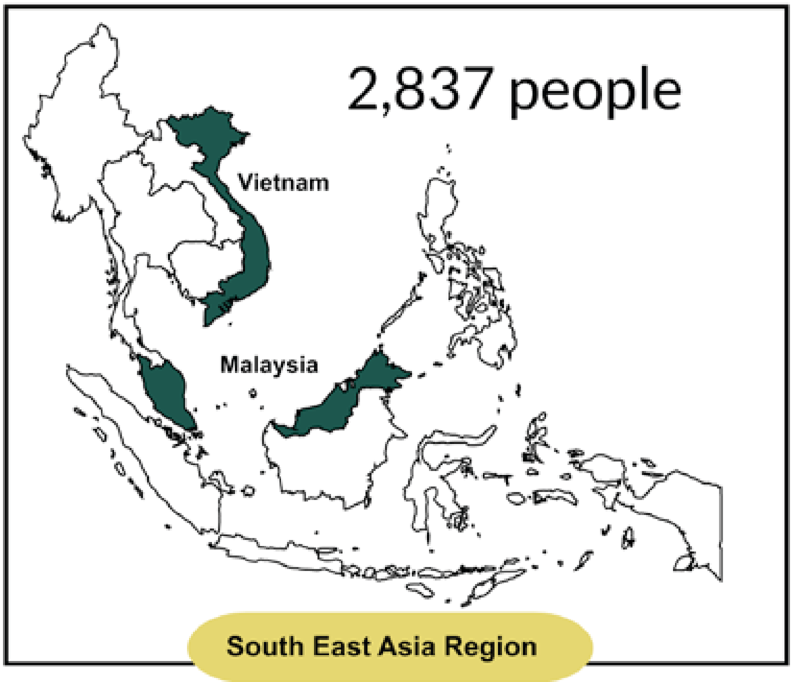
2 WORKFORCE & WORKPLACE ENVIRONMENT

As employees are the most treasured resource in MFM Group, we aim to always grow together in order to achieve greater success and to create a better future.

OUR PEOPLE AT A GLANCE

5 8 10

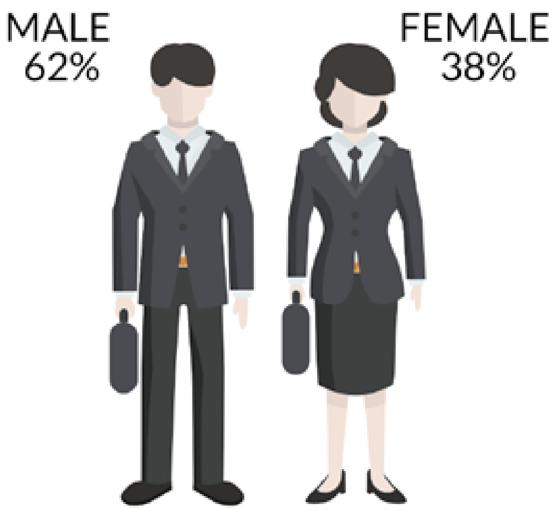
Our Group has a strong regional presence in South East Asia, mainly Malaysia and Vietnam. In 2020, we have employed 2,837 people across all of our businesses.



DIVERSE WORKFORCE

Our Group values workforce diversity as one of its key elements in achieving the Group's Vision and Mission. Embracing the workforce diversity that includes different gender, age group, ethnicity and cultural backgrounds, helps promote multiple perspectives and insights. As a result, this helps create an inclusive environment which would help us to grow holistically and evolve into a bigger, more dynamic organisation.

Gender Profile



** Data excludes foreign workers in Malaysia*

Age Group

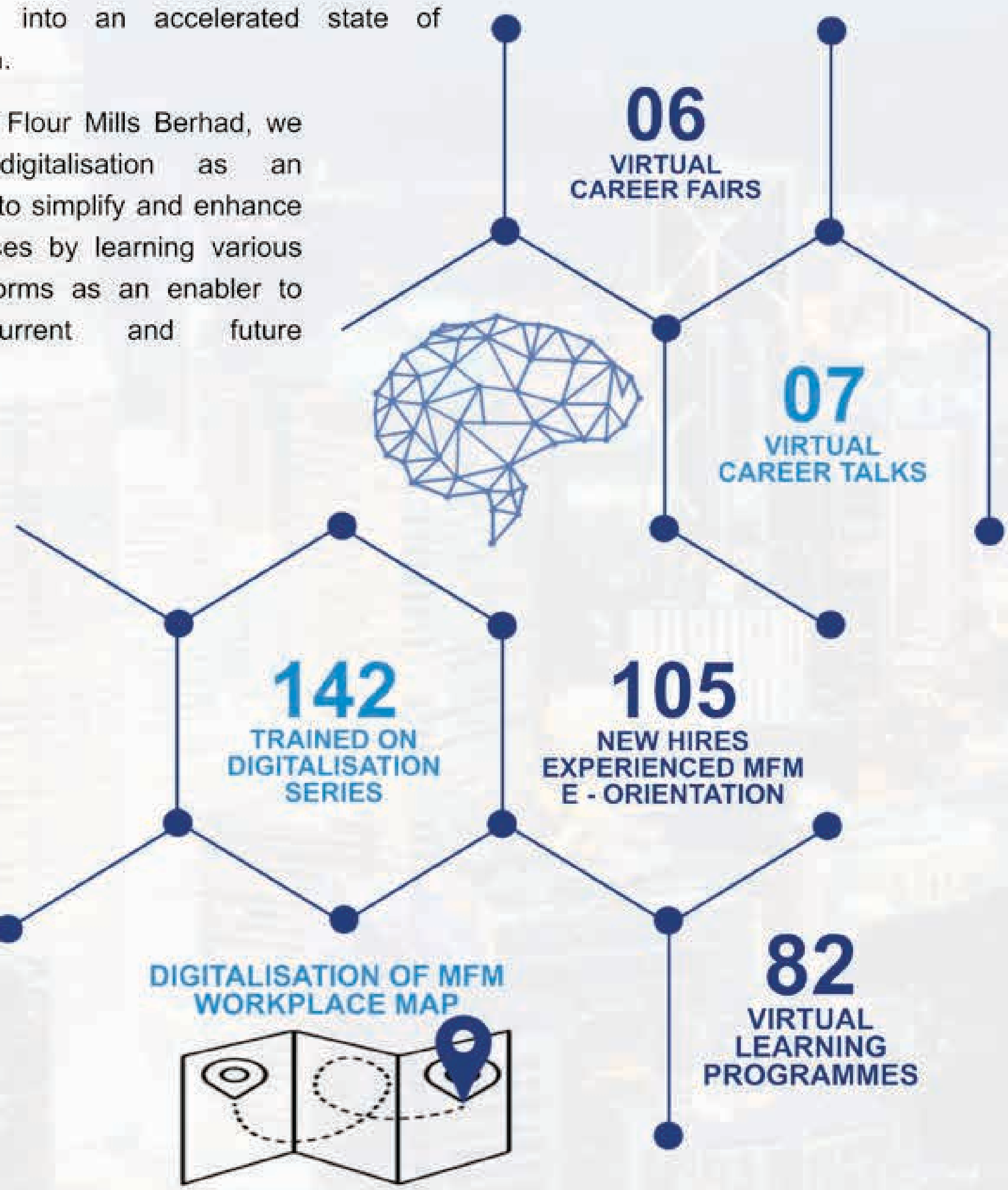
GEN Z: 23 & BELOW	9%
GEN Y: 24 - 39	51%
GEN X: 40 - 55	33%
BABY BOOMERS: 56 & ABOVE	7%

** Data excludes foreign workers in Malaysia*

DIGITALISATION - FORWARD THINKING

Ensuring business excellence is one of the highest priorities for our organisation. With the global pandemic, it has propelled businesses everywhere into an accelerated state of digitalisation.

At Malayan Flour Mills Berhad, we embrace digitalisation as an opportunity to simplify and enhance our processes by learning various digital platforms as an enabler to unlock current and future possibilities.



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LEARNING & DEVELOPMENT - OUR PASSION

MFM recognises the importance of developing our employees with the right competencies to support our business strategy and employee development.

01 TALENT PROGRAM

195
Employees Attended the Able & Willing Workshop

Talent Review is aimed to identify capabilities of our talents and in defining gaps for development needs via the Able and Willing assessment. This assessment measures Functional, Behavioural & Willingness traits of talents.

02 MFM INTERNSHIP

33%
OFFERED PERMANENT JOB PLACEMENT

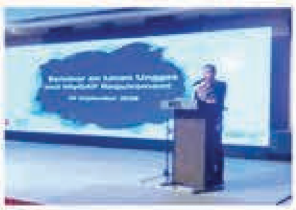
03 MFM SCHOLARSHIP

MFM scholars completed their studies in United States of America, with exemplary academic results. They returned to MFM Group of Companies and assigned special projects on continuous improvement of Broiler, Breeder & Feed Trials, and DPP Rendering Plant.

04 LESEN UNGGAS AND MYGAP REQUIREMENTS

As part of DPDC commitment towards Integrated Quality Management System (IQMS), DPDC facilitated the seminar on **"Lesen Unggas and MyGap Requirements"**, a platform for contract farmers to engage in a discussion on Poultry Licensing requirements, MyGap, implementation of Closed House Systems, and educating the importance of biosecurity at the farms, with our Managing Director, MFM Consultants and Director, Department of Veterinary Services, Perak, and his team.



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LEARNING & DEVELOPMENT - OUR PASSION

A culture where learning is key for the success of any growing organisation. Adopting a digital model which focuses on flexible accessibility, interactivity and gamification has provided significant breakthroughs in creating meaningful, and digital development experiences for employees.

"Attended the Leadership Sharing, it was a very inspirational session where I gained valuable leadership insights, and observed how successful leaders make continuous progress in overcoming this unprecedented pandemic."

05 BEFORE THE MOVEMENT CONTROL ORDER (MCO)


FIREFIGHTING TRAINING

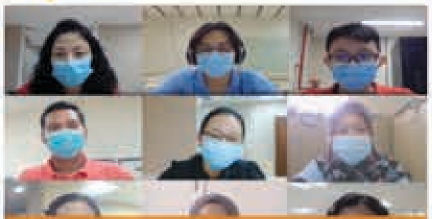

ELECTRICAL SAFETY TRAINING


COMMUNICATION SKILLS

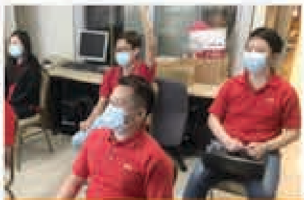

COFFEE WITH OUR MANAGING DIRECTOR


CHANGING FOR GREATER SUCCESS

05 AFTER THE MOVEMENT CONTROL ORDER (MCO)


DIGITALISATION SERIES

BECOMING A PERSON OF INFLUENCE


GOOGLE MEET SYSTEM WORKSHOP


USA WHEAT TRAINING


FORKLIFT TRAINING


FOOD HANDLING TRAINING

5 8 10

COVID-19 PANDEMIC

PROTECTING OUR PEOPLE

As an essential food service provider, MFM continues to operate during the MCO (Movement Control Order). With our business continuity plan in place, we are committed to focus on delivering quality Flour & Poultry products to the nation while protecting the health and safety of our employees. There are regular communications by GHR to engage employees on government updates and SOP compliance.

01 PRECAUTIONARY COVID-19 TEST

Results showed negative.

02 WORK FROM HOME SCHEDULE

Staggered work from home schedule arranged.

03 DIGITAL PLATFORM

Meetings, conferences and discussions were held virtually.

04 DIGITAL TEMPERATURE CHECK & SOCIAL DISTANCING

05 IMPLEMENTATION OF CLEANING & SANITISATION ROUTINE

Additional regular cleaning & sanitization, focusing on high touch surfaces.

06 EMPLOYEE HOSTEL

Employees from different business under MFM were separated to avoid the spread of COVID-19.

07 IN-HOUSE CLINIC

Set up in-house clinic at our plants to ensure employees obtain immediate attention when feeling unwell.

HR ASIA AWARD 2020

WeCare

HR Asia Most Caring Companies Award 2020

Malayan Flour Mills Berhad (MFM) is the recipient of the HR Asia's Best Companies to Work For in Asia Award 2020, for the third consecutive year. This is a prestigious award, organised by HR Asia to recognise companies' contribution and effort towards championing learning and development, employee engagement and employee satisfaction.

MFM is also the recipient of the HR Asia Most Caring Companies Award 2020 - WeCare, recognising companies that have demonstrated that empathy and care as part of their DNA and workplace excellence.

The two awards belong to all our employees, and MFM will continue to develop our People and strive to make MFM a great place to work.

HEALTH & SAFETY

3 8

MFM always puts workplace safety and employee health as the first priority. We equip related employees with proper Personal Protective Equipment (PPE) to protect them from physical hazards at the worksite. Health surveillance was carried out for employees in accordance to Department of Occupational Safety and Health (DOSH)'s requirement.

To create a healthy and safe working environment, we comply with laws and regulations, provide continuous and consistent trainings to related employees and establish Health, Safety and Environment (HSE) divisions to oversee these matters.

Safety Officer

Our Safety & Health Officers are present to conduct regular checks to ensure compliance with statutory regulations, procedures and practices. They investigate any safety and health-related incidents that happen in the workplace, conduct safety campaigns and provide individual counselling on safety and health-related matters.

Compliance

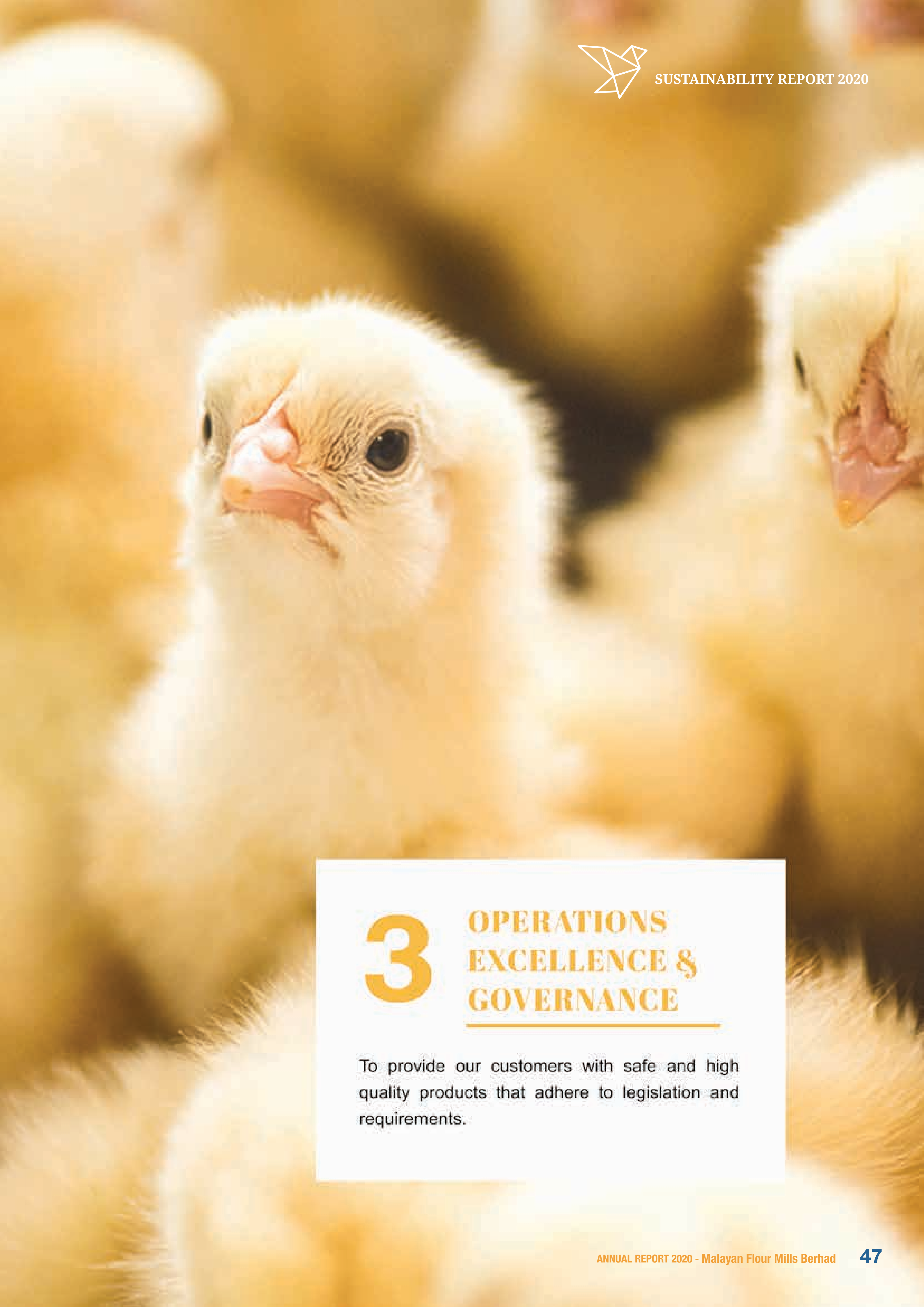
We comply with the Occupational Safety & Health Act (OSHA) 1994, Factories & Machinery Act 1967 and their regulations. Our poultry farm reinforces our commitment towards OSHA by developing Occupational Safety & Health Administration manual and implementing Hazard Identification, Risk Assessment and Risk Control (HIRARC).

Training

- Environmental Awareness
- Noise Awareness & Hearing Conservation Programme
- Medical Surveillance Awareness Talk
- Chemical Exposure Awareness Program
- Lock Out, Tag Out, Try Out (LOTOTO) Safety Awareness
- Emergency Response Team (ERT) Refresher
- Chemical Management, Handling, Storage, & Disposal
- AESP (Authorised Entrant & Stand-by Person) for Confined Space
- HIRARC Refresher Workshop
- Fire Fighting & Rescue
- Electrical Safety
- Machine Safety
- Forklift Safety
- Personal Protective Equipment (PPE)
- COVID-19 Drill

Zero Penalty & Fatality

In 2020, we did not receive any penalties related to occupational safety and health from relevant authorities. There were no workplace fatality cases in our Group.



3 OPERATIONS EXCELLENCE & GOVERNANCE

To provide our customers with safe and high quality products that adhere to legislation and requirements.

PRODUCTS & SERVICES RESPONSIBILITY

CUSTOMER RELATIONS

Developing a healthy relationship with customers is crucial to understand customers' needs in order to improve our products and services quality. MFM Group deploys Customer Relationship Management (CRM) system to manage customers' feedbacks.

We value and safeguard customer data and privacy as company asset. In 2020, MFM Group did not receive any complaints concerning breaches of customer privacy.

OUR COMMITMENT TO FOOD QUALITY & SAFETY

WE AFFIRM THE FOLLOWING:

MFM products are FREE from:

- Any visible metal fragments
- Salmonella and Aflatoxin; yeast and mould

MFM products are certified by:

JAKIM (Department of Islamic Development Malaysia) as HALAL, complying with Islamic dietary requirements

Customer complaint related to food safety issues:

Strictly controlled to be not more than 5 cases per year

CERTIFICATE & TRAINING FOR FOOD SAFETY & QUALITY

	FLOUR	POULTRY INTEGRATION		AQUA FEEDS
	Flour Milling	**Poultry Farming**	**Poultry Processing**	**Feed Milling**
CERTIFICATIONS	• Hazard Analysis and Critical Control Points (HACCP) • Food Safety System Certification (FSSC) 22000:2005 • ISO 9001:2015 • HALAL (certified by JAKIM)	• Hazard Analysis and Critical Control Points (HACCP) • Malaysia Good Agriculture Practice (myGAP)	• Hazard Analysis and Critical Control Points (HACCP) • Veterinary Health Mark (VHM) • Good Manufacturing Practice (GMP) • ISO 22000:2018 • ISO 9001:2015 • HALAL (certified by JAKIM)	• Hazard Analysis and Critical Control Points (HACCP) • Fish Quality Certificate (FQC) by Department of Fisheries Malaysia • ISO 22000:2018
TRAININGS	• Good Manufacturing Practices (GMP) • Awareness & Implementation of FSSC 22000 • Food Handling • ISO 19011 Internal Audit • Personal Hygiene & Foreign Material Policy • CCP & OPRP	• HACCP Awareness • HACCP Internal Audit • Food Hygiene, Food Safety • Good Manufacturing Practices (GMP)	• Good Manufacturing Practices (GMP) • Quality Assurance • Food Handling • HACCP	• Awareness and Implementation of ISO 22000 • ISO 22000 Internal Audit • Material Handling • Good Manufacturing Practices (GMP)

BIO-SECURITY

12 14 16

MFM Group's poultry farm and hatchery facilities are equipped with bio-security facilities. Bio-security is an effective and efficient way of disease prevention and disease control. Farms are cared by professional and qualified veterinarians who monitor the flock health, carry out diagnosis, provide treatment prescription and conduct research & development (R&D). Strict bio-security measures are in place to prevent infestation or disease in farms, thus protecting the environment and workers. The closed house system allows chicken house temperature to be regulated. This reduces bird stress, lowers bird mortality and improves farm performance.

COVID-19 Pandemic is a material matter to the Group and management is fully aware of the Bio Security risks. Special quarantine areas were set up at the onset of COVID-19. Such measures isolate workers with COVID-19 symptoms from others. The above plus strict adherence to Ministry of Health's Standard Operating Procedures has proven effective in managing COVID-19 risk. Compartmentalisation ensures the safety of employees and business continuity.

Closed Farm Houses

CODE OF CONDUCT

16

We instil high standards of professional and ethical conduct in all employees. Integrity helps us to earn the trust and respect of the people we serve. MFM Group's Code of Conduct sets out the ethical standards to all employees in their dealings with fellow colleagues, customers, shareholders, suppliers, competitors, the wider community and the environment. We uphold our reputation and high standards by living the Code of Conduct. This will help us to achieve the highest possible standards across our businesses within the MFM Group.

ANTI-CORRUPTION

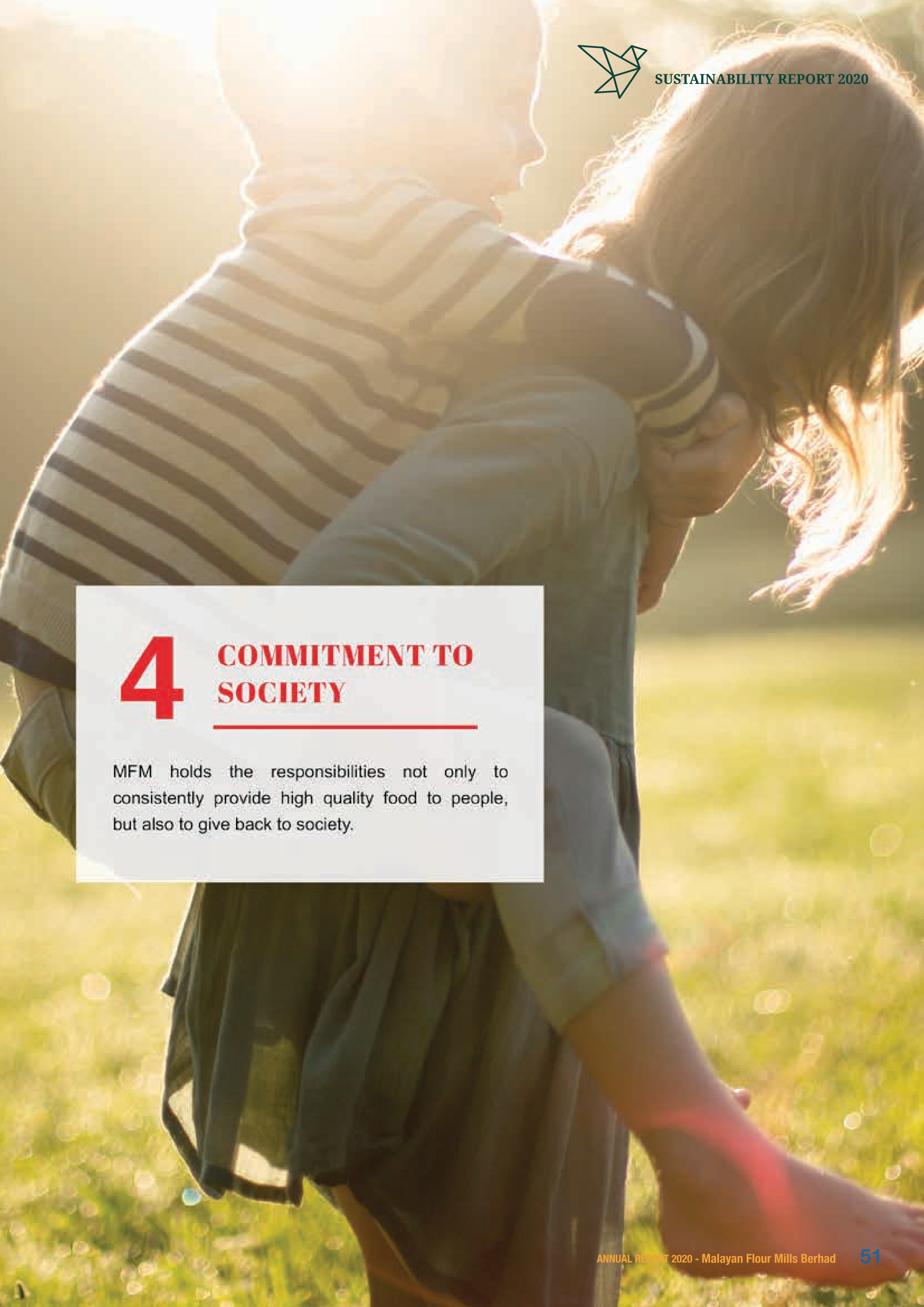
16

MFM Group has in place Whistle Blowing Policy and procedures, as well as Policy and Guidelines on Gifts and Entertainment.

ANTI-COMPETITION BEHAVIOUR

16

In 2020, MFM Group did not have any legal actions pending or completed related to anti-competition behaviour.



4 COMMITMENT TO SOCIETY

MFM holds the responsibilities not only to consistently provide high quality food to people, but also to give back to society.

Corporate Social Responsibility Towards Workplace

BAKERS TRAINING

Three (3) training courses were held at our Cai Lan plant in Vietnam. The courses aim to help expand bakery's product range and improve the quality of existing products.

FOOTBALL ACTIVITY

Regular football activity to promote healthy lifestyle and strengthen bond between employees.

Corporate Social Responsibility Towards Marketplace

12 16

CUSTOMER SERVICE DELIVERY THROUGH E-PLATFORM

Recognising the importance of customer shopping preference, Ayam Dindings sell and deliver products directly to customers through the Shopee e-platform.

TECHNICAL TRAINING AND SUPPORT

Technical staff from Mekong Flour Mills Ltd and Vimaflour Ltd visited customers in providing them with technical training and support

Corporate Social Responsibility Towards Community

"AYAM CARES, AYAM DINDINGS" CAMPAIGN

MFM Group spearheaded a campaign to help those in need during the pandemic. Our employees, their family and friends, and business partners contributed to this cause. We have donated 20,774 birds to over 60 homes, charities and foundations across the country.

DONATION TO QUARANTINE CENTRE

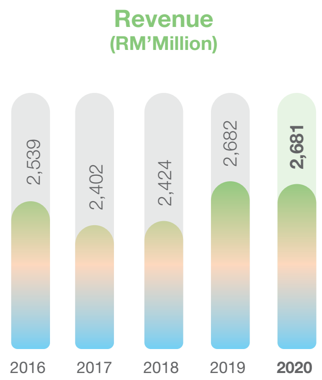
Vimaflour Ltd, in collaboration with Hong Hiep Co., donated 1 metric tonne (MT) of Hoa Ngoc Lan wheat flour, cooking oil and sugar to quarantine centres in the Hai Duong area of Vietnam.

