Malayan Flour Mills Berhad

Registration No. 196101000210 (4260-M)

Organic In Growth
Strategic In Partnership

ANNUAL REPORT 2021

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Board of Directors

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

Teh Wee Chye
(Managing Director)

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

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

Quah Poh Keat
(Independent Non-Executive Director)

Nomination Committee

Dato' Seri 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

Suite 28.01, Level 28, Menara Citibank
165 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 Darul Azim

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

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

GROUP CORPORATE STRUCTURE

Malayan Flour Mills Berhad
Registration No. 196101000210 (4260-M)

- 70% VIMAFLOUR LTD
- 100% MFM INTERNATIONAL LTD
  - 100% MEKONG FLOUR MILLS LTD
- 30% PT BUNGASARI FLOUR MILLS INDONESIA
- 51% PREMIER GRAIN SDN BHD
  Registration No. 200601034320 (754079-T)
- 100% DINDINGS SOYA & MULTIFEEDS SDN BERHAD
  Registration No. 197701003866 (34884-U)
- 100% MFM FEEDMILL SDN BHD
  Registration No. 198801005258 (172615-X)
- 100% DINDINGS BROILER BREEDER FARM SDN BHD
  Registration No. 198801005243 (172600-T)
- 100% SYARIKAT PENGANGKUTAN LUMUT SDN BHD
  Registration No. 197901007050 (51336-M)
- 100% DINDINGS GRAND PARENT FARM SDN BHD
  Registration No. 198501012507 (144962-W)
- DINDINGS TYSON SDN BHD 51%
  (Formerly known as Dindings Supreme Sdn Bhd)
  Registration No. 202101004006 (1404305-K)
  - DINDINGS POULTRY DEVELOPMENT CENTRE SDN BHD 99.99%
    Registration No. 198901002738 (180044-A)
  - DINDINGS POULTRY PROCESSING SDN BHD 100%
    Registration No. 198501012354 (144808-P)
  - DINDINGS FOODS SDN BHD 100%
    Registration No. 202101033323 (1433623-T)
- MFM LTD 100%
- MFM PROPERTY SDN BHD 100%
  Registration No. 198801009334 (176691-P)
- SEMAKIN DINAMIK SDN BHD 100%
  Registration No. 198901008231 (185533-V)
- MUDA FIBRE MANUFACTURING SDN BHD 60%
  Registration No. 197901004586 (48785-V)
- AVIOTA SDN BHD 100%
  Registration No. 201601042871 (1213813-D)

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' Seri 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 93, 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 68, 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.

Datuk Oh Chong Peng

(Senior Independent Non-Executive Director)

Datuk Oh Chong Peng (Male), aged 77, 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 Member and later 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.

DIRECTORS' PROFILE (CONT'D)

Dato' Seri Zainal Abidin bin Mahamad Zain

(Independent Non-Executive Director)

Dato' Seri Zainal Abidin bin Mahamad Zain (Male), aged 72, 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.

Mr Prakash A/L K.V.P Menon

(Non-Independent Non-Executive Director)

Mr Prakash A/L K.V.P Menon (Male), aged 63, 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)

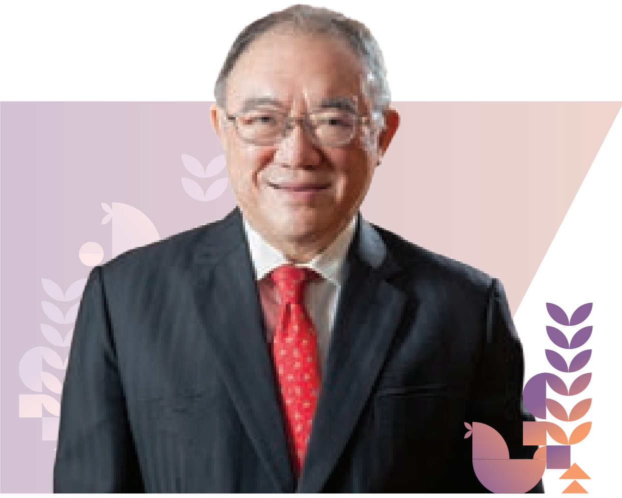
Mr Azhari Arshad (Male), aged 60, a Malaysian, was appointed to the Board as a Non-Executive Director on 16 August 2012 and was subsequently appointed as a Business Development & Corporate Affairs Director on 5 May 2015. He holds a Bachelor of Science Degree in Economics from University of Buckingham (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.

DIRECTORS' PROFILE (CONT'D)



Mr Quah Poh Keat

(Independent Non-Executive Director)

Mr Quah Poh Keat (Male), aged 69, 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 68, 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 Governors 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 and is the Pro-Chancellor of IMU.

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.

Mr Lim Pang Boon

(Executive Director)

Mr Lim Pang Boon (Male), aged 66, 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 in 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 68, 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 was an Executive Director in Master-Carriage (Malaysia) Sdn Bhd (1992-1995). Prior to that, she was with Amanah Merchant Bank Berhad as a Manager in Corporate Finance and Advisory for 13 years. 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, Cahya Mata Sarawak 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 68, 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 6 of this Annual Report.

Mr Azhari Arshad

(Director, Business Development & Corporate Affairs)

Aged 60, 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 9 of this Annual Report.

Mr Lim Pang Boon

(Executive Director)

Aged 66, Male, Malaysian

Mr Lim Pang Boon was appointed to the Board as an Executive Director of the Company on 1 January 2018. His profile is listed in the Directors' Profile on page 12 of this Annual Report.

Mr Huynh Duc Chinh

(General Director cum Authorised Representative of the Members' Council of Vimaflour Ltd, Vietnam)
Aged 50, 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 78, 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 55 years of experience in flour milling.

Mr Yong Yee Wan

(Deputy General Manager, Flour Production Management)
Aged 45, Male, Malaysian

Mr Yong Yee Wan joined the Company on 1 June 1999 as a Production Engineer. He was subsequently promoted as the Deputy General Manager, Flour Production Management on 1 April 2020.

He holds a Degree in Chemical Engineering from Universiti Putra Malaysia and a Diploma in Milling Technology from Swiss Milling School.

He has over 23 years of experience in flour milling, having worked at Lumut plant for 16 years and managing Pasir Gudang plant for 3 years before being designated to oversee both plants until now.

KEY SENIOR MANAGEMENT PROFILE (CONT'D)

Mr Jimmy Koid Teng Chew

[Chief Executive Officer, Dindings Tyson Sdn Bhd (formerly known as Dindings Supreme Sdn Bhd)]
Aged 62, Male, Malaysian

Mr Jimmy Koid joined Dindings Tyson Sdn Bhd on 1 October 2021 as the Chief Executive Officer.

He holds an Honorary Master's Degree in Management Science as well as an Honors Degree in Management Science and Industry System Studies from the University of Dublin, Ireland.

He has over 36 years of Poultry Integration industry experience and knowledge. He has held the helm of various organisations within the food industry, including global operations in the United States of America, Pakistan, Sri Lanka and Myanmar. Throughout his career, he has assisted organisations to identify untapped potential, streamline their operations and increase business profitability.

Mr Wong Kok Wai

(General Manager, Supply Chain cum Director of Dindings Tyson Sdn Bhd)
Aged 52, 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 was also appointed as a Director of Dindings Tyson Sdn Bhd on 31 May 2021.

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.

Mr Lee Low

(General Manager, Aquaculture)
Aged 58, Male, Malaysian

Mr Lee Low joined Dindings Soya & Multifeeds Sdn Berhad 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 Chua Kiat Hwa

(Senior General Manager, Purchasing cum Director of Premier Grain Sdn Bhd)
Aged 59, 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 29 years of commodity trading experience, having constant dealings with large international commodity brokers and grains institutions.

Mr Ryuichiro Yasuda

(Chief Executive Officer cum Director of Premier Grain Sdn Bhd)
Aged 30, Male, Japanese

Mr Ryuichiro Yasuda joined Premier Grain Sdn Bhd on 7 January 2022 as an Executive Director. He was subsequently appointed as the Chief Executive Officer on 16 February 2022.

He holds a Bachelor's Degree in Economics from Meiji University, Japan.

He has close to 8 years of experience in grain trading (corn, sorghum, soybean, soybean meal) and ocean freight, including 2 years of working experience in Brazil. He was attached to Toyota Tsusho Corporation and was based in Tokyo, Japan before joining Premier Grain Sdn Bhd.

Mr Hideki Oya

(General Manager, Purchasing & Upstream Commercial cum Director of Premier Grain Sdn Bhd)
Aged 42, Male, Japanese

Mr Hideki Oya joined the Company on 1 April 2018 as the General Manager, Purchasing. He was assigned with additional role as the General Manager, Upstream Commercial and redesignated as a Non-Executive Director of Premier Grain Sdn Bhd effective from 16 February 2022.

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

He has over 20 years of experience in grains trading industry, ocean freight and grains logistics. He was attached to Toyota Tsusho Corporation from 2002 to 2018. From 2013 to 2017, he was the Director and Controller of Procurement and Sales of Premier Grain Sdn Bhd. Subsequently, he was the Executive Director and the Chief Executive Officer of Premier Grain Sdn Bhd from 19 February 2020 to 15 February 2022.

KEY SENIOR MANAGEMENT PROFILE (CONT'D)

Mr Alan Yau Tee Peng

(Chief Financial Officer)

Aged 48, Male, Malaysian

Mr Alan Yau Tee Peng joined the Company on 20 December 2021 as the Chief Financial Officer.

He holds a Bachelor of Commerce (Accounting) from Curtin University, Australia. He is also a Certified Practicing Accountant of CPA Australia, a Chartered Accountant of Malaysian Institute of Accountants ("MIA") and was a Licensed Capital Markets Services Representative under Section 59 of Capital Markets & Services Act, 2007.

He has over 25 years of experience in the financial services industry, specialising in merger and acquisition, corporate finance, investment appraisals and analysis, equity and bond valuation, corporate recovery and assurance mandates and transactions for corporate clients across consumer and industry market, infrastructure (power and water assets), energy (oil and gas) and financial services.

Mdm Carol Chan Chui Yoke

(General Manager, Group Human Resources)

Aged 50, 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 25 years of experience in full spectrum of Human Capital functions with more than 15 years' experience in senior position in driving human resources strategies that support the Company's overall business plans and strategies.

Mr Horace Tee Kok Choy

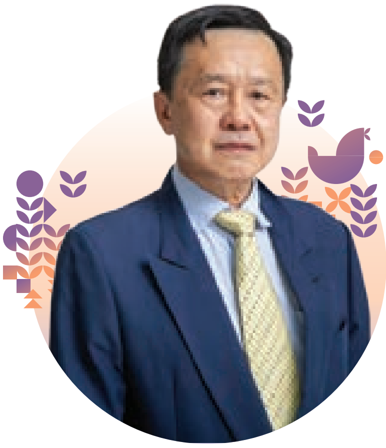
(Chief Information Officer)

Aged 43, 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 20 years of experience in information technology from his various positions in the consulting, manufacturing, shared services and telecommunication industries.



Ir Beh Men Huat

(General Manager, Group Engineering Services & Projects)

Aged 65, 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 38 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.

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 2021.*

Review of Performance

During the year, MFM disposed of 49% equity interest in Dindings Tyson Sdn Bhd (formerly known as Dindings Supreme Sdn Bhd) ("DTSB") to Tyson International Holding Company ("Tyson") for a disposal consideration of RM445.03 million on 31 May 2021 ("Disposal to Tyson"). Although MFM retains majority voting rights in DTSB, there are substantive rights shared with Tyson pursuant to the Shareholders' Agreement dated 31 May 2021. Accordingly, DTSB is deconsolidated and treated as a joint venture and for financial reporting purposes, DTSB's results up to 31 May 2021 have been classified as discontinued operations while the remaining businesses of MFM have been classified as continuing operations. From 1 June 2021 onwards, the results of DTSB has been accounted for using the equity method.

MFM Group ("Group") recorded a revenue of RM2.43 billion from continuing operations for the financial year 2021, which represents a 14.5% growth from the previous year. The Group's results from operating activities of continuing operations after net finance income amounts to RM192.07 million which represents an increase of 44.7% as compared to the previous financial year driven by favourable margins arising from higher flour and by-product selling prices and stronger demand which compensated for the higher wheat costs and operating expenses.

During the year, MFM Group incurred a one-off provision for profit guarantee payment of RM15 million ("Profit Guarantee") and a fair value loss arising from the remeasurement of contingent consideration receivable of RM77.87 million ("Fair Value Loss") arising from the Disposal to Tyson which resulted in a lower profit before tax from continuing operations as compared to the previous year.

MFM Group recorded a combined profit after tax for the year from the continuing and discontinued operations of RM198.54 million.

The revenue of flour and grains trading segment constituted 97.6% of our Group's revenue. The revenue for this segment increased by 14.3% to RM2.37 billion as compared to previous year primarily due to higher sales volume of flour resulting from healthy growth seen and higher average selling prices of flour and by-products driven by higher wheat cost. Operating profit of the segment stood at RM187.00 million, representing a 52.7% improvement from a year earlier primarily due to margin improvement in the flour business and increase in the sales volume. However, these were partially offset by the operating loss incurred by the grains trading business due to lower demand and higher commodity cost which negated the higher grains selling prices.

Our joint venture in Indonesia, PT Bungasari Flour Mills Indonesia ("BFMI"), recorded revenue growth by 44.0% as compared to the previous year driven by higher selling prices and higher sales volume. The Group's share of profit in 2021 amounted to RM8.2 million as compared to the previous year's share of profit of RM1.0 million. The higher sales volume amidst the expanded capacity coupled with better margin contributed to the positive results in the financial year ended 31 December 2021.

As mentioned above, following the Disposal to Tyson on 31 May 2021, DTSB is treated as a joint venture of the Group. In the months from June till December 2021, DTSB Group generated a revenue of RM507.62 million and recorded a loss after tax of RM20.52 million. Consequently, arising from the deconsolidation of DTSB Group on 31 May 2021, the Group's share of loss of this equity accounted joint venture at 51% amounted to RM10.47 million in the financial year ended 31 December 2021.

The poultry integration segment generated a revenue of RM860.14 million and incurred a loss after tax of RM57.27 million as compared to loss after tax of RM88.42 million in the preceding year mainly due to recognition of deferred tax income arising from unabsorbed tax losses and unutilised capital allowance in 2021. In the financial year ended 31 December 2021, the poultry processed product category recorded higher sales volume and price which partially mitigated the higher grains cost. A fair value gain on biological assets was recorded at RM0.7 million as compared to a loss of RM2.1 million in the preceding year.

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 2021, Vimaflour Ltd spent RM21.7 million to expand its production capacity.

On 10 February 2021, MFM entered into a conditional share purchase agreement ("SPA") with Tyson for the proposed disposal of 49% equity interest in DTSB , 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. The conditional SPA became unconditional on 27 May 2021 and both Tyson and MFM mutually agreed that the SPA completion date fell on 31 May 2021 and the sale consideration was adjusted from RM420 million to RM445 million.

Outlook for 2022

Commodity prices continue to remain volatile amid an uncertain global economic environment arising from the impact of COVID-19 pandemic coupled with ongoing Ukraine geopolitical situation and the potential unfavourable impact of the global weather. Due to these challenges, the Board will be taking the following measures to mitigate the uncertainties on the Group's performance in 2022:

- The positive effect of the partnership with Tyson on the poultry integration business will allow us to leverage on their strength and technical expertise to increase our sales volume, venture into export market and to improve operational efficiency.
- Working on price adjustment proposal 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.
- Continue to work with reputable vaccine companies to implement a wholistic vaccine programme to curtail diseases at the farms.

Dividend

The Board of Directors had declared an interim dividend of 2.0 sen per ordinary share for financial year ended 31 December 2021 which was paid on 25 March 2022.

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 2021.

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 in 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 broilers for consumption by Malaysians other than financial years 2020 and 2021 due to the impact of the COVID-19 pandemic. Our Group owns one of the biggest closed-house broiler farms in the country. We intend to upgrade these closed houses with Climate Control and Precision Farming to improve our production efficiency and reduce operating cost. The upgrading of its poultry processing plant with daily slaughtering capacity of 280,000 birds, which is 3 times of the previous capacity has been completed. On 31 May 2021, MFM disposed of 49% equity interest in Dindings Tyson Sdn Bhd (formerly known as Dindings Supreme Sdn Bhd) ("DTSB") to Tyson International Holding Company ("Tyson"), marking the start of a strategic partnership between MFM and Tyson in the poultry segment.