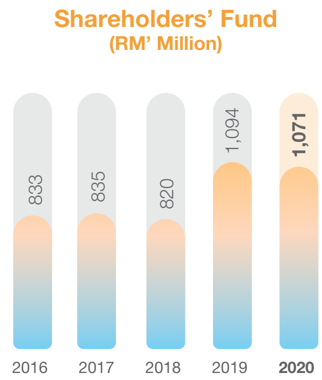
GROUP FINANCIAL HIGHLIGHTS

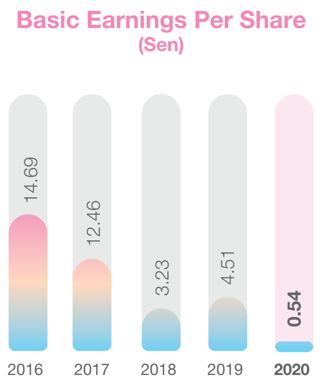
	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000
Revenue	2,538,686	2,402,283	2,423,774	2,681,563	**2,680,670**
Profit before tax	111,319	96,493	39,933	78,295	**36,027**
Tax expense	(18,359)	(24,530)	(12,467)	(17,693)	**(15,443)**
Profit for the year	92,960	71,963	27,466	60,602	**20,584**
Minority interests	(12,125)	(3,395)	(9,690)	(17,351)	**(15,171)**
Profit attributable to equity holders of the Company	80,835	68,568	17,776	43,251	**5,413**
Issued share capital (RM'000)	275,120	377,501	377,501	527,571	**530,665**
Shareholders' fund (RM'000)	833,105	834,616	819,950	1,094,312	**1,070,859**
Net assets per share (sen) *	151	152	149	109	**106**
Basic earnings per share (sen) **	14.69	12.46	3.23	4.51[a]	**0.54[a]**
Gross dividends (%)	13.00	9.50	5.50	5.72	**3.43**
* Based on number of shares ('000)	550,239	550,285	550,285	1,004,095	**1,010,282**
** Based on weighted average number of shares ('000)	550,239	550,270	550,285	958,710	**1,007,587**

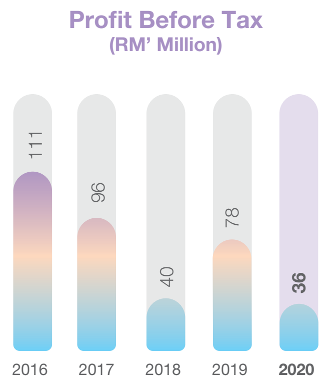
Note:

a. As disclosed in Note 22 to the Financial Statements.









The Board of Directors ("the Board") of Malayan Flour Mills Berhad ("the Company") strives to ensure that good corporate governance is embraced in the conduct of the businesses and affairs of the Company and its subsidiaries ("the Group") as it is the Board's fundamental responsibility to protect and enhance long-term shareholder value and the financial performance of the Group, whilst taking into account the interest of all stakeholders.

The Board recognises that the practice of good corporate governance, by being ethical, accountable and transparent, is vital for the sustainability of the Group. The Board makes adjustments as may be appropriate with the ultimate objective of continuously enhancing the business processes, stakeholder value and increasing the confidence of the investors and customers.

The Board has been guided by the Malaysian Code on Corporate Governance 2017 ("MCCG 2017") in its implementation of corporate governance practices. Whilst ensuring compliance with Bursa Malaysia Securities Berhad Main Market Listing Requirements ("Listing Requirements") and the Companies Act 2016, the Board always keep abreast with the developments in industry practices and the requirements by other relevant regulations to uphold the highest level of corporate governance throughout the Group.

This statement provides an overview of the corporate governance practices of the Company in respect of financial year ended 31 December 2020 and to be read together with the Corporate Governance Report of the Company ("CG Report") which is available on the Company's website at www.mfm.com.my. The CG Report discloses the Company's application of each recommended practice in the MCCG 2017.

This overview statement describes the approaches that the Company has taken with respect to the 3 key principles of the MCCG 2017 as follows:

A. Board Leadership and Effectiveness

B. Effective Audit and Risk Management

C. Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I. Board Responsibilities

<u>Roles and Responsibilities of the Board</u>

The Board plays a role in providing stewardship and control of the Group's business and affairs on behalf of shareholders with due consideration on the impact of the Group's activities on its stakeholders. The Board is responsible for the oversight and overall management of the Group by providing guidance and direction to the management with regards to the sustainability, strategic planning, risk management, succession planning, financial and operations to meet the expectations and obligations to the shareholders and various stakeholders.

Amongst the key responsibilities of the Board are as follows:

- Review and approve short and medium terms strategic plans
- Monitor the progress of the Group's businesses to evaluate whether the businesses are properly managed to achieve its targeted returns and sustainability
- Establish goals for management and monitor the achievement of these goals
- Identify principal business risks faced by the Group and ensure the implementation of appropriate internal controls and mitigating measures to address the risks

- Review the adequacy of the internal control systems
- Review succession and human resource plans
- Consider management's recommendations on key issues including investments, acquisitions, funding and significant capital expenditure

The Board delegates the day-to-day management of the Group to the Managing Director who further cascades the delegation to the management team. Both the Managing Director and management team remain accountable to the Board for the authority delegated to them and brief the Board on the operational progress and financial results on a quarterly basis.

Significant matters reserved for the consideration of the Board include the following:

- Approval of financial statements including accounting policies of the Group
- Declaration of dividends
- Approval of annual budget
- Approval for the appointment and remuneration of Directors and Senior Management staff
- Proposed corporate exercise
- Borrowings from financial institutions
- Acquisition and disposal of assets
- New investments such as joint venture

As for the succession planning, the Board is responsible in reviewing candidates for the appointment of Director and key management positions. The Managing Director updates the Board annually and from time to time on the details of the programmes for management development such as coaching, leadership and technical training. The Board also reviews the remuneration of the Directors and key Senior Management to ensure that their remuneration packages are sufficiently attractive to attract and retain the talents.

<u>Separation of positions of the Chairman and Managing Director</u>

The Board Charter provides clear division of responsibility between the Chairman and the Managing Director to ensure that there is a balance of power and authority, such that no one individual has unfettered powers of decision-making.

Tun Arshad bin Ayub, who is a Non-Independent Non-Executive Director, is the Chairman of the Company. He is responsible for leading and ensuring the Board effectiveness and compliance with corporate governance. He acts as a facilitator at Board meetings and general meetings to ensure that the meetings are carried out smoothly according to their agenda. He is the father of Mr Azhari Arshad who is an Executive Director.

Mr Teh Wee Chye is the Managing Director of the Company and leads the day-to-day management of the Group. He, together with the support of the management team, formulate business strategies and plans to achieve the Group's vision and missions, targeted growth, turnover and profitability to meet the stakeholders' expectation. He is responsible for implementing the policies and decisions of the Board and coordinating the implementation of business and corporate strategies.

The Chairman and Managing Director have regular dialogues over all operational matters. Between Board meetings, the Chairman maintains an informal link between the Board and the Managing Director, expects to be kept informed by the Managing Director on all important matters and is available to the Managing Director to provide counsel and advice where appropriate.

Board Meetings and Time Commitment

The Board meets at least 6 times annually with quarterly meeting being held to review amongst other matters, the business progress report and financial results. Board meetings for the ensuing financial year are scheduled prior to the commencement of that year to enable the Board and management to plan their schedule ahead. Additional meetings are convened in between scheduled meetings when Board's decision is required for urgent and important proposals or matters. Where appropriate, the Board's decision may be made via Circular Resolution in between scheduled meetings. Decisions of the Board are made unanimously or by consensus.

For the Board to deliberate effectively on agenda of the meetings, relevant meeting papers will be furnished to the Directors in advance of each meeting. This allows the Directors sufficient time to peruse the papers and have productive discussion and make informed decision at the meeting.

All deliberations and decisions made by the Board are properly recorded by the Company Secretary by way of minutes of the meetings. Minutes of proceedings and resolutions passed at each Board and Board Committees meetings are kept in the minutes book at the registered office of the Company.

In the event of a potential conflict of interest, the Director in such position will make a declaration to that effect as soon as practicable at the Board meeting. The Director concerned will then abstain from any decision-making process in which he has an interest in.

During the year under review, 8 Board meetings were held. The attendance of each Director at the Board meetings is as follows:

Name of Directors	Meeting Attendance
Non-Independent	
Tun Arshad bin Ayub	8/8
Teh Wee Chye	8/8
Prakash A/L K.V.P Menon	8/8
Azhari Arshad	8/8
Lim Pang Boon	8/8
Independent	
Datuk Oh Chong Peng	8/8
Dato' Wira Zainal Abidin bin Mahamad Zain	8/8
Quah Poh Keat	8/8
Prof. Datin Paduka Setia Dato' Dr Aini binti Ideris	7/8
Dato' Maznah binti Abdul Jalil	8/8

All the Directors have complied with the requirement to attend at least 50% of the Board meetings held in the financial year pursuant to the Listing Requirements.

The Board is satisfied with the level of time commitment given by all the Directors towards fulfilling their duties and responsibilities as Directors of the Company. This is reflected by their attendances at the Board and various Board Committees meetings held during the year.

Besides attending Board and Board Committees meetings, as their commitment in discharging their duties and responsibilities, some Directors had also attended offsite meetings with relevant authorities and discussion meetings with management.

In addition, all the Directors of the Company do not hold directorships at more than five public listed companies as prescribed in paragraph 15.06 of the Listing Requirements and thus, able to commit sufficient time to the Company. For notification to the Companies Commission of Malaysia as well as monitoring purpose, the Directors are required to notify the Company on any changes in his other directorship of public companies or subsidiaries of public companies.

Access to Advice and Information

In order for the Board to effectively discharge its duties and responsibilities, the Directors are provided with full, complete and unrestricted access to timely and accurate information. All Board and Committee members are provided with the agenda and reports relevant to the business of the meeting in advance so that the Directors have sufficient time to prepare and deliberate on the issues prior to the meeting.

Senior Management members are also invited to attend Board meetings to provide the Board with their views and explanations on certain agenda items tabled to the Board and to furnish their clarification on issues that may be raised by Directors.

In addition, the Directors may request for independent advice from the relevant professionals for the discharge of their duties, at the Company's expense.

Qualified and Competent Company Secretary

In furtherance of their duties, the Directors have access to the advice and services of the Company Secretary who satisfied the qualification as prescribed under Sections 235(2) and 241 of the Companies Act 2016. The Company Secretary is responsible for ensuring that Board meeting procedures are adhered to and that applicable laws, rules and regulations are complied with. The Board is updated and advised by the Company Secretary from time to time on new statutes and directives issued by the regulatory authorities.

The Company Secretary organises and attends all the Board and Board Committees meetings as well as the General Meetings and ensures accurate records of the proceedings and decisions of the meetings are made and properly kept.

The Company Secretary also notifies the Directors on each closed period for dealing in the Company's listed securities, based on the targeted dates of announcements of the Group's quarterly results and in accordance with the period defined in Chapter 14 of the Listing Requirements, before the commencement of each closed period as prior notice of the closed period. The Directors are also being advised on the procedure for dealing in the Company's listed securities during the closed period to aid them in complying with the Listing Requirements.

The Company Secretary always keep abreast of the evolving regulatory changes and developments in corporate governance through continuous training as she plays an important role in advising the Board on updates relating to new statutory and relevant regulatory requirements.

Directors' Continuing Development

The Directors of the Company have continued to attend and participate in various programmes which they have individually or collectively considered as relevant for them to keep abreast with the changes in regulations and trends in the business practices, environment and markets.

From time to time, the Board will be updated on the companies and securities legislations and other relevant rules and regulations at the Board and Board Committees meetings, in order to acquaint them with the latest developments in these areas. Beside this, the Directors also receive regular briefings and updates from the management on the Group's businesses, operations, risk management, internal controls, corporate governance and finance.

In addition, the Company Secretary also receives regular updates on training programmes from Bursa Securities and various organisations which will be circulated to the Directors for their consideration.

The Company Secretary facilitates the participation of the Directors in the external training programmes and keeps record of the trainings attended by all the Directors.

For the year under review, the Directors had attended various appropriate seminars, conferences, workshop and courses covering economy, company laws, taxation, risk management, capital markets and leadership of the following topics:

- Companies Act 2016: Practical Guide for Company Directors
- Fraud Risk Management workshop
- Industry 4.0 and It's Impact of Malaysian Capital Market
- How The US-China Trade War Will Move Forward
- A New Reality Webinar Series - Asia Pacific after COVID-19
- Leadership Sharing
- Tax Update on Budget Proposals

Board Charter

The roles and functions of the Board are clearly defined in the Board Charter which regulates how the business is to be conducted by the Board in accordance with the principles of good Corporate Governance. The Board Charter was last revised in 2020 to reflect the changes in the Terms of Reference of the Audit & Risk Management Committee. The Board Charter is available on the Company's website.

Code of Conduct

The Company's Code of Conduct ("Code") is in force across the Group and all employees must comply with it. Disciplinary action may be taken against employees who are found guilty for non-compliance with the Code. The Code sets out the ethical standards of conduct that all employees are expected to comply with in their dealings with fellow colleagues, customers, shareholders, suppliers, competitors, the wider community and the environment.

Every employee must display and behave in a manner which is consistent with the Group's philosophy and core values. The following Code of Conduct must be adhered to at all times by all employees within the Group:

a. Demonstrating commitment
b. Living the core values of the Group
c. Avoiding conflict of interest
d. Preventing bribery and corruption
e. Practising confidentiality and data protection
f. Communicating externally and internally with ethics and within authority
g. Protecting company assets and resources
h. Giving equal opportunity, non-discrimination and fair employment
i. Ensuring safety and protecting the environment
j. Prohibiting insider trading

The Code is subject to change and review as and when it is deemed necessary by the Company.

As personal commitment to the Code, each employee of the Group is required to make a declaration that he/she has been furnished a copy of the Code, has read and understood the Code, accepted to comply with the Code and understood that any breach of the Code may result in disciplinary action being taken against him/her. The Code is available on the Company's website.

Policy and Guidelines on Gifts and Entertainment

In line with good practice of corporate governance in the conduct of business and affairs of the Group and as part of the measures to avoid conflict of interest and prevention of bribery and corruption in compliance with Section 17A(5) of the Malaysian Anti-Corruption Commission Act 2009 ("MACC Act"), the Group has adopted a revised Policy and Guidelines on Gifts and Entertainment ("Policy and Guidelines") on 6 July 2020.

The Policy and Guidelines apply to the Board of Directors, officers and employees, including contractual employees, consultants, agents and person associated with the Group ("Associated Persons").

The Group requires its Associated Persons to abide by the Policy and Guidelines to avoid conflict of interest or the appearance of conflict of interest for either party in on-going or potential business dealing between the Group and external parties as a gift can be seen as a bribe that may tarnish the Group's reputation or be in violation of anti-bribery and corruption laws.

The Policy and Guidelines were published on the Internal Newsletter for the attention of all the existing employees as well as notified to the suppliers and customers via letter or email. All new recruits will also be briefed on the Policy and Guidelines during the orientation.

The Policy and Guidelines are also published on the Company's website.

Whistle Blowing Policy

The Company has a Whistle Blowing Policy in place. The objectives of the Standard Operating Procedures & Policy ("SOPP") on Whistle Blowing Policy are as follows:

a. To instill the highest level of corporate governance in the Group;
b. To encourage and enable all employees to raise genuine concerns within the Group rather than overlooking a problem. Employees are reminded to conduct the business at the highest ethical and legal standards; and
c. To set a procedure for all employees to give information on non-compliances to the Code of Conduct, regardless of his or her position, to an independent party to investigate the allegations and take the appropriate actions.

A Whistle Blowing Policy for external parties is published on the Company's website.

All employees or any person who has dealings with the Group may report any suspected fraud, misconduct or any integrity concerns to Datuk Oh Chong Peng, Senior Independent Non-Executive Director of the Company, via the email address at whistleblowing@mflour.com.my.

II. Board Composition

Composition and Balance of the Board

There are currently 10 Directors on the Board comprising 3 Executive Directors and a strong team of 7 Non-Executive Directors of whom 5 are Independent Directors. The size and composition of the Board provides for a diversity of views, the desired level of objectivity and independence in Board deliberations and decision-making.

The Directors of the Company are persons of high integrity and calibre who come from diverse backgrounds with expertise and skills in banking, finance, accounting, manufacturing, retailing, property development, public services, education and legal.

The present Board composition complies with paragraph 15.02 of the Listing Requirements which require a minimum of 2 directors or 1/3 of the Board to be independent directors, whichever is the higher.

The Board diversity shall be considered from a number of aspects, including but not limited to gender, age, cultural and educational background, professional experience in varying stages of business development and internationally, personal characteristics, skills and knowledge. Currently, the Board, which comprises amongst others, diverse professional experience, ethnicity and age, had also achieved the gender diversity with 2 women Directors on the Board which represent 20% of the Board.

As the Company practices equal opportunity and non-discrimination in any form, the selection criteria for appointment of Director continued to be based on merit, calibre, skill and knowledge which are relevant to the Group. A brief profile of each Director of the Company can be found on pages 5 to 12 of this Annual Report.

Appointment and Re-election of Directors

The procedures for appointments to the Board are formal and transparent. The Nomination Committee is responsible for making recommendation for any appointment to the Board by considering the mix of skills, knowledge, expertise and experience which the Director brings to the Board. Amongst the qualifications for membership of the Board are:

- an appropriate knowledge, understanding or experience of the conduct of business;
- the ability to see the wider picture and perspective, with some benefit of international experience;
- the ability to make sensible and informed business decisions and recommendations;
- high ethical standards and sound practical sense;
- integrity in personal and business dealings; and
- total commitment to furthering the interest of the shareholders and to achieve the Company's goals.

For the position of independent non-executive director, the Nomination Committee also evaluates the candidate's calibre, credibility and necessary skill and experience to bring an independent judgement and view to matters under consideration. Upon performing the requisite assessment by the Nomination Committee, the new nomination of Director will be recommended to the Board for approval.

The Constitution of the Company provides that all Directors shall hold office only until the next Annual General Meeting ("AGM") subsequent to their appointment and shall then be eligible for re-election.

In respect of the retirement by rotation of Directors, the Constitution provides that at least 1/3 or the nearest to 1/3 of the Directors for the time being are subject to retirement by rotation at each AGM and that all Directors are subject to retirement by rotation at least once in every 3 years. The Director who is subject to retirement at the AGM, shall be eligible for re-election.

A Director who is due for re-election at the AGM will first be assessed by the Nomination Committee on his performance and contribution, who will then submit its recommendation to the Board for deliberation and endorsement. Thereafter, shareholders' approval will be sought for the re-election.

Information of the Director standing for re-election such as his personal profile, attendance of meetings and shareholdings are available in this Annual Report for the shareholders to make an informed decision.

Independence of Directors

The Independent Non-Executive Directors are not involved in the day-to-day management of the Company and not full-time salaried employees. They contribute independent views to matters under consideration and provide wide and unfettered perspective on issues. They also bring to the Board integrity and a strong sense of ethics as well as ensuring effective check and balance in the functioning of the Board.

Currently, the Board Charter provides that there shall be no fixed term of office for an Independent Director as the Board believes that continued contribution by long serving Directors provides more benefit to the Company and the Group as a whole. Their considerable knowledge of the Company's culture and businesses would facilitate them to discharge their duties and role as Independent Directors more effectively. However, each Independent Director shall be subject to the Independent Director's Self-Assessment for Annual Declaration of Independence and the annual Individual Director Self/Peer Evaluation to ensure that each of them continues to fulfill the definition of independence as set out in the Listing Requirements.

Based on both the results of the Independent Director's Self-Assessment for Annual Declaration of Independence and annual Individual Director Self/Peer Evaluation, the Nomination Committee and the Board were satisfied that all the Independent Non-Executive Directors of the Company had continued to be independent-minded and demonstrate conduct and behaviour that are essential indicators of independence.

The Nomination Committee and Board also concluded that the length of service of all the Independent Directors on the Board do not in any way interfere with their exercise of independent judgement and ability to act in the best interests of the Group and they had continued to possess the following qualities:

- They are respectable personalities in society. Hence, their contributions, views and insights are always taken seriously and respected by the management;
- They have the ability to analyse issues, challenge viewpoints of the management with intelligent questioning and debate rigorously in the decision-making process; and
- They remain capable of exercising unbiased, objective and independent view, advice and judgement in the decision-making process.

<u>Board Committees</u>

The Board has delegated certain responsibilities to the Board Committees which are necessary to facilitate efficient decision-making to assist the Board in the execution of its duties, power and authorities. The Committees assist the Board in its duties by preparing and reviewing in more detail matters falling within the competence of the Board. The functions and terms of reference of all the Board Committees are clearly defined in the Board Charter and are available on the Company's website. The Chairman of the various committees will report to the Board on the outcome of the respective Committee meetings and such reports are incorporated in the minutes of the Board meeting.

The Board has 3 permanent committees namely, Audit & Risk Management Committee, Nomination Committee and Remuneration Committee. The Board retains full responsibility for the direction and control of the Company and the Group.

<u>Nomination Committee</u>

The Nomination Committee shall comprise exclusively of non-executive directors, a majority of whom must be independent. The Committee currently consists of 3 Independent Non-Executive Directors and 2 Non-Independent Non-Executive Directors as follows:

Dato' Wira Zainal Abidin bin Mahamad Zain (Chairman)	Independent Non-Executive Director
Tun Arshad bin Ayub	Non-Independent Non-Executive Director
Datuk Oh Chong Peng	Senior Independent Non-Executive Director
Prakash A/L K.V.P Menon	Non-Independent Non-Executive Director
Prof. Datin Paduka Setia Dato' Dr Aini binti Ideris	Independent Non-Executive Director

The terms of reference of the Nomination Committee are as follows:

a. To review regularly the Board structure, size and composition and make recommendations to the Board with regards to any adjustments that are deemed necessary and to recommend Directors to Committees of the Board;

b. To be responsible for identifying and nominating candidates for the approval of the Board to fill Board vacancies as and when they arise as well as put in place plans for succession, in particular, of the Chairman and the Managing Director;

c. To review the required mix of skills and experience and other qualities and competencies which Non-Executive Directors should bring to the Board and to assess the effectiveness of the Board, Committees of the Board and contributions of Directors of the Board;

d. To review the balance between Executive and Non-Executive Directors and to ensure at least 1/3 of the Board is comprised of Independent Directors in compliance with the Listing Requirements;

e. To recommend to the Board for the continuation (or not) in service of an Executive Director as an Executive or Non-Executive Director;

f. To recommend Directors who are retiring by rotation to be put forward for re-election; and

g. To recommend to the Board the employment of the services of such advisers as it deems necessary to fulfill its responsibilities.

The Nomination Committee had conducted the Performance Evaluation of the Board, Board Committees and Individual Director for year 2020 via questionnaires which were completed by each Director on a confidential basis. The questionnaires comprised of a Board and Board Committees Performance Evaluation, an Individual Director Self/Peer Evaluation and an Independent Director's Self-Assessment for Annual Declaration of Independence. The effectiveness of the Board was assessed in the areas of composition, operations, roles and responsibilities and performance of the Chairman.

In the evaluation of each Board Committee, its effectiveness was assessed in terms of its composition, level of assistance to the Board, fulfilment of the roles by each member of the Committee and effectiveness of its Chairman.

Meanwhile, the individual Director was assessed on his contribution to interaction, quality of input and understanding of his/her role.

Results of the assessments and areas which required improvement were compiled and reviewed by the Nomination Committee. For the overall results of the assessments, the Board and Board Committees had achieved the strong ratings.

Having been satisfied with the results of the assessments, the Nomination Committee had recommended to the Board that:

- The Board and Board Committees had been able to discharge their duties and responsibilities professionally and effectively.
- Each of the Directors continued to perform, contribute and devote sufficient time in fulfilling his/her role and responsibility towards an effective Board.
- All the Independent Directors complied with the definition of Independent Director as defined in the Listing Requirements.
- All the Independent Directors had remained objective and independent in expressing their views and in exercising their decision-making irrespective of their length of service.
- Shareholders' approval be sought at the forthcoming AGM for the re-election of Mr Quah Poh Keat, Prof. Datin Paduka Setia Dato' Dr Aini binti Ideris and Mr Lim Pang Boon who are retiring by rotation and being eligible, have offered themselves for re-election.

The Nomination Committee meets as and when required and at least once a year. During the year under review, 1 meeting was held.

III. Remuneration

Remuneration Policies for Directors and Senior Management

The remuneration framework for executive directors and senior management has an underlying objective of attracting and retaining directors and senior management needed to run the Company successfully. The Company has in place a remuneration policy which linked the remuneration package of the Executive Directors and Senior Management to the corporate and individual performance. The remuneration package of the Executive Directors and Senior Management comprises the basic salary, performance incentive and other benefits as are laid down by the Company's rules and regulations from time to time. Their remuneration packages are periodically reviewed to keep abreast with the changes in the market and industry as well as to motivate and retain the talents to pursue the long term goals of the Group.

The policy to determine the remuneration of Directors is provided in the Board Charter. The Non-Executive Directors are paid Directors' and Committee fees and meeting allowance for each Board and Committee meeting they attend. Besides these, the Chairman is entitled to the Company's car benefit. In addition, the Company reimburses reasonable expenses incurred by the Directors in the course of discharging their duties.

Remuneration Committee

The Remuneration Committee shall comprise mainly of non-executive directors. The Committee currently consists of 1 Independent Non-Executive Director, 2 Non-Independent Non-Executive Directors and 1 Executive Director as follows:

Tun Arshad bin Ayub (Chairman)	Non-Independent Non-Executive Director
Datuk Oh Chong Peng	Senior Independent Non-Executive Director
Prakash A/L K.V.P Menon	Non-Independent Non-Executive Director
Teh Wee Chye	Managing Director

The terms of reference of the Committee are as follows:

a. To determine and agree with the Board the framework or broad policy for the remuneration of the Company's or Group's Chief Executive and other Senior Management staff of the Company or Group;

b. To determine and recommend to the Board any performance related pay schemes for the Company or Group;

c. To determine the policy for and scope of service agreements for the executive directors, termination payments and compensation commitments;

d. To oversee any major changes in employee remuneration and benefit structures throughout the Company or Group;

e. To produce an annual report of the Committee's remuneration policy for Board members which will form part of the Company/Group's annual report and accounts; and

f. To recommend to the Board the appointment of the services of such advisers or consultants as it deems necessary to fulfill its responsibilities.

The Committee reviews and recommends for the Board's consideration the Directors'/Committees' fees and meeting allowances. In reviewing and recommending the Directors' fees, the Committee ensures that the level of remuneration for the Non-Executive Directors commensurate with their scope of responsibilities and contributions to the effective functioning of the Group. The Committee also reviews and recommends the yearly salary increment and performance incentives of the Senior Management for the Board's approval.

Executive Director will abstain from deliberations and voting decisions in respect of his remuneration. Non-Executive Directors' remuneration will be a matter to be decided by the Board as a whole with the Director concerned abstaining from deliberations and voting decisions in respect of his individual remuneration. The Directors' fees and benefits payable to the Directors are subject to yearly approval by the shareholders at the AGM.

The Remuneration Committee meets as and when required and at least twice a year. During the year under review, 2 meetings were held.

Details of the Directors' remuneration paid or payable or otherwise made to all Directors of the Company in respect of financial year 2020 are as follows:

	Fees	Salary/ Bonus/ Benefits-in-kind	Other Remuneration		Total	
	Company		Company	Subsidiary	Company	Group
	RM'000					
Executive Directors						
Teh Wee Chye	-	2,403	163	25	2,566	2,591
Azhari Arshad	-	543	31	-	574	574
Lim Pang Boon	-	1,176	-	208	1,176	1,384
Non-Executive Directors						
Tun Arshad bin Ayub	240	28	34	70	302	372
Datuk Oh Chong Peng	120	-	36	-	156	156
Dato' Wira Zainal Abidin bin Mahamad Zain	120	-	27	-	147	147
Prakash A/L K.V.P Menon	120	-	24	25	144	169
Quah Poh Keat	120	-	19	-	139	139
Prof. Datin Paduka Setia Dato' Dr Aini binti Ideris	120	-	14	-	134	134
Dato' Maznah binti Abdul Jalil	120	-	10	-	130	130
Total	960	4,150	358	328	5,468	5,796

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. Audit & Risk Management Committee

The composition, duties and responsibilities of the Audit & Risk Management Committee together with its report are presented on pages 71 to 74 of this Annual Report.

II. Risk Management and Internal Control Framework

The Group has a sound system of internal control which covers not only financial controls but also operational, compliance and risk management. The system of internal controls provides reasonable but not absolute assurance against material misstatements, losses and fraud.

The Statement on Risk Management and Internal Control as set out on pages 75 to 79 of this Annual Report provides an overview of the state of internal controls within the Group.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

I. Corporate Reporting

Financial Reporting

The Directors take responsibility for presenting a balanced and objective assessment of the Group's financial performance and prospects primarily through the quarterly and annual financial announcements of results. In addition, the Chairman's Statement and Management Discussion and Analysis are also contained in this Annual Report for the shareholders.

The Group's financial statements are prepared in accordance with the requirements of the applicable approved accounting standards in Malaysia and the provisions of the Companies Act 2016. Efforts are made to ensure that in presenting the financial statements, the appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates are being used.

Corporate Disclosure

The Company is mindful of the importance to disseminate information to shareholders and investors in a prompt and timely manner in order for informed decision to be made. As such, the Board has always stressed for all material information to be announced immediately upon available. This is not only for compliance with the Listing Requirements but also to avoid insider trading.

II. Communication with Stakeholders

The timely release of quarterly financial results, the issuance of the Company's Annual Reports and Circular/Statement to Shareholders together with the announcements to Bursa Malaysia Securities Berhad on material information and corporate proposals are the principal channels for dissemination of information to its investors, stakeholders and the public generally.

The Company's website at www.mfm.com.my provides quick access to information on the Group. The information available on the website of the Company includes, amongst others, the corporate profile, directors' profiles, financial results, annual reports, announcements released to Bursa Malaysia Securities Berhad, research reports, board charter, corporate governance statement, summary of AGM proceedings, code of conduct, whistle blowing policy, dividend information, corporate news, operations and products of the Group.