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

Group Strategy and Objective

Financial year 2021 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. We anticipate for the financial year 2022 that both the flour and poultry industries are expected to experience uncertain headwinds in terms of increasing commodity prices driven by the Ukraine geopolitical situation and the potential unfavourable impact of the global weather on supply of commodities.

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 flour and poultry industries.

Financial Performance Review

In the financial year 2021, revenue grew by 14.5% to RM2.43 billion, whilst the results from operating activities of continuing operations after net finance income increased to RM192.07 million from RM132.72 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 52.7% to RM187.00 million on the back of RM2.37 billion in revenue. This was mainly attributed to favourable margin arising from higher sales volume of flour and increased selling prices in 2021. On the contrary, grains trading business recorded an operating loss for financial year 2021 due to lower demand and higher commodity cost which negated the higher grains selling prices.

The Group recorded a profit after tax from discontinued operations of RM137.52 million. The discontinued operations are in respect of the poultry integration segment which comprise poultry farming, feed milling and poultry processing. The RM137.52 million represents the results of the poultry integration segment up to 31 May 2021 amounting to a loss of RM36.75 million which was set off by a one-off gain on deconsolidation of subsidiaries of RM174.26 million.

As at 31 December 2021, our Group's total assets stood at RM2.73 billion with cash and cash equivalents of RM534.53 million. Our Group's Earnings before interest, taxes, depreciation and amortisation ("EBITDA") from continuing operations after fair value loss arising from remeasurement of contingent consideration receivable and provision for profit guarantee payment of RM77.87 million and RM15.00 million respectively, decreased by 20.6% to RM123.15 million in the current financial year as compared to RM155.10 million previously.

Review of Operation

In 2021, in spite of the 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 grew by 14.5% to RM2.43 billion mainly due to higher sales volume and selling prices. The grains sales volume was 18% lower than previous year due to the lower demand of feeds. Despite the operating losses from the grains business, the performance from flour milling business had more than offset the losses resulting in the Group's operating profit increasing to RM183.25 million.

The Group's share of profit from the joint venture in Indonesia, PT Bungasari Flour Mills Indonesia ("BFMI") amounted to RM8.2 million as compared to a share of profit of RM1.0 million in the preceding year. The higher share of profit is mainly driven by increased sales volume and better margins earned.

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 Group's share of loss from joint venture, DTSB stood at RM10.47 million for the 7 months ended 31 December 2021. The 12 months results of DTSB Group in 2021 amounted to a loss of RM57.27 million as compared to RM88.42 million in 2020 mainly due to recognition of deferred tax income of RM36.02 million arising from unabsorbed tax losses and unutilised capital allowances as compared to RM9.22 million in the preceding year.

Despite the immense challenges in the poultry integration segment in 2021, 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 Kampung Acheh, Sitiawan, Perak, 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.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

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 flour industry which is highly dependent on global wheat prices, we will continually monitor the global wheat prices to ensure that the flour business continues to remain profitable.

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 2022

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 2022.

GO BEYOND SUSTAINABILITY 2021

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

Poultry Integration

- DINDINGS TYSON SDN BHD *(Formerly known as Dindings Supreme Sdn Bhd)* (DTSB)
- 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,

On behalf of MFM, we are delighted to share the sustainability initiatives we have employed in 2021. We continue to embrace United Nations Sustainability Development Goals ("UN SDGs") and remain focused on "growing responsibly", especially during this crucial period.

Year 2021 had been a tremendously *challenging year* for all of us in business. The COVID-19 pandemic had a major impact on the people and economy with lockdowns, restrictions on the movement of people which led to shortage of labour as well as temporary shutdown of businesses to curtail the spread of COVID-19. In addition, MFM Group's businesses were also impacted by the surge in the wheat cost, raw material cost for poultry feeds, diseases which affected the supply of poultry and the massive floods in December 2021 which impacted the poultry industry negatively due to high mortality. Facing all these challenges concurrently was unprecedented.

During this unprecedented situation, MFM has had three priorities: care for the safety and health of its employees, ensure business sustainability and continue to contribute to the society.

As the recovery begins, the learning and growing from this *challenging year* will better position us for our future success.

In compliance with the National Recovery Plan as well as for the safety and health of the employees, we have made it a priority in ensuring that our employees, including foreign workers, received two doses of the COVID-19 vaccine as well as the booster dose. 99.57% of our workforce is now fully vaccinated.

For human capital development, we continuously carried out various leadership trainings and development programmes to boost the performance of the employees. This is to ensure sustainable talent pipeline and leadership capability in achieving the business objectives and goals.

On 31 May 2021, MFM had finalised its partnership with Tyson Foods, Inc. ("Tyson Foods"), one of the world's largest food companies, in the poultry integration business. This strategic partnership allows the joint venture, Dindings Tyson Sdn Bhd (formerly known as Dinding Supreme Sdn Bhd) ("DTSB"), to leverage on Tyson Foods' global marketing network and supply chain, its proprietary technology in relation to integrated poultry production as well as the branding and market reputation of its product portfolio. This will also add more supply flexibility for both companies in serving halal poultry products in the country, especially in the further processed poultry segment, as well as across priority export markets.

DindingsTyson

Joint Venture between
MFM and Tyson Foods, Inc.

As part of the initiatives of the joint venture, Value Creation Teams were formed to carry out various value creation projects for DTSB Group. Despite the challenging business landscape and work conditions, both MFM's and Tyson Foods' team members had dedicated time to create value in their respective workstreams, in an enthusiastic and collaborative manner to create value for growth and sustainability.

MFM also continues to create value for society and bring joy to people's lives through a broad range of community initiatives, charitable donation and support of non-profit agencies in the communities in which we operate.

We endeavour to continue to focus on the area of sustainability and contribute to the UN SDGs. Together, we make improvements for people and the environment, and create value for our shareholders, customers, consumers, society and employees.

Last but not least, to all stakeholders, thank you for your continued support, confidence and trust in MFM.

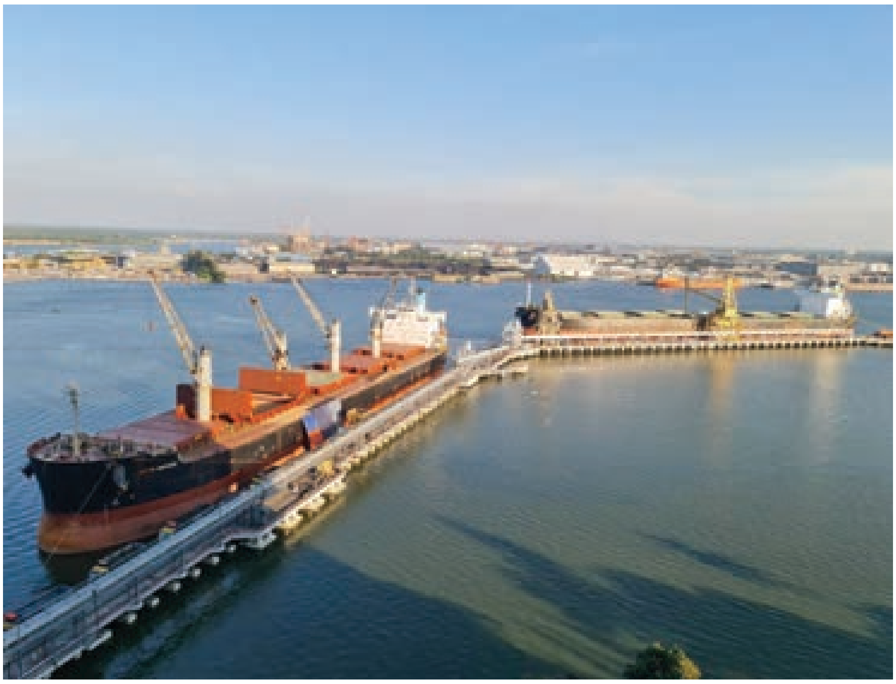
TEH WEE CHYE
MANAGING DIRECTOR

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 5th edition of MFM Group Sustainability Report is part of Annual Report 2021.

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.



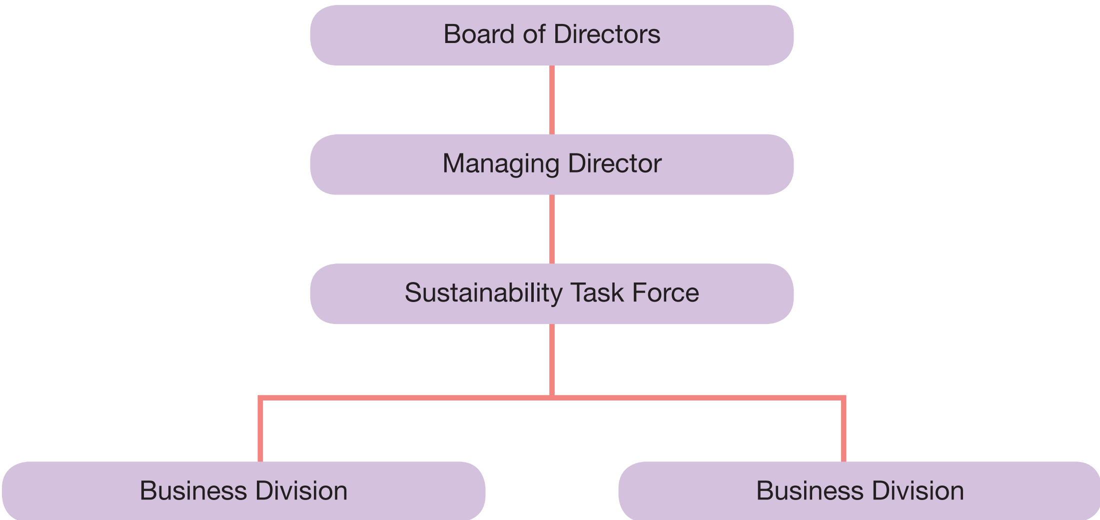
SCOPE & BOUNDARIES

The reporting period for this report is from 1 January 2021 to 31 December 2021. 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 2020.

REPORTING FRAMEWORK

The Second Edition of Sustainability Reporting Guide issued by Bursa Malaysia Securities Berhad ("Bursa Malaysia") 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:

Annual General Meetings, Quarterly Financial 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

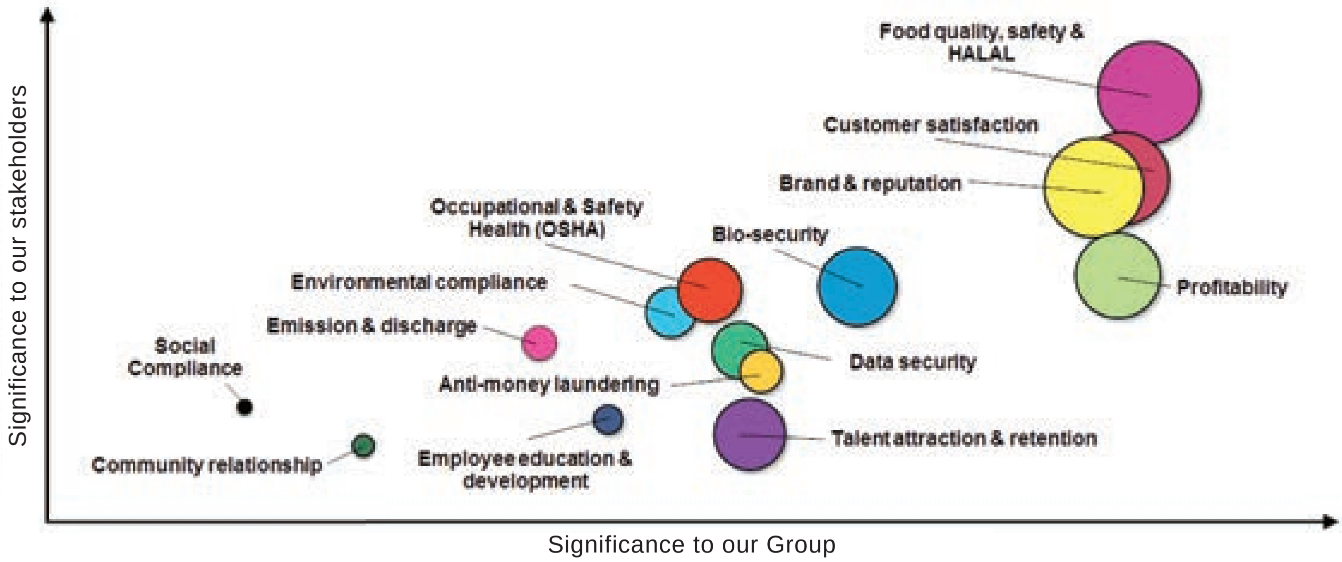
MFM Group adopted the materiality assessment in accordance with Bursa Malaysia Sustainability Reporting Guide. Material matters are defined in Bursa Malaysia Listing Requirements as those:

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

In 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 assessment of our Group for year 2020 is still applicable for year 2021.

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

MATERIALITY MATRIX



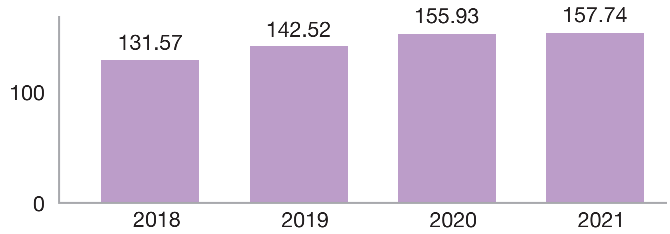
1 BALANCED RELATIONSHIP WITH NATURE

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

ENERGY

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 2021 due to the new poultry processing plant operating at a higher capacity for a full operational year in 2021, as compared to 2020. 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.

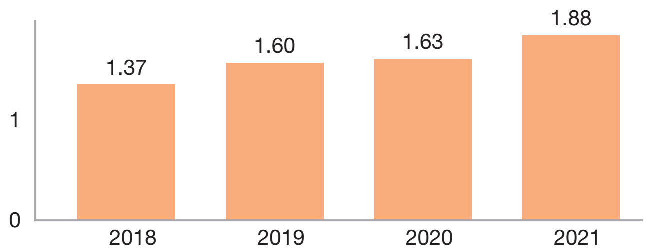
We also continue to monitor energy consumption through power meter and supervisory control and data acquisition (SCADA) system. Corrective actions are taken to reduce abnormal power consumption and minimise energy waste during idle production time.

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

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 increase in water usage in 2021 was attributed to the new poultry processing plant operating at a higher capacity for a full operational year in 2021, as compared to 2020. 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.

SUSTAINABILITY THEMES

MFM ensures the workforce, workplace and work sustainability through these five sustainability themes towards ensuring business continuity while remaining committed towards safety and the environment we operate in.

Response & Prevention during the Pandemic

Continuous Workforce Development

Caring & Connected

Holistic Workforce Wellbeing

Deliver Excellence with Diversity

Building The Future Workforce...today

As a testimony of Human Resources ("HR") Excellence in the organisation, we have been awarded by HR Asia as the Best Companies to Work For in Asia for four consecutive years.