From time to time, the designated Senior Management also has dialogues with fund managers, research analysts and media on the strategies, performance and prospects of the Group.

In addition, information was also provided to shareholders and/or investors in the replies to their enquiries via the email address at ir@mflour.com.my.

As there may be instances where investors and shareholders may prefer to express their concerns to an independent director, the Board has appointed Datuk Oh Chong Peng as the Senior Independent Non-Executive Director to whom concerns may be directed. At all times, investors and shareholders may contact the Company Secretary for information on the Group.

III. Conduct of General Meetings

The Board recognises the importance of maintaining an effective communication with the shareholders and the general public. All shareholders are encouraged to attend the Company's General Meetings and to participate in the proceedings.

The Company serves the Notice of AGM to the shareholders at least 28 days prior to the meeting to provide them sufficient time to prepare, participate and make informed voting decision at the AGM.

The Company has successfully conducted its first fully virtual AGM on 24 June 2020 during the period of Conditional Movement Control Order ("CMCO") through live streaming and online remote voting using Remote Participation and Voting ("RPV") facilities.

The conduct of the fully virtual AGM is in compliance with the Constitution of the Company which allows General Meetings to be held using any technology or electronic means as well as in accordance with the Securities Commission Malaysia's Guidance Note on the Conduct of General Meetings for Listed Issuers during a period when there is in place or outside of an MCO period but where safe distancing requirements remain.

In view of the attendance limitation of public gatherings for safe distancing to prevent the spread of COVID-19 pandemic and taking into consideration the well-being of shareholders and all participants, only the Chairman, Executive Directors, Company Secretary and other essential persons were allowed to be physically present at the broadcast venue while the rest of the Directors and meeting participants participated in the AGM remotely.

The Managing Director presented the brief overview of the financial performance of the Group during the AGM. Every opportunity was given to the shareholders to ask questions and seek clarification on the business and performance of the Group during the live webcast by posing questions through the messaging window facility of the Virtual AGM Portal. Shareholders' suggestions received during AGM are reviewed and considered for implementation wherever possible.

In accordance with the Listing Requirements, all the resolutions set out in the notice of the AGM were voted by poll. All the shareholders who participated in the AGM remotely had voted on all the resolutions using the RPV facilities. An independent scrutineer for the electronic poll voting process was appointed to verify all the votes. Upon verifying the votes, the scrutineer announced the voting results which were displayed on the screen. The poll results were subsequently announced to Bursa Securities on the same day.

Summary of the minutes of the AGM is also posted on the Company's website for the information and benefit of all the shareholders of the Company.

The following information is provided in compliance with Bursa Malaysia Securities Berhad Main Market Listing Requirements.

1. Utilisation of Proceeds Raised from Corporate Proposal

The Company has on 28 January 2019 completed its Rights Issue of Redeemable Convertible Unsecured Loan Stocks ("RCULS") and Rights Issue of Shares with free Warrants and Bonus Shares (collectively referred to as the "Rights Issue"). Pursuant to the Rights Issue, 165,084,641 RCULS at 100% of its nominal value of RM1.00 and 220,113,744 Rights Shares of RM0.50 each were issued and cash proceeds of RM275,141,513 were raised.

The summary of the utilisation of Rights Issue proceeds is as follows:-

Description of Utilisation of Proceeds	Rights Issue Proceeds (RM'000)	Actual Utilisation (RM'000)	Balance of Rights Issue Proceeds Unutilised as at 31 March 2021 (RM'000)	Revised time frame
Capital expenditure and repayment of revolving credit loans drawn to finance the capital expenditure	216,761	209,022	7,739	@ Within 3 years
Repayment of revolving credit loans drawn to finance working capital requirement	54,798	54,798	-	Completed
Estimated expenses for the Rights Issue	3,583	# 3,954	-	Completed
Total	**275,142**	**267,774**	**7,739**	

@ Construction work is in progress. The time frame has been extended for another 1 year from 28 January 2021 until 28 January 2022.

The additional expenses incurred were paid from working capital.

The proceeds to be raised from the exercise of the 137,570,667 Warrants issued pursuant to the Rights Issue at the exercise price of the Warrants of RM0.68 each are dependent on the total number of Warrants exercised during the tenure of the Warrants. Such proceeds, if and when the Warrants are exercised, will be used for working capital purposes.

Up to 31 March 2021, cash proceeds of RM4,284 were raised from the exercise of 6,300 Warrants.

As at 31 March 2021, 137,564,367 Warrants remained unexercised whilst 109,924,827 RCULS remained unconverted.

2. Audit and Non-Audit Fees

The amount of audit fees and non-audit fees paid or payable to the Company's external auditors, KPMG PLT and a firm affiliated to KPMG PLT by the Group and the Company for financial year 2020 are as follows:

	Group (RM'000)	Company (RM'000)
Audit Fees	459	110
Non-Audit Fees	109	44
Total	**568**	**154**

3. Material Contracts involving Directors' and Major Shareholders' Interests

There were no material contracts entered into by the Company and its subsidiaries involving Directors' and major shareholders' interests either subsisting as at 31 December 2020 or entered into since the end of the previous financial year except for the related party transactions disclosed in Note 29 to the financial statements on pages 173 and 174 of this Annual Report.

4. Recurrent Related Party Transactions of a Revenue or Trading Nature

The Recurrent Related Party Transactions of a Revenue or Trading Nature are disclosed in Note 29 to the financial statements on pages 173 and 174 of this Annual Report.

The Board of Directors ("the Board") of Malayan Flour Mills Berhad ("the Company") is pleased to present the Audit & Risk Management Committee Report for the year ended 31 December 2020.

Composition

Chairman:	Datuk Oh Chong Peng *(Senior Independent Non-Executive Director)*
Members:	Tun Arshad bin Ayub *(Non-Independent Non-Executive Director)*
	Dato' Wira Zainal Abidin bin Mahamad Zain *(Independent Non-Executive Director)*
	Quah Poh Keat *(Independent Non-Executive Director)*

The Audit & Risk Management Committee ("the Committee") comprises 4 members, all of whom are Non-Executive Directors and 3 being Independent Directors. This meets the requirements of paragraph 15.09(1)(a) and (b) of Bursa Malaysia Securities Berhad Main Market Listing Requirements ("Listing Requirements").

Chairman of the Committee, Datuk Oh Chong Peng, is a Fellow of the Institute of Chartered Accountants in England and Wales ("ICAEW") as well as a member of the Malaysian Institute of Certified Public Accountants ("MICPA") and the Malaysian Institute of Accountants ("MIA") whilst Mr Quah Poh Keat is a Fellow of the Malaysian Institute of Taxation ("MIT") and the Association of Chartered Certified Accountants ("FCCA") and a member of the MIA, the MICPA and the Chartered Institute of Management Accountants ("CIMA"). Hence, the Company complies with paragraph 15.09(1)(c)(i) of the Listing Requirements.

The Nomination Committee assesses the performance of the Committee and its members through an annual Board Committee evaluation as well as reviews the terms of office of the members of the Committee. The Nomination Committee is satisfied that the Committee and its members have discharged their duties and responsibilities in accordance with its Terms of Reference and has supported the Board well in reviewing the financial statements, internal control and risk management.

Meetings

During the year, the Committee held 5 meetings and the details of the attendance of each member of the Committee are as follows:

Members	Attendance
Datuk Oh Chong Peng	5/5
Tun Arshad bin Ayub	5/5
Dato' Wira Zainal Abidin bin Mahamad Zain	5/5
Quah Poh Keat	5/5

At the request of the Committee, the Managing Director, Chief Financial Officer and/or Financial Controller had attended the meetings to advise, clarify and address matters discussed at the meetings.

The Head of Group Internal Audit and Risk Management had attended all the quarterly meetings of the Committee to report on the internal audit plan, internal audit and risk management reports and the review on the related party transactions.

During the year, the representatives of the external auditors had also attended the meetings of the Committee to present their Audit Plan, Audit Status and the annual audit report on the audit of financial statements.

The Company Secretary of the Company is the Secretary of the Committee. The Secretary shall maintain minutes of the proceedings of the meetings of the Committee.

Terms of Reference

The Committee is governed by its terms of reference which describe its composition, authority, duties and responsibilities. The Terms of Reference is available on the Company's website at www.mfm.com.my.

Summary of the Work of the Committee

The work carried out by the Committee in the discharge of its duties and responsibilities in line with its Terms of Reference during the financial year ended 31 December 2020 were as follows:

a. Financial Reporting

i. Reviewed the quarterly unaudited financial results and announcements before recommending them to the Board for approval.

ii. Reviewed the annual audited financial statements of the Company and its subsidiaries ("the Group") and of the Company prior to submission to the Board for approval.

iii. Reviewed the impact of the changes to the accounting policies and adoption of new accounting standards and treatments used in the financial statements.

b. Internal Audit

i. Head of Group Internal Audit and Risk Management presented the comprehensive internal audit plan which had been undertaken to evaluate and identify the companies and operational auditable areas to be audited within the Group. The Committee reviewed the annual internal audit plan to ensure adequate scope, coverage of the activities of the Group and the resource requirements of internal audit to carry out its functions.

Subsequently, the Committee reviewed the progress status of the internal audit plan presented by the Head of Group Internal Audit and Risk Management at its quarterly meeting.

ii. Reviewed the internal audit and risk management reports submitted and presented by the Head of Group Internal Audit and Risk Management at each of the quarterly meeting of the Committee. The Committee appraised the adequacy of actions and remedial measures taken by the management in resolving audit issues reported and recommended further improvement measures.

iii. Reviewed the performance of the Head of Group Internal Audit and Risk Management and based on the recommendation of the Remuneration Committee, approved his salary increment and performance incentive.

c. External Audit

i. Reviewed with the external auditors, KPMG PLT, on their Audit Plan prior to commencement of the audit. The Engagement Partner of KPMG PLT presented the Audit Plan and Strategy for the Group for financial year 2020 which entailed the engagement team, audit scope, audit timeline and audit focus areas.

ii. Reviewed the proposed fees for the statutory audit, review of the Statement on Risk Management and Internal Control and review of Group Reporting Package and Audit Working Papers of component auditors. The proposed fees were then recommended by the Committee to the Board for approval.

iii. Discussed and reviewed the Group's financial statements with the external auditors including issues and findings noted in the course of the audit.

iv. Meeting with the external auditors without the presence of the Executive Directors and employees of the Company. During the meeting, the external auditors were invited to raise any matter which they considered vital for the Committee's attention. The external auditors had confirmed that the management had given its full support, co-operation and unrestricted access to information as required by the external auditors to perform their duties.

v. The external auditors had provided their written assurance that they were independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws")* and the *International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants* (including International Independence Standards) ("IESBA Code") and they had fulfilled the other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

The external auditors had also implemented a number of firm-wide ethics and independence systems to monitor compliance with their policies in relation to independence and ethics.

Besides the written assurance from the external auditors on their independence, input from the Company personnel, who had substantial contact with the external auditors throughout the year, on the quality of service provided, independence, objectivity and professional skepticism of the external auditors via questionnaires was obtained for the Committee's annual evaluation of the external auditors. Subsequently, the Committee conducted an assessment on the performance, technical competency, suitability and independence of the external auditors throughout the conduct of their audit engagement and being satisfied with the suitability and independence of the external auditors, the Committee recommended to the Board for approval on the re-appointment of the external auditors at the Annual General Meeting of the Company.

d. Risk Management

i. Reviewed the Audit & Risk Management Committee Report before recommending it for approval by the Board for inclusion in the Annual Report.

ii. Reviewed the Statement on Risk Management and Internal Control ("SORMIC") which was prepared by the Head of Group Internal Audit and Risk Management on behalf of the Committee, being the delegated committee of the Board responsible for the preparation of the SORMIC.

Upon the review by the external auditors, who were engaged to provide an independent limited assurance on the SORMIC, the Committee recommended the SORMIC to the Board for adoption and disclosure in the Annual Report.

The Committee authorised the Managing Director of the Company and the Financial Controller to sign the Letter of Representation in respect of the Board's SORMIC, for and on behalf of the Committee.

iii. Reviewed the revised Terms of Reference of the Committee to oversee the implementation of the anti-corruption policies and procedures of the Group and review the policies and procedures at least once every 3 years to assess their effectiveness; to review the Whistle Blowing policies and procedures of the Group at least once every 3 years to assess their effectiveness; and to provide improvement to some of the terms for better clarity before recommending the revised terms for approval by the Board.

iv. Reviewed the Policy and Guidelines on Foreign Exchange Hedging ("Hedging Policy") of the Company to manage the foreign currency risk exposure before recommending the Hedging Policy to the Board for adoption.

Internal Audit Function

The Group has an in-house Group Internal Audit and Risk Management Department ("IARM") which undertakes internal audit functions based on the risk-based audit plans that were reviewed and approved by the Committee.

The purpose, authority and responsibility of the IARM as well as the nature of the assurance and consultancy activities provided by the function are articulated in the Internal Audit Charter.

The IARM reports directly to the Committee who reviews and approves the IARM's annual audit plan, financial budget and human resource requirements to ensure that the function is adequately resourced with competent and proficient internal auditors.

During the year, the IARM conducted various internal audit engagements in accordance with the risk-based audit plan which covered the review of adequacy of risks management, operational controls, compliance with law and regulations, quality of assets, management efficiency and level of customer services amongst others.

The internal auditors reported internal control deficiencies to the appropriate level of management when identified and recommendations were duly acted by the management. Significant matters were reported directly to the Committee and Senior Management.

The total costs incurred for maintaining the Group Internal Audit and Risk Management function for year 2020 were approximately RM669,759.

The Board of Directors ("the Board") of Malayan Flour Mills Berhad is pleased to present the Statement on Risk Management and Internal Control in accordance with paragraph 15.26(b) of Bursa Malaysia Securities Berhad Listing Requirements.

Board Responsibility

The Board acknowledges its responsibility for establishing a sound risk management framework and internal control system. The Board's responsibilities include:-

- Determine the Group's level of risk tolerance and actively identify, assess and monitor key business risks to safeguard shareholders' investments and the Group's assets;
- Committed to articulating, implementing and reviewing the Group's internal control system; and
- Periodic testing of the effectiveness and efficiency of the internal control procedures and processes to ensure that the system is viable and robust.

The internal control systems are designed to manage rather than to eliminate the risk of failure and can only provide reasonable, and not absolute, assurance against material misstatement or loss.

Internal Control

Risk Management

The Board confirms that there is an ongoing process and risk management plan in place to identify, evaluate and manage significant risks faced by the Group.

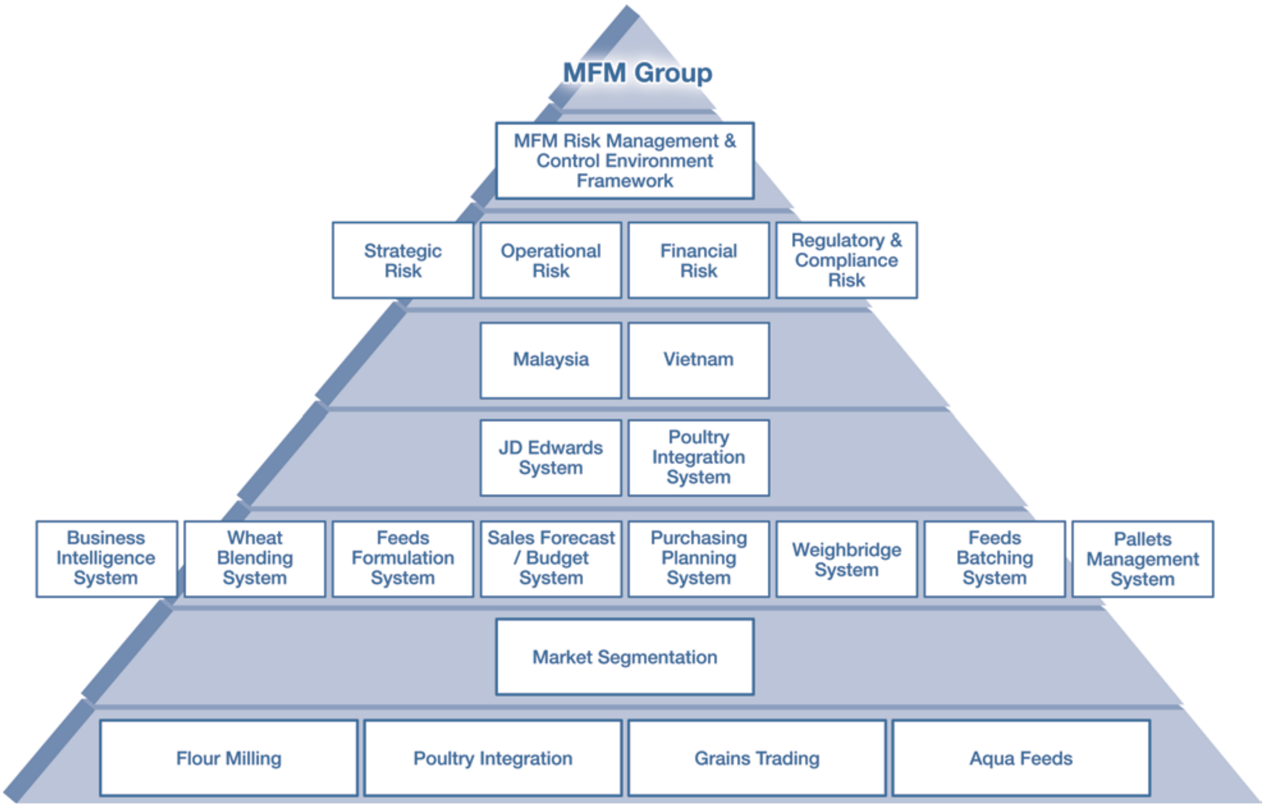
During the year and up to the date of approval of this statement, discussions were conducted at different levels of management to identify and address risks identified in the Group. The assessment of significant risks and the execution of relevant mitigating action plans are part of the operational activities of the Group.

Risk Management is an integral part of our business operations and this process goes through a review by the Board. As part of the process, the key business risks are identified by the respective operations of the Group. The impact and likelihood of occurrence of these risks are then evaluated and documented. Based on the results of the above evaluation, these risks are categorised into 4 ratings: Low, Medium, High and Extreme.

Appropriate action plans and control measures are put in place to mitigate these risks.

Risk Management Framework

The Group has in place a formal risk management process to identify, evaluate, mitigate, monitor and review risks impacting the Group. Objectives would be broadly organisation-wide taking into consideration a variety of risks (i.e. strategic, operational, compliance & reporting risks) as well as more narrowly defined business units, function or departmental risks (i.e. sales, credit control, accounts receivable, purchasing, accounts payable, production planning, quality control, human resource, etc.). Once those scopes had been defined, the possible risks deemed likely to occur would be rated in terms of their impact or severity and likelihood or probability. The result can be compiled into a "risk profile" detailing the risk score which each business unit, function or department is contributing to the overall risk score.



Internal Audit & Risk Management department will carry out a yearly review of the risk scorecards and update them accordingly together with the management of respective business units.

Any significant risk that requires the Board's attention will be highlighted via a Flash Report. Key risks highlighted in the Flash Report will be used by internal audit in developing internal audit plan.

Control Structure

- The Board meets regularly to monitor and review the overall performance of the Group, to consider the findings and recommendations of committees and senior management and to consider and approve measures to be taken and changes in policies and procedures necessary to address risks and to enhance the system of internal control.
- An independent internal audit department reports directly to the Audit & Risk Management Committee. Internal audit plans are reviewed and approved by the Audit & Risk Management Committee and the plans are to monitor compliance with and adequacy of the Group's system of internal control and to provide assurance on the effectiveness of the Group's system of internal control including policies and procedures. Follow-up reviews on the previous audit reports were carried out to ensure that appropriate actions have been implemented to address control weaknesses highlighted.
- The Group has in place an organisation structure with proper segregation of duties and reporting procedures and authorisation limits and all heads of business units and departments are accountable for ensuring the effective implementation of established policies and procedures.

- The Group has in place a management reporting mechanism whereby financial information is generated and reviewed by management and the Board on a regular basis. Performance and results are monitored on a monthly basis against the results of corresponding period of prior year, with major variances explained and appropriate action taken or plans put in place.
- The Group Managing Director meets with the senior management regularly to review and resolve key operational, financial, personnel and other key management issues, including issues of risks and internal controls. Significant issues are highlighted and discussed at Board meetings.
- The Credit Committee meets regularly to conduct credit reviews, monitor receivables, progress of legal cases and formulates credit procedures and policies.
- The training and development programs are established to enhance and improve employee competencies and proficiencies. This is implemented through a combination of on-the-job training and classroom training courses.
- The Group Code of Conduct is established to set out the ethical standards to all employees in their dealings with fellow colleagues, customers, shareholders, suppliers, competitors, the wider community and the environment.
- The Whistle Blowing policy is in place with the objective of providing all stakeholders a mechanism to raise genuine concerns on unethical behaviour or any misconduct.

  The policy allows the Management to take appropriate preventive and corrective actions without the negative effects that come with public disclosure, such as loss of image or reputation, financial distress, loss of investor confidence or a drop in value of the share prices. Through this policy, employees are encouraged to disclose concerns about illegal, unethical or improper business conduct which otherwise may not be easily detected through normal process or transaction.

  The Group is committed to conduct business dealings with the highest level of integrity and ethics and to comply fully with applicable laws and regulatory requirements on anti-corruption. The Group has adopted a zero-tolerance approach against all forms of bribery and corruption and takes a strong stance against such acts. During the financial year under review, the Group adopted and implemented its own Anti-Bribery and Corruption Policy ("ABAC Policy"), based on the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and Section 17A of the Malaysia Anti-Corruption Commission Act 2009 ("MACC Act"). The ABAC Policy sets out the Group's policies to prevent acts of bribery and corruption, and is published on the Company's website.

Significant Risk Factors relating to MFM Group

a. Business risks

Our Group is principally involved in activities within the food manufacturing and livestock industries. As such, our Group is susceptible to business risks in these industries which include but not limited to demand and competition in the food manufacturing and livestock market, supply of labour and increase in the cost of labour and raw material prices. We continuously seek to limit these risks through amongst others, careful planning of supplies and prudent management of our business.

b. Availability and cost of raw materials

Raw materials i.e. wheat, corn and soybean meal contribute to a significant proportion of our total cost of production. These materials are commodities and their availability and prices are dependent on market conditions. Any increase in raw material prices will inevitably affect our Group's profitability and results of operations. Further, if there is a shortage of these materials, we may find it difficult to obtain the amount of materials required at prices that are commercially acceptable. We have taken relevant steps to hedge our exposure to these price fluctuations by entering into futures contracts. In addition, we have good business relationships with our long term major suppliers and where possible, source our supplies from a variety of suppliers.

c. Government policies & regulations including price controls & subsidies

The price of general-purpose flour in Malaysia is largely regulated and controlled by the Government vide the Price Control Act 1946. Thus, our financial performance depends to a certain extent on Government's policies in respect of the flour industry, such as the level of price ceilings and flour subsidy, which are beyond our control. With effect from 1st March 2016, the wheat flour subsidy for 25kg bag flour had been removed by the Government, whilst, the 1kg general purpose flour subsidy has remained unchanged based on the subsidy rationalisation program.

d. Bio-Security

In combating bio-security risks, the Group will continue to keep abreast with the latest development and work closely with authorities and subject matter experts. People and livestock will continue to be exposed to diseases and viruses, and possibly mutated strains in the future. Nevertheless, management will continue to embrace robust risk management practices to cushion the negative financial impact.

Disease and Virus

Livestock is vulnerable to diseases and viruses, changes in weather conditions and the environment. Adverse situations such as these will also affect the demand for feeds. The Group has embarked upon bio-security installations and HACCP (Hazard Analysis & Critical Control Points) certification, FSSC 22000, HALAL, MS 1514: 2009 (Good Manufacturing Practice for Food), ISO 9001, ISO 22000 and MyGAP Certifications. In essence, HACCP is a management system in which food safety is addressed through the analysis and control of biological, chemical, and physical hazards from raw material production, procurement and handling, to manufacturing, distribution and consumption of the finished product.

COVID-19

The COVID-19 pandemic has developed rapidly in 2020, with a significant number of cases. Measures taken by the government to contain the virus have affected economic activities. We have taken a number of measures to monitor and mitigate the effects of COVID-19, such as safety and health measures for our people (e.g. social distancing, working from home and others) and securing the supply of materials that are essential to our production process.

As we operate in the food industry (an essential service), we expect demand for our products to continue. We will continue our operations in the best and safest way possible without jeopardising the health of our people.

e. Foreign exchange fluctuations

All of raw materials i.e. wheat, corn and soybean meal are imported, whereby the purchase prices are largely denominated in USD. As such, we have taken sufficient steps to hedge our financial exposure to foreign currency fluctuations by entering into forward contracts. However, there can be no assurance that any significant changes in exchange rate fluctuations or foreign exchange control regulations will not have any adverse impact upon our Group's business.

Review of this Statement by External Auditors

The external auditors have reviewed this Statement on Risk Management and Internal Control in accordance with Audit and Assurance Practice Guide ("AAPG") 3 (February 2018), *Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control Included in the Annual Report* issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the annual report of the Group for the financial year ended 31 December 2020 and reported to the Board that nothing has come to their attention that cause them to believe that the Statement on Risk Management and Internal Control, in all material respects, has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or is factually inaccurate.

AAPG 3 does not require the external auditors to consider whether the Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board of Directors and Management thereon. The External Auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

Additionally, they are not required to perform any procedures by way of audit, review or verification of the underlying records or other sources from which the Statement on Risk Management and Internal Control was extracted.

Conclusion

Based on the processes set out above, the Board is of the view that the Group's system of risk management and internal control are adequate and effective to safeguard the shareholders' investment and the Group's assets and has received assurance from both the Managing Director and Financial Controller in this respect. Nevertheless, the Board and Management are committed towards operating a sound system of internal control and the internal control systems will continue to be reviewed, added or updated in line with the changes in the operating environment.

The Group's system of internal control applies to Malayan Flour Mills Berhad and its subsidiaries only. Joint venture and associate are excluded because the Group does not have full management and control over them. However, the Group's interests in its material joint venture and associate are served through representations on the Board of Directors of the respective joint venture and associated company.

Statement made in accordance with the resolution of the Directors dated 5 April 2021.


48%
79%
68%
95%
January
Febuary
March
April
May
June
July
August
September
October

REPORTS & FINANCIAL STATEMENTS

Directors' Responsibility Statement

For the Audited Financial Statements

In respect of the preparation of the audited financial statements, the Directors are required by the Companies Act 2016 to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Group and the Company and their results, and cash flows for that year.

In preparing the financial statements for the financial year ended 31 December 2020, the Directors have:

- Used appropriate accounting policies and applied them consistently;
- Made judgements and estimates that are reasonable and prudent; and
- Stated whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Directors are responsible for ensuring that proper accounting records are kept and which disclose with reasonable accuracy the financial position of the Group and the Company and to enable them to ensure that the financial statements comply with the Companies Act 2016. They also have a general responsibility for taking reasonable steps to safeguard the assets of the Group and the Company to prevent and detect fraud and other irregularities.

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2020.

Principal activities

The Company is principally engaged in the business of milling and selling wheat flour and trading in grains and other allied products, whilst the principal activities of the subsidiaries are as stated in Note 7 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

Subsidiaries

The details of the Company's subsidiaries are disclosed in Note 7 to the financial statements.

Results

	Group RM'000	Company RM'000
Profit for the year attributable to:		
Owners of the Company	5,413	54,178
Non-controlling interests	15,171	-
	20,584	54,178

Reserves and provisions

There were no material transfers to or from reserves and provisions during the financial year under review except for the conversion of Redeemable Convertible Unsecured Loan Stocks ("RCULS") and warrants as disclosed in Note 16 to the financial statements.

Dividends

Since the end of the previous financial year, the Company paid a second interim dividend of 1.80 sen per ordinary share totalling approximately RM18,133,000 in respect of the financial year ended 31 December 2019 on 27 March 2020.

On 26 February 2021, the Directors declared an interim dividend of 1.0 sen per ordinary share totalling approximately RM10,181,000 in respect of the financial year ended 31 December 2020, which was paid on 26 March 2021.

The Directors do not recommend any payment of final dividend for the financial year under review.