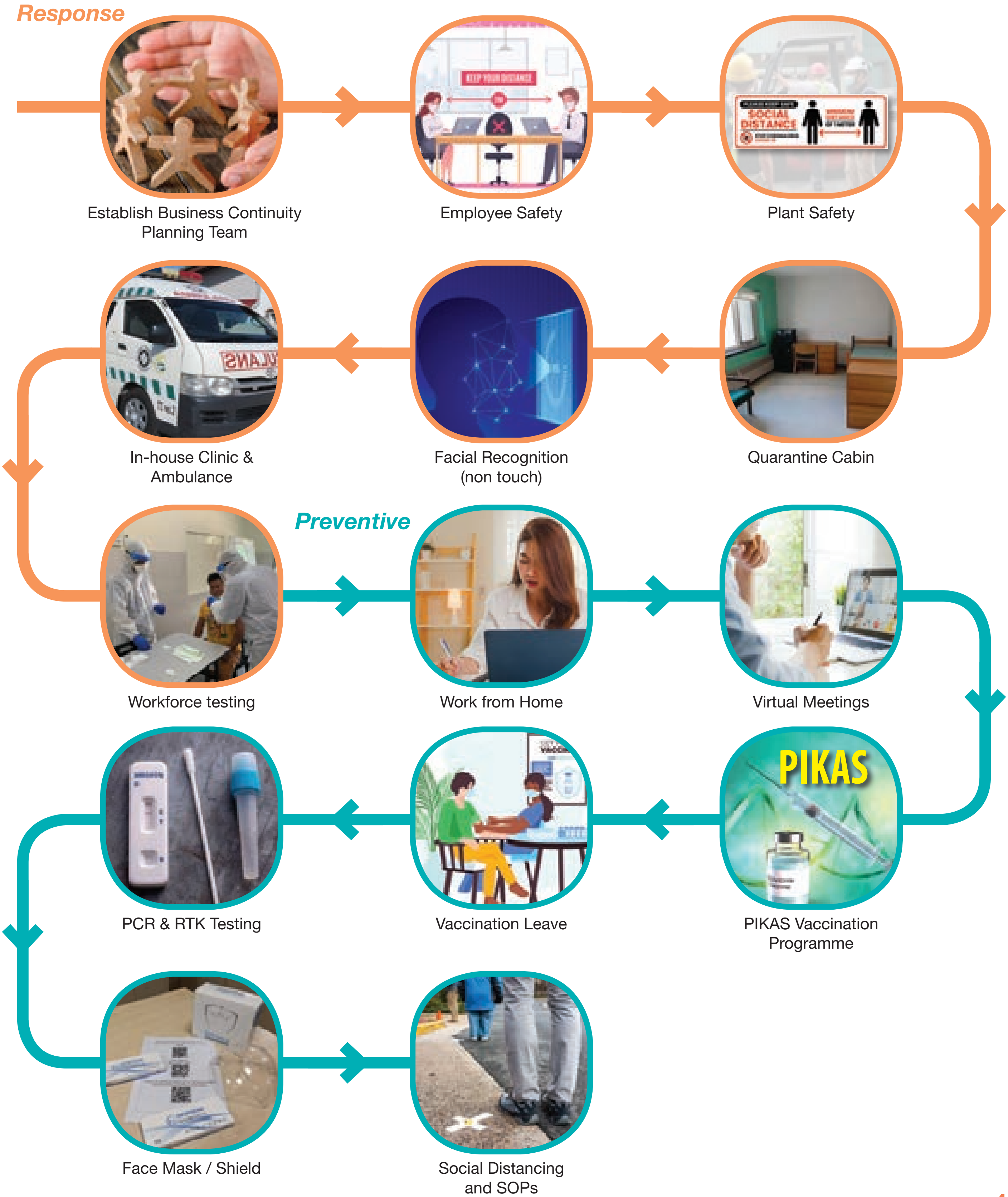
HR Asia
BEST COMPANIES
TO WORK FOR
IN ASIA 2021

Winner for 4 consecutive years

2021 • 2020 • 2019 • 2018

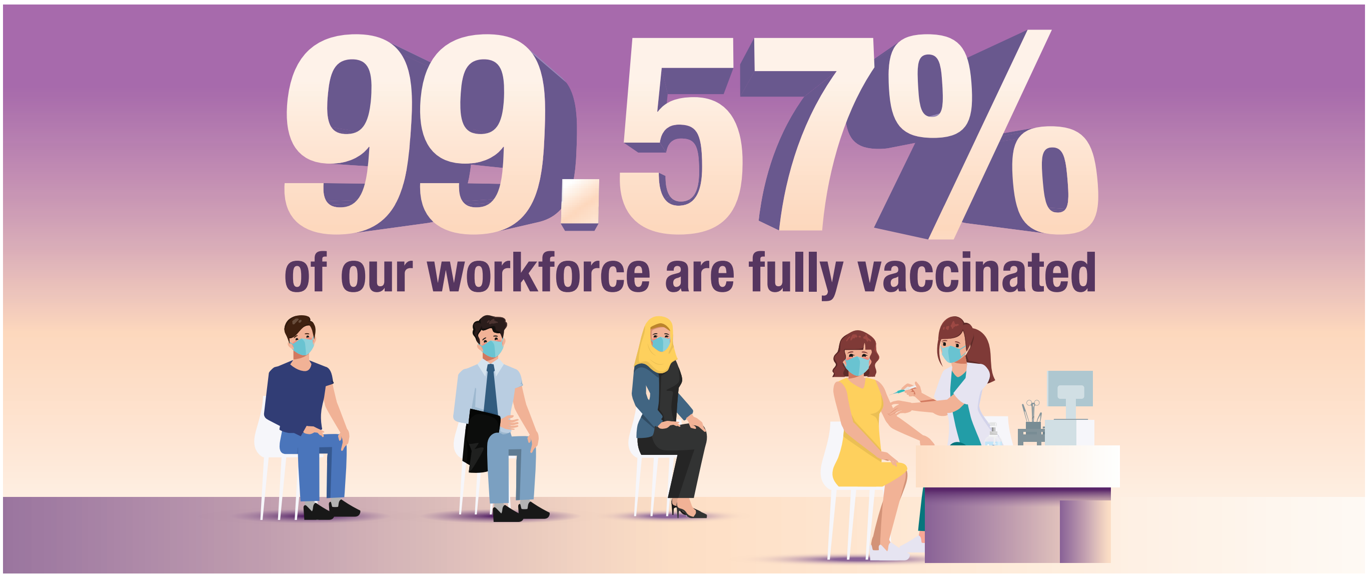
RESPONSE & PREVENTION DURING THE PANDEMIC

During the pandemic, we have implemented various control frameworks to respond timely and aggressively to curb the spread of the virus as well as preventive measures to ensure our workforce, workplace and work is conducive and safe to ensure business operations continuity.



STRIVING TOWARDS FULLY VACCINATED WORKFORCE

In our strive to curb the spread of the contagious virus, we constantly monitor our workforce to ensure they are vaccinated and have received boosters according to the recommendation of the Ministry of Health Malaysia.



Note : A small negligible fraction of the workforce is unable to receive the vaccine due to medical reasons after consultation with certified medical practitioners.

CONTINUOUS WORKFORCE DEVELOPMENT

While most of the world and nation itself were in containment mode during the pandemic most parts of the year, our desire and passion for excelling through learning was not hampered, as learning through digital means emerged, reaching past our shores and borders.

Focus group learning with Subject Matter Experts from Tyson Foods to enable knowledge exchange and engage experts in poultry processing. Similarly, we nominated our workforce to attend webinars and virtual conferences that were organised by our raw materials business partners.

Leadership Development Programme collaborates with a world-renowned university to develop resilience and adaptive leadership to respond to challenges that emerge during this calamity.

The entire workforce is empowered to drive its individual development, leveraging a wealth of knowledge and competency training through the MFM Training Catalogue.

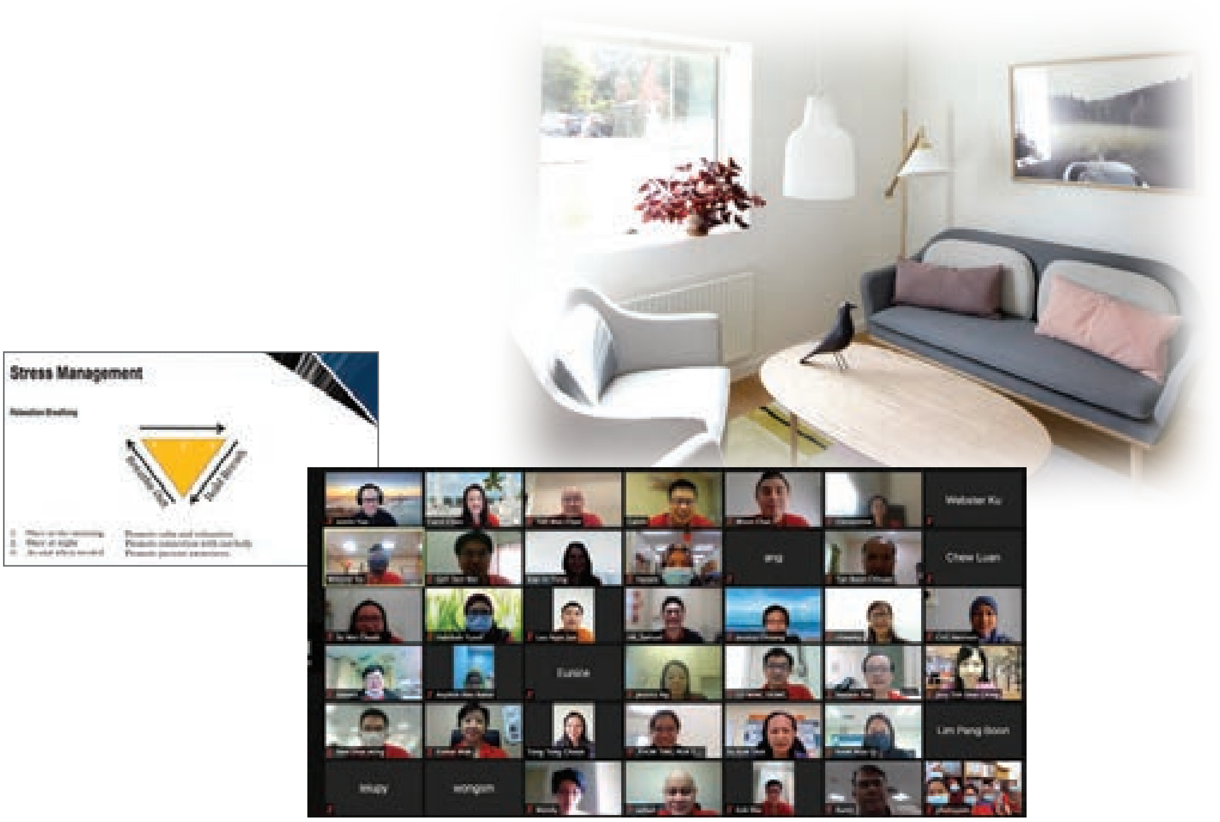
HOLISTIC WORKFORCE WELLBEING

Complementing the physical wellness program, we have launched the Caring & Connected programme with a whole series of programmes including our in-house training programme to hone on mental adaptability, which offers our support to our workforce during the challenging times of pandemic. We have also been recognised with the WeCare Award by HR Asia as one of the most caring companies to work for in Asia for two consecutive years.

Our corporate office has dedicated a Caring room to house certified counselors from a renowned university offering assistance to our workforce.

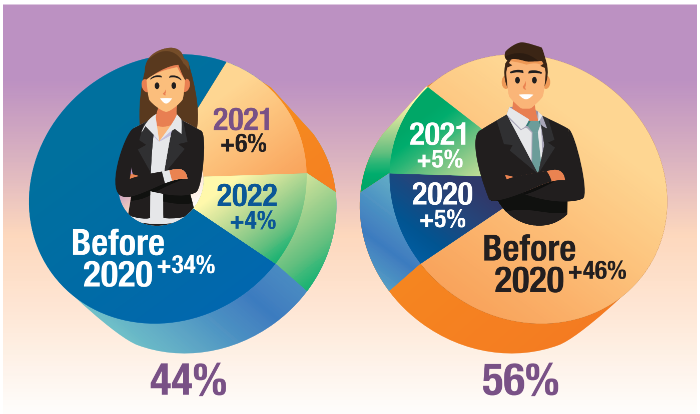
Caring & Connected
Putting our People First

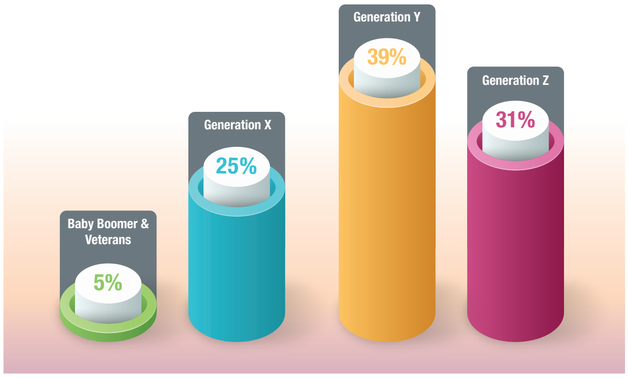
WeCare
HR ASIA MOST CARING COMPANIES AWARD 2021



DELIVER EXCELLENCE WITH DIVERSITY

The convergence of diverse talents is the precise formula for our organisation to achieve success and excellence. Two of our employees have been awarded both Silver and Bronze NABIM2021 Flour Milling awards respectively. All these are achieved through our culture of embracing diversity in our organisation.





The number of female workforce has increased 6% from 38% in 2020. Our colleague from the finer gender has propelled the standards of excellence being awarded the Silver NABIM2021 Flour Milling award.

Multi generations who co-create, inspire, collaborate, contribute and learn from one another is crucial, as the organisation can thrive on the wisdom from the experienced workforce as well as the innovation from the younger workforce.

We are fortunate to be in a multi-ethnic country where we respect all diversity equally in our organisation. It is an advantage for the business to be able to leverage on this diversity to ensure seamless and continuous operations.

BUILDING THE FUTURE WORKFORCE…TODAY

MFM partners with local and international learning institutions to ensure we have a sustainable supply of talents to be part of our workforce. We collaborate with established learning institutions to obtain interns and talents, through campus roadshow and recruitment drives.

MFM partnered with over 15 learning institutions in 2021. Reaching out to more than 2,000 students and potential candidates	Virtual Career Talk (VCT)	Virtual Career Fair (VCF)	Virtual Open Interview (VOI)
TOTAL	14	6	5

2021

Offered **100** Jobs opportunities to candidates under Penjana Kerjaya programme with Malaysia's Social Security Organisation ("SOCSO")

Internship Placement of more than **40** Fresh Graduates

Developed **94** talents through the Employee Development Programme ("EDP")

HEALTH & SAFETY

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 with Department of Occupational Safety and Health ("DOSH")'s requirements.

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").

Zero Penalty & Fatality

In 2021, we did not receive any penalties related to occupational safety and health from relevant authorities. There were no workplace fatality cases in our Group.

Training

- Safety and Health Induction for new employees and contractors
- Noise Awareness & Hearing Conservation Programme
- Working at Height & Hot Work
- Lock Out, Tag Out ("LOTO") Safety Awareness
- Emergency Response Preparedness
- Chemical Management, Handling, Storage, & Disposal
- AESP (Authorised Entrant & Stand-by Person) for Confined Space
- HIRARC Workshop
- Implementing and Executing ISO 45001
- Developing IA Skills for ISO 45001
- Forklift Safety
- Personal Protective Equipment ("PPE")
- COVID-19 Awareness Campaign
- Incident Reporting
- Basic Occupational First Aid ("BOFA")

3 OPERATIONS EXCELLENCE & GOVERNANCE

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

12 16

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 2021, 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

AYAM DINDINGS
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ايم فيستا

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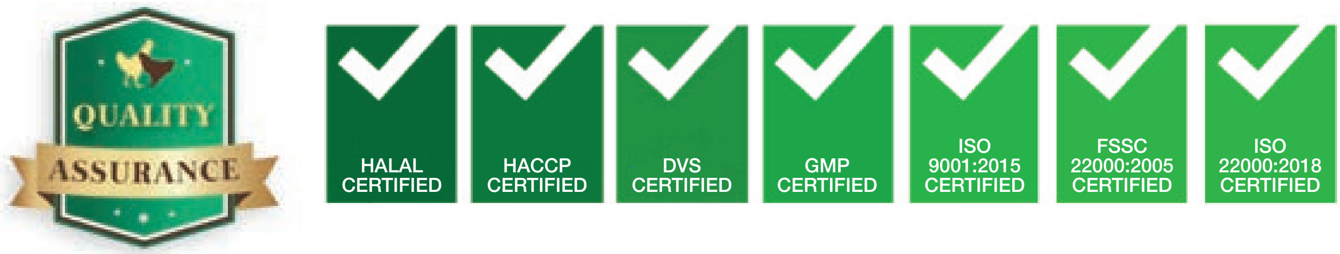
ايم فيستا

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 • Transition to FSSC 22000 V5.1 • Food Handling • Food Labelling Webinar	• HACCP Awareness • HACCP Internal Audit	• Good Manufacturing Practices ("GMP") • Quality Assurance • Food Handling • HACCP • Food Safety & Hygiene	• Awareness and Implementation of ISO 22000 • ISO 22000 Internal Audit • Material Handling • Best Aquaculture Practices ("BAP")

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 the Policy and Guidelines on Gifts and Entertainment to avoid misconduct by its associated persons which may tarnish the Group's reputation or violate the antibribery and competition laws.