Directors of the Company

Directors who served during the financial year until the date of this report are:

Tun Arshad bin Ayub
Teh Wee Chye
Datuk Oh Chong Peng
Dato' Wira Zainal Abidin bin Mahamad Zain
Prakash A/L K.V.P Menon
Azhari Arshad
Quah Poh Keat
Prof. Datin Paduka Setia Dato' Dr Aini binti Ideris
Lim Pang Boon
Dato' Maznah binti Abdul Jalil

List of Directors of subsidiaries

Pursuant to Section 253 of the Companies Act 2016 in Malaysia, the list of Directors of the subsidiaries during the financial year until the date of this report is as follows:

Tun Arshad bin Ayub
Teh Wee Chye
Prakash A/L K.V.P Menon
Azhari Arshad
Lim Pang Boon
Bui Thi Thanh Tam
Le Cong Anh
Phan Xuan Que
Chua Kiat Hwa
Tan Keng Seng
Keisuke Okada
Huynh Duc Chinh
Hideki Oya
Shigeharu Kato (Appointed on 1 September 2020)
Koichiro Ito (Ceased on 19 February 2020)
Kazutaka Kuromiya (Ceased on 31 August 2020)
Kong Pak Cheong (Ceased on 31 December 2020)
Dato' Dr. Kamruddin @ Kardin bin Shukor (Retired on 31 December 2020)
Wong Su Yen Caroline (Resigned on 28 February 2021)

Directors' interests

The interests and deemed interests in the ordinary shares, RCULS and Warrants of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at financial year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares			
	At 1.1.2020	Acquired	Disposed	At 31.12.2020
Company				
- Malayan Flour Mills Berhad				
Direct interest				
Teh Wee Chye	120,023,411	-	-	120,023,411
Tun Arshad bin Ayub	54,686,170	1,350,750	-	56,036,920
Datuk Oh Chong Peng	23,087	-	-	23,087
Dato' Wira Zainal Abidin bin Mahamad Zain	8,250	-	-	8,250
Prakash A/L K.V.P Menon	7,078,500	-	-	7,078,500
Lim Pang Boon	488,585	-	-	488,585
Azhari Arshad	460,000	40,000	-	500,000
Deemed interest				
Teh Wee Chye				
- own	63,954,360	-	-	63,954,360
- others*	63,000	-	-	63,000
Tun Arshad bin Ayub	15,529,800	200,000	-	15,729,800
Azhari Arshad	15,529,800	200,000	-	15,729,800
Deemed interest of Teh Wee Chye in subsidiary companies				
Muda Fibre Manufacturing Sdn. Bhd.	7,000,001	-	-	7,000,001
Premier Grain Sdn. Bhd.	10,200,000	-	-	10,200,000
Dindings Poultry Development Centre Sdn. Bhd.	106,029,560	-	-	106,029,560

Directors' interests (cont'd)

	Interest in capital contribution denominated in Vietnamese Dong (VND)			
	At 1.1.2020 VND'000	Acquired VND'000	Disposed VND'000	At 31.12.2020 VND'000
Deemed interest of Teh Wee Chye in subsidiary companies (cont'd)				
Vimaflour Ltd	248,953,884	97,007,400	-	345,961,284

	Number of RCULS			
	At 1.1.2020	Acquired	Disposed	At 31.12.2020
Company - Malayan Flour Mills Berhad				
Direct interest				
Teh Wee Chye	35,659,395	-	-	35,659,395
Tun Arshad bin Ayub	12,306,540	532,500	-	12,839,040
Datuk Oh Chong Peng	2,000	-	-	2,000
Dato' Wira Zainal Abidin bin Mahamad Zain	1,500	-	-	1,500
Prakash A/L K.V.P Menon	1,287,000	-	-	1,287,000
Lim Pang Boon	66,120	-	-	66,120
Deemed interest				
Teh Wee Chye	11,628,065	-	-	11,628,065
Tun Arshad bin Ayub	50,000	-	-	50,000
Azhari Arshad	50,000	-	-	50,000

	Number of Warrants			
	At 1.1.2020	Acquired	Disposed	At 31.12.2020
Company - Malayan Flour Mills Berhad				
Direct interest				
Teh Wee Chye	25,975,944	-	-	25,975,944
Tun Arshad bin Ayub	6,973,950	-	-	6,973,950
Datuk Oh Chong Peng	4,387	-	-	4,387
Dato' Wira Zainal Abidin bin Mahamad Zain	1,250	-	-	1,250
Prakash A/L K.V.P Menon	1,072,500	-	-	1,072,500
Lim Pang Boon	80,085	-	-	80,085
Azhari Arshad	62,500	-	-	62,500

Directors' interests (cont'd)

	Number of Warrants			
	At 1.1.2020	Acquired	Disposed	At 31.12.2020
Company				
- Malayan Flour Mills Berhad (cont'd)				
Deemed interest				
Teh Wee Chye	9,690,052	-	-	9,690,052

* Deemed to have interests through spouse and children pursuant to the Section 59(11)(c) of the Companies Act 2016 in Malaysia.

By virtue of his interest in the shares of the Company, Mr. Teh Wee Chye is also deemed interested in the shares of the subsidiaries during the financial year to the extent that Malayan Flour Mills Berhad has an interest.

None of the other Directors holding office at 31 December 2020 had any interests in the ordinary shares, RCULS and Warrants of the Company and of its related corporations during the financial year.

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefits (other than those fees and other benefits included in the aggregate amount of remuneration received or due and receivable by Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than certain Directors who have substantial financial interests in companies which traded with certain companies in the Group in the ordinary course of business as disclosed in Note 29 to the financial statements.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Issue of shares

During the financial year, the issued and fully paid-up share capital of the Company was increased from 1,004,094,921 ordinary shares to 1,010,282,021 ordinary shares by way of the issuance of 6,187,100 new ordinary shares pursuant to the conversion of 3,093,550 RCULS.

The new ordinary shares issued rank pari passu in all respect with the existing shares of the Company.

There were no other changes in the issued and paid-up capital of the Company during the financial year.

Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company during the financial year.

Indemnity and insurance costs

During the financial year, the amount of insurance premium effected for all Directors and officers of the Company was RM15,000.

Other statutory information

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

(i) all known bad debts have been written off and adequate provision made for doubtful debts, and

(ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

(i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or

(ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or

(iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or

(iv) not otherwise dealt with in this report or the financial statements that would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

(i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or

(ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 December 2020 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Subsequent event

Details of the subsequent event are disclosed in Note 30 to the financial statements.

Auditors

The auditors, KPMG PLT, have indicated their willingness to accept re-appointment.

The auditors’ remuneration is disclosed in Note 20 to the financial statements.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

Tun Arshad bin Ayub
Director

Teh Wee Chye
Director

Kuala Lumpur
5 April 2021

Balance Sheets

at 31 December 2020

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Assets					
Property, plant and equipment	3	1,090,278	1,090,312	254,352	253,596
Right-of-use assets	4	30,420	31,087	8,225	8,027
Intangible assets	5	3,656	1,733	277	432
Investment properties	6	4,997	5,053	4,726	4,782
Investments in subsidiaries	7	-	-	391,369	391,369
Investment in a joint venture	8	164,738	130,912	192,865	154,086
Investment in an associate	9	1,050	1,074	-	-
Deferred tax assets	10	18,471	9,751	-	-
Total non-current assets		1,313,610	1,269,922	851,814	812,292
Trade and other receivables, including derivatives	11	380,323	394,112	554,774	531,597
Prepayments		4,467	4,964	1,305	2,142
Inventories	12	428,194	510,219	54,901	101,746
Biological assets	13	48,586	56,860	-	-
Current tax assets		2,195	481	-	-
Cash and cash equivalents	14	404,627	330,753	33,815	34,890
		1,268,392	1,297,389	644,795	670,375
Asset classified as held for sale	15	-	14,821	-	14,821
Total current assets		1,268,392	1,312,210	644,795	685,196
Total assets		2,582,002	2,582,132	1,496,609	1,497,488
Equity					
Share capital		530,665	527,571	530,665	527,571
RCULS - Equity		82,479	85,462	82,479	85,462
Reserves		457,715	481,279	313,008	276,963
Total equity attributable to owners of the Company	16	1,070,859	1,094,312	926,152	889,996
Non-controlling interests	7	94,048	86,686	-	-
Total equity		1,164,907	1,180,998	926,152	889,996

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Liabilities					
Deferred tax liabilities	10	3,335	2,644	3,335	2,644
RCULS - Liabilities	16	14,234	18,500	14,234	18,500
Loans and borrowings	18	227,428	223,058	-	2,200
Lease liabilities		3,532	3,377	2,248	2,438
Total non-current liabilities		248,529	247,579	19,817	25,782
RCULS - Liabilities	16	5,087	5,495	5,087	5,495
Trade and other payables, including derivatives	17	220,335	191,303	170,087	140,347
Loans and borrowings	18	932,148	947,628	371,964	434,431
Lease liabilities		2,063	1,886	1,573	1,404
Current tax liabilities		8,933	7,243	1,929	33
Total current liabilities		1,168,566	1,153,555	550,640	581,710
Total liabilities		1,417,095	1,401,134	570,457	607,492
Total equity and liabilities		2,582,002	2,582,132	1,496,609	1,497,488

The notes set out on pages 100 to 175 are an integral part of these financial statements

Income Statements

for the year ended 31 December 2020

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Revenue	19	2,680,670	2,681,563	476,181	483,667
Cost of goods sold		(2,457,034)	(2,421,298)	(401,405)	(417,643)
Gross profit		223,636	260,265	74,776	66,024
Other income		21,752	12,543	47,027	31,926
Distribution expenses		(134,463)	(129,657)	(42,434)	(42,094)
Administrative expenses		(50,902)	(50,539)	(20,800)	(18,513)
Net loss on impairment of financial instruments		(1,190)	(5,978)	(180)	(846)
Other expenses		(6,486)	(4,047)	(3,803)	(2,133)
Results from operating activities		52,347	82,587	54,586	34,364
Interest expense		(37,293)	(29,684)	(18,298)	(19,631)
Interest income		20,022	11,304	22,821	19,901
Net finance (costs)/income		(17,271)	(18,380)	4,523	270
Operating profit	20	35,076	64,207	59,109	34,634
Share of profit of equity accounted joint venture, net of tax	8	967	14,121	-	-
Share of loss of equity accounted associate, net of tax		(16)	(33)	-	-
Profit before tax		36,027	78,295	59,109	34,634
Tax expense	21	(15,443)	(17,693)	(4,931)	(8,151)
Profit for the year		20,584	60,602	54,178	26,483
Profit attributable to:					
Owners of the Company		5,413	43,251	54,178	26,483
Non-controlling interests		15,171	17,351	-	-
Profit for the year		20,584	60,602	54,178	26,483
Basic earnings per ordinary share (sen)	22	0.54	4.51		
Diluted earnings per ordinary share (sen)	22	0.54	3.35		

The notes set out on pages 100 to 175 are an integral part of these financial statements

Statements of Comprehensive Income

for the year ended 31 December 2020

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Profit for the year	20,584	60,602	54,178	26,483
Other comprehensive income for the year, net of tax				
Item that is or may be reclassified subsequently to income statement				
Foreign currency translation differences for foreign operations	(12,013)	(1,095)	-	-
Total comprehensive income for the year	8,571	59,507	54,178	26,483
Total comprehensive income attributable to:				
Owners of the Company	(5,431)	42,728	54,178	26,483
Non-controlling interests	14,002	16,779	-	-
Total comprehensive income for the year	8,571	59,507	54,178	26,483

The notes set out on pages 100 to 175 are an integral part of these financial statements

Consolidated Statement of Changes in Equity
for the year ended 31 December 2020

Group	Note	Share capital RM'000	RCULS - Equity 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
		← Attributable to owners of the Company →								
		← Non-distributable				→	Distributable			
At 1 January 2019		377,501	-	-	40,883	(42,223)	443,789	819,950	74,223	894,173
Foreign currency translation differences for foreign operations		-	-	-	-	(523)	-	(523)	(572)	(1,095)
Profit for the year		-	-	-	-	-	43,251	43,251	17,351	60,602
Total comprehensive (expense)/ income for the year		-	-	-	-	(523)	43,251	42,728	16,779	59,507
Issuance of RCULS	16	-	125,629	10,730	-	-	-	136,359	-	136,359
Issuance of Rights Shares	16	102,007	-	7,154	-	-	-	109,161	-	109,161
Conversion of RCULS	16	48,062	(40,167)	-	-	-	-	7,895	-	7,895
Exercise of warrants	16	1	-	*	-	-	-	1	-	1
Dividends to owners of the Company	23	-	-	-	-	-	(21,782)	(21,782)	-	(21,782)
Dividends to non-controlling interests	7	-	-	-	-	-	-	-	(4,316)	(4,316)
At 31 December 2019		527,571	85,462	17,884	40,883	(42,746)	465,258	1,094,312	86,686	1,180,998
		Note 16	Note 16	Note 16	Note 16	Note 16				

** 1,300 units of warrants were exercised*

Group	Note	Share capital RM'000	RCULS - Equity 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
		← Attributable to owners of the Company →								
		← Non-distributable				→	Distributable			
At 1 January 2020		527,571	85,462	17,884	40,883	(42,746)	465,258	1,094,312	86,686	1,180,998
Foreign currency translation differences for foreign operations		-	-	-	-	(10,844)	-	(10,844)	(1,169)	(12,013)
Profit for the year		-	-	-	-	-	5,413	5,413	15,171	20,584
Total comprehensive (expense)/ income for the year		-	-	-	-	(10,844)	5,413	(5,431)	14,002	8,571
Conversion of RCULS	16	3,094	(2,983)	-	-	-	-	111	-	111
Dividends to owners of the Company	23	-	-	-	-	-	(18,133)	(18,133)	-	(18,133)
Dividends to non-controlling interests	7	-	-	-	-	-	-	-	(6,640)	(6,640)
At 31 December 2020		530,665	82,479	17,884	40,883	(53,590)	452,538	1,070,859	94,048	1,164,907
		Note 16	Note 16	Note 16	Note 16	Note 16				

The notes set out on pages 100 to 175 are an integral part of these financial statements

Statement of Changes in Equity

for the year ended 31 December 2020

Company	Note	Share capital RM'000	RCULS - Equity RM'000	Warrant reserve RM'000	Retained earnings RM'000	Total equity RM'000
		◄------Non-distributable		*------►*	*Distributable*	
At 1 January 2019		377,501	-	-	254,378	631,879
Profit and total comprehensive income for the year						
Profit for the year		-	-	-	26,483	26,483
Other comprehensive income for the year		-	-	-	-	-
Total comprehensive income for the year		-	-	-	26,483	26,483
Issuance of RCULS	16	-	125,629	10,730	-	136,359
Issuance of rights shares	16	102,007	-	7,154	-	109,161
Conversion of RCULS	16	48,062	(40,167)	-	-	7,895
Exercise of warrants	16	1	-	*	-	1
Dividends to owners of the Company	23	-	-	-	(21,782)	(21,782)
At 31 December 2019/1 January 2020		527,571	85,462	17,884	259,079	889,996
Profit and total comprehensive income for the year						
Profit for the year		-	-	-	54,178	54,178
Other comprehensive income for the year		-	-	-	-	-
Total comprehensive income for the year		-	-	-	54,178	54,178
Conversion of RCULS	16	3,094	(2,983)	-	-	111
Dividends to owners of the Company	23	-	-	-	(18,133)	(18,133)
At 31 December 2020		530,665	82,479	17,884	295,124	926,152
		Note 16	Note 16	Note 16		

** 1,300 units of warrants were exercised*

The notes set out on pages 100 to 175 are an integral part of these financial statements

Statements of Cash Flows

for the year ended 31 December 2020

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Cash flows from operating activities					
Profit before tax		36,027	78,295	59,109	34,634
Adjustments for:					
Amortisation of intangible assets	5	1,055	977	236	205
Depreciation of investment properties	6	56	57	56	57
Depreciation of property, plant and equipment	3	67,355	64,537	15,738	18,300
Depreciation of right-of-use assets	4	3,202	3,448	1,899	2,128
Dividend income		(6)	(5)	(26,736)	(18,982)
Net gain on disposal of property, plant and equipment		(8,305)	(258)	(8,076)	(68)
Interest expense		37,293	29,684	18,298	19,631
Interest income		(20,022)	(11,304)	(22,821)	(19,901)
Property, plant and equipment written off		724	156	18	82
Share of profit of equity accounted joint venture, net of tax	8	(967)	(14,121)	-	-
Share of loss of equity accounted associate, net of tax		16	33	-	-
Net unrealised (gain)/loss on foreign exchange		(2)	(1,639)	550	(12)
Operating profit before changes in working capital		116,426	149,860	38,271	36,074
Changes in working capital:					
Trade and other receivables, prepayments and other financial assets		12,565	18,680	(22,340)	(54,749)
Inventories		78,775	(43,689)	46,845	(2,779)
Biological assets		8,274	(1,954)	-	-
Trade and other payables and other financial liabilities		28,305	48,229	28,786	(14,367)
Cash generated from/(used in) operations		244,345	171,126	91,562	(35,821)
Interest paid		(36,018)	(28,375)	(17,023)	(18,322)
Interest received		20,022	11,304	22,821	19,901
Net income tax paid		(23,127)	(14,754)	(2,379)	(1,566)
Net cash generated from/(used in) operating activities		205,222	139,301	94,981	(35,808)

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Cash flows from investing activities					
Acquisition of intangible assets	5	(2,989)	(135)	(81)	(129)
Acquisition of property, plant and equipment	3	(69,755)	(213,177)	(16,535)	(30,656)
Increase in investment in a joint venture	8	(38,779)	(53,797)	(38,779)	(53,797)
Dividend income		6	5	26,736	18,982
Proceeds from disposal of property, plant and equipment		23,127	304	22,920	78
Net cash used in investing activities		(88,390)	(266,800)	(5,739)	(65,522)
Cash flows from financing activities					
Dividends paid to non-controlling interests	7	(6,640)	(4,316)	-	-
Dividends paid to owners of the Company	23	(18,133)	(21,782)	(18,133)	(21,782)
(Repayment of)/Proceeds from loans and borrowings, net		(4,600)	49,634	(64,263)	(123,782)
Proceeds from issuance of RCULS	16	-	163,740	-	163,740
Proceeds from issuance of Rights Shares	16.1	-	109,161	-	109,161
RCULS coupon payment		(5,803)	(2,953)	(5,803)	(2,953)
Payment of lease liabilities		(2,249)	(2,242)	(2,118)	(1,666)
Exercise of the warrants		-	1	-	1
Net cash (used in)/generated from financing activities		(37,425)	291,243	(90,317)	122,719
Net increase/(decrease) in cash and cash equivalents		79,407	163,744	(1,075)	21,389
Effect of exchange rate fluctuations on cash held		(5,533)	(1,823)	-	-
Cash and cash equivalents at 1 January		330,753	168,832	34,890	13,501
Cash and cash equivalents at 31 December		404,627	330,753	33,815	34,890

Cash outflows for leases as a lessee

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Included in net cash from operating activities					
Payment relating to short-term leases	20	399	221	13	32
Payment relating to leases of low-value assets	20	190	157	92	96
Payment relating to variable lease payments not included in the measurement of lease liabilities	20	4,995	2,541	257	127
Interest paid in relation to lease liabilities		263	325	192	232
Included in net cash from financing activities					
Payment of lease liabilities		2,249	2,242	2,118	1,666
Total cash outflows for leases		8,096	5,486	2,672	2,153

Cash and cash equivalents

Cash and cash equivalents included in the statements of cash flows comprise the following balance sheets amounts:

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Deposits placed with licensed banks	14	344,207	268,350	421	414
Cash and bank balances	14	38,013	43,572	10,987	15,645
Liquid investments	14	22,407	18,831	22,407	18,831
		404,627	330,753	33,815	34,890

Reconciliation of movements of liabilities to cash flows arising from financing activities

	At 1 January 2019 RM'000	Net changes from financing cash flows RM'000	Acquisition of new lease RM'000	Foreign exchange movement RM'000	At 31 December 2019 RM'000	Net changes from financing cash flows RM'000	Acquisition of new lease RM'000	Foreign exchange movement RM'000	At 31 December 2020 RM'000
Group									
Unsecured bankers' acceptances/ Unsecured revolving credits	959,499	(54,083)	-	(5,368)	900,048	(8,240)	-	(6,510)	885,298
Unsecured term loans	166,921	103,717	-	-	270,638	3,640	-	-	274,278
Lease liabilities	7,231	(2,242)	274	-	5,263	(2,249)	2,581	-	5,595
Total liabilities from financing activities	1,133,651	47,392	274	(5,368)	1,175,949	(6,849)	2,581	(6,510)	1,165,171
Company									
Unsecured bankers' acceptances/ Unsecured revolving credits	535,986	(107,922)	-	(1,213)	426,851	(56,683)	-	(404)	369,764
Unsecured term loans	25,640	(15,860)	-	-	9,780	(7,580)	-	-	2,200
Lease liabilities	5,357	(1,666)	151	-	3,842	(2,118)	2,097	-	3,821
Total liabilities from financing activities	566,983	(125,448)	151	(1,213)	440,473	(66,381)	2,097	(404)	375,785

The notes set out on pages 100 to 175 are an integral part of these financial statements

Malayan Flour Mills Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The address of its registered office, which is also its principal place of business is as follows:

Registered office and principal place of business

22nd Floor, Wisma MCA
163 Jalan Ampang
50450 Kuala Lumpur

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2020 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") and the Group's interest in an associate and a joint venture.

The Company is principally engaged in the business of milling and selling wheat flour and trading in grains and other allied products, whilst the principal activities of the subsidiaries are as stated in Note 7 to the financial statements.

The financial statements were authorised for issue by the Board of Directors on 5 April 2021.

1. Basis of preparation

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company:

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2021

- Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement*, MFRS 7, *Financial Instruments: Disclosures,* MFRS 4, *Insurance Contracts** and MFRS 16, *Leases – Interest Rate Benchmark Reform – Phase 2*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2022

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018–2020)**
- Amendments to MFRS 3, *Business Combinations – Reference to the Conceptual Framework*
- Amendments to MFRS 9, *Financial Instruments (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to Illustrative Examples accompanying MFRS 16, *Leases (Annual Improvements to MFRS Standards 2018–2020)*

1. Basis of preparation (cont'd)

(a) Statement of compliance (cont'd)

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2022 (cont'd)

- Amendments to MFRS 116, *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract*
- Amendments to MFRS 141, *Agriculture (Annual Improvements to MFRS Standards 2018–2020)*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2023

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 101, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current*

MFRSs, interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128*, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group and the Company plan to apply the abovementioned accounting standards, interpretations and amendments:

- from the annual period beginning on 1 January 2021 for those amendments that are effective for annual periods beginning on or after 1 January 2021, except as marked as ("*") which is not applicable to the Group and the Company.
- from the annual period beginning on 1 January 2022 for those amendments that are effective for annual periods beginning on or after 1 January 2022, except as marked as ("*") which is not applicable to the Group and the Company.
- from the annual period beginning on 1 January 2023 for the accounting standard and amendments that are effective for annual periods beginning on or after 1 January 2023, except for MFRS 17 which is not applicable to the Group and the Company.

During the financial year, the Group has early adopted the amendment to MFRS 16, *Leases – COVID-19-Related Rent Concessions* which is effective for annual periods beginning on or after 1 June 2020.

The initial application of the abovementioned accounting standards and amendments are not expected to have any material financial impact to the current period and prior period financial statements of the Group and the Company.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2.

1. Basis of preparation (cont'd)

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of financial statements in conformity with MFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than disclosed in the following note:

(i) Note 4 - extension options and incremental borrowing rate in relation to leases
(ii) Note 13 - valuation of biological assets
(iii) Note 25 - measurement of expected credit loss ("ECL")

2. Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by Group entities, unless otherwise stated.

The Group has applied the amendment of MFRS 16, *Leases – COVID-19-Related Rent Concessions*, issued by MASB in June 2020. The amendment introduces an optional practical expedient that simplifies how a lessee accounts for rent concessions, arising as a direct consequence of COVID-19 pandemic. The initial application of the amendment to MFRS 16 did not have any material impact to the financial statements of the Group.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

2. Significant accounting policies (cont'd)

(a) Basis of consolidation (cont'd)

(i) Subsidiaries (cont'd)

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has *de facto* power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investments in subsidiaries are measured in the Company's balance sheet at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investments includes transaction costs.

(ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:
- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in the income statements.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

(iii) Acquisitions of non-controlling interests

The Group accounts for all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

2. Significant accounting policies (cont'd)

(a) Basis of consolidation (cont'd)

(iv) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated balance sheets. Any surplus or deficit arising on the loss of control is recognised in the income statements. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity accounted investee or as a financial asset depending on the level of influence retained.

(v) Associates

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses. The cost of the investments includes transaction costs. The consolidated financial statements include the Group's share of profit or loss and other comprehensive income of the associates, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the income statements.

When the Group's interest in an associate decrease but does not result in a loss of significant influence, any retained interest is not re-measured. Any gain or loss arising from the decrease in interest is recognised in the income statements. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the income statements if that gain or loss would be required to be reclassified to the income statements on the disposal of the related assets or liabilities.

Investment in an associate is measured in the Company's balance sheet at cost less any impairment losses. The cost of investments includes transaction costs.

2. Significant accounting policies (cont'd)

(a) Basis of consolidation (cont'd)

(vi) Joint arrangements

Joint arrangements are arrangements of which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements' returns.

Joint arrangements are classified and accounted for as follows:

- A joint arrangement is classified as "joint operation" when the Group or the Company has rights to the assets and obligations for the liabilities relating to an arrangement. The Group and the Company account for each of its share of the assets, liabilities and transactions, including its share of those held or incurred jointly with the other investors, in relation to the joint operation.

- A joint arrangement is classified as "joint venture" when the Group or the Company has rights only to the net assets of the arrangement. The Group accounts for its interest in the joint venture using the equity method.

Investment in a joint venture is measured in the Company's balance sheet at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

(vii) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated balance sheet and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated income statements and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and the owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(viii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with an equity accounted associate and a joint venture are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

2. Significant accounting policies (cont'd)

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value which are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in the income statements, except for differences arising on the retranslation of equity instruments where they are measured at fair value through other comprehensive income or a financial instrument designated as a cash flow hedge, which are recognised in other comprehensive income.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the foreign currency translation reserve ("FCTR") in equity.

(ii) Operations denominated in functional currencies other than Ringgit Malaysia ("RM")

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period, except for goodwill and fair value adjustments arising from business combinations before 1 January 2012 (the date when the Group first adopted MFRS) which are treated as assets and liabilities of the Company. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve ("FCTR") in equity. However, if the operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to the income statements as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investments in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to the income statements.

2. Significant accounting policies (cont'd)

(c) Financial instruments

(i) Recognition and initial measurement

A financial asset or a financial liability is recognised in the balance sheets when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

An embedded derivative is recognised separately from the host contract where the host contract is not a financial asset, and accounted for separately if, and only if, the derivative is not closely related to the economic characteristics and risks of the host contract and the host contract is not measured at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

(ii) Financial instrument categories and subsequent measurement

Financial assets

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group or the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

(a) Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in the income statements. Any gain or loss on derecognition is recognised in the income statements.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note 2(l)(i)) where the effective interest rate is applied to the amortised cost.

2. Significant accounting policies (cont'd)

(c) Financial instruments (cont'd)

(ii) Financial instrument categories and subsequent measurement (cont'd)

Financial assets (cont'd)

(b) Fair value through profit or loss

All financial assets not measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. This includes derivative financial assets (except for a derivative that is a designated and effective hedging instrument). On initial recognition, the Group or the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income, are recognised in the income statements.

All financial assets, except for those measured at fair value through profit or loss and equity investments measured at fair value through other comprehensive income, are subject to impairment assessment (see Note 2(l)(i)).

Financial liabilities

The categories of financial liabilities at initial recognition are as follows:

(a) Fair value through profit or loss

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination and financial liabilities that are specifically designated into this category upon initial recognition.

On initial recognition, the Group or the Company may irrevocably designate a financial liability that otherwise meets the requirements to be measured at amortised cost as at fair value through profit or loss:

(a) if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise;

2. Significant accounting policies (cont'd)

(c) Financial instruments (cont'd)

(ii) Financial instrument categories and subsequent measurement (cont'd)

Financial liabilities (cont'd)

(a) Fair value through profit or loss (cont'd)

(b) a group of financial liabilities or assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the Group's key management personnel; or

(c) if a contract contains one or more embedded derivatives and the host is not a financial asset in the scope of MFRS 9, where the embedded derivative significantly modifies the cash flows and separation is not prohibited.

Financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair value with gains or losses, including any interest expense are recognised in the income statements.

For financial liabilities where it is designated as fair value through profit or loss upon initial recognition, the Group and the Company recognise the amount of change in fair value of the financial liability that is attributable to change in credit risk in the other comprehensive income and remaining amount of the change in fair value in the income statements, unless the treatment of the effects of changes in the liability's credit risk would create or enlarge an accounting mismatch.

(b) Amortised cost

Other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the income statements. Any gains or losses on derecognition are also recognised in the income statements.

(iii) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial asset and the sum of consideration received (including any new asset obtained less any new liability assumed) is recognised in the income statements.

2. Significant accounting policies (cont'd)

(c) Financial instruments (cont'd)

(iii) Derecognition (cont'd)

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the income statements.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheets when, and only when, the Group or the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Cost may also include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other income" and "other expenses" respectively, in the income statements.

2. Significant accounting policies (cont'd)

(d) Property, plant and equipment (cont'd)

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to the income statements. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statements as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in the income statements on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Freehold land is not depreciated. Capital work-in-progress are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative periods are as follows:

• buildings and jetty	10, 20 and 50 years
• plant, machinery, fixtures and equipment	4 - 20 years (2019: 4 - 10 years)
• motor vehicles	5 - 10 years

Depreciation methods, useful lives and residual values are reviewed at end of the reporting period and adjusted as appropriate.

(e) Leases

(i) Definition of a lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

2. Significant accounting policies (cont'd)

(e) Leases (cont'd)

(i) Definition of a lease (cont'd)

- the customer has the right to direct the use of the asset. The customer has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of land and buildings in which the Group is a lessee, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

(ii) Recognition and initial measurement

(a) As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the respective Group entities' incremental borrowing rate. Generally, the Group entities use their incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed payments, including in-substance fixed payments less any incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group is reasonably certain to exercise; and
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

2. Significant accounting policies (cont'd)

(e) Leases (cont'd)

(ii) Recognition and initial measurement (cont'd)

(a) As a lessee (cont'd)

The Group excludes variable lease payments that linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in the income statements in the period in which the performance or use occurs.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(b) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

If an arrangement contains lease and non-lease components, the Group applies MFRS 15 to allocate the consideration in the contract based on the stand-alone selling prices.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sublease as an operating lease.

(iii) Subsequent measurement

(a) As a lessee

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

2. Significant accounting policies (cont'd)

(e) Leases (cont'd)

(iii) Subsequent measurement (cont'd)

(a) As a lessee (cont'd)

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the income statements if the carrying amount of the right-of-use asset has been reduced to zero.

(b) As a lessor

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of "other income".

(f) Intangible assets

(i) Computer software

Computer software acquired by the Group is stated at cost less any accumulated amortisation and any accumulated impairment losses.

The cost capitalised includes expenditures that are directly attributable to the acquisition of the software licenses and any other development costs directly attributable to the preparation of the computer software for its intended use.

(ii) Subsequent expenditure

Subsequent expenditure on computer software is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in the income statements as incurred.

(iii) Amortisation

Amortisation of computer software is recognised in the income statements on a straight-line basis over its estimated useful lives from the date that it is available for use.

The estimated useful life of computer software is 4 years.

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.

2. Significant accounting policies (cont'd)

(g) Investment properties

Investment properties carried at cost

Investment properties are properties which are owned or right-of-use asset held under a lease contract to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment properties initially and subsequently measured at cost are accounted for similarly to property, plant and equipment.

(h) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is calculated using the weighted average cost formula, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of work-in-progress and finished goods, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(i) Asset held for sale

Non-current assets that are expected to be recovered primarily through sale or distribution to owners rather than through continuing use, are classified as held for sale.

Immediately before classification as held for sale, the assets are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets are measured at the lower of their carrying amount and fair value less costs of disposal.

(j) Biological assets

Biological assets comprising of parent stock, hatching eggs and broiler inventories are measured on initial recognition and at the end of each financial year, at fair value less costs to sell. Cost to sell include the incremental selling costs, including estimated costs of transport but excludes finance costs and income taxes.

A gain or loss arising on initial recognition of a biological asset at fair value less costs to sell and from a change in fair value less costs to sell of a biological asset is included in the income statements for the period in which it arises.

2. Significant accounting policies (cont'd)

(k) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short term commitments.

(l) Impairment

(i) Financial assets

The Group and the Company recognise loss allowances for expected credit losses ("ECLs") on financial assets measured at amortised cost. Expected credit losses are a probability-weighted estimate of credit losses.

The Group and the Company measure loss allowances for trade receivables at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information, where available.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

The Group and the Company estimate the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience.

An impairment loss in respect of financial assets measured at amortised cost is recognised in the income statements and the carrying amount of the asset is reduced through the use of an allowance account.

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost is credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

2. Significant accounting policies (cont'd)

(l) Impairment (cont'd)

(i) Financial assets (cont'd)

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's or the Company's procedures for recovery of amounts due.

(ii) Other assets

The carrying amounts of other assets (except for deferred tax assets, inventories, biological assets and non-current assets (or disposal groups) classified as held for sale) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in the income statements. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (groups of cash-generating units) on a *pro rata* basis.

Impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to the income statements in the financial year in which the reversals are recognised.

2. Significant accounting policies (cont'd)

(m) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) Issue expenses

Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

(ii) Ordinary shares

Ordinary shares are classified as equity.

(n) Compound financial instruments

A compound financial instrument is a non-derivative financial instrument that contains both a liability and an equity component.

Compound financial instruments issued by the Group comprise convertible notes that can be converted to share capital at the option of the holder, when the number of shares to be issued does not vary with changes in their fair value.

The proceeds are first allocated to the liability component, determined based on the fair value of a similar liability that does not have a conversion feature or similar associated equity component. The residual amount is allocated as the equity component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not remeasured subsequent to initial recognition.

Interest and losses and gains relating to the financial liability are recognised in the income statements. On conversion, the financial liability is reclassified to equity; no gain or loss is recognised on conversion.

(o) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

2. Significant accounting policies (cont'd)

(o) Employee benefits (cont'd)

(i) Short-term employee benefits (cont'd)

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) State plans

The Group's contributions to statutory pension funds are charged to the income statements in the financial year to which they relate. Once the contributions have been paid, the Company has no further payment obligations.

(p) Revenue and other income

(i) Revenue

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The Group or the Company recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

The Group or the Company transfers control of a good or service at a point in time unless one of the following over time criteria is met:

(a) the customer simultaneously receives and consumes the benefits provided as the Group or the Company performs;

(b) the Group's or the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

(c) the Group's or the Company's performance does not create an asset with an alternative use and the Group or the Company has an enforceable right to payment for performance completed to date.

(ii) Rental income

Rental income from investment property is recognised in the income statements on a straight-line basis over the term of the lease. Rental income from sub-leased property is recognised as "other income".

2. Significant accounting policies (cont'd)

(p) Revenue and other income (cont'd)

(iii) Dividend income

Dividend income is recognised in the income statements on the date that the Group's or the Company's right to receive payment is established.

(iv) Interest income

Interest income is recognised as it accrues, using the effective interest method in the income statements.

(q) Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

All other borrowing costs are recognised in income statements in the period in which they are incurred.

(r) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in the income statements except to the extent that it relates to items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the balance sheet and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

2. Significant accounting policies (cont'd)

(r) Income tax (cont'd)

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unutilised reinvestment allowance, being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against the unutilised tax incentive can be utilised.

(s) Earnings per ordinary share

The Group presents basic earnings per share data for its ordinary shares ("EPS").

Basic EPS is calculated by dividing the profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise redeemable convertible unsecured loan stock ("RCULS") and Warrants.

(t) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segment results are reviewed regularly by the chief operating decision maker, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

(u) Contingencies

Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

2. Significant accounting policies (cont'd)

(v) Fair value measurements

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

3. Property, plant and equipment

Group	Land RM'000	Buildings and jetty RM'000	Plant, machinery, fixtures and equipment RM'000	Motor vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
Cost						
At 1 January 2019	31,682	509,993	596,301	43,033	326,686	1,507,695
Additions	-	5,032	10,169	3,146	194,830	213,177
Disposals	-	-	(209)	(856)	-	(1,065)
Write-off	-	(2,674)	(8,136)	(742)	(54)	(11,606)
Transfers	-	44,723	60,114	1,541	(106,378)	-
Effect of movements in exchange rates	-	(731)	(1,207)	(96)	(9)	(2,043)
At 31 December 2019 / 1 January 2020	31,682	556,343	657,032	46,026	415,075	1,706,158
Additions	-	9,902	37,207	3,309	19,337	69,755
Disposals	-	-	(199)	(389)	-	(588)
Write-off	-	(414)	(2,187)	(4)	-	(2,605)
Transfers	-	216,852	108,788	1,739	(327,379)	-
Effect of movements in exchange rates	-	(1,290)	(2,159)	(199)	(46)	(3,694)
At 31 December 2020	31,682	781,393	798,482	50,482	106,987	1,769,026

3. Property, plant and equipment (cont'd)

Group	Land RM'000	Buildings and jetty RM'000	Plant, machinery, fixtures and equipment RM'000	Motor vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
Depreciation and impairment loss						
At 1 January 2019						
Accumulated depreciation	-	165,240	363,515	34,892	-	563,647
Accumulated impairment loss	-	3	1,209	-	-	1,212
	-	165,243	364,724	34,892	-	564,859
Depreciation for the year	-	17,532	44,422	2,583	-	64,537
Disposals	-	-	(179)	(840)	-	(1,019)
Write-off	-	(2,663)	(7,433)	(742)	-	(10,838)
Write-off – impairment loss	-	-	(612)	-	-	(612)
Effect of movements in exchange rates	-	(306)	(716)	(59)	-	(1,081)
At 31 December 2019/ 1 January 2020						
Accumulated depreciation	-	179,803	399,609	35,834	-	615,246
Accumulated impairment loss	-	3	597	-	-	600
	-	179,806	400,206	35,834	-	615,846
Depreciation for the year	-	21,667	42,252	3,436	-	67,355
Disposals	-	-	(198)	(389)	-	(587)
Write-off	-	(244)	(1,634)	(3)	-	(1,881)
Effect of movements in exchange rates	-	(551)	(1,325)	(109)	-	(1,985)
At 31 December 2020						
Accumulated depreciation	-	200,675	438,704	38,769	-	678,148
Accumulated impairment loss	-	3	597	-	-	600
	-	200,678	439,301	38,769	-	678,748
Carrying amounts						
At 1 January 2019	31,682	344,750	231,577	8,141	326,686	942,836
At 31 December 2019/ 1 January 2020	31,682	376,537	256,826	10,192	415,075	1,090,312
At 31 December 2020	31,682	580,715	359,181	11,713	106,987	1,090,278

3. Property, plant and equipment (cont'd)

Company	Buildings and jetty RM'000	Plant, machinery, fixtures and equipment RM'000	Motor vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
Cost					
At 1 January 2019	204,794	195,244	12,747	25,938	438,723
Additions	973	4,054	125	25,504	30,656
Disposals	-	(76)	(194)	-	(270)
Write-off	-	(269)	(647)	(53)	(969)
Transfers	3,258	7,157	-	(10,415)	-
At 31 December 2019/ 1 January 2020	209,025	206,110	12,031	40,974	468,140
Additions	5	2,792	642	13,096	16,535
Disposals	-	(143)	(304)	-	(447)
Write-off	-	(326)	(2)	-	(328)
Transfers	-	2,455	-	(2,455)	-
At 31 December 2020	209,030	210,888	12,367	51,615	483,900
Depreciation					
At 1 January 2019	56,888	128,608	11,895	-	197,391
Depreciation for the year	4,147	13,798	355	-	18,300
Disposals	-	(66)	(194)	-	(260)
Write-off	-	(240)	(647)	-	(887)
At 31 December 2019/ 1 January 2020	61,035	142,100	11,409	-	214,544
Depreciation for the year	4,169	11,267	302	-	15,738
Disposals	-	(120)	(304)	-	(424)
Write-off	-	(308)	(2)	-	(310)
At 31 December 2020	65,204	152,939	11,405	-	229,548
Carrying amounts					
At 1 January 2019	147,906	66,636	852	25,938	241,332
At 31 December 2019/ 1 January 2020	147,990	64,010	622	40,974	253,596
At 31 December 2020	143,826	57,949	962	51,615	254,352

3. Property, plant and equipment (cont'd)

3.1 Included in additions of the Group are interest expense capitalised amounting to RM2,358,000 (2019: RM12,277,000).

3.2 During the financial year ended 31 December 2020, the Group and the Company conducted an operational review and as a result, there was a change in the expected useful lives of certain assets. The effect of these changes on depreciation expense, in current and future periods is as follows:

	2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000	2024 RM'000	Later RM'000
Group						
(Decrease)/Increase in depreciation expense	(8,442)	(7,931)	(7,388)	(5,756)	(3,853)	33,370
Company						
(Decrease)/Increase in depreciation expense	(2,289)	(2,286)	(2,226)	(899)	528	7,172

4. Right-of-use assets

	Leasehold land RM'000	Buildings RM'000	Total RM'000
Group			
At 1 January 2019	41,962	7,151	49,113
Additions	86	188	274
Depreciation for the year	(1,133)	(2,315)	(3,448)
Transfer to asset classified as held for sale	(14,821)	-	(14,821)
Effect of movements in exchange rates	(31)	-	(31)
At 31 December 2019/1 January 2020	26,063	5,024	31,087
Additions	15	2,566	2,581
Depreciation for the year	(896)	(2,306)	(3,202)
Effect of movements in exchange rates	(140)	94	(46)
At 31 December 2020	25,042	5,378	30,420

4. Right-of-use assets (cont'd)

	Leasehold land RM'000	Buildings RM'000	Total RM'000
Company			
At 1 January 2019	19,468	5,357	24,825
Additions	-	151	151
Depreciation for the year	(365)	(1,763)	(2,128)
Transfer to asset classified as held for sale	(14,821)	-	(14,821)
At 31 December 2019/1 January 2020	4,282	3,745	8,027
Additions	503	1,594	2,097
Depreciation for the year	(207)	(1,692)	(1,899)
At 31 December 2020	4,578	3,647	8,225

The Group and the Company lease buildings for its office space, warehouse and staff quarters that typically run for a period of one to five years, with an option to renew the lease after that date.

Legal titles to certain leasehold land of the Group with a carrying amount of RM5,950,000 (2019: RM6,059,000) have yet to be received from the state authorities.

4.1 Extension options

Some leases of office space, warehouse and staff quarters contain extension options exercisable by the Group. Where applicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

As at 31 December 2020, the Group has included all potential future cash flows of exercising the extension options in the lease liabilities.

4.2 Significant judgements and assumptions in relation to lease

The Group assesses at lease commencement by applying significant judgement whether it is reasonably certain to exercise the extension options. Group entities consider all facts and circumstances including their past practice and any cost that will be incurred to change the asset if an option to extend is not taken, to help them determine the lease term.

The Group also applied judgement and assumptions in determining the incremental borrowing rate of the respective leases. Group entities first determine the closest available borrowing rates before using significant judgement to determine the adjustments required to reflect the term, security, value or economic environment of the respective leases.

5. Intangible assets

	Computer software	
	Group RM'000	Company RM'000
Cost		
At 1 January 2019	11,906	5,962
Additions	135	129
Effect of movements in exchange rates	(30)	-
At 31 December 2019/1 January 2020	12,011	6,091
Additions	2,989	81
Effect of movements in exchange rates	(59)	-
At 31 December 2020	14,941	6,172
Amortisation		
At 1 January 2019	9,329	5,454
Amortisation for the year	977	205
Effect of movements in exchange rates	(28)	-
At 31 December 2019/1 January 2020	10,278	5,659
Amortisation for the year	1,055	236
Effect of movements in exchange rates	(48)	-
At 31 December 2020	11,285	5,895
Carrying amounts		
At 1 January 2019	2,577	508
At 31 December 2019/1 January 2020	1,733	432
At 31 December 2020	3,656	277

5.1 Intangible assets

Intangible assets principally comprise expenditure that is directly attributable to the acquisition of software licences and any other development costs directly attributable to the preparation of the computer software for its intended use.

5.2 Amortisation

The amortisation is allocated to the income statements on a straight-line basis over the intangible assets' estimated useful lives.

6. Investment properties

Group	Freehold land RM'000	Buildings RM'000	Total RM'000
Cost			
At 1 January 2019/31 December 2019/ 1 January 2020/31 December 2020	3,943	2,836	6,779
Depreciation			
At 1 January 2019	-	1,669	1,669
Depreciation for the year	-	57	57
At 31 December 2019/1 January 2020	-	1,726	1,726
Depreciation for the year	-	56	56
At 31 December 2020	-	1,782	1,782
Carrying amounts			
At 1 January 2019	3,943	1,167	5,110
At 31 December 2019/1 January 2020	3,943	1,110	5,053
At 31 December 2020	3,943	1,054	4,997

Company	Freehold land RM'000	Buildings RM'000	Total RM'000
Cost			
At 1 January 2019/31 December 2019/ 1 January 2020/31 December 2020	3,672	2,836	6,508
Depreciation			
At 1 January 2019	-	1,669	1,669
Depreciation for the year	-	57	57
At 31 December 2019/1 January 2020	-	1,726	1,726
Depreciation for the year	-	56	56
At 31 December 2020	-	1,782	1,782
Carrying amounts			
At 1 January 2019	3,672	1,167	4,839
At 31 December 2019/1 January 2020	3,672	1,110	4,782
At 31 December 2020	3,672	1,054	4,726

6. Investment properties (cont'd)

The following are recognised in the income statements in respect of investment properties:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Lease income	356	363	387	394
Direct operating expenses:				
- income generating investment properties	45	44	52	52

Fair value information

Fair value of investment properties are categorised as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Level 3				
Freehold land and buildings	123,485	123,485	118,855	118,855

Level 3 fair value

The following table shows the valuation technique used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation models.

Description of valuation technique and inputs used	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurements
Comparison method of valuation which entails comparing the property with similar properties that were sold recently and those that are currently offered for sale in the vicinity.	Recent transactions of similar properties at or near reporting period with similar land usage, land size and location.	The estimated fair value would increase/(decrease) if recent transactions of similar properties at or near reporting period with similar land usage and land size were higher/(lower).

Valuation processes applied by the Group for Level 3 fair value

The fair value of investment properties is estimated by the Directors using the comparison method. The comparison method entails critical analysis of recent evidences of values of comparable properties in the neighbourhood and making adjustment for differences in location, size and shape of land, age and condition of building, tenure, title restrictions if any and other relevant characteristics.

7. Investments in subsidiaries

	Company 2020 RM'000	Company 2019 RM'000
At cost		
Unquoted shares	393,395	393,395
Less: Accumulated impairment losses	(2,026)	(2,026)
	391,369	391,369

The subsidiaries, all of which are incorporated in Malaysia except as disclosed otherwise, comprise:

Name of subsidiary	Principal activities	Effective ownership interest 2020 %	Effective ownership interest 2019 %
Dindings Soya & Multifeeds Sdn. Berhad	Manufacture and sale of animal feeds and sale of related raw materials	100	100
Premier Grain Sdn. Bhd.	Trading in corn, soybean meal and other feed ingredients	51	51
Dindings Poultry Development Centre Sdn. Bhd.	Breeding and sale of day-old chicks, poultry grow-out farm, purchase and contract farming activities and manufacture and sale of animal feeds and sale of related raw materials	100^	100^
Dindings Poultry Processing Sdn. Bhd.	Processing and sale of poultry products	100	100
Vimaflour Ltd * (incorporated in Vietnam)	Milling and selling wheat flour together with its allied products	70	70
MFM International Ltd. # (incorporated in the British Virgin Islands)	Investment holding	100	100
MFM Property Sdn. Bhd.	Investment holding	100	100
MFM Feedmill Sdn. Bhd.	Dormant	100	100
Semakin Dinamik Sdn. Bhd.	Dormant	100	100
MFM Ltd.	Dormant	100	100

7. Investments in subsidiaries (cont'd)

Name of subsidiary	Principal activities	Effective ownership interest 2020 %	2019 %
Dindings Broiler Breeder Farm Sdn. Bhd.	Dormant	100	100
Syarikat Pengangkutan Lumut Sdn. Bhd.	Dormant	100	100
Muda Fibre Manufacturing Sdn. Bhd.	Dormant	60	60
Dindings Grand Parent Farm Sdn. Bhd.	Dormant	100	100
AVIOTA Sdn. Bhd.	Dormant	100	100
Subsidiary of MFM International Ltd.			
Mekong Flour Mills Ltd.* (incorporated in Vietnam)	Milling and selling wheat flour together with its allied products	100	100

* Audited by other member firms of KPMG International

\# Not audited by member firms of KPMG PLT

^ One (1) unit of ordinary share is held by a third party which has no voting rights nor entitled to any dividends, rights, allotments or other forms of distribution.

7.1 Non-controlling interests in subsidiaries

The subsidiaries' information are aggregated based on their operating segment and the principal activities and the proportion of ownership interest held by non-controlling interests are disclosed in the above. The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows:

	Subsidiaries with material NCI RM'000	Other subsidiaries with immaterial NCI RM'000	Total RM'000
2020			
Carrying amount of NCI	89,089	4,959	94,048
Comprehensive income/(expense) allocated to NCI	14,006	(4)	14,002

7. Investments in subsidiaries (cont'd)

7.1 Non-controlling interests in subsidiaries (cont'd)

	Subsidiaries with material NCI RM'000	Other subsidiaries with immaterial NCI RM'000	Total RM'000
2019			
Carrying amount of NCI	81,723	4,963	86,686
Comprehensive income/(expense) allocated to NCI	16,783	(4)	16,779

	Subsidiaries with material NCI	
	2020 RM'000	2019 RM'000
Summarised financial information before intra-group elimination		
As at 31 December		
Non-current assets	66,521	73,095
Current assets	584,725	579,846
Current liabilities	(380,661)	(406,485)
Net assets	270,585	246,456
Year ended 31 December		
Revenue	1,237,602	1,178,166
Profit for the year	50,159	52,599
Total comprehensive income	46,262	50,694
Cash flows from operating activities	49,542	75,594
Cash flows used in investing activities	(69,126)	(31,921)
Cash flows (used in)/from financing activities	(6,527)	788
Net (decrease)/increase in cash and cash equivalents	(26,111)	44,461
Dividends paid to NCI	6,640	4,316

8. Investment in a joint venture

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
At cost				
Unquoted shares	192,865	154,086	192,865	154,086
Share of post-acquisition reserves	(28,127)	(23,174)	-	-
	164,738	130,912	192,865	154,086

PT Bungasari Flour Mills Indonesia ("PT Bungasari"), the only joint venture in which the Group participates, is principally engaged in the milling and selling of wheat flour together with its allied products in Indonesia.

During the year, the Company increased its investment in PT Bungasari by subscribing additional 9,300 shares with a nominal value of IDR9,390,000 per share based on the proportionate shareholding for a cash consideration of RM38,779,000.

The following table summarises the financial information of PT Bungasari, as adjusted for any differences in accounting policies. The table also reconciles the summarised financial information to the carrying amount of the Group's interest in PT Bungasari, which is accounted for using the equity method.

	Group	
	2020 %	2019 %
Percentage of ownership interest	30	30
	RM'000	RM'000
Summarised financial information		
As at 31 December		
Non-current assets	740,479	406,357
Current assets	538,491	648,094
Non-current liabilities	(81,869)	(99,066)
Current liabilities	(647,974)	(519,011)
Net assets	549,127	436,374
Year ended 31 December		
Revenue	1,148,037	1,180,264
Profit for the year	3,225	47,070

8. Investment in a joint venture (cont'd)

	Group	
	RM'000	**RM'000**
Reconciliation of net assets to carrying amount as at 31 December		
Group's share of net assets	164,738	130,912
Carrying amount in the balance sheet	164,738	130,912
Group's share of results for year ended 31 December		
Group's share of profit from continuing operations	967	14,121

Contingent liabilities

The Company has provided proportionate corporate guarantees of up to USD18.6 million (2019: USD12.6 million) for financing facilities granted by financial institutions to the joint venture company, PT Bungasari. As at 31 December 2020, the outstanding loans proportionately amounted to USD9.2 million (2019: USD7.0 million).

In 2017, the Indonesian tax authority having performed tax audit in relation to its value-added tax ("VAT") has issued a notification letter imposing a total sum of RM17.1 million (additional tax assessment of RM8.55 million and penalty of RM8.55 million) on PT Bungasari on the basis of overclaimed VAT for the year 2015. In 2018, the Indonesian tax authority has issued another notification letter imposing a total sum of RM16.8 million (additional tax assessment of RM8.4 million and penalty of RM8.4 million) on PT Bungasari on the basis of overclaimed VAT for the year 2016. In 2019, the Indonesian tax authority has issued another notification letter imposing a total sum of RM20.3 million (additional tax assessment of RM10.6 million and penalty of RM9.7 million) on PT Bungasari on the basis of overclaimed VAT for the year 2017. The Group's 30% share of the potential liabilities are RM5.1 million, RM5.0 million and RM6.1 million for the years 2015, 2016 and 2017 respectively.

PT Bungasari submitted objection letter against the VAT notification letters, accompanied by a sum of RM9.6 million payment to the tax authority.

In December 2020, the Tax Court in Indonesia ruled in favour of PT Bungasari for the years 2015 and 2016 and the overpayment in 2015 has been refunded in February 2021. Subsequently, the Director General of Tax (Jakarta) filed a judiciary review at the Supreme Court to overturn the results of the Tax Court for the years 2015 and 2016. The court case for year 2017 is still ongoing and the management is confident that no additional provision is required at this juncture given that the court decision for years 2015 and 2016 were in favour of PT Bungasari.

9. Investment in an associate

	Group 2020 RM'000	2019 RM'000
At cost		
Unquoted shares	1,120	1,120
Share of post-acquisition reserves	(70)	(46)
	1,050	1,074

Details of the associate are as follows:

Name of entity	Principal place of business/country of incorporation	Nature of the relationship	Effective ownership interest 2020 %	2019 %
Freeman Properties Holding Ltd. (Held through MFM Property Sdn. Bhd.)	Cambodia	Investment	49	49

10. Deferred tax assets/(liabilities)

Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

	Assets 2020 RM'000	2019 RM'000	Liabilities 2020 RM'000	2019 RM'000	Net 2020 RM'000	2019 RM'000
Group						
Property, plant and equipment	-	-	(78,216)	(51,948)	(78,216)	(51,948)
Right-of-use assets	-	-	(2,693)	(6,554)	(2,693)	(6,554)
Lease liabilities	1,018	1,076	-	-	1,018	1,076
RCULS	4,637	5,758	-	-	4,637	5,758
Provisions	8,905	7,101	-	-	8,905	7,101
Reinvestment allowances	9,914	11,676	-	-	9,914	11,676
Unabsorbed capital allowances	54,148	24,534	-	-	54,148	24,534
Tax loss carry-forwards	17,686	19,529	-	-	17,686	19,529
Others	405	-	(668)	(4,065)	(263)	(4,065)
Tax assets/(liabilities)	96,713	69,674	(81,577)	(62,567)	15,136	7,107
Set off of tax	(78,242)	(59,923)	78,242	59,923	-	-
Net tax assets/(liabilities)	18,471	9,751	(3,335)	(2,644)	15,136	7,107

10. Deferred tax assets/(liabilities) (cont'd)

Recognised deferred tax assets/(liabilities) (cont'd)

	Assets		Liabilities		Net	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Company						
Property, plant and equipment	-	-	(19,988)	(21,398)	(19,988)	(21,398)
Right-of-use assets	-	-	(1,974)	(1,926)	(1,974)	(1,926)
Lease liabilities	917	922	-	-	917	922
RCULS	4,637	5,758	-	-	4,637	5,758
Provisions	2,973	2,149	-	-	2,973	2,149
Reinvestment allowances	9,914	11,676	-	-	9,914	11,676
Unabsorbed capital allowances	-	3,156	-	-	-	3,156
Others	186	-	-	(2,981)	186	(2,981)
Tax assets/(liabilities)	18,627	23,661	(21,962)	(26,305)	(3,335)	(2,644)
Set off of tax	(18,627)	(23,661)	18,627	23,661	-	-
Net tax liabilities	-	-	(3,335)	(2,644)	(3,335)	(2,644)

Movement in temporary differences during the year

	At 1.1.2019 RM'000	Recognised in income statements (Note 21) RM'000	Recognised directly in equity (Note 16) RM'000	At 31.12.2019/ 1.1.2020 RM'000	Recognised in income statements (Note 21) RM'000	Recognised directly in equity (Note 16) RM'000	At 31.12.2020 RM'000
Group							
Property, plant and equipment	(47,595)	(4,353)	-	(51,948)	(26,268)	-	(78,216)
Right-of-use assets	-	(6,554)	-	(6,554)	3,861	-	(2,693)
Lease liabilities	-	1,076	-	1,076	(58)	-	1,018
RCULS	-	(395)	6,153	5,758	(1,086)	(35)	4,637
Provisions	6,062	1,039	-	7,101	1,804	-	8,905
Reinvestment allowances	11,676	-	-	11,676	(1,762)	-	9,914
Unabsorbed capital allowances	17,188	7,346	-	24,534	29,614	-	54,148
Tax loss carry-forwards	14,670	4,859	-	19,529	(1,843)	-	17,686
Others	(5,079)	1,014	-	(4,065)	3,802	-	(263)
	(3,078)	4,032	6,153	7,107	8,064	(35)	15,136

10. Deferred tax assets/(liabilities) (cont'd)

Movement in temporary differences during the year (cont'd)

	At 1.1.2019 RM'000	Recognised in income statements (Note 21) RM'000	Recognised directly in equity (Note 16) RM'000	At 31.12.2019/ 1.1.2020 RM'000	Recognised in income statements (Note 21) RM'000	Recognised directly in equity (Note 16) RM'000	At 31.12.2020 RM'000
Company							
Property, plant and equipment	(21,424)	26	-	(21,398)	1,410	-	(19,988)
Right-of-use assets	-	(1,926)	-	(1,926)	(48)	-	(1,974)
Lease liabilities	-	922	-	922	(5)	-	917
RCULS	-	(395)	6,153	5,758	(1,086)	(35)	4,637
Provisions	2,432	(283)	-	2,149	824	-	2,973
Reinvestment allowances	11,676	-	-	11,676	(1,762)	-	9,914
Unabsorbed capital allowances	7,327	(4,171)	-	3,156	(3,156)	-	-
Others	(3,112)	131	-	(2,981)	3,167	-	186
	(3,101)	(5,696)	6,153	(2,644)	(656)	(35)	(3,335)

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following temporary differences (stated at gross):

	Group 2020 RM'000	2019 RM'000
Unabsorbed capital allowances	1,443	1,487
Tax loss carry-forwards	60,778	3,082
Other deductible temporary differences	(39)	385
	62,182	4,954

The abovementioned deferred tax assets do not expire under the current tax legislation except for the unutilised tax losses. Pursuant to the Amended Finance Bill 2018, the abovementioned tax loss carry-forwards can only be carried forward up to 7 consecutive Years of Assessment as shown below:

	Group 2020 RM'000	2019 RM'000
Year of assessment in which unutilised tax losses will expire:		
- 2026	58,618	3,082
- 2027	-	-
- 2028	2,160	-
	60,778	3,082

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which subsidiaries of the Group can utilise the benefits therefrom.