The Whistle Blowing Policy and Standard Operating Procedures are also in place for all employees as well as external parties to raise genuine concerns on non-compliance of the Code of Conduct or any misconduct to instil the highest level of corporate governance.

ANTI-COMPETITION BEHAVIOUR

16

In 2021, 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.

3 8 16

Corporate Social Responsibility Towards Workplace

Women's Day Celebration

We pay tribute to our female employees that contribute to the Group, by celebrating International Women's Day on the 8th of March every year.

Company Trip

Vimaflour Ltd and Mekong Flour Mills Ltd had organised company's trip and outings to take care of their staff as well as to build team spirit among colleagues.

12 16

Corporate Social Responsibility Towards Workplace

Baking Online Training Course

Vimaflour Ltd had provided bakers in the various provinces in North Vietnam with two online training courses on making mooncake and "coal miner bread" - a type of baguette enriched with milk and eggs to give more energy to miners. Both courses in total were participated by 500 individuals with positive feedback.

Technical Training and Support

Technical staff from Mekong Flour Mills Ltd visited customers to provide them with technical training and support on any quality related issue.

Corporate Social Responsibility Towards Community

2 3 4 10

"Ayam Cares, Ayam Dindings" Campaign

Dindings Poultry Processing Sdn Bhd had contributed Ayam Dindings' products to Bodhi Homes and Pertubuhan Kebajikan Orang Tua Rahman as part of the Campaign. In line with the Campaign, we will continue to provide our supports and cares to the communities.

Supporting the COVID-19 Vaccination Program

Mekong Flour Mills Ltd had shown support to the government's vaccination programme by donating to the COVID-19 vaccination fund of the Vietnamese government, Phu My Medical Central,.

Vimaflour Ltd had also contributed 5,025 COVID-19 rapid test kits to Quang Yen, Dong Trieu, Uong Bi & Tien Yen District of Quang Ninh province.

Corporate Social Responsibility Towards Community

2 3 4 10

Donation to COVID-19 Affected Areas

Vimaflour Ltd had cooperated with Huyen Hoan Distributor to donate 4 metric tonnes (MT) of Hoa Ngoc Lan flour to Covid-19 affected areas in Bac Giang province.

Charity Donation to Underprivileged Children

Vimaflour Ltd had participated in a charity event hosted by Cai Lan Plant Trade Union and provided 30 underprivileged children with daily necessities such as Hoa Ngoc Lan flour, quilted blanket, rice, cake, milk, stationeries, socks and cash as well as clothes collected from Vimaflour Ltd's staff.

Corporate Social Responsibility Towards Environment

13 15

Environmental Awareness Staff Contest

Mekong Flour Mills Ltd organised a contest among its staff to raise environmental awareness.

Tree Planting

Mekong Flour Mills Ltd had organised a tree planting activity on a vacant plot of land within its plant which was participated by its staff.

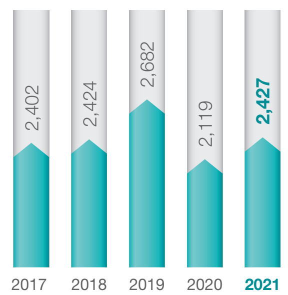
GROUP FINANCIAL HIGHLIGHTS

	2017 RM'000	2018 RM'000	2019 RM'000	Re-presented 2020 RM'000	2021 RM'000
Revenue from continuing operations	2,402,283	2,423,774	2,681,563	2,118,949	**2,426,936**
Profit before tax from continuing operations	96,493	39,933	78,295	133,668	**96,904**
Tax expense from continuing operations	(24,530)	(12,467)	(17,693)	(24,661)	**(35,881)**
Profit from continuing operations	71,963	27,466	60,602	109,007	**61,023**
Profit/(Loss) from discontinued operations, net of tax	-	-	-	(88,423)	**137,519**
Profit for the year	71,963	27,466	60,602	20,584	**198,542**
Minority interests	(3,395)	(9,690)	(17,351)	(15,171)	**(24,633)**
Profit attributable to equity holders of the Company	68,568	17,776	43,251	5,413	**173,909**
Issued share capital (RM'000)	377,501	377,501	527,571	530,665	**535,623**
Shareholders' fund (RM'000)	834,616	819,950	1,094,312	1,070,859	**1,254,314**
Net assets per share (sen) *	152	149	109	106	**123**
Basic earnings per share (sen) **	12.46	3.23	4.51	0.54[a]	**17.08[a]**
Gross dividends (%)	9.50	5.50	5.72	1.92	**3.81**
* Based on number of shares ('000)	550,285	550,285	1,004,095	1,010,282	**1,019,653**
** Based on weighted average number of shares ('000)	550,270	550,285	958,710	1,007,587	**1,018,156**

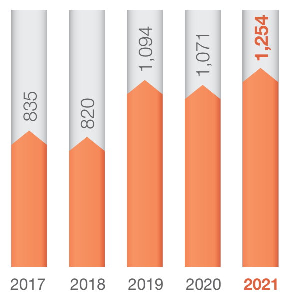
Note:

a. As disclosed in Note 23 to the Financial Statements.

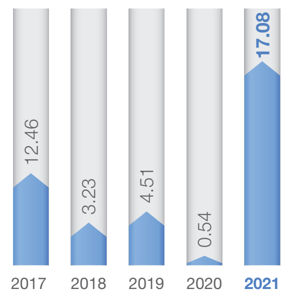
Revenue
(RM'Million)



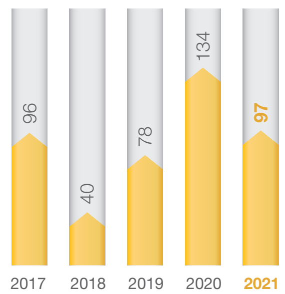
Shareholders' Fund
(RM'Million)



Basic Earnings Per Share
(Sen)



Profit Before Tax
(RM'Million)



Corporate Governance Overview Statement

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, its subsidiaries and joint ventures ("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 2021 ("MCCG 2021") in its 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 2021 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 practice set out in the MCCG 2021.

This overview statement describes the approaches that the Company has taken with respect to the 3 key principles of the MCCG 2021 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

Roles and Responsibilities of the Board

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.

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 full attendances at the Board and various Board Committees meetings held during the year as set out in the table below:

Name of Directors	Board	Audit & Risk Management Committee	Nomination Committee	Remuneration Committee
Non-Independent				
Tun Arshad bin Ayub	8/8	5/5	1/1	2/2
Teh Wee Chye	8/8	-	-	2/2
Prakash A/L K.V.P Menon	8/8	-	1/1	2/2
Azhari Arshad	8/8	-	-	-
Lim Pang Boon	8/8	-	-	-
Independent				
Datuk Oh Chong Peng	8/8	5/5	1/1	2/2
Dato' Seri Zainal Abidin bin Mahamad Zain	8/8	5/5	1/1	-
Quah Poh Keat	8/8	5/5	-	-
Prof. Datin Paduka Setia Dato' Dr Aini binti Ideris	8/8	-	1/1	-
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.

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 qualifications 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 keeps 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 corporate governance, information technology, poultry science, economy, banking, taxation, equities, leadership and mental health of the following topics:

- Updated Malaysian Code of Corporate Governance 2021
- Data Analytics
- World's Poultry Science Association
- Invest Malaysia 2021 Series 1, titled "Economic Reform"
- MIDA-Revitalise the Halal Economy with Negeri Sembilan
- The Malaysian Economic Summit 2021
- 2021 Malaysian Banking and Finance Summit "Future of Banking in the New Normal – Disruptive Innovation, Technology and Transformation"
- Seminar on taxation at International Business Financial Centers
- Update on Global Equities and Oil and Gas Markets
- Talk on Building Security in an Unsecure World
- Regulatory Recognition: A sign of a Maturing Digital Landscape
- Tax update on Budget Proposals
- MFM Leadership Development Programme – Adaptive Leadership
- Able & Willing Workshop for Breeder, Hatchery & Broiler
- Caring & Connected Programme Launch
- Caring for Mental Health & Managing Our Emotion
- Managing Our Stress

<u>Board Charter</u>

The roles and functions of the Board are clearly defined in the Board Charter which regulates how business is to be conducted by the Board in accordance with the principles of good Corporate Governance. The Board Charter was last revised in 2021 to reflect the change in the Terms of Reference of the Audit & Risk Management Committee. The Board Charter is available on the Company's website.

<u>Code of Conduct</u>

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.

<u>Policy and Guidelines on Gifts and Entertainment</u>

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.

<u>Whistle Blowing Policy</u>

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.

<u>Sustainability Management</u>

The Board together with the Management are committed and responsible towards the governance of sustainability in the Group including setting the sustainability strategies, priorities and targets. Detailed information on the Group's approaches towards addressing sustainability risks and opportunities are provided in the Sustainability Report on pages 25 to 57 of this Annual Report.

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 comprises amongst others, diverse professional experience, ethnicity, age and gender diversity with 2 women Directors on the Board which represent 20% of the Board.

The size and composition of the Board are reviewed annually by the Nomination Committee via the Performance Evaluation. The Board is satisfied with the current composition in terms of size, skills and experience, diversity of age, gender and background which has ensured well-balanced views to facilitate effective decision making.

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 6 to 13 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.

As for the appointment of Key Senior Management of the Group, it is based on merit and with due regards for diversity in skills, experience, age and gender.

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.

Board Committees

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.

Nomination Committee

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' Seri 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 regard 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 2021 via questionnaires which were completed by each Director on a confidential basis. The questionnaires comprised 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, addressing the Company's material sustainability risks and opportunities 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 Tun Arshad bin Ayub, Mr Teh Wee Chye and Mr Azhari Arshad who are retiring by rotation and being eligible, have offered themselves for re-election.

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' fees, Board Committees fixed allowance 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.

Details of the Directors' remuneration paid or payable or otherwise made to all Directors of the Company in respect of financial year 2021 are disclosed in the CG Report.

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 75 to 78 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 control 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 79 to 83 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. Engagement with Stakeholders

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.

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' Profile, Financial Results, Annual Reports, Announcements released to Bursa Malaysia Securities Berhad, Research Reports, Constitution of the Company, Board Charter, Terms of Reference of Board Committees, Corporate Governance Statement, Minutes of General Meetings, Code of Conduct, Policy and Guidelines on Gifts and Entertainment, 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.

In 2021, the Group had continued to engage with each of its stakeholders such as shareholders, investors, regulators, customers, suppliers, employees and other communities through a variety of approaches to address their concerns and maintain an open communication. The summary of the engagement platforms with the various stakeholders is provided in the Sustainability Report on page 34 of this Annual Report.

II. 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.

In line with best corporate governance practice, the Notice of AGM is issued to the shareholders 28 days prior to the meeting to provide them sufficient time to prepare, participate and make informed voting decision at the AGM.

The Company had successfully conducted its fully virtual Extraordinary General Meeting ("EGM") on 11 May 2021 and AGM on 28 May 2021 through live streaming and online remote voting using Remote Participation and Electronic Voting ("RPEV") facilities.

The conduct of the fully virtual General Meetings is in compliance with the Constitution of the Company which allows General Meetings to be held using any technology or electronic means.

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, Financial Controller, 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 EGM and AGM remotely.

As an effort to encourage engagement with the shareholders, questions in relation to the agenda items, business and performance of the Company may be emailed to the Company by the shareholders prior to the General Meetings at any time from the day of notice of General Meetings and up to 48 hours before the meetings. On the day of the meetings, every opportunity was given to the shareholders to ask questions and seek clarification during the live webcast by posing questions through the messaging window facility of the Virtual Meeting Portal which was opened concurrently with the Virtual Meeting Portal an hour before the commencement of the meetings.

Questions posed by shareholders were read out during the "Questions and Answers" session and the Chairman, Managing Director or Financial Controller had responded to all the relevant questions raised and provided clarification accordingly. As such, the shareholders had experienced real time interaction with the Board during the General Meetings.

The Managing Director had also presented the overview of the financial performance of the Group during the AGM.

In accordance with the Listing Requirements, all the resolutions set out in the notice of the EGM and AGM were voted by poll. All the shareholders who participated in the EGM and AGM remotely had voted on all the resolutions using the RPEV 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.

The full minutes of the EGM and AGM detailing the meeting proceedings, including issues and concerns raised by the shareholders together with the responses of the Company, were published on the Company's website for the information and benefit of all the shareholders of the Company no later than 30 business days after the conclusion of the General Meetings.

Additional Compliance Information

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

1. Utilisation of Proceeds Raised from Corporate Proposals

(a) Disposal of 49% equity interest pursuant to strategic partnership with Tyson International Holding Company ("Tyson")("Strategic Partnership").

On 31 May 2021, the share purchase agreement ("SPA") entered into between the Company and Tyson for the disposal of 49% equity interest in Dindings Tyson Sdn Bhd (formerly known as Dindings Supreme Sdn Bhd) ("DTSB"), a 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, was completed.

The disposal consideration is to be received in 3 tranches - Initial Consideration, First Earnout Consideration and Second Earnout Consideration. The Initial Consideration has been received in 2021 whilst the First Earnout Consideration and the Second Earnout Consideration will be paid, subject to the achievability of certain financial targets in the financial years ending 2022 and 2023 respectively.

The summary of the utilisation of Initial Consideration proceeds ("Disposal Proceeds") is as follows:-

Description of Utilisation of Proceeds	Disposal Proceeds (RM'000)	Actual Utilisation (RM'000)	Balance of Disposal Proceeds Unutilised as at 31 March 2022 (RM'000)	Expected Time Frame for Utilisation of Proceeds (from date of receipt of the proceeds)
Repayment of bank borrowings	170,944	170,944	-	Within 6 months
Estimated expenses in relation to the Strategic Partnership	14,000	#14,060	-	Within 1 month
Total	**184,944**	**185,004**	**-**	

\# The additional expenses incurred were paid from working capital.

(b) Rights Issue

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.

(b) Rights Issue (cont'd)

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 2022 (RM'000)	Expected Time Frame for Utilisation of Proceeds (from date of receipt of the proceeds)
Capital expenditure and repayment of revolving credit loans drawn to finance the capital expenditure	216,761	210,280	6,481	@ Within 3 years
Repayment of revolving credit loans drawn to finance working capital requirement	54,798	54,798	-	Within 1 year
Estimated expenses for the Rights Issue	3,583	# 3,954	-	Within 1 month
Total	**275,142**	**269,032**	**6,481**	

@ The time frame for the utilisation of proceeds has been extended for another 1 year from 28 January 2021 until 28 January 2022. Construction works are completed and pending finalisation of claims. The unutilised proceeds will be used for the working capital of the Group.

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 2022, cash proceeds of RM599,964 were raised from the exercise of 882,300 Warrants.

As at 31 March 2022, 136,688,367 Warrants remained unexercised whilst 109,559,187 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 2021 are as follows:

	Group (RM'000)	Company (RM'000)
Audit Fees	392	120
Non-Audit Fees	255	162
Total	**647**	**282**

Additional Compliance Information (cont'd)

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 2021 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 185 and 186 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 185 and 186 of this Annual Report.

Audit & Risk Management Committee 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 2021.

Composition

Chairman:	Datuk Oh Chong Peng *(Senior Independent Non-Executive Director)*
Members:	Tun Arshad bin Ayub *(Non-Independent Non-Executive Director)*
	Dato' Seri 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' Seri 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 the quarterly meetings of the Committee to report on the internal audit plan and internal audit and risk management reports.

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.

Audit & Risk Management Committee Report (cont'd)

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 2021 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 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.

iv. In view of the need to improve the quality of the internal audit to support the expansion and growth of the businesses of the Group and the challenges in recruiting suitable and competent staff for the in-house internal audit functions, the Committee had reviewed the requirements of the internal audit and decided that some of the internal audit functions be outsourced in 2022.

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 2021 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. 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 align with the Listing Requirements and good Corporate Governance that any former partner of the audit firm and/or affiliate firm shall observe a cooling-off period of at least 3 years before being appointed as a member of the Committee prior to recommending the revised term for approval by the Board.

iv. Reviewed and approved the revised materiality matrix, which was derived based on the input from the respective business leaders within the Group in a materiality assessment to better reflect the current material matters of the Group, for adoption and disclosure in the Sustainability Report.

Audit & Risk Management Committee Report (cont'd)

Internal Audit Function

The Group had an in-house Group Internal Audit and Risk Management Department ("IARM") which undertook the 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 reported directly to the Committee who reviewed and approved the IARM's annual audit plan, financial budget and human resource requirements to ensure that the function was 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 2021 were approximately RM699,764.

Statement on Risk Management and Internal Control

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

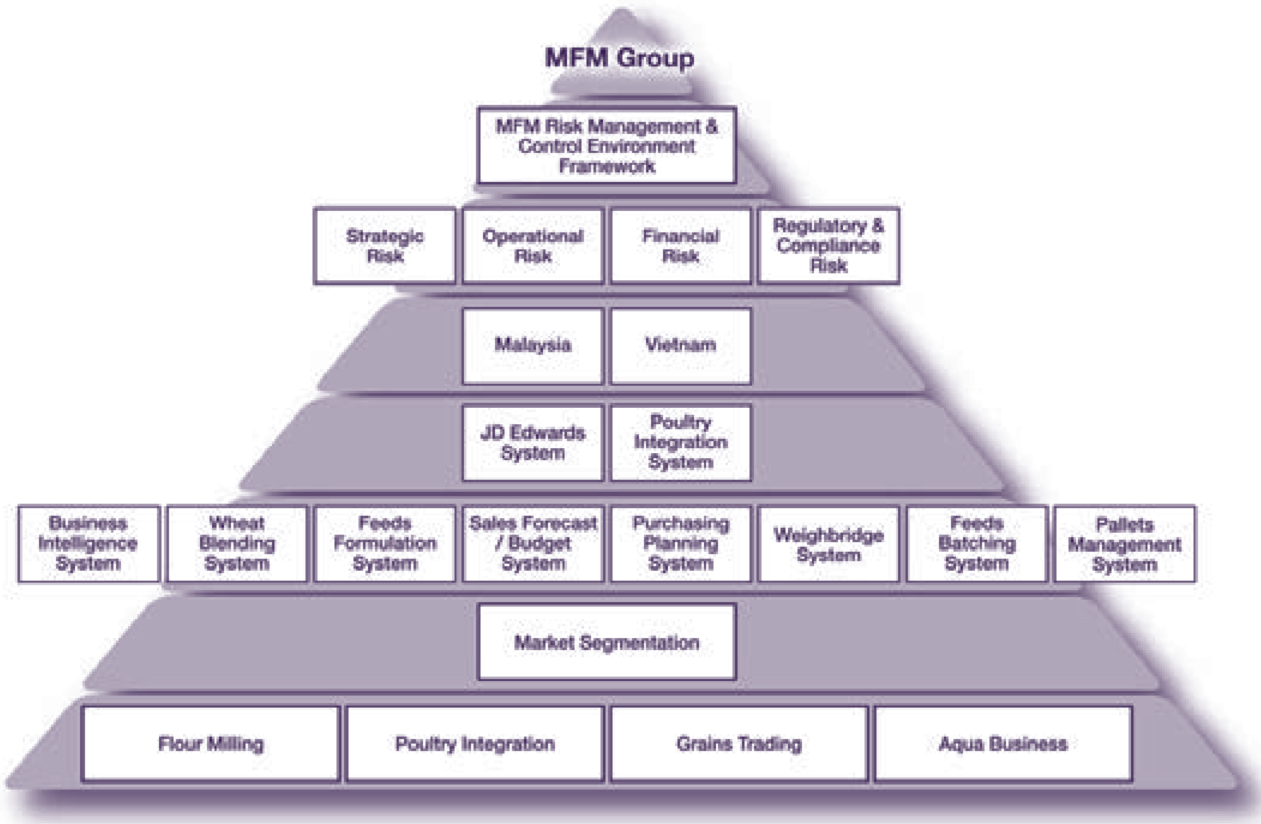
During the year and up to the date of approval of this statement, discussions were conducted at different levels of management to identify and address risks identified in the Group. The assessment of significant risks and the execution of relevant mitigating action plans are part of the operational activities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



Group Internal Audit and 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 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.

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 1 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 2021 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 Chief Financial Officer 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, its subsidiaries and joint venture company, Dindings Tyson Sdn Bhd (formerly known as Dindings Supreme Sdn Bhd) only. Other 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 2022.

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 2021, 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 2021.

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	173,909	18,557
Non-controlling interests	24,633	-
	198,542	18,557

Reserves and provisions

There were no material transfers to or from reserves and provisions during the financial year under review except as disclosed in the financial statements.

Dividends

Since the end of the previous financial year, the Company paid 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 on 26 March 2021.

On 28 February 2022, the Directors declared an interim dividend of 2.00 sen per ordinary share totalling approximately RM20,398,000 in respect of the financial year ended 31 December 2021, which was paid on 25 March 2022.

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

Directors' Report
for the year ended 31 December 2021 (cont'd)

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' Seri 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
Le Cong Anh
Chua Kiat Hwa
Tan Keng Seng
Hideki Oya
Shigeharu Kato
Huynh Duc Chinh
Khng Poh Leng, Douglas (Appointed on 16 February 2022)
Ryuichiro Yasuda (Appointed on 7 January 2022)
Pham Ngoc Tien (Appointed on 19 November 2021)
Tran Quoc Hoang (Appointed on 19 November 2021)
Keisuke Okada (Ceased on 16 February 2022)
Bui Thi Thanh Tam (Ceased on 19 November 2021)
Phan Xuan Que (Ceased on 19 November 2021)

Directors' interests

The interests and deemed interests in the ordinary shares, Redeemable Convertible Unsecured Loan Stocks ("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 1.1.2021	**Acquired**	**Disposed**	**At 31.12.2021**
Company				
- Malayan Flour Mills Berhad				
Direct interest				
Teh Wee Chye	120,023,411	-	-	120,023,411
Tun Arshad bin Ayub	56,036,920	2,026,000	-	58,062,920
Datuk Oh Chong Peng	23,087	-	-	23,087
Dato' Seri 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	500,000	10,000	-	510,000
Deemed interest				
Teh Wee Chye				
- own	63,954,360	-	-	63,954,360
- others*	63,000	-	-	63,000
Tun Arshad bin Ayub	15,729,800	-	-	15,729,800
Azhari Arshad	15,729,800	-	-	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

	Interest in capital contribution denominated in Vietnamese Dong (VND)			
	At 1.1.2021 VND'000	**Acquired VND'000**	**Disposed VND'000**	**At 31.12.2021 VND'000**
Vimaflour Ltd	345,961,284	-	-	345,961,284

Directors' interests (cont'd)

	Number of RCULS			
	At 1.1.2021	Acquired	Disposed	At 31.12.2021
Company				
- Malayan Flour Mills Berhad				
Direct interest				
Teh Wee Chye	35,659,395	-	-	35,659,395
Tun Arshad bin Ayub	12,839,040	142,660	-	12,981,700
Datuk Oh Chong Peng	2,000	-	-	2,000
Dato' Seri 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 1.1.2021	Acquired	Disposed	At 31.12.2021
Company				
- Malayan Flour Mills Berhad				
Direct interest				
Teh Wee Chye	25,975,944	-	-	25,975,944
Tun Arshad bin Ayub	6,973,950	17,200	(4,754,150)	2,237,000
Datuk Oh Chong Peng	4,387	-	-	4,387
Dato' Seri 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
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.

Directors' interests (cont'd)

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 2021 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 RM530,665,000 to RM535,623,000 by way of:

(i) issuance of 8,490,308 new ordinary shares of RM4,245,000 pursuant to the conversion of 4,245,154 RCULS; and

(ii) issuance of 881,000 new ordinary shares of RM713,000 pursuant to the exercise of warrants.

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 RM17,600.

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, except for gain on deconsolidation of subsidiaries as disclosed in Note 22 and the fair value loss arising from the remeasurement of contingent consideration receivable in Note 21 to the financial statements, the financial performance of the Group and of the Company for the financial year ended 31 December 2021 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.

Significant event during the year

Details of the significant event is disclosed in Note 22 to the financial statements.

Auditors

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

The auditors' remuneration is disclosed in Note 21 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 2022

Balance Sheets
at 31 December 2021

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Assets					
Property, plant and equipment	3	436,379	1,090,278	251,796	254,352
Right-of-use assets	4	21,747	30,420	17,729	8,225
Intangible assets	5	341	3,656	92	277
Investment properties	6	4,941	4,997	4,670	4,726
Investments in subsidiaries	7	-	-	171,919	391,369
Investments in joint ventures	8	629,217	164,738	647,382	192,865
Investment in an associate	9	1,052	1,050	-	-
Deferred tax assets	10	6,730	18,471	-	-
Other receivables	11	182,217	-	182,217	-
Total non-current assets		1,282,624	1,313,610	1,275,805	851,814
Trade and other receivables, including derivatives	11	381,590	380,323	148,130	554,774
Prepayments		1,661	4,467	1,229	1,305
Inventories	12	494,000	428,194	144,651	54,901
Biological assets	13	-	48,586	-	-
Current tax assets		3,612	2,195	-	-
Cash and cash equivalents	14	534,529	404,627	79,363	33,815
		1,415,392	1,268,392	373,373	644,795
Asset classified as held for sale	15	33,597	-	33,597	-
Total current assets		1,448,989	1,268,392	406,970	644,795
Total assets		2,731,613	2,582,002	1,682,775	1,496,609
Equity					
Share capital		535,623	530,665	535,623	530,665
RCULS - Equity		78,179	82,479	78,179	82,479
Reserves		640,512	457,715	321,270	313,008
Total equity attributable to owners of the Company	16	1,254,314	1,070,859	935,072	926,152
Non-controlling interests	7	96,242	94,048	-	-
Total equity		1,350,556	1,164,907	935,072	926,152

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Liabilities					
Deferred tax liabilities	10	5,879	3,335	5,875	3,335
RCULS - Liabilities	16	7,310	14,234	7,310	14,234
Loans and borrowings	17	166,949	227,428	119,000	-
Lease liabilities		13,499	3,532	12,354	2,248
Total non-current liabilities		193,637	248,529	144,539	19,817
RCULS - Liabilities	16	4,657	5,087	4,657	5,087
Trade and other payables, including derivatives	18	127,046	220,335	158,183	170,087
Loans and borrowings	17	1,045,163	932,148	439,054	371,964
Lease liabilities		1,551	2,063	1,265	1,573
Current tax liabilities		9,003	8,933	5	1,929
Total current liabilities		1,187,420	1,168,566	603,164	550,640
Total liabilities		1,381,057	1,417,095	747,703	570,457
Total equity and liabilities		2,731,613	2,582,002	1,682,775	1,496,609

The notes set out on pages 105 to 186 are an integral part of these financial statements.

Income Statements

for the year ended 31 December 2021

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Continuing operations					
Revenue	19	2,426,936	2,118,949	503,627	476,181
Cost of goods sold		(2,140,976)	(1,905,415)	(429,711)	(401,405)
Gross profit		285,960	213,534	73,916	74,776
Other income		19,923	21,305	120,442	47,027
Distribution expenses		(83,016)	(84,053)	(40,773)	(42,434)
Administrative expenses		(35,635)	(29,033)	(25,892)	(20,800)
Net (loss)/gain on impairment of financial instruments		(1,318)	1,952	(646)	(180)
Other expenses		(2,662)	(3,644)	(4,586)	(3,803)
Results from operating activities		183,252	120,061	122,461	54,586
Interest expense		(20,817)	(26,734)	(16,340)	(18,298)
Interest income		29,634	39,390	9,893	22,821
Net finance income/(costs)		8,817	12,656	(6,447)	4,523
Results from operating activities of continuing operations after net finance income/(costs)		192,069	132,717	116,014	59,109
Fair value loss arising from remeasurement of contingent consideration receivable	21	(77,867)	-	(77,867)	-
Provision for profit guarantee payment	21	(15,000)	-	(15,000)	-
Share of (loss)/profit of equity accounted joint ventures, net of tax	8	(2,282)	967	-	-
Share of loss of equity accounted associate, net of tax		(16)	(16)	-	-
Profit before tax		96,904	133,668	23,147	59,109
Tax expense	20	(35,881)	(24,661)	(4,590)	(4,931)
Profit from continuing operations		61,023	109,007	18,557	54,178
Discontinued operations					
Profit /(Loss) from discontinued operations, net of tax	22	137,519	(88,423)	-	-
Profit for the year	21	198,542	20,584	18,557	54,178

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Profit/(Loss) attributable to:					
Owners of the Company					
- from continuing operations		36,390	93,836	18,557	54,178
- from discontinued operations		137,519	(88,423)	-	-
Owners of the Company		173,909	5,413	18,557	54,178
Non-controlling interests		24,633	15,171	-	-
Profit for the year		198,542	20,584	18,557	54,178
Basic earnings per ordinary share (sen)					
from continuing operations	23	3.57	9.31		
from discontinued operations	23	13.51	(8.77)		
from continuing operations (adjusted)*	23	12.70	9.31		
Diluted earnings per ordinary share (sen)					
from continuing operations	23	2.71	7.70		
from discontinued operations	23	10.01	(7.16)		
from continuing operations (adjusted)*	23	9.47	7.70		

* *The adjusted basic and diluted earnings per share exclude the fair value loss arising from remeasurement of contingent consideration receivable of RM77,867,000 and provision for profit guarantee payment of RM15,000,000 in the financial year ended 31 December 2021.*

The notes set out on pages 105 to 186 are an integral part of these financial statements.

Statements of Comprehensive Income

for the year ended 31 December 2021

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Profit for the year	198,542	20,584	18,557	54,178
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	22,838	(12,013)	-	-
Total comprehensive income for the year	221,380	8,571	18,557	54,178
Total comprehensive income attributable to:				
Owners of the Company				
- from continuing operations	55,573	82,992	18,557	54,178
- from discontinued operations	137,519	(88,423)	-	-
	193,092	(5,431)	18,557	54,178
Non-controlling interests	28,288	14,002	-	-
Total comprehensive income for the year	221,380	8,571	18,557	54,178

The notes set out on pages 105 to 186 are an integral part of these financial statements.

Consolidated Statement of Changes in Equity

for the year ended 31 December 2021

		Attributable to owners of the Company								
		Non-distributable					Distributable			
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**
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	24	-	-	-	-	-	(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				

		Attributable to owners of the Company								
		Non-distributable					Distributable			
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**
At 1 January 2021		530,665	82,479	17,884	40,883	(53,590)	452,538	1,070,859	94,048	1,164,907
Foreign currency translation differences for foreign operations		-	-	-	-	19,183	-	19,183	3,655	22,838
Profit for the year		-	-	-	-	-	173,909	173,909	24,633	198,542
Total comprehensive income for the year		-	-	-	-	19,183	173,909	193,092	28,288	221,380
Retained earnings reinvested as capital contribution in a subsidiary		-	-	-	52,182	-	(52,182)	-	-	-
Conversion of RCULS	16	4,245	(4,300)	-	-	-	-	(55)	-	(55)
Exercise of warrants	16	713	-	(114)	-	-	-	599	-	599
Dividends to owners of the Company	24	-	-	-	-	-	(10,181)	(10,181)	-	(10,181)
Dividends to non-controlling interests	7	-	-	-	-	-	-	-	(26,094)	(26,094)
At 31 December 2021		535,623	78,179	17,770	93,065	(34,407)	564,084	1,254,314	96,242	1,350,556
		Note 16	Note 16	Note 16	Note 16	Note 16				

The notes set out on pages 105 to 186 are an integral part of these financial statements.

Statement of Changes in Equity

for the year ended 31 December 2021

Company	Note	◄------ *Non-distributable* Share capital RM'000	RCULS - Equity RM'000	Warrant reserve RM'000 ------►	*Distributable* Retained earnings RM'000	Total equity RM'000
At 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	24	-	-	-	(18,133)	(18,133)
At 31 December 2020/ 1 January 2021		530,665	82,479	17,884	295,124	926,152
Profit and total comprehensive income for the year						
Profit for the year		-	-	-	18,557	18,557
Other comprehensive income for the year		-	-	-	-	-
Total comprehensive income for the year		-	-	-	18,557	18,557
Conversion of RCULS	16	4,245	(4,300)	-	-	(55)
Exercise of warrants	16	713	-	(114)	-	599
Dividends to owners of the Company	24	-	-	-	(10,181)	(10,181)
At 31 December 2021		535,623	78,179	17,770	303,500	935,072
		Note 16	Note 16	Note 16		

The notes set out on pages 105 to 186 are an integral part of these financial statements.