11. Trade and other receivables, including derivatives

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Trade receivables from contracts with customers		344,983	354,836	71,773	76,625
Amount due from subsidiaries	11.1	-	-	475,265	448,164
Other receivables	11.2	33,308	36,373	6,823	5,678
Deposits		2,032	2,363	913	1,130
Derivatives at fair value through profit or loss:					
- future and option contracts		-	540	-	-
		380,323	394,112	554,774	531,597

11.1 Amount due from subsidiaries

The amount due from subsidiaries is unsecured, repayable on demand and interest bearing (2019: interest bearing).

11.2 Other receivables

Included in other receivables of the Group are advances paid to suppliers of RM24,529,000 (2019: RM24,564,000) and interest receivable from the deposits placed with licensed banks of RM4,391,000 (2019: RM3,422,000).

12. Inventories

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Raw materials	338,480	435,371	42,299	88,815
Finished goods	54,162	41,586	6,886	7,982
Consumables	35,552	33,262	5,716	4,949
	428,194	510,219	54,901	101,746

13. Biological assets

	Group 2020 RM'000	Group 2019 RM'000
Parent stock	21,245	25,845
Hatching eggs	6,128	5,084
Broiler inventories	21,213	25,931
	48,586	56,860

The movement of biological assets can be analysed as follows:

	Group			
	Parent stock RM'000	Hatching eggs RM'000	Broiler inventories RM'000	Total RM'000
2020				
At 1 January	25,845	5,084	25,931	56,860
Additions	30,007	85,913	401,228	517,148
Fair value measurement	(3,429)	1,035	332	(2,062)
Depopulation	(31,178)	-	-	(31,178)
Hatched and placed as DOC	-	(63,823)	-	(63,823)
Sales	-	(22,081)	(406,278)	(428,359)
At 31 December	21,245	6,128	21,213	48,586
2019				
At 1 January	18,167	9,557	27,182	54,906
Additions	30,453	90,652	469,915	591,020
Fair value measurement	7,867	(3,721)	(5,236)	(1,090)
Depopulation	(30,642)	-	-	(30,642)
Hatched and placed as DOC	-	(86,647)	-	(86,647)
Sales	-	(4,757)	(465,930)	(470,687)
At 31 December	25,845	5,084	25,931	56,860

In measuring the fair value of biological assets, management's estimates and judgments are based on the following assumptions:

- parent stocks are expected to have a lifespan of up to 65 weeks;
- the expected selling prices of broiler inventories and hatching eggs are based on management's estimate of the current market price of broilers, whereas the expected selling price of parent stock is based on management's estimate of the historical average market price of broilers, adjusted for abnormal market movements;
- the costs expected to arise throughout the life of the broiler inventories and parent stocks are based on management's estimate of average feed costs and other estimated farm costs; and
- hatching eggs will be hatched into day-old-chick based on the expected hatchability and broiler inventories are expected to be sold upon reaching saleable weight.

13. Biological assets (cont'd)

The following table shows the valuation technique used in the determination of the fair value of biological assets and the significant unobservable inputs used in the valuation calculation:

Description of valuation technique and inputs used	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurements
Parent stock The valuation method considers the expected day-old-chicks to be produced and subsequently reared to mature broiler for sale after taking into account the estimated mortality rate.	• Projected selling price of broiler based on management's estimate by referencing the historical average adjusted for abnormal market movements. • Management's estimate of incremental feed and other variable costs expected to be incurred throughout the life cycle.	• The higher the projected selling price, the higher the fair value. • The higher the incremental costs, the lower the fair value.
Hatching eggs The valuation method considers the expected day-old-chicks to be hatched and subsequently reared to mature broiler for sale after taking into account the estimated mortality rate.	• Projected selling price of broiler based on management's estimate of the current market price. • Management's estimate of incremental feed and other variable costs expected to be incurred throughout the life cycle.	• The higher the projected selling price, the higher the fair value. • The higher the incremental costs, the lower the fair value.
Broiler inventories The valuation method considers the estimated selling price, weight and the mortality rate of the broiler.	• Projected selling price of broiler based on management's estimate of the current market price. • Management's estimate of incremental feed and other variable costs expected to be incurred throughout the life cycle.	• The higher the projected selling price, the higher the fair value. • The higher the incremental costs, the lower the fair value.

13. Biological assets (cont'd)

Sensitivity analysis

Sensitivity analysis of the fair value of the biological assets to the possible changes in the key assumptions are disclosed in the table below:

Effect on fair value of biological assets

	Group 2020 RM'000	Group 2019 RM'000
Projected selling price of broiler per kg:		
- increased by 5%	23,241	27,282
- decreased by 5%	(23,241)	(27,282)
Number of day-old-chick produced:		
- increased by 5%	1,724	2,127
- decreased by 5%	(1,724)	(2,127)
Feed cost per kg:		
- increased by 5%	(13,398)	(13,958)
- decreased by 5%	13,398	13,958

14. Cash and cash equivalents

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Deposits placed with licensed banks		344,207	268,350	421	414
Cash and bank balances		38,013	43,572	10,987	15,645
Liquid investments	14.1	22,407	18,831	22,407	18,831
		404,627	330,753	33,815	34,890

14.1 Liquid investments

The liquid investments represent investment in money market funds which have insignificant risk of change in value of the instruments.

15. Asset classified as held for sale

A leasehold land previously classified as the right-of use assets was presented as an asset held for sale in prior year following the commitment of the Company's plan to sell the asset on 21 October 2019. The leasehold land was sold during the year.

	Group and Company	
	2020 RM'000	2019 RM'000
Asset classified as held for sale		
Leasehold land	-	14,821

The carrying value of the asset held for sale in prior year was the same as its carrying value before it was being reclassified from right-of-use assets.

16. Capital and reserves

Share capital

		Group and Company			
	Note	Amount 2020 RM'000	Number of shares 2020 '000	Amount 2019 RM'000	Number of shares 2019 '000
Issued and fully paid:					
Ordinary shares					
At 1 January		527,571	1,004,095	377,501	550,285
Issuance of Rights Shares	16.1	-	-	102,007	220,114
Issuance of bonus shares		-	-	-	137,571
Conversion of RCULS		3,094	6,187	48,062	96,124
Exercise of Warrants		-	-	1	1
At 31 December		530,665	1,010,282	527,571	1,004,095

Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

16. Capital and reserves (cont'd)

16.1 Issuance of Rights Shares

On 28 January 2019, the Renounceable Rights Issue of 220,113,744 new ordinary shares ("Rights Shares") on the basis of two (2) Rights Shares for every five (5) existing ordinary shares together with 55,028,376 new ordinary shares ("Bonus Shares B") on the basis of one (1) Bonus Share B for every four (4) Rights Shares subscribed and 55,028,376 free detachable warrants ("Free Warrants B") on the basis of one (1) Free Warrant B for every four (4) Rights Shares subscribed, at an issue price of RM0.50 per Rights Share has been completed following the listings and quotation on the Main Market of Bursa Securities.

	RM'000
As at 1 January 2019	-
Proceeds from issuance of Rights Shares	110,057
Transaction costs	(896)
Net proceeds	109,161
Amount ascribed to issuance of Warrants	(7,154)
	102,007

Redeemable convertible unsecured loan stocks ("RCULS")

	Group and Company	
	2020 RM'000	2019 RM'000
RCULS - Equity portion	82,479	85,462
RCULS - Liability portion		
Non-current	14,234	18,500
Current	5,087	5,495
	19,321	23,995
	101,800	109,457

On 28 January 2019, the Renounceable Rights Issue of RM165,084,641 in nominal value of 5-year 5% RCULS at 100% of its nominal value of RM1.00 on the basis of three (3) RCULS for every ten (10) existing ordinary shares, together with 82,542,291 Bonus Shares A on the basis of one (1) Bonus Share A for every two (2) RCULS subscribed and 82,542,291 Free Warrants A on the basis of one (1) Free Warrant A for every two (2) RCULS subscribed has been completed following the listings and quotation on the Main Market of Bursa Securities.

The salient features of the RCULS are as follows:

(i) The coupon rate for the RCULS is 5% per annum, payable semi-annually in arrears prior to conversion of the RCULS;

(ii) The conversion price for the RCULS has been fixed at RM0.50 each ("Conversion Price") with the conversion ratio of 2 ordinary shares for every RCULS with a nominal value of RM1.00 surrendered;

16. Capital and reserves (cont'd)

Redeemable convertible unsecured loan stocks ("RCULS") (cont'd)

The salient features of the RCULS are as follows: (cont'd)

(iii) The new ordinary shares to be issued upon conversion of the RCULS will, upon allotment and issue, rank equally in all respects with the then existing ordinary shares, except that they shall not be entitled to any dividends, rights, allotments and any other distributions of which the entitlement date is before the date of allotment of the new ordinary shares;

(iv) The RCULS holder is entitled to exercise the right of conversion from date of issuance up to 24 January 2024 ("Maturity Date");

(v) The Company may redeem the outstanding RCULS (if not earlier converted) in full on the Maturity Date in cash at 100% of its nominal value plus all accrued coupon of such RCULS up to the Maturity Date subject to an irrevocable prior written notice is being served no less than 30 days or such other period as mutually agreed before the Maturity Date; and

(vi) All outstanding RCULS which have not been earlier converted or redeemed on the Maturity Date, shall be mandatorily converted into fully paid new ordinary shares at the Conversion Price on the Maturity Date.

	Group and Company		
	Equity component RM'000	Liability component RM'000	Total RM'000
As at 1 January 2019	-	-	-
Proceeds from issuance of RCULS	129,057	36,028	165,085
Transaction costs	(1,345)	-	(1,345)
Net proceeds	127,712	36,028	163,740
Conversion of RCULS to share capital*	(37,673)	(10,389)	(48,062)
Amount ascribed to issuance of Warrants	(10,730)	-	(10,730)
RCULS coupon payment	-	(2,953)	(2,953)
Interest expense on RCULS	-	1,309	1,309
Deferred tax effect (Note 10):			
- on issuance	8,647	-	8,647
- on conversion	(2,494)	-	(2,494)
As at 31 December 2019/1 January 2020	85,462	23,995	109,457
Conversion of RCULS to share capital#	(2,948)	(146)	(3,094)
RCULS coupon payment	-	(5,803)	(5,803)
Interest expense on RCULS	-	1,275	1,275
Deferred tax effect (Note 10):			
- on conversion	(35)	-	(35)
As at 31 December 2020	82,479	19,321	101,800

* In the previous year, 96,123,820 new ordinary shares amounting to RM48,061,910 were issued resulting from the conversion of 48,061,910 units of RCULS at the conversion price of RM0.50 each.

During the year, 6,187,100 new ordinary shares amounting to RM3,093,550 were issued resulting from the conversion of 3,093,550 units of RCULS at the conversion price of RM0.50 each.

As at 31 December 2020, 113,929,181 RCULS remained unconverted.

16. Capital and reserves (cont'd)

Warrant reserve

	Group and Company			
	Amount 2020 RM'000	Number of warrants 2020 '000	Amount 2019 RM'000	Number of warrants 2019 '000
At 1 January	17,884	137,570	-	-
Issued during the year	-	-	17,884	137,571
Exercised during the year	-	-	*	(1)
At 31 December	17,884	137,570	17,884	137,570

* *1,300 units of warrants were exercised*

On 28 January 2019, 137,570,667 Warrants were issued pursuant to the Rights Issue of Rights Shares and RCULS ("Rights Issue").

The warrant reserve comprises the fair value of the free detachable warrants arising from the Rights Issue.

The Warrants are constituted by the deed poll dated 3 December 2018 ("Deed Poll").

The salient features of the Warrants are as follows:

(i) Each Warrant entitles the Warrant holder to subscribe for one (1) new ordinary share in the Company at the exercise price of RM0.68 during the 5-year period expiring on 23 January 2024 ("Exercise Period"), subject to further adjustments in accordance with provisions of the Deed Poll;

(ii) At the expiry of the Exercise Period, any Warrants which have not been exercised shall automatically lapse and cease to be valid for any purpose; and

(iii) The new ordinary shares to be issued upon exercise of the Warrants will, upon allotment and issue, rank equally in all respects with the then existing ordinary shares, except that they shall not be entitled to any dividends, rights, allotments and any other distributions of which the entitlement date is before the date of allotment of the new ordinary shares.

As at 31 December 2020, 137,569,367 Warrants remained unexercised.

Other capital reserve

Other capital reserve comprises the amount transferred from retained earnings being the profit reinvested as capital contribution by subsidiaries.

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

17. Trade and other payables, including derivatives

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Trade payables		116,779	104,379	7,691	6,665
Amount due to subsidiaries	17.1	-	-	135,372	112,832
Other payables and accruals	17.2	95,077	82,149	22,640	17,542
Derivatives at fair value through profit or loss:					
- future and option contracts		1,710	125	336	125
- foreign currency forward contracts		6,769	4,650	4,048	3,183
		220,335	191,303	170,087	140,347

17.1 Amount due to subsidiaries

The amount due to subsidiaries is unsecured, repayable on demand and interest bearing (2019: interest bearing).

17.2 Other payables and accruals

Included in other payables and accruals of the Group and of the Company are deposits from customers of RM20,046,000 (2019: RM22,222,000) and RM225,000 (2019: RM1,514,000) respectively.

18. Loans and borrowings

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Non-current				
Unsecured term loans	227,428	223,058	-	2,200
Current				
Unsecured bankers' acceptances/ Unsecured revolving credits	885,298	900,048	369,764	426,851
Unsecured term loans	46,850	47,580	2,200	7,580
	932,148	947,628	371,964	434,431
Total loans and borrowings	1,159,576	1,170,686	371,964	436,631

Included in the Group's and the Company's loans and borrowings are unsecured bankers' acceptances/ unsecured revolving credits denominated in USD of RM495,507,000 (2019: RM539,187,000) and RM157,106,000 (2019: RM222,659,000) respectively.

19. Revenue

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Revenue from contracts with customers	2,680,670	2,681,563	476,181	483,667

Revenue is recognised when the Group or the Company transfers control of a good to the customers, net of rebates and/or incentives. The Group or the Company allows returns for quality issues and compensation for weight loss exceeding the normal threshold, if any. The performance obligation is satisfied at a point in time and the customers are required to pay within the agreed credit terms, ranging between 0 to 90 days.

20. Operating profit

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Operating profit is arrived at after charging/(crediting):					
Auditors' remuneration:					
- Audit services					
KPMG PLT		344	351	110	110
Affiliates of KPMG PLT		115	111	-	-
Other auditors		13	13	-	-
- Non-audit services					
KPMG PLT		17	37	17	37
Affiliates of KPMG PLT		92	156	27	79
Material expenses/(income):					
Amortisation of intangible assets	5	1,055	977	236	205
Depreciation of investment properties	6	56	57	56	57
Depreciation of property, plant and equipment	3	67,355	64,537	15,738	18,300
Depreciation of right-of-use assets	4	3,202	3,448	1,899	2,128
Dividend income from subsidiaries (unquoted)		-	-	(26,730)	(18,977)
Insurance recoveries		(2,030)	(2,356)	(330)	(1,853)
Interest income from:					
- deposit placed with licensed banks		(19,189)	(11,037)	(1,188)	(845)
- subsidiaries		-	-	(21,542)	(18,973)

20. Operating profit (cont'd)

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Material expenses/(income): (cont'd)					
Interest expense from:					
- unsecured bankers' acceptances/unsecured revolving credits		26,579	27,081	12,530	12,705
- unsecured term loans		9,176	969	227	876
- subsidiaries		-	-	4,074	4,509
- RCULS		1,275	1,309	1,275	1,309
- lease liabilities		263	325	192	232
Net fair value loss on biological assets		2,062	1,090	-	-
Net (gain)/loss on future and option contracts:					
- realised		(4,263)	(10,668)	1,084	(831)
- unrealised		2,126	(12)	211	745
Net loss/(gain) on foreign exchange:					
- realised		1,937	89	3,371	1,437
- unrealised		(2)	(1,639)	550	(12)
Personnel expense (including key management personnel):					
- Contributions to Employees Provident Fund		11,622	11,758	4,488	4,918
- Wages, salaries and others		125,744	124,877	43,877	42,803
Expenses/(Income) arising from leases:					
Expenses relating to short-term leases		399	221	13	32
Expenses relating to leases of low-value assets		190	157	92	96
Expenses relating to variable lease payments not included in the measurement of lease liabilities		4,995	2,541	257	127
Income from subleasing right-of-use assets (excluding subleasing of investment properties)		-	-	(1,050)	(1,050)

20. Operating profit (cont'd)

		Group		Company	
	Note	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Net loss on impairment of financial instruments					
Financial assets at amortised cost		1,190	5,978	180	846

21. Tax expense

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Recognised in the income statements				
Current tax expense				
- current year	23,756	21,414	4,493	2,202
- prior year	(249)	311	(218)	253
Total current tax expense	23,507	21,725	4,275	2,455
Deferred tax expense				
Reversal and origination of temporary differences	(5,198)	(7,957)	5,208	4,975
(Over)/Under provision in prior year	(2,866)	3,925	(4,552)	721
Total deferred tax expense	(8,064)	(4,032)	656	5,696
Total tax expense	15,443	17,693	4,931	8,151
Reconciliation of tax expense				
Profit for the year	20,584	60,602	54,178	26,483
Total tax expense	15,443	17,693	4,931	8,151
Profit before tax	36,027	78,295	59,109	34,634
Tax at Malaysian tax rate of 24%	8,646	18,791	14,186	8,312
Effect of tax rates in foreign jurisdiction	(5,848)	(4,809)	-	-
Non-deductible expenses	2,339	3,761	1,751	3,031
Non-taxable income	-	-	(6,417)	(4,556)
Recognition of previously unrecognised deferred tax assets	-	(4)	-	-
Current year losses for which no deferred tax asset was recognised	13,735	3	-	-
Others	(314)	(4,285)	181	390
	18,558	13,457	9,701	7,177
(Over)/Under provision in prior year	(3,115)	4,236	(4,770)	974
	15,443	17,693	4,931	8,151

22. Earnings per ordinary share

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share was based on the profit attributable to ordinary shareholders of the Company and a weighted average number of ordinary shares outstanding, calculated as follows:

	Group	
	2020 RM'000	**2019 RM'000**
Profit attributable to ordinary shareholders of the Company	5,413	43,251
	'000	**'000**
Weighted average number of ordinary shares at 31 December	1,007,587	958,710
	sen	**sen**
Basic earnings per ordinary share	0.54	4.51

Diluted earnings per ordinary share

The calculation of diluted earnings per ordinary share was based on profit attributable to ordinary shareholders and the weighted average number of ordinary shares that would have been in issue upon the full conversion of all outstanding RCULS and exercise of all outstanding Warrants, calculated as follows:

	Group	
	2020 RM'000	**2019 RM'000**
Profit attributable to ordinary shareholders of the Company	5,413	43,251
Interest expense on RCULS, net of tax	1,275	1,309
	6,688	44,560
	'000	**'000**
Weighted average number of ordinary shares at 31 December (basic)	1,007,587	958,710
Potential dilution arising from outstanding RCULS	227,858	234,046
Potential dilution arising from outstanding Warrants	-	137,569
Weighted average number of ordinary shares at 31 December (diluted)	1,235,445	1,330,325
	sen	**sen**
Diluted earnings per ordinary share	0.54	3.35

23. Dividends

Dividends recognised by the Company are:

	sen per share	Total amount RM'000	Date of payment
2020			
Second interim 2019 ordinary	1.80	18,133	27 March 2020
2019			
Interim 2019 ordinary	1.20	12,042	13 September 2019
Second interim 2018 ordinary	1.00	9,740	29 March 2019
		21,782	

On 26 February 2021, the Directors declared an interim dividend of 1.00 sen per ordinary share totalling approximately RM10,181,000 in respect of the financial year ended 31 December 2020, which was paid on 26 March 2021.

The Directors do not recommend any payment of final dividend for the financial year under review.

24. Operating segments

Segment information is presented in respect of the Group's business and geographical segments. For each business and geographical segments, the Group's chief operating decision maker reviews internal management report on a regular basis.

The Group's operations comprise the following main business segments:

- Flour and grains trading — Milling and selling wheat flour and trading in grains and other allied products
- Poultry integration — Manufacture and sale of animal feeds, processing and sale of poultry products, poultry grow-out farm, breeding and sale of day-old-chicks and contract farming activities

The Group's other operations include companies that had ceased operations and dormant companies. None of these segments meets any of the quantitative threshold for determining reportable segments in 2020 or 2019.

Performance is measured based on segment profit before tax, interest, depreciation and amortisation, as included in the internal management reports that are reviewed by the Group's chief operating decision maker. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

24. Operating segments (cont'd)

The total of segment asset is measured based on all assets of a segment, as included in the internal management reports that are reviewed by the Group's chief operating decision maker. Segment total asset is used to measure the return of assets of each segment.

	Flour and grains trading		Poultry integration		Others		Eliminations		Consolidated	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Business segments										
Revenue from external customers	2,027,389	1,980,047	653,281	701,516	-	-	-	-	2,680,670	2,681,563
Inter-segment revenue	52,366	39,740	63,428	37,096	-	-	(115,794)	(76,836)	-	-
Total segment revenue	2,079,755	2,019,787	716,709	738,612	-	-	(115,794)	(76,836)	2,680,670	2,681,563
Results from operating activities	122,454	114,687	(69,999)	(31,942)	(108)	(158)	-	-	52,347	82,587
Interest expense	(30,824)	(34,359)	(32,216)	(19,698)	-	-	25,747	24,373	(37,293)	(29,684)
Interest income	41,016	30,169	4,763	6,444	-	-	(25,757)	(25,309)	20,022	11,304
Share of profit of equity accounted joint venture, net of tax	967	14,121	-	-	-	-	-	-	967	14,121
Share of loss of equity accounted associate, net of tax	(16)	(33)	-	-	-	-	-	-	(16)	(33)
Profit/(Loss) before tax	133,597	124,585	(97,452)	(45,196)	(108)	(158)	(10)	(936)	36,027	78,295
Depreciation and amortisation	(31,187)	(33,710)	(41,403)	(36,219)	-	(11)	922	921	(71,668)	(69,019)
Tax expense	(23,316)	(20,903)	7,873	3,210	-	-	-	-	(15,443)	(17,693)
Insurance recoveries	1,514	1,938	516	418	-	-	-	-	2,030	2,356
Non-cash expense other than depreciation and amortisation	(88)	(1,259)	(3,478)	(3,127)	-	-	-	-	(3,566)	(4,386)
Capital expenditure	(22,646)	(38,403)	(50,098)	(176,555)	-	-	-	1,646	(72,744)	(213,312)
Segment assets	1,365,680	1,398,120	1,050,021	1,051,482	513	544	-	-	2,416,214	2,450,146
Investment in a joint venture	164,738	130,912	-	-	-	-	-	-	164,738	130,912
Investment in an associate	-	-	-	-	1,050	1,074	-	-	1,050	1,074
Total segments assets	1,530,418	1,529,032	1,050,021	1,051,482	1,563	1,618	-	-	2,582,002	2,582,132

24. Operating segments (cont'd)

Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on geographical location of customers. Segment assets are based on the geographical location of the assets.

	Malaysia		Vietnam		Consolidated	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Revenue from external customers	1,720,258	1,765,734	960,412	915,829	2,680,670	2,681,563
Non-current assets	1,220,152	1,168,478	93,458	101,444	1,313,610	1,269,922

Major customers

There were no customers with revenue equal to or more than 10% of the Group's total revenue for the financial year ended 31 December 2020 (2019: Nil).

25. Financial instruments

25.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

(a) Fair value through profit or loss ("FVTPL")
- Mandatorily required by MFRS 9

(b) Amortised cost ("AC")

2020 Financial assets	Note	Carrying amount RM'000	AC RM'000	Mandatorily at FVTPL RM'000
Group				
Trade and other receivables, including derivatives	11	380,323	380,323	-
Cash and cash equivalents	14	404,627	382,220	22,407
		784,950	762,543	22,407
Company				
Trade and other receivables, including derivatives	11	554,774	554,774	-
Cash and cash equivalents	14	33,815	11,408	22,407
		588,589	566,182	22,407

25. Financial instruments (cont'd)

25.1 Categories of financial instruments (cont'd)

2020 Financial liabilities	Note	Carrying amount RM'000	AC RM'000	Mandatorily at FVTPL RM'000
Group				
Trade and other payables, including derivatives	17	(220,335)	(211,856)	(8,479)
Loans and borrowings	18	(1,159,576)	(1,159,576)	-
RCULS - Liabilities	16	(19,321)	(19,321)	-
		(1,399,232)	(1,390,753)	(8,479)
Company				
Trade and other payables, including derivatives	17	(170,087)	(165,703)	(4,384)
Loans and borrowings	18	(371,964)	(371,964)	-
RCULS - Liabilities	16	(19,321)	(19,321)	-
		(561,372)	(556,988)	(4,384)

2019 Financial assets	Note	Carrying amount RM'000	AC RM'000	Mandatorily at FVTPL RM'000
Group				
Trade and other receivables, including derivatives	11	394,112	393,572	540
Cash and cash equivalents	14	330,753	311,922	18,831
		724,865	705,494	19,371
Company				
Trade and other receivables, including derivatives	11	531,597	531,597	-
Cash and cash equivalents	14	34,890	16,059	18,831
		566,487	547,656	18,831

25. Financial instruments (cont'd)

25.1 Categories of financial instruments (cont'd)

2019 Financial liabilities	Note	Carrying amount RM'000	AC RM'000	Mandatorily at FVTPL RM'000
Group				
Trade and other payables, including derivatives	17	(191,303)	(186,528)	(4,775)
Loans and borrowings	18	(1,170,686)	(1,170,686)	-
RCULS - Liabilities	16	(23,995)	(23,995)	-
		(1,385,984)	(1,381,209)	(4,775)
Company				
Trade and other payables, including derivatives	17	(140,347)	(137,039)	(3,308)
Loans and borrowings	18	(436,631)	(436,631)	-
RCULS - Liabilities	16	(23,995)	(23,995)	-
		(600,973)	(597,665)	(3,308)

25.2 Net gains and losses arising from financial instruments

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 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	(2,119)	(1,028)	(865)	(1,014)
- future and option contracts	2,137	10,680	(1,295)	86
Financial assets at amortised cost	18,735	5,326	22,545	19,055
Financial liabilities measured at amortised cost	(37,109)	(27,106)	(21,355)	(20,041)
	(18,356)	(12,128)	(970)	(1,914)

25. Financial instruments (cont'd)

25.3 Financial risk management

The Group has exposure to credit, interest rate, foreign currency and liquidity risks from its financial instruments.

25.4 Credit risk

Credit risk is the risk of a financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's and the Company's exposure to credit risk arise principally from their receivables from customers. There are no significant changes as compared to prior periods.

Trade receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit risk is addressed by the Credit Committee that sets policies, approves credit evaluations and institutes mitigating actions. New customers are subject to credit evaluation process and existing customers' risk profiles are reviewed regularly with a view to setting appropriate terms of trade and credit limits. Where appropriate, further sales are suspended and legal actions are taken to attempt recoveries and mitigate losses.

At each reporting date, the Group or the Company assess whether any of the trade receivables are credit impaired.

The gross carrying amounts of credit impaired trade receivables are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Group or the Company determine that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables that are written off could still be subject to enforcement activities.

There are no significant changes as compared to previous year.

Exposure to credit risk and credit quality

At the balance sheet date, the maximum exposure to credit risk arising from trade receivables is represented by their carrying amounts in the balance sheets.