Statements of Cash Flows

for the year ended 31 December 2021

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Cash flows from operating activities					
Profit/(Loss) before tax from:					
- continuing operations		96,904	133,668	23,147	59,109
- discontinued operations	22	133,272	(97,641)	-	-
		230,176	36,027	23,147	59,109
Adjustments for:					
Amortisation of intangible assets	5	902	1,055	220	236
Depreciation of investment properties	6	56	56	56	`56
Depreciation of property, plant and equipment	3	47,923	67,355	16,897	15,738
Depreciation of right-of-use assets	4	3,075	3,202	1,975	1,899
Fair value loss arising from remeasurement of contingent consideration receivable	21	77,867	-	77,867	-
Provision for profit guarantee payment	21	15,000	-	15,000	-
Dividend income		(7)	(6)	(93,781)	(26,736)
Net gain on disposal of property, plant and equipment	3	(230)	(8,305)	(205)	(8,076)
Gain on deconsolidation of subsidiaries	22	(174,264)	-	(8,335)	-
Gain on lease modification		(134)	-	(134)	-
Interest expense		25,238	37,293	16,340	18,298
Interest income		(20,896)	(20,022)	(9,893)	(22,821)
Impairment of subsidiaries		-	-	76	-
Net loss on impairment of financial assets		791	1,190	646	180
Property, plant and equipment written off	3	691	724	361	18
Share of loss/(profit) of equity accounted joint ventures, net of tax	8	2,282	(967)	-	-
Share of loss of equity accounted associate, net of tax		16	16	-	-
Net unrealised loss/(gain) on foreign exchange		128	(2)	(359)	550
Operating profit before changes in working capital		208,614	117,616	39,878	38,451
Changes in working capital:					
Trade and other receivables, prepayments and other financial assets		(98,913)	11,375	(130,184)	(22,520)
Inventories		(192,735)	78,775	(89,750)	46,845
Biological assets		(365)	8,274	-	-
Trade and other payables and other financial liabilities		(47,454)	28,305	(27,271)	28,786

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Cash (used in)/generated from operations		(130,853)	244,345	(207,327)	91,562
Interest paid		(24,322)	(36,018)	(15,424)	(17,023)
Interest received		20,896	20,022	9,893	22,821
Net income tax paid		(39,788)	(23,127)	(3,957)	(2,379)
Net cash (used in)/ generated from operating activities		(174,067)	205,222	(216,815)	94,981
Cash flows from investing activities					
Acquisition of intangible assets	5	(53)	(2,989)	(35)	(81)
Acquisition of property, plant and equipment		(46,606)	(69,755)	(14,017)	(16,535)
Increase in investment in a joint venture	8	-	(38,779)	-	(38,779)
Dividend income		7	6	93,781	26,736
Proceeds from deconsolidation of subsidiaries, net of cash and cash equivalents disposed of	22	134,237	-	184,944	-
Proceeds from disposal of property, plant and equipment		424	23,127	346	22,920
Net cash generated from/(used in) investing activities		88,009	(88,390)	265,019	(5,739)
Cash flows from financing activities					
Dividends paid to non-controlling interests	7	(10,269)	(6,640)	-	-
Dividends paid to owners of the Company	24	(10,181)	(18,133)	(10,181)	(18,133)
Proceeds/(Repayment of) from loans and borrowings, net		225,281	(4,600)	14,066	(64,263)
RCULS coupon payment	16	(5,593)	(5,803)	(5,593)	(5,803)
Payment of lease liabilities		(2,190)	(2,249)	(1,547)	(2,118)
Exercise of the warrants	16	599	-	599	-
Net cash generated from/(used in) financing activities		197,647	(37,425)	(2,656)	(90,317)
Net increase/(decrease) in cash and cash equivalents		111,589	79,407	45,548	(1,075)
Effect of exchange rate fluctuations on cash held		18,313	(5,533)	-	-
Cash and cash equivalents at 1 January	14	404,627	330,753	33,815	34,890
Cash and cash equivalents at 31 December	14	534,529	404,627	79,363	33,815

Cash outflows for leases as a lessee

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Included in net cash from operating activities					
Payment relating to short-term leases	21	423	399	7	13
Payment relating to leases of low-value assets	21	87	190	61	92
Payment relating to variable lease payments not included in the measurement of lease liabilities	21	2,756	4,995	445	257
Interest paid in relation to lease liabilities		343	263	235	192
Included in net cash from financing activities					
Payment of lease liabilities		2,190	2,249	1,547	2,118
Total cash outflows for leases		5,799	8,096	2,295	2,672

Cash and cash equivalents

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

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Deposits placed with licensed banks	14	438,813	344,207	2,727	421
Cash and bank balances	14	89,585	38,013	70,505	10,987
Liquid investments	14	6,131	22,407	6,131	22,407
		534,529	404,627	79,363	33,815

Statements of Cash Flows
for the year ended 31 December 2021 (cont'd)

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

	At 1 January 2020 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	Net changes from financing cash flows RM'000	Changes arising from deconsolidation of subsidiaries RM'000	Acquisition of new lease RM'000	Derecognition of lease RM'000	Foreign exchange movement RM'000	At 31 December 2021 RM'000
Group											
Unsecured bankers' acceptances/ Unsecured revolving credits	900,048	(8,240)	-	(6,510)	885,298	240,903	(150,570)	-	-	18,483	994,114
Unsecured term loans	270,638	3,640	-	-	274,278	(15,622)	(40,658)	-	-	-	217,998
Lease liabilities	5,263	(2,249)	2,581	-	5,595	(2,190)	(461)	14,446	(2,186)	(154)	15,050
Total liabilities from financing activities	1,175,949	(6,849)	2,581	(6,510)	1,165,171	223,091	(191,689)	14,446	(2,186)	18,329	1,227,162
Company											
Unsecured bankers' acceptances/ Unsecured revolving credits	426,851	(56,683)	-	(404)	369,764	33,266	-	-	-	2,024	405,054
Unsecured term loans	9,780	(7,580)	-	-	2,200	(19,200)	170,000	-	-	-	153,000
Lease liabilities	3,842	(2,118)	2,097	-	3,821	(1,547)	-	13,531	(2,186)	-	13,619
Total liabilities from financing activities	440,473	(66,381)	2,097	(404)	375,785	12,519	170,000	13,531	(2,186)	(2,024)	571,673

The notes set out on pages 105 to 186 are an integral part of these financial statements.

Notes to the 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

Suite 28.01, Level 28
Menara Citibank
165 Jalan Ampang
50450 Kuala Lumpur

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2021 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 joint ventures.

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 2022.

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 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)*
- 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)*

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 2023

- MFRS 17, *Insurance Contracts**
- Amendments to MFRS 17, *Insurance Contracts – Initial application of MFRS 17 and MFRS 9 – Comparative Information**
- Amendments to MFRS 101, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and Disclosures of Accounting Policies*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates*
- Amendments to MFRS 112, *Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

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 2022 for those amendments that are effective for annual periods beginning on or after 1 January 2022, except as marked as ("*") which are not applicable to the Group and of 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 as marked as ("*") which are not applicable to the Group and of the Company.

During the financial year, the Group has early adopted the amendment to MFRS 16, *Leases – Covid-19-Related Rent Concessions beyond 30 June 2021* which is effective for annual periods beginning on or after 1 April 2021.

The initial application of the accounting standards, interpretations or amendments are not expected to have any material financial impacts 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.

(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.

1. Basis of preparation (cont'd)

(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 8	-	investments in joint ventures
(iii)	Note 13	-	valuation of biological assets
(iv)	Note 11.1	-	contingent consideration receivable from a joint venturer
(v)	Note 26	-	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 beyond 30 June 2021*, issued by MASB in April 2021. The amendment includes 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.

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.

2. Significant accounting policies (cont'd)

(a) Basis of consolidation (cont'd)

(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.

(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.

2. Significant accounting policies (cont'd)

(a) Basis of consolidation (cont'd)

(v) Associates (cont'd)

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.

(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.

2. Significant accounting policies (cont'd)

(a) Basis of consolidation (cont'd)

(vi) Joint arrangements (cont'd)

Investment in joint ventures 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 joint ventures 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.

(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.

2. Significant accounting policies (cont'd)

(b) Foreign currency (cont'd)

(i) Foreign currency transactions (cont'd)

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;

(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

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)

(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.

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.

2. Significant accounting policies (cont'd)

(c) Financial instruments (cont'd)

(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.

(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.

2. Significant accounting policies (cont'd)

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

(iii) Depreciation (cont'd)

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
• 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 and the Company assess 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

- 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 and the Company allocate 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 and the Company are lessees, they have elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

2. Significant accounting policies (cont'd)

(e) Leases (cont'd)

(ii) Recognition and initial measurement

(a) As a lessee

The Group and the Company recognise 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 and the Company are reasonably certain to exercise; and
- penalties for early termination of a lease unless the Group and the Company are reasonably certain not to terminate early.

The Group and the Company exclude 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 and the Company have 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 and the Company recognise 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 and the Company act as lessors, they determine at lease inception whether each lease is a finance lease or an operating lease.

2. Significant accounting policies (cont'd)

(e) Leases (cont'd)

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

(b) As a lessor (cont'd)

To classify each lease, the Group and the Company make 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 and the Company apply MFRS 15 to allocate the consideration in the contract based on the stand-alone selling prices.

When the Company 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 Company 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.

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 and the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Group and the Company change their assessment of whether they 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 and the Company recognise lease payments received under operating leases as income on a straight-line basis over the lease term as part of "other income".

2. Significant accounting policies (cont'd)

(f) Intangible assets

(i) Computer software

Computer software acquired by the Group and the Company are 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.

(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.

2. Significant accounting policies (cont'd)

(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 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. Costs to sell include the incremental selling costs, including estimated costs of transport but exclude 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.

(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 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.

2. Significant accounting policies (cont'd)

(l) Impairment (cont'd)

(i) Financial assets (cont'd)

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.

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.

2. Significant accounting policies (cont'd)

(l) Impairment (cont'd)

(ii) Other assets (cont'd)

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.

(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.

2. Significant accounting policies (cont'd)

(n) Compound financial instruments (cont'd)

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.

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.

2. Significant accounting policies (cont'd)

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

(i) Revenue (cont'd)

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".

(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.

2. Significant accounting policies (cont'd)

(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.

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) Discontinued operations

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale or distribution, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative income statement and other comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative period.

(t) 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.

2. Significant accounting policies (cont'd)

(t) Earnings per ordinary share (cont'd)

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.

(u) 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.

(v) 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 balance sheets 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.

(w) 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.

2. Significant accounting policies (cont'd)

(w) Fair value measurements (cont'd)

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	Note	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 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/ 1 January 2021		31,682	781,393	798,482	50,482	106,987	1,769,026
Additions		758	548	6,628	189	45,094	53,217
Disposals		-	-	(2,309)	(2,992)	-	(5,301)
Write-off		-	(435)	(28,067)	(81)	-	(28,583)
Transfers		-	26,295	23,690	-	(49,985)	-
Transfer to intangible assets	5	-	-	(917)	-	-	(917)
Transfer to asset held for sale	15	-	-	-	-	(33,597)	(33,597)
Deconsolidation of subsidiaries	22	(32,440)	(452,149)	(429,359)	(26,089)	(19,835)	(959,872)
Effect of movements in exchange rates		-	3,490	4,263	237	118	8,108
At 31 December 2021		-	359,142	372,411	21,746	48,782	802,081

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

Group	Note	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 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/ 1 January 2021							
Accumulated depreciation		-	200,675	438,704	38,769	-	678,148
Accumulated impairment loss		-	3	597	-	-	600
		-	200,678	439,301	38,769	-	678,748
Depreciation for the year		-	14,661	31,369	1,893	-	47,923
Disposals		-	-	(2,163)	(2,944)	-	(5,107)
Write-off		-	(159)	(27,653)	(80)	-	(27,892)
Transfer to intangible assets	5	-	-	(842)	-	-	(842)
Deconsolidation of subsidiaries	22	-	(105,448)	(205,293)	(20,248)	-	(330,989)
Effect of movements in exchange rates		-	1,529	1,999	333	-	3,861
At 31 December 2021							
Accumulated depreciation		-	111,261	236,718	17,723	-	365,702
Accumulated impairment loss		-	-	-	-	-	-
		-	111,261	236,718	17,723	-	365,702
Carrying amounts							
At 1 January 2020		31,682	376,537	256,826	10,192	415,075	1,090,312
At 31 December 2020/ 1 January 2021		31,682	580,715	359,181	11,713	106,987	1,090,278
At 31 December 2021		-	247,881	135,693	4,023	48,782	436,379

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 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 2020/1 January 2021	209,030	210,888	12,367	51,615	483,900
Additions	161	3,799	1	10,882	14,843
Disposals	-	(2,165)	(2,729)	-	(4,894)
Write-off	-	(27,095)	(81)	-	(27,176)
Transfers	36,802	13,259	-	(50,061)	-
At 31 December 2021	245,993	198,686	9,558	12,436	466,673
Depreciation					
At 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 2020/1 January 2021	65,204	152,939	11,405	-	229,548
Depreciation for the year	4,908	11,688	301	-	16,897
Disposals	-	(2,024)	(2,729)	-	(4,753)
Write-off	-	(26,735)	(80)	-	(26,815)
At 31 December 2021	70,112	135,868	8,897	-	214,877
Carrying amounts					
At 1 January 2020	147,990	64,010	622	40,974	253,596
At 31 December 2020/1 January 2021	143,826	57,949	962	51,615	254,352
At 31 December 2021	175,881	62,818	661	12,436	251,796

3.1 Included in additions of the Group are borrowing costs capitalised at 2.5% (2020: 4.38%) per annum amounting to RM93,000 (2020: RM2,358,000).

4. Right-of-use assets

	Note	Leasehold land RM'000	Buildings RM'000	Total RM'000
Group				
At 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 2020/1 January 2021		25,042	5,378	30,420
Additions		232	14,214	14,446
Depreciation for the year		(659)	(2,416)	(3,075)
Derecognition		-	(2,052)	(2,052)
Deconsolidation of subsidiaries	22	(17,677)	(441)	(18,118)
Effect of movements in exchange rates		126	-	126
At 31 December 2021		7,064	14,683	21,747
Company				
At 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 2020/1 January 2021		4,578	3,647	8,225
Additions		-	13,531	13,531
Depreciation for the year		(147)	(1,828)	(1,975)
Derecognition		-	(2,052)	(2,052)
At 31 December 2021		4,431	13,298	17,729

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.

In the previous year, legal titles to certain leasehold land of the Group with a carrying amount of RM5,950,000 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 and the Company. Where applicable, the Group and the Company seek to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and the Company and not by the lessors. The Group and the Company assess at lease commencement whether it is reasonably certain to exercise the extension options. The Group and the Company reassess 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 2021, the Group and the Company have included all potential future cash flows of exercising the extension options in the lease liabilities.