The Group and the Company receive financial guarantees given by banks, shareholders or directors of customers in managing exposure to credit risks.

25. Financial instruments (cont'd)

25.4 Credit risk (cont'd)

Trade receivables (cont'd)

Concentration of credit risk

The exposure of credit risk for trade receivables as at the balance sheet date by geographic region was:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Malaysia	248,713	257,705	71,773	76,625
Vietnam	96,270	97,131	-	-
	344,983	354,836	71,773	76,625

Recognition and measurement of impairment loss

In managing credit risk of trade receivables, the Group and the Company manage its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances. Generally, trade receivables will pay within the credit terms of 90 days. The Group's and the Company's debt recovery process are as follows:

(a) Above 30 days past due after credit term, the Group or the Company will start to initiate a structured debt recovery process which is monitored by the sales management team; and

(b) Above 180 days past due after credit term, the Group or the Company will commence a legal proceeding against the customer.

The Group and the Company use an allowance matrix to measure ECLs of trade receivables for all segments. Consistent with the debt recovery process, invoices which are past due 90 days will be considered as credit impaired.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to 90 days past due.

Loss rates are based on actual credit loss experience over the past three years. The Group and the Company also consider differences between (a) economic conditions during the period over which the historic data has been collected, (b) current conditions and (c) the Group's view of economic conditions over the expected lives of the receivables. Nevertheless, the Group and the Company believe that these factors are immaterial for the purpose of impairment calculation for the year.

25. Financial instruments (cont'd)

25.4 Credit risk (cont'd)

Trade receivables (cont'd)

Recognition and measurement of impairment loss (cont'd)

The following table provides information about the exposure to credit risk and ECLs for trade receivables which are grouped together as they are expected to have similar risk nature.

	Group			Company		
	Gross carrying amount RM'000	Loss allowances RM'000	Net balance RM'000	Gross carrying amount RM'000	Loss allowances RM'000	Net balance RM'000
2020						
Not past due	342,566	(830)	341,736	71,875	(209)	71,666
Credit impaired						
More than 90 days past due	2,233	(285)	1,948	157	(50)	107
Individually impaired	11,801	(10,502)	1,299	730	(730)	-
	356,600	(11,617)	344,983	72,762	(989)	71,773
2019						
Not past due	346,645	(1,196)	345,449	76,893	(301)	76,592
Credit impaired						
More than 90 days past due	4,104	(685)	3,419	44	(11)	33
Individually impaired	15,676	(9,708)	5,968	1,400	(1,400)	-
	366,425	(11,589)	354,836	78,337	(1,712)	76,625

There are trade receivables where the Group and the Company have not recognised any loss allowance as the trade receivables are supported by bank guarantees in managing the exposure to credit risk.

25. Financial instruments (cont'd)

25.4 Credit risk (cont'd)

Trade receivables (cont'd)

Recognition and measurement of impairment loss (continued)

The movements in the allowance for impairment in respect of trade receivables during the year are shown below.

	Group Trade receivables			Company Trade receivables		
	Lifetime ECL RM'000	Credit impaired RM'000	Total RM'000	Lifetime ECL RM'000	Credit impaired RM'000	Total RM'000
Balance at 1 January 2019	-	5,715	5,715	-	953	953
Amounts written off	-	(104)	(104)	-	(87)	(87)
Net remeasurement of loss allowance	1,196	4,782	5,978	301	545	846
Balance at 31 December 2019/1 January 2020	1,196	10,393	11,589	301	1,411	1,712
Amounts written off	-	(1,162)	(1,162)	-	(903)	(903)
Net remeasurement of loss allowance	(366)	1,556	1,190	(92)	272	180
Balance at 31 December 2020	830	10,787	11,617	209	780	989

As at 31 December 2020, RM1,162,000 and RM903,000 (2019: RM104,000 and RM87,000) of trade receivables for the Group and for the Company were written off but they are still subject to enforcement activity.

Cash and cash equivalents

The cash and cash equivalents are held with banks and financial institutions. As at the balance sheet date, the maximum exposure to credit risk is represented by their carrying amounts in the balance sheets.

These banks and financial institutions have low credit risks. Consequently, the Group and the Company are of the view that the loss allowance is not material and hence, it is not provided for.

25. Financial instruments (cont'd)

25.4 Credit risk (cont'd)

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured financial guarantees to financial institutions in respect of financing facilities granted to its joint venture corporation. The Company monitors on an ongoing basis the results of the joint venture corporation and repayments made by the joint venture corporation.

Exposure to credit risk, credit quality and collateral

The Company has provided proportionate financial guarantees totalling up to USD18.6 million (2019: USD12.6 million) in respect of financing facilities granted to its joint venture corporation.

As at 31 December 2020, the maximum exposure to credit risk amounted to USD9.2 million (2019: USD7.0 million) representing the share of the outstanding banking facilities of the joint venture corporation as at the end of the reporting period.

As at the balance sheet date, there was no indication that the joint venture corporation would default on repayment.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

Intercompany advances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured advances to its subsidiaries. The Company monitors the results of the subsidiaries regularly.

Exposure to credit risk, credit quality and collateral

As at the balance sheet date, the maximum exposure to credit risk is represented by their carrying amounts in the balance sheet.

25. Financial instruments (cont'd)

25.4 Credit risk (cont'd)

Intercompany advances (cont'd)

Recognition and measurement of impairment loss

Generally, the Company considers advances to subsidiaries have low credit risk. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries' advances when they are payable, the Company considers the advances to be in default when the subsidiaries are not able to pay when demanded. The Company considers a subsidiary's advance to be credit impaired when:

- The subsidiary is unlikely to repay its advance to the Company in full;
- The subsidiary's advance is overdue for more than 365 days; and
- The subsidiary is continuously loss-making and is having a deficit shareholders' fund.

The Company determines the probability of default for these advances individually using internal information available.

The following table provides information about the exposure to credit risk and ECLs for subsidiaries' advances.

Company	Gross carrying amount RM'000	Impairment loss allowances RM'000	Net balance RM'000
2020			
Low credit risk	475,265	-	475,265
Credit impaired	392	(392)	-
	475,657	(392)	475,265
2019			
Low credit risk	448,164	-	448,164
Credit impaired	392	(392)	-
	448,556	(392)	448,164

25. Financial instruments (cont'd)

25.4 Credit risk (cont'd)

Intercompany advances (cont'd)

Recognition and measurement of impairment loss (cont'd)

The movement in the allowance for impairment in respect of subsidiaries' advances during the year is as follows:

Company	Lifetime ECL RM'000
Balance at 1 January 2019	392
Net remeasurement of loss allowance	-
Balance at 31 December 2019/1 January 2020	392
Net remeasurement of loss allowance	-
Balance at 31 December 2020	392

25.5 Interest rate risk

The Group's and the Company's exposure to interest rate risk relate primarily to their borrowings and deposits with licensed banks.

Risk management objectives, policies and processes for managing the risk

The Group's and the Company's bank borrowings and interest-bearing deposits are both subject to interest based on fixed and floating rates. Market interest rates movements are monitored with the view of ensuring the most competitive rates are secured and where appropriate, borrowing arrangements are restructured or reduced.

Exposure to interest rate risk

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on the carrying amounts as at the balance sheet date are as follows:

		Group		Company	
	Note	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Fixed rate instruments					
Deposits placed with licensed banks	14	344,207	268,350	421	414
Unsecured bankers' acceptances/Unsecured revolving credits	18	(885,298)	(900,048)	(369,764)	(426,851)
Lease liabilities		(5,595)	(5,263)	(3,821)	(3,842)
RCULS - Liabilities	16	(19,321)	(23,995)	(19,321)	(23,995)
		(566,007)	(660,956)	(392,485)	(454,274)
Floating rate instruments					
Unsecured term loans	18	(274,278)	(270,638)	(2,200)	(9,780)

25. Financial instruments (cont'd)

25.5 Interest rate risk (cont'd)

Interest rate risk sensitivity analysis

(a) Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the balance sheet date would not affect the income statements.

(b) Cash flow sensitivity analysis for variable rate instruments

A change of 50 basis points ("bp") in interest rates at the end of the reporting period would have increased/(decreased) equity and post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remained constant.

	Profit or loss			
	50 bp increase 2020 RM'000	50 bp decrease 2020 RM'000	50 bp increase 2019 RM'000	50 bp decrease 2019 RM'000
Group				
Floating rate instruments	(1,042)	1,042	(1,028)	1,028
Company				
Floating rate instruments	(8)	8	(37)	37

25.6 Foreign currency risk

The Group and the Company are exposed to foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Group entities. The currency giving rise to this risk is primarily United States Dollar (USD).

Risk management objectives, policies and processes for managing the risk

The Group and the Company monitor their exposure to foreign currency movements closely and where appropriate, the Group and the Company have used foreign currency forward contracts to hedge some of their foreign currency risk.

25. Financial instruments (cont'd)

25.6 Foreign currency risk (cont'd)

Exposure to foreign currency risk

The Group's and the Company's exposure to foreign currency (a currency which is other than the functional currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period was:

	Note	Denominated in USD 2020 RM'000	2019 RM'000
Group			
Unsecured bankers' acceptances/ Unsecured revolving credits	18	(495,507)	(539,187)
Financial liabilities at fair value through profit or loss:			
- foreign currency forward contracts	17	(6,769)	(4,650)
		(502,276)	(543,837)
Company			
Unsecured bankers' acceptances/ Unsecured revolving credits	18	(157,106)	(222,659)
Financial liabilities at fair value through profit or loss:			
- foreign currency forward contracts	17	(4,048)	(3,183)
		(161,154)	(225,842)

Currency risk sensitivity analysis

A 5 percent (2019: 5 percent) strengthening/(weakening) of RM against USD at the balance sheet date would have increased/(decreased) equity and post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remained constant.

	Profit or Loss 2020 RM'000	2019 RM'000
Group		
USD	6,262	6,179
Company		
USD	(1,545)	(1,801)

25. Financial instruments (cont'd)

25.7 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings and lease liabilities.

The Group and the Company monitor and maintain a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that they will have sufficient liquidity to meet their liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the balance sheet date based on undiscounted contractual payments:

Group	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
2020							
Non-derivative financial liabilities							
Trade and other payables	211,856	-	211,856	211,856	-	-	-
Unsecured bankers' acceptances/ Unsecured revolving credits	885,298	0.94 – 3.20	890,467	890,467	-	-	-
Unsecured term loans	274,278	3.24 – 3.68	300,777	54,296	55,755	159,949	30,777
Lease liabilities	5,595	5.00 – 8.50	6,044	2,272	1,937	1,835	-
RCULS liabilities	19,321	5.10	19,938	5,697	5,697	8,544	-
Derivative financial liabilities							
Foreign currency forward contracts (gross settled):							
Outflow	6,769	-	330,709	330,709	-	-	-
Inflow	-	-	(323,940)	(323,940)	-	-	-
Future and option contracts (gross settled):							
Outflow	1,710	-	(5,461)	(5,461)	-	-	-
Inflow	-	-	7,171	7,171	-	-	-
	1,404,827		1,437,561	1,173,067	63,389	170,328	30,777

25. Financial instruments (cont'd)

25.7 Liquidity risk (cont'd)

Maturity analysis (cont'd)

Group	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000
2019						
Non-derivative financial liabilities						
Trade and other payables	186,528	-	186,528	186,528	-	-
Unsecured bankers' acceptances/Unsecured revolving credits	900,048	2.37 – 5.30	909,253	909,253	-	-
Unsecured term loans	270,638	4.46 – 5.01	304,286	58,928	62,378	182,980
Lease liabilities	5,263	5.00 – 5.80	5,685	2,112	1,877	1,696
RCULS liabilities	23,995	5.10	26,330	5,851	5,851	14,628
Derivative financial liabilities						
Foreign currency forward contracts (gross settled):						
Outflow	4,650	-	376,577	376,577	-	-
Inflow	-	-	(371,927)	(371,927)	-	-
Future and option contracts (gross settled):						
Outflow	125	-	967	967	-	-
Inflow	-	-	(842)	(842)	-	-
	1,391,247		1,436,857	1,167,447	70,106	199,304

25. Financial instruments (cont'd)

25.7 Liquidity risk (cont'd)

Maturity analysis (cont'd)

Company	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000
2020						
Non-derivative financial liabilities						
Trade and other payables	165,703	-	165,703	165,703	-	-
Unsecured bankers' acceptances/Unsecured revolving credits	369,764	0.94 – 2.97	371,194	371,194	-	-
Unsecured term loans	2,200	3.68	2,234	2,234	-	-
Lease liabilities	3,821	5.00	4,037	1,683	1,407	947
RCULS liabilities	19,321	5.10	19,938	5,697	5,697	8,544
Derivative financial liabilities						
Foreign currency forward contracts (gross settled):						
Outflow	4,048	-	197,756	197,756	-	-
Inflow	-	-	(193,708)	(193,708)	-	-
Future and option contracts (gross settled):						
Outflow	336	-	284	284	-	-
Inflow	-	-	52	52	-	-
	565,193		567,490	550,895	7,104	9,491

25. Financial instruments (cont'd)

25.7 Liquidity risk (cont'd)

Maturity analysis (cont'd)

Company	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000
2019						
Non-derivative financial liabilities						
Trade and other payables	137,039	-	137,039	137,039	-	-
Unsecured bankers' acceptances/Unsecured revolving credits	426,851	2.43 – 4.11	430,026	430,026	-	-
Unsecured term loans	9,780	4.91 – 5.01	10,036	7,792	2,244	-
Lease liabilities	3,842	5.00	4,111	1,564	1,513	1,034
RCULS liabilities	23,995	5.10	26,330	5,851	5,851	14,628
Derivative financial liabilities						
Foreign currency forward contracts (gross settled):						
Outflow	3,183	-	270,052	270,052	-	-
Inflow	-	-	(266,869)	(266,869)	-	-
Future and option contracts (gross settled):						
Outflow	125	-	967	967	-	-
Inflow	-	-	(842)	(842)	-	-
	604,815		610,850	585,580	9,608	15,662

25. Financial instruments (cont'd)

25.8 Fair value information

The carrying amounts of cash and cash equivalents, short term receivables and payables and short term borrowings reasonably approximate their fair values due to the relatively short term nature of these financial instruments.

Fair value of financial instruments carried at fair value

	Level 1 RM'000	Level 2 RM'000	Total RM'000
Group			
2020			
Financial assets			
Liquid investments	22,407	-	22,407
Financial liabilities			
Foreign currency forward contracts	-	6,769	6,769
Future and option contracts	1,710	-	1,710
	1,710	6,769	8,479
2019			
Financial assets			
Future and option contracts	540	-	540
Liquid investments	18,831	-	18,831
	19,371	-	19,371
Financial liabilities			
Foreign currency forward contracts	-	4,650	4,650
Future and option contracts	125	-	125
	125	4,650	4,775
Company			
2020			
Financial assets			
Liquid investments	22,407	-	22,407
Financial liabilities			
Foreign currency forward contracts	-	4,048	4,048
Future and option contracts	336	-	336
	336	4,048	4,384

25. Financial instruments (cont'd)

25.8 Fair value information (cont'd)

Fair value of financial instruments carried at fair value (cont'd)

	Level 1 RM'000	Level 2 RM'000	Total RM'000
2019			
Financial assets			
Liquid investments	18,831	-	18,831
Financial liabilities			
Foreign currency forward contracts	-	3,183	3,183
Future and option contracts	125	-	125
	125	3,183	3,308

Level 2 fair value

Derivatives

The fair value of forward exchange contracts is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and Level 2 fair values during the financial year (2019: no transfer in either directions).

Fair value of financial instruments not carried at fair value

Level 3 fair value

Level 3 fair value not carried at fair value comprises long term loan where its fair value approximate its carrying amount. The fair value is estimated using discounted cash flows with a discount rate based on the current market rate of borrowing of the respective Group entities at the reporting date.

26. Capital management

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and are determined to maintain an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

26. Capital management (cont'd)

The debt-to-equity ratios at 31 December 2020 and 31 December 2019 were as follows:

	Note	Group 2020 RM'000	Group 2019 RM'000
Total borrowings	18	1,159,576	1,170,686
Lease liabilities		5,595	5,263
Less: Cash and cash equivalents	14	(404,627)	(330,753)
Net debt		760,544	845,196
Total equity		1,164,907	1,180,998
Debt-to-equity ratio		0.65	0.72

There was no change in the Group's approach to capital management during the financial year.

27. Capital and other commitments

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Property, plant and equipment				
Contracted but not provided for	24,948	133,782	12,579	14,589

28. Contingencies

Group

Contingent liabilities not considered remote

Litigation

Dindings Poultry Processing Sdn Bhd ("DPP"), a subsidiary of the Company, had appointed eTEC E&C (M) Sdn Bhd as contractor ("the Contractor") to construct the new v5, primary processing and further processing plant in Lumut in December 2016. As the Contractor had breached the terms of the agreement, DPP had issued a notice of termination of the contract for breach of the terms of the contract which entitled DPP to make a demand on the performance guarantee of RM12.4 million issued in favour of DPP pursuant to the terms of the contract. Prior to the demand, the Contractor commenced proceeding in the High Court to restrain DPP from making the demand. The High Court dismissed the Contractor's claim and the bank issuing the guarantee proceeded to release the sum of RM12.4 million to DPP. The Contractor filed an appeal against the decision and the matter was fixed for case management in the Court of Appeal on 10 March 2021. On 10 March 2021, the Court of Appeal fixed the matter for further case management on 1 April 2021. On 1 April 2021, the Court of Appeal fixed the matter for further case management on 28 January 2022 and for Court hearing on 15 February 2022.

28. Contingencies (cont'd)

Group (cont'd)

Contingent liabilities not considered remote (cont'd)

Litigation (cont'd)

The Contractor has commenced adjudication proceedings for an alleged claim under various progress claims in the total sum of RM65.9 million. DPP has also raised a counter claim sum of RM48.1 million in the said proceedings.

Arising from the breach of the contract by the Contractor, DPP has initiated arbitration proceedings against the Contractor for the consequential losses and damages which has been and/or to be incurred by DPP. The claim is presently estimated to be approximately RM46.7 million. Against this, the Contractor counter claims against DPP a sum of approximately RM78.3 million arising from the early termination of the Contractor's employment.

Based on the legal advice, the Directors are of the opinion that the subsidiary has a good arguable defence for these alleged claims and provisions are not required in respect of these claims.

29. Related parties

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. Key management personnel include all the Directors of the Group.

The Group has related party relationship with its holding company, significant investors, subsidiaries, joint venture, associate and key management personnel.

Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms. The significant related party transactions of the Group and the Company other than as disclosed elsewhere in the financial statements, are shown below. The balances related to the below transactions are shown in Note 11 and Note 17.

29. Related parties (cont'd)

Significant related party transactions (cont'd)

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
A. Subsidiaries				
Sales of goods	-	-	27,985	29,909
Purchases of goods	-	-	(76)	(662)
Rental of premises	-	-	86	86
Rental of furniture and fittings	-	-	147	147
Rental of equipment	-	-	4,705	4,745
Interest income	-	-	21,542	18,973
Interest expense	-	-	(4,074)	(4,509)
B. Key management personnel				
Directors of the Company:				
- Fees	960	847	960	847
- Remuneration	4,734	5,297	4,406	4,670
- Other short-term employee benefits (including estimated monetary value of benefits-in-kind)	102	305	102	305
	5,796	6,449	5,468	5,822
Directors of the Group entities:				
- Fees	-	6	-	-
- Remuneration	623	1,046	-	-
- Other short-term employee benefits (including estimated monetary value of benefits-in-kind)	106	110	-	-
	729	1,162	-	-
Total short-term employee benefits	6,525	7,611	5,468	5,822

30. Subsequent event

On 10 February 2021, the Company entered into a conditional share purchase agreement with Tyson International Holding Company ("Tyson") for the proposed disposal of 49% equity interest in Dindings Supreme Sdn. Bhd. ("DSSB"), a newly incorporated wholly-owned subsidiary of the Company, to Tyson for a total disposal consideration of up to RM420,000,000 to be satisfied wholly by cash, in conjunction with the proposed strategic partnership with Tyson. An Extraordinary General Meeting ("EGM") will be held to approve this disposal by the shareholders.

DSSB was incorporated on 2 February 2021. On 5 February 2021, the Company and DSSB entered into a Share Transfer Agreement to transfer all ordinary shares in Dindings Poultry Development Centre Sdn. Bhd. and Dindings Poultry Processing Sdn. Bhd. respectively held by MFM to DSSB. On 9 March 2021, the transfer of shares has been completed.

Statement by Directors

pursuant to Section 251(2) of the Companies Act 2016

In the opinion of the Directors, the financial statements set out on pages 90 to 175 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

Tun Arshad bin Ayub
Director

Teh Wee Chye
Director

Kuala Lumpur
5 April 2021

Statutory Declaration

pursuant to Section 251(1)(b) of the Companies Act 2016

I, **Tan Hui Joo**, the officer primarily responsible for the financial management of Malayan Flour Mills Berhad, do solemnly and sincerely declare that the financial statements set out on pages 90 to 175 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above named Tan Hui Joo, MIA CA47701, at Kuala Lumpur in the State of Wilayah Persekutuan on 5 April 2021.

Tan Hui Joo

Before me:

Samugam Vassoo (W632)
Commissioner for Oaths
Kuala Lumpur

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Malayan Flour Mills Berhad, which comprise the balance sheets as at 31 December 2020 of the Group and of the Company, and the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 90 to 175.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our auditors' report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for *Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Assessment on the valuation of biological assets

Refer to Note 2(j) - Significant accounting policies: Biological assets and Note 13 - Biological assets.

The key audit matter

The Group's biological assets comprise parent stock, hatching eggs and broiler inventories. These biological assets are recorded at fair value less costs to sell.

We have identified the valuation of parent stock as a key audit matter as the estimation of the fair value of parent stock involved complex judgments and assumptions over the life span and production efficiency of the parent stock.

Key Audit Matters (cont'd)

How the matter was addressed in our audit

We performed the following audit procedures, amongst others:

- We assessed the reasonableness of the key assumptions used in the fair valuation model, in particular, those relating to the egg producing life span of the parent stock, mortality rate, selling prices of broilers and the costs expected to arise throughout the life of the parent stock and broilers by comparing to externally derived data as well as our own assessments which took into account historical trends, industry data and other corroborative evidence available.

- We assessed the appropriateness of the range used to test the sensitivity analysis performed by the management.

We have determined that there are no key audit matters in the audit of the separate financial statements of the Company to communicate in our auditors' report.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the annual report and, in doing so, consider whether the annual report is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the annual report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the ability of the Group and of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group and of the Company.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors are disclosed in Note 7 to the financial statements.

Other Matter

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG PLT
LLP0010081-LCA & AF 0758
Chartered Accountants

Chong Dee Shiang
Approval Number: 02782/09/2022 J
Chartered Accountant

Petaling Jaya
5 April 2021

Analysis of Shareholdings
as at 31 March 2021

Share Capital	-	RM534,672,890
Class and Number of Issued Shares	-	1,018,295,729 ordinary shares

12,522 shareholders
Voting rights: One vote for one share

Size of Holdings	No. of Shareholders	% of Shareholders	No. of Issued Shares	% of Issued Shares
Less than 100	1,632	13.03	20,020	0.00
100 to 1,000	1,402	11.20	837,743	0.08
1,001 to 10,000	5,663	45.22	29,934,052	2.94
10,001 to 100,000	3,314	26.47	106,049,520	10.41
100,001 to less than 5% of issued shares	509	4.06	735,478,523	72.23
5% and above of issued shares	2	0.02	145,975,871	14.34
	12,522	100.00	1,018,295,729	100.00

Thirty (30) Largest Shareholders		No. of Shares	Percentage Holding (%)
1.	HSBC Nominees (Asing) Sdn Bhd [Exempt An for Credit Suisse (SG BR-TST-ASING)]	79,200,000	7.78
2.	Kenanga Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Teh Wee Chye)	66,775,871	6.56
3.	Thye Nam Loong Holdings Sdn Bhd	44,412,076	4.36
4.	HLIB Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Teh Wee Chye)	40,210,539	3.95
5.	Astar Commercial Limited	39,294,750	3.86
6.	CGS-CIMB Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Tun Arshad bin Ayub)	35,521,170	3.49
7.	Duangmanee Liewphairatana	33,380,875	3.28
8.	Yong Kok Yian	31,034,372	3.05
9.	HSBC Nominees (Asing) Sdn Bhd (Exempt An for Mitsubishi UFJ Morgan Stanley Securities Co. Ltd)	30,269,600	2.97
10.	UOB Kay Hian Nominees (Asing) Sdn Bhd (Solid Esteem Sdn Bhd for Wise Bright Investment Limited)	28,879,719	2.84
11.	Cartaban Nominees (Tempatan) Sdn Bhd (RHB Trustees Berhad for Manulife Investment Shariah Progress Fund)	22,922,100	2.25
12.	Amble Volume Sdn Bhd	22,621,500	2.22
13.	Maybank Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Tun Arshad bin Ayub)	20,515,750	2.01

Thirty (30) Largest Shareholders	No. of Shares	Percentage Holding (%)
14. Citigroup Nominees (Tempatan) Sdn Bhd (Employees Provident Fund Board)	18,961,133	1.86
15. Alliancegroup Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Essence Lane Sdn Bhd)	18,428,263	1.81
16. CGS-CIMB Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Zalaraz Sdn Bhd)	15,729,800	1.54
17. Citigroup Nominees (Tempatan) Sdn Bhd [Kumpulan Wang Persaraan (Diperbadankan) (Affin ABSR EQ)]	13,840,000	1.36
18. Teh Wee Chye	12,983,376	1.28
19. Perbadanan Pembangunan Pertanian Negeri Perak	12,010,930	1.18
20. UOB Kay Hian Nominees (Asing) Sdn Bhd (Amble Volume Sdn Bhd for Rise Glory Investment Limited)	11,794,313	1.16
21. Cartaban Nominees (Tempatan) Sdn Bhd (TMF Trustees Malaysia Berhad for Affin Hwang Wholesale Equity Fund)	7,918,900	0.78
22. HLIB Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Prakash A/L K.V.P Menon)	6,996,000	0.69
23. Sim Seng Huat Timber Industries Sdn Bhd	6,000,000	0.59
24. Solid Esteem Sdn Bhd	5,884,242	0.58
25. Citigroup Nominees (Asing) Sdn Bhd (UBS AG)	5,850,519	0.57
26. Amanahraya Trustees Berhad (Affin Hwang Growth Fund)	5,622,800	0.55
27. CGS-CIMB Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Teh Beng Khim)	5,439,000	0.53
28. Su Ming Keat	5,400,200	0.53
29. Teh Beng Khim	5,056,900	0.50
30. Cartaban Nominees (Tempatan) Sdn Bhd (RHB Trustees Berhad for Manulife Investment-HW Shariah Flexi Fund)	4,924,200	0.48

Substantial Shareholders

	Direct Interest		Indirect Interest	
Name	No. of Shares	%	No. of Shares	%
Teh Wee Chye	120,023,411	11.79	64,017,360[(1)]	6.29
Duangmanee Liewphairatana	33,380,875	3.28	45,526,097[(2)]	4.47
Tun Arshad bin Ayub	56,036,920	5.50	15,729,800[(3)]	1.54

Directors' Interests in the Company and its Related Corporations

Name	Direct Interest No. of Shares	Direct Interest %	Indirect Interest No. of Shares	Indirect Interest %
Tun Arshad bin Ayub	56,036,920	5.50	15,729,800[(3)]	1.54
Teh Wee Chye	120,023,411	11.79	64,017,360[(1)]	6.29
Datuk Oh Chong Peng	23,087	0.00	-	-
Dato' Wira Zainal Abidin bin Mahamad Zain	8,250	0.00	-	-
Prakash A/L K.V.P Menon	7,078,500	0.70	-	-
Azhari Arshad	510,000	0.05	15,729,800[(4)]	1.54
Lim Pang Boon	488,585	0.05	-	-

Director, Teh Wee Chye is deemed to have interests in all the shares held by the Company in its related corporations by virtue of his substantial shareholdings in the Company.

Notes:

(1) Deemed interested through Thye Nam Loong Holdings Sdn Bhd, Thye Nam Loong Sdn Bhd, Suai Timber Products Sdn Bhd, Essence Lane Sdn Bhd and shareholdings of his spouse.

(2) Deemed interested through Thye Nam Loong Holdings Sdn Bhd, Thye Nam Loong Sdn Bhd and Suai Timber Products Sdn Bhd.

(3) Deemed interested through Zalaraz Sdn Bhd.

(4) Deemed interested through Zalaraz Sdn Bhd.