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

4.2 Significant judgements and assumptions in relation to lease

The Group and the Company assess 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 and the Company 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

	Note	Computer software Group RM'000	Computer software Company RM'000
Cost			
At 1 January 2020		12,011	6,091
Additions		2,989	81
Effect of movements in exchange rates		(59)	-
At 31 December 2020/1 January 2021		14,941	6,172
Additions		53	35
Transfer from property, plant and equipment	3	917	-
Write-off		(538)	(25)
Deconsolidation of subsidiaries	22	(6,475)	-
Effect of movements in exchange rates		147	-
At 31 December 2021		9,045	6,182
Amortisation			
At 1 January 2020		10,278	5,659
Amortisation for the year		1,055	236
Effect of movements in exchange rates		(48)	-
At 31 December 2020/1 January 2021		11,285	5,895
Amortisation for the year		902	220
Write-off		(538)	(25)
Transfer from property, plant and equipment	3	842	-
Deconsolidation of subsidiaries	22	(3,920)	-
Effect of movements in exchange rates		133	-
At 31 December 2021		8,704	6,090
Carrying amounts			
At 1 January 2020		1,733	432
At 31 December 2020/1 January 2021		3,656	277
At 31 December 2021		341	92

5. Intangible assets (cont'd)

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 (administrative expenses) 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 2020/31 December 2020/ 1 January 2021/31 December 2021	3,943	2,836	6,779
Depreciation			
At 1 January 2020	-	1,726	1,726
Depreciation for the year	-	56	56
At 31 December 2020/1 January 2021	-	1,782	1,782
Depreciation for the year	-	56	56
At 31 December 2021	-	1,838	1,838
Carrying amounts			
At 1 January 2020	3,943	1,110	5,053
At 31 December 2020/1 January 2021	3,943	1,054	4,997
At 31 December 2021	3,943	998	4,941

6. Investment properties (cont'd)

Company	Freehold land RM'000	Buildings RM'000	Total RM'000
Cost			
At 1 January 2020/31 December 2020/ 1 January 2021/31 December 2021	3,672	2,836	6,508
Depreciation			
At 1 January 2020	-	1,726	1,726
Depreciation for the year	-	56	56
At 31 December 2020/1 January 2021	-	1,782	1,782
Depreciation for the year	-	56	56
At 31 December 2021	-	1,838	1,838
Carrying amounts			
At 1 January 2020	3,672	1,110	4,782
At 31 December 2020/1 January 2021	3,672	1,054	4,726
At 31 December 2021	3,672	998	4,670

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

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Lease income	466	356	466	387
Direct operating expenses:				
- income generating investment properties	53	45	53	52

Fair value information

Fair value of investment properties are categorised as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Level 3				
Freehold land and buildings	123,485	123,485	118,855	118,855

6. Investment properties (cont'd)

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	
	2021 RM'000	2020 RM'000
At cost		
Unquoted shares	174,021	393,395
Less: Accumulated impairment losses	(2,102)	(2,026)
	171,919	391,369

During the financial year, the Company recognised RM76,000 impairment losses in investments in subsidiaries due to the recoverable amounts are lower than their initial cost of investments. These subsidiaries are currently dormant.

7. Investments in subsidiaries (cont'd)

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

Name of subsidiary	Principal place of business/Country of incorporation	Principal activities	Effective ownership interest 2021 %	Effective ownership interest 2020 %
Dindings Soya & Multifeeds Sdn. Berhad	Malaysia	Manufacture and sale of animal feeds and sale of related raw materials	100	100
Premier Grain Sdn. Bhd.	Malaysia	Trading in corn, soybean meal and other feed ingredients	51	51
Dindings Poultry Development Centre Sdn. Bhd.	Malaysia	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^
Dindings Poultry Processing Sdn. Bhd.	Malaysia	Processing and sale of poultry products	-@	100
Vimaflour Ltd *	Vietnam	Milling and selling wheat flour together with its allied products	70	70
MFM International Ltd. #	British Virgin Islands	Investment holding	100	100
MFM Property Sdn. Bhd.	Malaysia	Investment holding	100	100
MFM Feedmill Sdn. Bhd.	Malaysia	Dormant	100	100
Semakin Dinamik Sdn. Bhd.	Malaysia	Dormant	100	100
MFM Ltd.	Malaysia	Dormant	100	100
Dindings Broiler Breeder Farm Sdn. Bhd.	Malaysia	Dormant	100	100
Syarikat Pengangkutan Lumut Sdn. Bhd.	Malaysia	Dormant	100	100
Muda Fibre Manufacturing Sdn. Bhd.	Malaysia	Dormant	60	60

7. Investments in subsidiaries (cont'd)

Name of subsidiary	Principal place of business/Country of incorporation	Principal activities	Effective ownership interest 2021 %	Effective ownership interest 2020 %
Dindings Grand Parent Farm Sdn. Bhd.	Malaysia	Dormant	100	100
AVIOTA Sdn. Bhd.	Malaysia	Dormant	100	100
Subsidiary of MFM International Ltd.				
Mekong Flour Mills Ltd.*	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.

@ Ceased to become a subsidiary on 31 May 2021 and accounted for as an investment in joint venture (Note 8). Details of the disposal are shown in Note 22.

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
2021			
Carrying amount of NCI	91,287	4,955	96,242
Comprehensive income/(expense) allocated to NCI	28,292	(4)	28,288
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	
	2021 RM'000	2020 RM'000
Summarised financial information before intra-group elimination		
As at 31 December		
Non-current assets	85,973	66,521
Current assets	739,277	584,725
Non-current liabilities	(14,578)	-
Current liabilities	(525,304)	(380,661)
Net assets	285,368	270,585
Year ended 31 December		
Revenue	1,484,467	1,237,602
Profit for the year	89,580	50,159
Total comprehensive income	101,763	46,262
Cash flows from operating activities	4,799	49,542
Cash flows used in investing activities	(66,989)	(69,126)
Cash flows from/(used in) financing activities	37,158	(6,527)
Net decrease in cash and cash equivalents	(25,032)	(26,111)
Dividends paid to NCI	10,269	6,640
Dividends payable to NCI	15,825	-
	26,094	6,640

8. Investments in joint ventures

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
At cost				
Unquoted shares	656,057	192,865	647,382	192,865
Share of post-acquisition reserves	(26,840)	(28,127)	-	-
	629,217	164,738	647,382	192,865

Significant judgements and assumptions in relation to impairment assessment of investments in joint ventures

The Company applied significant judgements and assumptions in performing impairment testing which require management to estimate the recoverable amount of the investments in joint ventures and to provide impairment loss when required. The Company considered the joint ventures' cash flow projections in determining the recoverable amount of the investments in joint ventures.

8. Investments in joint ventures (cont'd)

Significant judgements and assumptions in relation to impairment assessment of investments in joint ventures (cont'd)

The following table shows the valuation technique used in the determination of the fair value and the significant unobservable inputs used in the valuation calculation.

Description of valuation technique and inputs used	Level 3 fair value significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurements
The valuation method considers the discounting of future cash flows expected to be generated.	• Pre-tax discount rate ranging from 11% to 14%. • Terminal growth rate of 3%.	• The estimated fair value would increase/decrease if the discount rate were lower/higher. • The estimated fair value would increase/decrease if the terminal growth rate were higher/lower.

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

Name of joint venture	Principal place of business/ Country of incorporation	Principal activities	Percentage of ownership 2021 %	2020 %
Dindings Tyson Sdn. Bhd. (formerly known as Dindings Supreme Sdn. Bhd.) ("DTSB") #	Malaysia	Investment holding	51	-
Dindings Poultry Development Centre Sdn. Bhd. #	Malaysia	Breeding and sale of day-old chicks, poultry grow-out farm, purchase and contract farming activities and manufacture and sale of animal feeds and and sale of related raw materials	51	-
Dindings Poultry Processing Sdn. Bhd. #	Malaysia	Processing and sale of poultry products	51	-
Dindings Foods Sdn. Bhd. #	Malaysia	Dormant	51	-
PT Bungasari Flour Mills Indonesia ("BFMI") *	Indonesia	Milling and selling of wheat flour together with its allied products	30	30

\# Although the Group is having majority voting rights in DTSB, there are substantive rights shared with the other shareholder pursuant to the shareholders' agreement. Accordingly, DTSB is classified as joint venture of the Group.

* Not audited by member firms of KPMG PLT.

8. Investments in joint ventures (cont'd)

The following table summarises the financial information of the joint ventures, 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 the joint ventures, which is accounted for using the equity method.

	DTSB		BFMI		Total	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Summarised financial information						
As at 31 December						
Non-current assets	734,880	-	847,386	740,479	1,582,266	740,479
Current assets	305,978	-	813,326	538,491	1,119,304	538,491
Non-current liabilities	(32,383)	-	(157,670)	(81,869)	(190,053)	(81,869)
Current liabilities	(248,364)	-	(914,738)	(647,974)	(1,163,102)	(647,974)
Net assets	760,111	-	588,304	549,127	1,348,415	549,127
Year ended 31 December						
Revenue	733,360	-	1,653,411	1,148,037	2,386,771	1,148,037
(Loss)/Profit for the year	(44,450)	-	27,280	3,225	(17,170)	3,225
Reconciliation of net assets to carrying amount as at 31 December						
Group's share of net assets	387,657	-	176,491	164,738	564,148	164,738
Goodwill	65,069	-	-	-	65,069	-
Carrying amount in the balance sheet	452,726	-	176,491	164,738	629,217	164,738
Group's share of results for year ended 31 December						
Group's share of (loss)/ profit from continuing operations	(10,466)	-	8,184	967	(2,282)	967

8. Investments in joint ventures (cont'd)

Contingent liabilities

PT Bungasari Flour Mills Indonesia ("BFMI")

Corporate guarantee

The Company has provided proportionate corporate guarantees of up to USD15.0 million (2020: USD18.6 million) for financing facilities granted by financial institutions to the joint venture company, BFMI. As at 31 December 2021, the outstanding loans proportionately amounted to USD11.4 million (2020: USD9.2 million).

Litigations

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 BFMI 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 BFMI 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 BFMI 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.

BFMI submitted objection letter against the VAT notification letters, accompanied by a sum of RM9.6 million payment to the tax authority for 2015 and 2017.

The final Tax Court hearing in Indonesia for the assessment of overclaimed VAT for the years 2015 and 2016 was concluded in December 2020, in which the Tax Court ruled in favour of BFMI. The sum of RM8.7 million paid for the year 2015 was refunded to BFMI in February 2021. Subsequently, the Director General of Tax (Jakarta) filed a judiciary review at the Supreme Court to overturn the results of the Tax Court for the years 2015 and 2016. In February and March 2022, the Supreme Court ruled in favour of BFMI for the judicial review of VAT for year 2016 and VAT for year 2015 respectively. Hence, the cases for VAT years 2015 and 2016 are officially closed.

The court proceedings for the assessment of overclaimed VAT for the year 2017 is ongoing. The Group's 30% share of the potential liabilities is RM6.1 million for the year 2017. Based on the advice of its tax consultant who is of the view that there are sufficient grounds to challenge this VAT year 2017 assessment as well as the court decision for years 2015 and 2016 which are in favour of BFMI, the Directors concur with the view that no additional provision is required in the financial statements for the potential tax liabilities of VAT year 2017. The sum of RM0.9 million paid was in accordance with BFMI's VAT calculation basis.

9. Investment in an associate

	Group	
	2021 RM'000	2020 RM'000
At cost		
Unquoted shares	1,120	1,120
Share of post-acquisition reserves	(68)	(70)
	1,052	1,050

Details of the associate are as follows:

Name of entity	Principal place of business/Country of incorporation	Nature of the relationship	Effective ownership interest 2021 %	Effective ownership interest 2020 %
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		Liabilities		Net	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Group						
Property, plant and equipment	-	-	(23,200)	(78,216)	(23,200)	(78,216)
Right-of-use assets	-	-	(4,255)	(2,693)	(4,255)	(2,693)
Lease liabilities	3,269	1,018	-	-	3,269	1,018
RCULS	2,872	4,637	-	-	2,872	4,637
Provisions	3,142	8,905	-	-	3,142	8,905
Reinvestment allowances	7,399	9,914	-	-	7,399	9,914
Unabsorbed capital allowances	8,200	54,148	-	-	8,200	54,148
Tax loss carry-forwards	3,809	17,686	-	-	3,809	17,686
Others	-	405	(385)	(668)	(385)	(263)
Tax assets/(liabilities)	28,691	96,713	(27,840)	(81,577)	851	15,136
Set off of tax	(21,961)	(78,242)	21,961	78,242	-	-
Net tax assets/(liabilities)	6,730	18,471	(5,879)	(3,335)	851	15,136

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

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

	Assets		Liabilities		Net	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Company						
Property, plant and equipment	-	-	(17,564)	(19,988)	(17,564)	(19,988)
Right-of-use assets	-	-	(4,255)	(1,974)	(4,255)	(1,974)
Lease liabilities	3,269	917	-	-	3,269	917
RCULS	2,872	4,637	-	-	2,872	4,637
Provisions	2,471	2,973	-	-	2,471	2,973
Reinvestment allowances	7,399	9,914	-	-	7,399	9,914
Others	-	186	(67)	-	(67)	186
Tax assets/(liabilities)	16,011	18,627	(21,886)	(21,962)	(5,875)	(3,335)
Set off of tax	(16,011)	(18,627)	16,011	18,627	-	-
Net tax liabilities	-	-	(5,875)	(3,335)	(5,875)	(3,335)

Movement in temporary differences during the year

	At 1.1.2020 RM'000	Recognised in income statements (Note 20) RM'000	Recognised directly in equity (Note 16) RM'000	At 31.12.2020/ 1.1.2021 RM'000	Recognised in income statements (Note 20) RM'000	Recognised directly in equity (Note 16) RM'000	Deconsolidation of subsidiaries (Note 22) RM'000	At 31.12.2021 RM'000
Group								
Property, plant and equipment	(51,948)	(26,268)	-	(78,216)	1,186	-	53,830	(23,200)
Right-of-use assets	(6,554)	3,861	-	(2,693)	(2,225)	-	663	(4,255)
Lease liabilities	1,076	(58)	-	1,018	3,052	-	(801)	3,269
RCULS	5,758	(1,086)	(35)	4,637	(1,782)	17	-	2,872
Provisions	7,101	1,804	-	8,905	(2)	-	(5,761)	3,142
Reinvestment allowances	11,676	(1,762)	-	9,914	(2,515)	-	-	7,399
Unabsorbed capital allowances	24,534	29,614	-	54,148	3,691	-	(49,639)	8,200
Tax loss carry-forwards	19,529	(1,843)	-	17,686	4,849	-	(18,726)	3,809
Others	(4,065)	3,802	-	(263)	46	-	(168)	(385)
	7,107	8,064	(35)	15,136	6,300	17	(20,602)	851

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

Movement in temporary differences during the year (cont'd)

	At 1.1.2020 RM'000	Recognised in income statements (Note 20) RM'000	Recognised directly in equity (Note 16) RM'000	At 31.12.2020/ 1.1.2021 RM'000	Recognised in income statements (Note 20) RM'000	Recognised directly in equity (Note 16) RM'000	Deconsolidation of subsidiaries (Note 22) RM'000	At 31.12.2021 RM'000
Company								
Property, plant and equipment	(21,398)	1,410	-	(19,988)	2,424	-	-	(17,564)
Right-of-use assets	(1,926)	(48)	-	(1,974)	(2,281)	-	-	(4,255)
Lease liabilities	922	(5)	-	917	2,352	-	-	3,269
RCULS	5,758	(1,086)	(35)	4,637	(1,782)	17	-	2,872
Provisions	2,149	824	-	2,973	(502)	-	-	2,471
Reinvestment allowances	11,676	(1,762)	-	9,914	(2,515)	-	-	7,399
Unabsorbed capital allowances	3,156	(3,156)	-	-	-	-	-	-
Others	(2,981)	3,167	-	186	(253)	-	-	(67)
	(2,644)	(656)	(35)	(3,335)	(2,557)	17	-	(5,875)

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following temporary differences (stated at gross):

	Group 2021 RM'000	Group 2020 RM'000
Unabsorbed capital allowances	1,432	1,443
Tax loss carry-forwards	5,650	60,778
Other deductible temporary differences	351	(39)
	7,433	62,182

The abovementioned deferred tax assets do not expire under the current tax legislation except for the unutilised tax losses. Pursuant to the Finance Act 2021, the abovementioned tax loss carry-forwards can only be carried forward up to 10 consecutive Years of Assessment.

Deferred tax assets have not been recognised in respect of the above items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom.

11. Trade and other receivables, including derivatives

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Non-current					
Other receivables	11.1	182,217	-	182,217	-
Current					
Trade receivables from contracts with customers		363,082	344,983	80,669	71,773
Amount due from subsidiaries	11.2	-	-	56,670	475,265
Other receivables	11.3	12,107	33,308	5,494	6,823
Amount due from joint ventures		4,001	-	3,918	-
Deposits		1,657	2,032	1,379	913
Derivatives at fair value through profit or loss:					
- future and option contracts		743	-	-	-
		381,590	380,323	148,130	554,774
		563,807	380,323	330,347	554,774

11.1 Other receivables

This is the fair value of the contingent consideration receivable from a joint venturer, Tyson International Holding Company pursuant to the disposal of 49% equity interest in Dindings Tyson Sdn. Bhd. (Note 22) which is subject to the achievability of certain financial targets.