Analysis of RCULS Holdings
as at 31 March 2021

Unconverted RCULS	-	109,924,827
Conversion Price	-	RM0.50
Maturity Date	-	24 January 2024

Size of Holdings	No. of RCULS Holders	% of RCULS Holders	No. of RCULS	% of RCULS
Less than 100	24	2.19	850	0.00
100 to 1,000	181	16.48	114,524	0.10
1,001 to 10,000	656	59.74	2,586,694	2.35
10,001 to 100,000	201	18.31	5,765,695	5.25
100,001 to less than 5% of RCULS	30	2.73	29,998,956	27.29
5% and above of RCULS	6	0.55	71,458,108	65.01
	1,098	100.00	109,924,827	100.00

Thirty (30) Largest RCULS Holders		No. of RCULS	Percentage Holding (%)
1.	HLIB Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Teh Wee Chye)	20,421,078	18.58
2.	HSBC Nominees (Asing) Sdn Bhd [Exempt An for Credit Suisse (SG BR-TST-ASING)]	14,400,000	13.10
3.	Kenanga Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Teh Wee Chye)	12,141,067	11.04
4.	CGS-CIMB Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Tun Arshad bin Ayub)	9,276,540	8.44
5.	Thye Nam Loong Holdings Sdn Bhd	8,074,923	7.35
6.	Astar Commercial Limited	7,144,500	6.50
7.	UOB Kay Hian Nominees (Asing) Sdn Bhd (Solid Esteem Sdn Bhd for Wise Bright Investment Limited)	5,250,858	4.78
8.	Amble Volume Sdn Bhd	4,113,000	3.74
9.	Maybank Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Tun Arshad bin Ayub)	3,562,500	3.24
10.	Alliancegroup Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Essence Lane Sdn Bhd)	3,350,593	3.05
11.	Teh Wee Chye	3,087,500	2.81
12.	UOB Kay Hian Nominees (Asing) Sdn Bhd (Amble Volume Sdn Bhd for Rise Glory Investment Limited)	1,815,442	1.65
13.	Yap Pen Ji @ Yap Fan Yee	1,500,000	1.36
14.	HLIB Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Prakash A/L K.V.P Menon)	1,272,000	1.16
15.	Chew Hem Poo @ Choy Nean Chin	1,103,000	1.00
16.	Solid Esteem Sdn Bhd	721,958	0.66

Thirty (30) Largest RCULS Holders	No. of RCULS	Percentage Holding (%)
17. Tan Hoee Eng	510,840	0.46
18. Emmel Sendirian Berhad	473,700	0.43
19. Allison Foo May Ling	450,000	0.41
20. Lim Gaik Bway @ Lim Chiew Ah	340,200	0.31
21. Eu Mui @ Ee Soo Mei	280,000	0.25
22. UOB Kay Hian Nominees (Asing) Sdn Bhd (AmFraser Securities Pte Ltd for Tan Jin Chwee & Co Pte Ltd)	266,400	0.24
23. Leow Yan Seong @ Liew Pin	192,900	0.18
24. Thye Nam Loong Shipping Sdn Bhd	172,446	0.16
25. UOB Kay Hian Nominees (Asing) Sdn Bhd (Exempt An for UOB Kay Hian Pte Ltd (A/C Clients)	160,800	0.15
26. Toh Kok Huat	143,550	0.13
27. Lee Ying Fong	140,000	0.13
28. Tan Ah Kow @ Tan Chee Lin	139,900	0.13
29. Adikem Sdn Bhd	131,100	0.12
30. Toh Kok Lim	129,000	0.12

Directors' Interests in the Company

	Direct Interest		Indirect Interest	
Name	No. of RCULS	%	No. of RCULS	%
Tun Arshad bin Ayub	12,839,040	11.68	50,000[(1)]	0.05
Teh Wee Chye	35,659,395	32.44	11,628,065[(2)]	10.58
Datuk Oh Chong Peng	2,000	0.00	-	-
Dato' Wira Zainal Abidin bin Mahamad Zain	1,500	0.00	-	-
Prakash A/L K.V.P Menon	1,287,000	1.17	-	-
Lim Pang Boon	66,120	0.06	-	-
Azhari Arshad	-	-	50,000[(3)]	0.05

Notes:

(1) *Deemed interested through Zalaraz Sdn Bhd.*

(2) *Deemed interested through Thye Nam Loong Holdings Sdn Bhd, Thye Nam Loong Sdn Bhd, Suai Timber Products Sdn Bhd and Essence Lane Sdn Bhd.*

(3) *Deemed interested through Zalaraz Sdn Bhd.*

Analysis of Warrant Holdings

as at 31 March 2021

Unexercised Warrants	-	137,564,367
Exercise Price	-	RM0.68
Expiry Date	-	23 January 2024

Size of Holdings	No. of Warrant Holders	% of Warrant Holders	No. of Warrants	% of Warrants
Less than 100	143	7.16	6,392	0.00
100 to 1,000	411	20.56	229,915	0.17
1,001 to 10,000	935	46.77	3,812,102	2.77
10,001 to 100,000	396	19.81	13,835,773	10.06
100,001 to less than 5% of Warrants	111	5.55	85,352,091	62.05
5% and above of Warrants	3	0.15	34,328,094	24.95
	1,999	100.00	137,564,367	100.00

	Thirty (30) Largest Warrant Holders	No. of Warrants	Percentage Holding (%)
1.	HLIB Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Teh Wee Chye)	12,210,539	8.88
2.	HSBC Nominees (Asing) Sdn Bhd [Exempt An for Credit Suisse (SG BR-TST-ASING)]	12,000,000	8.72
3.	Kenanga Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Teh Wee Chye)	10,117,555	7.35
4.	Thye Nam Loong Holdings Sdn Bhd	6,729,102	4.89
5.	CGS-CIMB Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Tun Arshad bin Ayub)	6,097,950	4.43
6.	Astar Commercial Limited	5,953,750	4.33
7.	UOB Kay Hian Nominees (Asing) Sdn Bhd (Solid Esteem Sdn Bhd for Wise Bright Investment Limited)	4,375,715	3.18
8.	Teh Wee Chye	3,639,725	2.65
9.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad (Exempt An for Affin Hwang Asset Management Berhad)	3,442,400	2.50
10.	Amble Volume Sdn Bhd	3,427,500	2.49
11.	Chin Chee Keong	3,394,500	2.47
12.	CGS-CIMB Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Looi Boon Han)	2,800,000	2.04
13.	Alliancegroup Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Essence Lane Sdn Bhd)	2,792,160	2.03
14.	HLB Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Tey Hock Seng)	2,067,000	1.50
15.	CGS-CIMB Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Ting Kuok Ley @ David Kuok Leh Ting)	1,610,000	1.17
16.	UOB Kay Hian Nominees (Asing) Sdn Bhd (Amble Volume Sdn Bhd for Rise Glory Investment Limited)	1,512,868	1.10

Analysis of Warrant Holdings
as at 31 March 2021 (cont'd)

Thirty (30) Largest Warrant Holders	No. of Warrants	Percentage Holding (%)
17. Maybank Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Lim Gim Leong)	1,460,100	1.06
18. Maybank Nominees (Tempatan) Sdn Bhd (Affin Hwang Asset Management Berhad for Yayasan Sabah)	1,360,100	0.99
19. Lim Boon Ngee	1,306,000	0.95
20. Maybank Nominees (Tempatan) Sdn Bhd (Maybank Trustees Berhad for Affin Hwang Equity Fund)	1,284,200	0.93
21. Maybank Securities Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Ho Yock Main)	1,236,200	0.90
22. Tan Hoee Eng	1,234,033	0.90
23. HLIB Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Prakash A/L K.V.P Menon)	1,060,000	0.77
24. Maybank Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Looi Boon Han)	1,000,000	0.73
25. Pristine Acres Sdn Bhd	953,000	0.69
26. Maybank Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Yew Weng Wah)	950,000	0.69
27. Maybank Securities Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Yew Weng Wah)	900,000	0.65
28. Maybank Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Tun Arshad bin Ayub)	876,000	0.64
29. Kenanga Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Gan Kong Hiok)	785,000	0.57
30. Tiong Wei Lee	727,700	0.53

Directors' Interests in the Company

	Direct Interest		Indirect Interest	
Name	No. of Warrants	%	No. of Warrants	%
Tun Arshad bin Ayub	6,973,950	5.07	-	-
Teh Wee Chye	25,975,944	18.88	9,690,052(1)	7.04
Datuk Oh Chong Peng	4,387	0.00	-	-
Dato' Wira Zainal Abidin bin Mahamad Zain	1,250	0.00	-	-
Prakash A/L K.V.P Menon	1,072,500	0.78	-	-
Lim Pang Boon	80,085	0.06	-	-
Azhari Arshad	62,500	0.05	-	-

Notes:

(1) Deemed interested through Thye Nam Loong Holdings Sdn Bhd, Thye Nam Loong Sdn Bhd, Suai Timber Products Sdn Bhd and Essence Lane Sdn Bhd.

Description, Location & Size	Existing Use	Approximate Age of Building (Year)	Date/Year of last Revaluation/ Acquisition	Net Book Value At 31-12-20 RM
Freehold land with shop houses GRN 116112 Lot 3618 Section 4 GRN 116113 Lot 3619 Section 4 Town of Butterworth District of Seberang Perai Utara Penang Total: 1.44 acres	Shoplot	60	9 Sept 1996	2,947,000
Freehold land with residential building GRN 29231 Lot 449 Section 67 District of Kuala Lumpur Federal Territory Total: 1.00 acre	Commercial land and building	81	4 Dec 1996	1,570,000
Freehold land Lots 5326, 5327 and part of Lots 5331 & 5332 District of Dindings Perak Darul Ridzuan Total: 9.00 acres	Vacant land	-	1981	72,000
Leasehold land with buildings Lots 4902 (expiring on 11-12-2061) 5337 (expiring on 25-4-2075) 5466 & 5336 (expiring on 22-11-2090) PT 4333 HSD 28222/PT 4334 HSD 28223 (expiring on 25-4-2075) Mukim Lumut, District of Dindings Perak Darul Ridzuan Total: 61.43 acres	Office and factory	38-54	6 Oct 1998	25,262,000
Freehold land with shop house Grant No. 36370, Lot No. 12256 Mukim Pulai District of Johor Bahru Johor Darul Takzim Total: 0.04 acre	Shoplot	41	1991	136,000
Leasehold land with buildings HSD 238626, Lot PTD 119736 (expiring on 28-2-2051) Mukim Plentong District of Johor Bahru Johor Darul Takzim Total: 10.1 acres	Office and factory	28	3 Feb 1995	57,688,000

Description, Location & Size	Existing Use	Approximate Age of Building (Year)	Date/Year of last Revaluation/ Acquisition	Net Book Value At 31-12-20 RM
Leasehold land with building PN 25155 Lot 7114 (expiring on 22-7-2096) Mukim Batu Berendam District of Melaka Tengah Melaka Darul Azim Total: 0.13 acre	Factory	23	1997	334,000
Freehold land with building HS(D) 212786 PTB 18284 Bandar Johor Bahru District of Johor Bahru Johor Darul Takzim Total: 0.13 acre	Factory	21	1999	421,000
Leasehold land HS(D) 503714 PTD 209638 (expiring on 2-4-2072) Mukim Plentong District of Johor Bahru Johor Darul Takzim Total: 4.57 acres	Vacant land	9	2011	2,689,000
Leasehold land with buildings HSD 30841 PT 13521 HSD 30845 PT 13525 HSD 30844 PT 13524 (expiring in 2075) Mukim Lumut District of Manjung Perak Darul Ridzuan Total: 200 acres	Breeder farm and factory	31	2015	122,094,000
Leasehold land with buildings HSD 42440, PT 19754 (expiring on 13-9-2116) Mukim Lumut District of Manjung Perak Darul Ridzuan Total: 26.68 acres	Office and factory	30	10 Mar 1995	5,745,000
Freehold land with house GRN 160946 Lot 45520 Mukim Plentong District of Johor Bahru Johor Darul Takzim Total: 0.04 acre	Residential house	29	2017	145,000

Description, Location & Size	Existing Use	Approximate Age of Building (Year)	Date/Year of last Revaluation/ Acquisition	Net Book Value At 31-12-20 RM
Leasehold land with farm buildings PN370859 Lot 23679 HSD 35899 PT 18500 HSD 35900 PT 18501 (expiring in 2075) Mukim Pengkalan Baharu District of Manjung Perak Darul Ridzuan Total: 464.96 acres	Broiler farm	28	2015	55,569,000
Freehold land Grant 1784, Lot 12653 Mukim Sitiawan District of Dindings Perak Darul Ridzuan Total: 17 acres	Vacant land	-	1997	271,000
Freehold land GM 23464, Lot 10137 Mukim Bagan Serai District of Kerian Perak Darul Ridzuan Total: 2.12 acres	Vacant land	-	1990	1
Land Use Rights with buildings (expiring on 31-8-2024) Cai Lan, Quang Ninh Province The Socialist Republic of Vietnam Total: 17.30 acres	Office and factory	23	1994	30,311,000
Freehold land with farm buildings HS(M) 15129 PTD 21255 Mukim Sri Gading District of Batu Pahat Johor Darul Takzim Total: 17.84 acres	Broiler farm	24	2000	5,924,000
Land Use Rights with buildings (expiring on 30-6-2048) Phu My Industrial Zone I Tan Thanh District Baria - Vungtau Province The Socialist Republic of Vietnam Total: 17.29 acres	Office and factory	18	2000	12,820,000
Leasehold land with farm buildings PN 378132 Lot 5471 PN 378133 Lot 5472 (expiring on 7-5-2034) Mukim Lumut District of Manjung Perak Darul Ridzuan Total: 25.81 acres	Breeder farm	10	2010	1,490,000

Description, Location & Size	Existing Use	Approximate Age of Building (Year)	Date/Year of last Revaluation/ Acquisition	Net Book Value At 31-12-20 RM
Freehold land with farm buildings Geran Nos 110919, 110936, 110937 110940 & 110941 Lots 65276, 65297, 65298, 65301 & 65302 Mukim Sungai Terap District of Kinta Perak Darul Ridzuan Total: 25.91 acres	Broiler farm	9	2011	5,809,000
Freehold land with farm buildings Geran No. 53949 Lot 3997 Mukim Tawar District of Baling Kedah Darul Aman Total: 116.83 acres	Breeder farm	9	2011	21,823,000
Freehold land Geran No. 43156 Lot 4656 Geran No. 11810 Lot 9132 Mukim Lenggong District of Hulu Perak Perak Darul Ridzuan Total: 95.54 acres	Vacant land	-	2013	7,981,000
Freehold land with farm buildings GRN 65374 Lot 3160 GRN 61255 Lot 3163 Mukim Lenggong District of Hulu Perak Perak Darul Ridzuan Total: 21.67 acres	Breeder farm	3	2014	6,371,000
Freehold land Geran No. 364, Lot 1029 Geran No. 413, Lot 272 Geran No. 435, Lot 969 Geran No. 659, Lot 965 Geran No. 785, Lot 968 Geran No. 980, Lot 971 Geran No. 981, Lot 972 Geran No. 982, Lot 973 Geran No. 983, Lot 974 Geran No. 984, Lot 975 Geran No. 985, Lot 976 Geran No. 986, Lot 966 Geran No. 987, Lot 967 Geran No. 988, Lot 980 Geran No. 989, Lot 981 Geran No. 993, Lot 274	Vacant land	-	2014	8,643,000

Description, Location & Size	Existing Use	Approximate Age of Building (Year)	Date/Year of last Revaluation/ Acquisition	Net Book Value At 31-12-20 RM
Geran No. 994, Lot 275 Geran No. 996, Lot 278 Geran No. 997, Lot 279 Geran No. 1001, Lot 1046 Geran No. 1003, Lot 970 Geran No. 2385, Lot 977 Geran No. 2388, Lot 1301 Geran No. 2390, Lot 1300 Geran No. 2444, Lot 978 Geran No. 2445, Lot 979 Geran No. 2464, Lot 1033 Geran No. 2915, Lot 1034 Geran No. 2925, Lot 1035 Geran No. 1092, Lot 964 Geran No. 365, Lot 1030 Geran No. 373, Lot 1036 Geran No. 392, Lot 1031 Geran No. 594, Lot 1032 Geran No. 753, Lot 276 Geran No. 976, Lot 1037 Geran No. 992, Lot 273 Geran No. 995, Lot 277 Geran No. 998, Lot 281 Geran No. 1002, Lot 1305 Geran No. 1138, Lot 1304 Geran No. 2383, Lot 280 Geran No. 2386, Lot 1302 Geran No. 2387, Lot 1303 Mukim Beriah District of Kerian Perak Darul Ridzuan Total: 102.93 acres				
Freehold land with building Geran No. 2935 Lot 102 Geran No. 2949 Lot 101 Mukim Pengkalan Baharu District of Manjung Perak Darul Ridzuan Total: 2.54 acres	Broiler farm	6	2014	1,515,000
Leasehold land with buildings PN 296140 Lot 15562 (expiring on 9-7-2105) Mukim Lumut District of Manjung Perak Darul Ridzuan Total: 5.172 acres	Factory	3	2015	257,475,000

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Sixty-First Annual General Meeting ("61st AGM") of Malayan Flour Mills Berhad will be conducted on a fully virtual basis from its Broadcast Venue at M5, Mezzanine Floor, Wisma MCA, 163 Jalan Ampang, 50450 Kuala Lumpur on Friday, 28 May 2021 at 10.00 a.m. for the following purposes:-

Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2020 together with the Reports of the Directors and Auditors thereon. [Please refer to Explanatory Notes].

2. To re-elect the following Directors who retire by rotation in accordance with Clause 132 of the Constitution of the Company and being eligible, offer themselves for re-election:

   (i) Mr Quah Poh Keat **(Ordinary Resolution 1)**
   (ii) Prof. Datin Paduka Setia Dato' Dr Aini binti Ideris **(Ordinary Resolution 2)**
   (iii) Mr Lim Pang Boon **(Ordinary Resolution 3)**

3. To approve the payment of Directors' fees of RM960,000 for the financial year ended 31 December 2020. **(Ordinary Resolution 4)**

4. To approve an amount of up to RM320,000 as benefits payable to the Directors for the period from the conclusion of the 61st AGM until the conclusion of the next AGM of the Company. **(Ordinary Resolution 5)**

5. To re-appoint Messrs KPMG PLT as Auditors of the Company for the financial year ending 31 December 2021 and to authorise the Directors to fix their remuneration. **(Ordinary Resolution 6)**

Special Business

To consider and if thought fit, to pass with or without modifications, the following resolutions:-

6. **Authority to Directors to Allot and Issue Shares Pursuant to Sections 75 and 76 of the Companies Act 2016**

   "**THAT** subject to the Companies Act 2016 and approval from the relevant authorities, where such approval is necessary, full authority be and is hereby given to the Directors pursuant to Sections 75 and 76 of the Companies Act 2016 to issue and allot shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company." **(Ordinary Resolution 7)**

7. **Proposed Renewal of Authority for Share Buy-back**

   "**THAT** subject to the Companies Act 2016, the provisions of the Constitution of the Company, Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements and the approvals of all relevant governmental and/or regulatory authorities, the Company be and is hereby authorised, to the fullest extent permitted by law, to purchase such amount of ordinary shares in the Company ("Proposed Share Buy-back") as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that the aggregate number of shares purchased pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company as at the point of purchase and that an amount not exceeding the Company's retained profits at the time of the purchase(s) will be allocated by the Company for the Proposed Share Buy-back;

   THAT the authority conferred by this resolution will be effective immediately and shall continue in force until: -

   (a) the conclusion of the annual general meeting of the Company following the general meeting at which such resolution was passed at which time it shall lapse unless by ordinary resolution passed at that meeting, the authority is renewed, either conditionally or subject to conditions; or

(b) the expiration of the period within which the next annual general meeting after that date is required by law to be held; or

(c) revoked or varied by ordinary resolution passed by shareholders in a general meeting,

whichever occurs first;

AND THAT authority be and is hereby given unconditionally and generally to the Directors of the Company to take all such steps as are necessary or expedient (including without limitation, the opening and maintaining of central depository account(s) under the Securities Industry (Central Depositories) Act, 1991, and the entering into of all other agreements, arrangements and guarantee with any party or parties) to implement, finalise and give full effect to the aforesaid purchase with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities and with the fullest power to do all such acts and things thereafter (including without limitation, the cancellation or retention as treasury shares of all or any part of the repurchased shares) in accordance with the Companies Act 2016, the provisions of the Constitution of the Company and the requirements and/or guidelines of the Bursa Securities and all other relevant governmental and/or regulatory authorities and to do all such things as the said Directors may deem fit and expedient in the best interest of the Company." **(Ordinary Resolution 8)**

8. To transact any other business of which due notice shall have been given in accordance with the Companies Act 2016.

By Order of the Board

Mah Wai Mun
MAICSA 7009729
SSM PC No. 202008000785
Company Secretary

Kuala Lumpur
28 April 2021

Notes:-

1. *In view of the COVID-19 pandemic and as part of the safety measures, this 61st AGM will be conducted on a fully virtual basis via live streaming and online remote voting using Remote Participation and Electronic Voting ("RPEV") facilities provided by Boardroom Share Registrars Sdn Bhd ("Boardroom") at https://web.lumiagm.com.*
2. ***Please read and follow the procedures as set out in the Administrative Guide in order to register, participate and vote remotely via the RPEV facilities.***
3. *The Broadcast Venue of the AGM is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the Meeting to be present at the main venue. Members **WILL NOT BE ALLOWED** to attend the AGM in person at the Broadcast Venue on the day of the meeting.*
4. *A member entitled to participate and vote remotely at the AGM is entitled to appoint not more than 2 proxies to participate and to vote in his/her stead. A proxy may but need not be a member of the Company.*
5. *Where a member appoints 2 proxies, the appointment shall be invalid unless he/she specifies the proportion of his/her holding to be represented by each proxy.*
6. *Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least 1 proxy but not more than 2 proxies in respect of each securities account it holds which is credited with ordinary shares of the Company.*
7. *Notwithstanding the above, an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in 1 securities account ("Omnibus Account"), may appoint multiple proxies in respect of each Omnibus Account held.*
8. *The instrument appointing a proxy must be in writing under the hand of the appointer or his attorney duly authorised in writing or, if the appointer is a corporation, either under its common seal or the hand of the attorney duly authorised.*
9. *The Form of Proxy ("Form") shall not be treated as valid unless the posted Form is received or the Form is deposited at the office of the Company's Share Registrar, Boardroom Share Registrars Sdn Bhd at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan or lodged electronically via "Boardroom Smart Investor Portal" at https://boardroomlimited.my which is available to all individual members, not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof. Forms transmitted by fax or email will not be accepted. The Company will not accept any photocopies of the Form in place of the original signed copy.*
10. *For the purpose of determining a member who shall be entitled to participate in this 61st AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Clause 82 of the Constitution of the Company and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a Record of Depositors as at 20 May 2021. Only a depositor whose name appears on such Record of Depositors shall be entitled to participate and vote at the said AGM or appoint proxies to participate and vote on his/her behalf.*

Explanatory Notes on Ordinary Business

Item 1 of the Agenda: To receive the Audited Financial Statements

This Agenda item is meant for discussion only as the provision of Section 340(1) of the Companies Act 2016 does not require a formal approval of the shareholders and hence, is not put forward for voting.

Ordinary Resolutions 4 and 5: Directors' Fees and Other Benefits

Section 230(1) of the Companies Act 2016 provides amongst others, that the fees and any benefits payable to the Directors of a listed company shall be approved at a general meeting.

In this respect, the Board wishes to seek the shareholders' approval for the following payments to Directors at the 61st AGM:-

***Resolution 4:** Payment of Directors' fees totalling RM960,000 in respect of the financial year ended 31 December 2020; and*

***Resolution 5:** Payment of benefits payable to the Directors which have been reviewed by the Remuneration Committee and Board of Directors of the Company for the period from the conclusion of the 61st AGM until the conclusion of the next AGM of the Company.*

The benefits payable to the Directors comprise Board Committee fixed fee, meeting allowances and benefits-in-kind. In determining the estimated total amount of the benefits payable, the Board has considered various factors including the number of scheduled and special meetings for the Board and Board Committees as well as the number of Directors involved in these meetings.

Ordinary Resolution 7: Authority to Directors to Allot and Issue Shares

The proposed Resolution 7 is for the purpose of seeking a renewal of the general mandate ("General Mandate") and if passed, will empower the Directors of the Company pursuant to Sections 75 and 76 of the Companies Act 2016, to issue and allot new shares in the Company from time to time provided that the aggregate number of shares issued pursuant to the General Mandate does not exceed 10% of the total number of issued shares of the Company for the time being. The General Mandate, unless revoked or varied by the Company in general meeting, will expire at the conclusion of the next AGM of the Company.

The General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s), working capital and/or acquisition(s) and any share issuance for acquisition involving equity deal which requires the Company to allot and issue new shares, which is only to be undertaken if the Directors consider it to be in the best interest of the Company.

As at the date of this Notice, no new share in the Company was issued pursuant to the General Mandate granted to the Directors at the 60th AGM of the Company held on 24 June 2020.

Ordinary Resolution 8: Proposed Renewal of Authority for Share Buy-back

The proposed Resolution 8, if passed, will empower the Directors to purchase the Company's shares of up to a maximum of 10% of the total number of issued shares of the Company by utilising the funds allocated out of the retained profits of the Company. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company.

1. AUTHORITY TO DIRECTORS TO ALLOT AND ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016

The renewal of this general mandate ("General Mandate") will empower the Directors of the Company pursuant to Sections 75 and 76 of the Companies Act 2016, to issue and allot new shares in the Company from time to time provided that the aggregate number of shares issued pursuant to the General Mandate does not exceed 10% of the total number of issued shares of the Company for the time being. The General Mandate, unless revoked or varied by the Company in general meeting, will expire at the conclusion of the next Annual General Meeting ("AGM") of the Company.

The General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s), working capital and/or acquisition(s) and any share issuance for acquisition involving equity deal which requires the Company to allot and issue new shares, which is only to be undertaken if the Directors consider it to be in the best interest of the Company.

As at the date of this Notice, no new share in the Company was issued pursuant to the General Mandate granted to the Directors at the 60th AGM of the Company held on 24 June 2020.

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MALAYAN FLOUR MILLS BERHAD
Registration No. 196101000210 (4260-M)
(Incorporated in Malaysia)

FORM OF PROXY

CDS Account No.	No. of Shares Held

I/We ____ NRIC No./Passport No./Company No________________
(full name in block letters)

of____
(full address)

being a member/members of **MALAYAN FLOUR MILLS BERHAD** hereby appoint:-

Full Name (In Block)	NRIC No./Passport No.	Proportion of Shareholding	
		No. of Shares	%
Address			

* and/or

Full Name (In Block)	NRIC No./Passport No.	Proportion of Shareholding	
		No. of Shares	%
Address			

or failing him/her, the *CHAIRMAN OF THE MEETING as my/our proxy to attend and vote for me/us on my/our behalf at the Sixty-First Annual General Meeting of the Company which will be conducted on a fully virtual basis from its Broadcast Venue at M5, Mezzanine Floor, Wisma MCA, 163 Jalan Ampang, 50450 Kuala Lumpur on Friday, 28 May 2021 at 10.00 a.m. and at any adjournment thereof.

My/our proxy is to vote on a poll as indicated below:
(Please indicate with a "x" or "√" in the boxes provided how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his discretion).

No.	Resolutions	For	Against
	Re-election of the following Directors who retire by rotation in accordance with Clause 132 of the Constitution of the Company:-		
1.	a. Mr Quah Poh Keat		
2.	b. Prof. Datin Paduka Setia Dato' Dr Aini binti Ideris		
3.	c. Mr Lim Pang Boon		
4.	Payment of Directors' fees		
5.	Payment of benefits payable to the Directors		
6.	Re-appointment of Auditors		
7.	Authority to Directors to Allot and Issue Shares Pursuant to Sections 75 and 76 of the Companies Act 2016		
8.	Proposed Renewal of Authority for Share Buy-back		

* Strike out whichever not applicable

Dated this _____________ day of ____________________, 2021

____
Signature/Common Seal of Shareholder

Notes:-

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7. *Notwithstanding the above, an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in 1 securities account ("Omnibus Account"), may appoint multiple proxies in respect of each Omnibus Account held.*
8. *The instrument appointing a proxy must be in writing under the hand of the appointer or his attorney duly authorised in writing or, if the appointer is a corporation, either under its common seal or the hand of the attorney duly authorised.*
9. *The Form of Proxy ("Form") shall not be treated as valid unless the posted Form is received or the Form is deposited at the office of the Company's Share Registrar, Boardroom Share Registrars Sdn Bhd at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan or lodged electronically via "Boardroom Smart Investor Portal" at https://boardroomlimited.my which is available to all individual members, not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof. Forms transmitted by fax or email will not be accepted. The Company will not accept any photocopies of the Form in place of the original signed copy.*
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Share Registrar
BOARDROOM SHARE REGISTRARS SDN BHD

11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan

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Malayan Flour Mills Berhad
Registration No. 196101000210 (4260-M)

HEAD OFFICE: 22nd Floor, Wisma MCA, 163 Jalan Ampang, 50450 Kuala Lumpur, Malaysia.
Tel: (603) 2170 0999 (GL), Fax: (603) 2170 0888

www.mfm.com.my