The following table shows the valuation technique used in the determination of the fair value and the significant unobservable inputs used in the valuation calculation.

Description of valuation technique and inputs used	Level 3 fair value significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurements
The valuation method considers the estimated consideration receivable from the joint venturer based on the achievability of certain financial targets.	• Discount rate of 3% derived based on the counterparty's credit risk adjusted with a reasonable risk premium.	• The estimated fair value would increase/decrease if the discount rate were lower/higher.

11. Trade and other receivables, including derivatives (cont'd)

11.2 Amount due from subsidiaries

The amount due from subsidiaries is unsecured, repayable on demand and interest bearing (2020: interest bearing).

11.3 Other receivables

Included in other receivables of the Group are advances paid to suppliers of RM3,546,000 (2020: RM24,529,000) and interest receivable from the deposits placed with licensed banks of RM5,984,000 (2020: RM4,391,000).

12. Inventories

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Raw materials	449,602	338,480	128,037	42,299
Finished goods	24,125	54,162	10,596	6,886
Consumables	20,273	35,552	6,018	5,716
	494,000	428,194	144,651	54,901
Inventories recognised as cost of sales				
- Continuing operations	2,019,125	1,788,466	368,800	342,757
- Discontinued operations	216,162	377,436	-	-

13. Biological assets

	Group	
	2021 RM'000	2020 RM'000
Parent stock	-	21,245
Hatching eggs	-	6,128
Broiler inventories	-	21,213
	-	48,586

13. Biological assets (cont'd)

Level 3 fair value

The movement of biological assets can be analysed as follows:

	Note	Group Parent stock RM'000	Hatching eggs RM'000	Broiler inventories RM'000	Total RM'000
2021					
At 1 January		21,245	6,128	21,213	48,586
Additions		12,488	32,824	188,621	233,933
Fair value measurement		(1,660)	(2,739)	605	(3,794)
Depopulation		(12,585)	-	-	(12,585)
Hatched and placed as DOC		-	(25,557)	-	(25,557)
Sales		-	(7,286)	(184,346)	(191,632)
Deconsolidation of subsidiaries	22	(19,488)	(3,370)	(26,093)	(48,951)
At 31 December		-	-	-	-
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

In measuring the fair value of biological assets, management's estimates and judgements 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 ("DOC") 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	
	2021 RM'000	2020 RM'000
Projected selling price of broiler per kg:		
- increased by 5%	-	23,241
- decreased by 5%	-	(23,241)
Number of day-old-chick produced:		
- increased by 5%	-	1,724
- decreased by 5%	-	(1,724)
Feed cost per kg:		
- increased by 5%	-	(13,398)
- decreased by 5%	-	13,398

14. Cash and cash equivalents

		Group		Company	
	Note	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Deposits placed with licensed banks		438,813	344,207	2,727	421
Cash and bank balances		89,585	38,013	70,505	10,987
Liquid investments	14.1	6,131	22,407	6,131	22,407
		534,529	404,627	79,363	33,815

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

Certain plant and equipment previously classified as property, plant and equipment was presented as an asset held for sale following the commitment of the Company's plan to sell the asset during the year. Efforts to sell the plant and equipment have commenced, and a sale is expected in financial year 2022.

	Group and Company	
	2021 RM'000	2020 RM'000
Asset classified as held for sale		
Plant and equipment	33,597	-

The carrying value of the asset held for sale is the same as its carrying value before it was being reclassified from property, plant and equipment.

16. Capital and reserves

Share capital

	Group and Company			
	Amount 2021 RM'000	Number of shares 2021 '000	Amount 2020 RM'000	Number of shares 2020 '000
Issued and fully paid shares with no par value:				
Ordinary shares				
At 1 January	530,665	1,010,282	527,571	1,004,095
Conversion of RCULS	4,245	8,490	3,094	6,187
Exercise of Warrants	713	881	-	-
At 31 December	535,623	1,019,653	530,665	1,010,282

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.

Redeemable convertible unsecured loan stocks ("RCULS")

	Group and Company	
	2021 RM'000	2020 RM'000
RCULS - Equity portion	78,179	82,479
RCULS - Liability portion		
Non-current	7,310	14,234
Current	4,657	5,087
	11,967	19,321
	90,146	101,800

16. Capital and reserves (cont'd)

Redeemable convertible unsecured loan stocks ("RCULS") (cont'd)

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;

(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 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)

16. Capital and reserves (cont'd)

Redeemable convertible unsecured loan stocks ("RCULS") (cont'd)

	Group and Company		
	Equity component RM'000	Liability component RM'000	Total RM'000
As at 31 December 2020/1 January 2021	82,479	19,321	101,800
Conversion of RCULS to share capital#	(4,317)	72	(4,245)
RCULS coupon payment	-	(5,593)	(5,593)
Interest expense on RCULS	-	916	916
RCULS liabilities reduction arising from conversion of RCULS to share capital	-	(2,749)	(2,749)
Deferred tax effect (Note 10):			
- on conversion	17	-	17
As at 31 December 2021	78,179	11,967	90,146

* In the previous 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.

\# During the year, 8,490,308 new ordinary shares amounting to RM4,245,000 were issued resulting from the conversion of 4,245,154 units of RCULS at the conversion price of RM0.50 each.

As at 31 December 2021, 109,684,027 RCULS remained unconverted.

Warrant reserve

	Group and Company			
	Amount 2021 RM'000	Number of warrants 2021 '000	Amount 2020 RM'000	Number of warrants 2020 '000
At 1 January	17,884	137,570	17,884	137,570
Exercised during the year	(114)	(881)	-	-
At 31 December	17,770	136,688	17,884	137,570

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").

16. Capital and reserves (cont'd)

Warrant reserve (cont'd)

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.

During the financial year, 881,000 warrants were exercised at RM0.68 each amounted to RM599,000. This resulted in issuance of 881,000 new ordinary shares and a transfer of warrant reserve of RM114,000 to the share capital. Total increase arising from the warrant exercised amounted to RM713,000.

As at 31 December 2021, 136,688,367 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. Loans and borrowings

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Non-current				
Unsecured term loans	166,949	227,428	119,000	-
Current				
Unsecured bankers' acceptances/ Unsecured revolving credits	994,114	885,298	405,054	369,764
Unsecured term loans	51,049	46,850	34,000	2,200
	1,045,163	932,148	439,054	371,964
Total loans and borrowings	1,212,112	1,159,576	558,054	371,964

Included in the Group's and the Company's loans and borrowings are unsecured bankers' acceptances/ unsecured revolving credits and unsecured term loans denominated in USD of RM675,607,000 (2020: RM495,507,000) and RM187,456,000 (2020: RM157,106,000) respectively.

18. Trade and other payables, including derivatives

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Trade payables		32,172	116,779	4,675	7,691
Amount due to subsidiaries	18.1	-	-	118,320	135,372
Amount due to joint ventures		9,084	-	-	-
Other payables and accruals	18.2	67,885	95,077	33,902	22,640
Dividend payable to non-controlling interests		15,825	-	-	-
Derivatives at fair value through profit or loss:					
- future and option contracts		4	1,710	4	336
- foreign currency forward contracts		2,076	6,769	1,282	4,048
		127,046	220,335	158,183	170,087

18.1 Amount due to subsidiaries

The amount due to subsidiaries is unsecured, repayable on demand and interest bearing (2020: interest bearing).

18.2 Other payables and accruals

Included in other payables and accruals of the Group and of the Company are deposits from customers of RM18,029,000 (2020: RM20,046,000) and RM225,000 (2020: RM225,000) respectively.

19. Revenue

	Continuing operations 2021 RM'000	Continuing operations 2020 RM'000	Discontinued operations 2021 RM'000	Discontinued operations 2020 RM'000	Total 2021 RM'000	Total 2020 RM'000
Group						
Revenue from contracts with customers	2,426,936	2,118,949	352,518	683,626	2,779,454	2,802,575
Company						
Revenue from contracts with customers	503,627	476,181	-	-	503,627	476,181

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. Tax expense

	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Income tax expense on continuing operations	35,881	24,661	4,590	4,931
Income tax benefit on discontinued operations	(4,247)	(9,218)	-	-
Share of tax of equity accounted joint ventures	(13,437)	1,767	-	-
Total income tax expense	18,197	17,210	4,590	4,931
Recognised in the income statements				
Current tax expense				
- current year	39,299	23,756	3,412	4,493
- prior year	(1,365)	(249)	(1,379)	(218)
Total current tax expense	37,934	23,507	2,033	4,275
Deferred tax (benefit)/expense				
Reversal and origination of temporary differences	(3,990)	(5,198)	4,686	5,208
Over provision in prior year	(2,310)	(2,866)	(2,129)	(4,552)
Total deferred tax (benefit)/expense	(6,300)	(8,064)	2,557	656
Share of tax of equity accounted joint ventures	(13,437)	1,767	-	-
Total tax expense	18,197	17,210	4,590	4,931
Reconciliation of tax expense				
Profit for the year	198,542	20,584	18,557	54,178
Total tax expense	18,197	17,210	4,590	4,931
Profit before tax	216,739	37,794	23,147	59,109
Tax at Malaysian tax rate of 24%	52,017	9,071	5,555	14,186
Effect of tax rates in foreign jurisdiction	(10,861)	(5,848)	-	-
Difference in effective tax rate in equity accounted joint ventures	142	(419)	-	-
Non-deductible expenses	27,651	2,783	27,012	1,751
Non-taxable income	(42,663)	-	(24,508)	(6,417)
Current year losses for which deferred tax assets were (recognised)/not recognised	(4,599)	15,132	-	-
Others	185	(394)	39	181
	21,872	20,325	8,098	9,701
Over provision in prior year	(3,675)	(3,115)	(3,508)	(4,770)
	18,197	17,210	4,590	4,931

20. Tax expense (cont'd)

Income tax recognised directly in equity

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
RCULS					
- Deferred tax	10	(17)	35	(17)	35

21. Profit for the year

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Operating profit is arrived at after charging/(crediting):					
Auditors' remuneration:					
- Audit services					
KPMG PLT		274	344	120	110
Affiliates of KPMG PLT		118	115	-	-
Other auditors		12	13	-	-
- Non-audit services					
KPMG PLT		107	17	107	17
Affiliates of KPMG PLT		148	92	55	27
Material expenses/(income):					
Gain on deconsolidation of subsidiaries	22	174,264	-	8,335	-
Amortisation of intangible assets	5	902	1,055	220	236
Depreciation of investment properties	6	56	56	56	56
Depreciation of property, plant and equipment	3	47,923	67,355	16,897	15,738
Depreciation of right-of-use assets	4	3,075	3,202	1,975	1,899
Dividend income from subsidiaries (unquoted)		-	-	(93,774)	(26,730)
Insurance recoveries		(464)	(2,030)	(280)	(330)
Interest income of financial assets calculated using the effective interest method that are:					
- at amortised cost:					
- deposit placed with licensed banks		(20,055)	(18,098)	(60)	(97)
- debtors		(520)	(833)	(32)	(91)
- subsidiaries		-	-	(9,480)	(21,542)
- discontinued operations		(8,939)	(19,970)	-	-
- at FVTPL:					
- liquid investments		(321)	(1,091)	(321)	(1,091)

21. Profit for the year (cont'd)

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Material expenses/(income): (cont'd)					
Interest expense of financial liabilities that are not at fair value through profit or loss:					
- recognised in income statements:					
- unsecured bankers' acceptances/unsecured revolving credits		16,005	26,579	8,109	12,530
- unsecured term loans		7,974	9,176	3,415	227
- subsidiaries		-	-	3,665	4,074
- RCULS		916	1,275	916	1,275
- lease liabilities		343	263	235	192
- discontinued operations		8,939	19,970	-	-
Net fair value loss on biological assets	13	3,794	2,062	-	-
Net loss/(gain) on future and option contracts:					
- realised		7,683	(4,263)	1,211	1,084
- unrealised		(2,262)	2,126	(332)	211
Net loss/(gain) on foreign exchange:					
- realised		(2,267)	1,937	2,353	3,371
- unrealised		128	(2)	(359)	550
Fair value loss arising from remeasurement of contingent consideration receivable		77,867	-	77,867	-
Provision for profit guarantee payment		15,000	-	15,000	-
Personnel expense (including key management personnel):					
- Contributions to Employees Provident Fund		9,328	11,622	5,060	4,488
- Wages, salaries and others		93,241	125,744	43,031	43,877
Expenses/(Income) arising from leases:					
Expenses relating to short-term leases		423	399	7	13
Expenses relating to leases of low-value assets		87	190	61	92

21. Profit for the year (cont'd)

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Expenses/(Income) arising from leases: (cont'd)					
Expenses relating to variable lease payments not included in the measurement of lease liabilities		2,756	4,995	445	257
Income from subleasing right-of-use assets (excluding subleasing of investment properties)		-	-	(1,128)	(1,050)
Net loss on impairment of financial instruments					
Financial assets at amortised cost		791	1,190	646	180

22. Discontinued operations arising from deconsolidation of subsidiaries

On 10 February 2021, the Company entered into a conditional share purchase agreement ("SPA") with Tyson International Holding Company ("Tyson") for the proposed disposal of 49% equity interest in Dindings Tyson Sdn. Bhd. (formerly known as Dindings Supreme Sdn. Bhd.) ("DTSB"). The total consideration for this proposed disposal is to be satisfied by cash, payable in three tranches subject to the achievability of certain financial targets.

On 31 May 2021, the SPA's Conditions Procedent had been fulfilled and a total cash consideration of RM445,028,000 was determined for the disposal of 49% equity interest in DTSB with a gain on deconsolidation of subsidiaries amounted to RM174,264,000. An initial total consideration of RM184,944,000 was received during the year. As at 31 December 2021, the fair value of the remaining balance of the two tranches of RM182,217,000 is accounted for as a contingent consideration receivable (Note 11), which is subject to the achievability of certain financial targets.

DTSB ceased to be a subsidiary of the Company. Accordingly, the assets and liabilities and the results of DTSB Group have been deconsolidated from that date. Arising from thereon, the retained interest of 51% equity interest in DTSB has been accounted for as an investment in joint venture (Note 8).

The segment was not a discontinued operations or classified as held for sale as at 31 December 2020 and the comparative income statement has been re-presented to show the discontinued operations separately from continuing operations.

22. Discontinued operations arising from deconsolidation of subsidiaries (cont'd)

Profit/(Loss) attributable to the discontinued operations up to 31 May 2021 was as follows:

	Note	Group 1.1.2021 to 31.5.2021 RM'000	Group 1.1.2020 to 31.12.2020 RM'000
Revenue	19	352,518	683,626
Cost of goods sold		(341,253)	(676,469)
Gross profit		11,265	7,157
Operating expenses		(39,625)	(71,729)
Net gain/(loss) on impairment of financial instruments		527	(3,142)
Results from operating activities		(27,833)	(67,714)
Interest expense		(13,360)	(30,529)
Interest income		201	602
Net finance costs		(13,159)	(29,927)
Results from operating activities after net finance costs		(40,992)	(97,641)
Gain on deconsolidation of subsidiaries		174,264	-
Profit/(Loss) before tax		133,272	(97,641)
Tax expense	20	4,247	9,218
Profit/(Loss) for the year		137,519	(88,423)

The profit from discontinued operations of RM137,519,000 (2020: loss of RM88,423,000) is attributable entirely to the owners of the Company.

	Group 2021 RM'000	Group 2020 RM'000
Cash flows from/(used in) deconsolidation of subsidiaries		
Net cash generated from operating activities	3,947	38,860
Net cash used in investing activities	(5,753)	(50,042)
Net cash generated from financing activities	35,020	9,933
Effect on cash flows	33,214	(1,249)

22. Discontinued operations arising from deconsolidation of subsidiaries (cont'd)

Effect of deconsolidation on the financial position of the Group

	Note	2021 RM'000
Property, plant and equipment	3	628,883
Right-of-use assets		20,883
Intangible assets	5	2,555
Deferred tax assets	10	20,602
Trade and other receivables		95,649
Prepayments		3,038
Inventories		137,208
Biological assets	13	48,951
Cash and cash equivalents		50,707
Lease liabilities		(3,380)
Loans and borrowings		(191,228)
Trade and other payables, including derivatives		(79,913)
Net assets		733,955
Gain on deconsolidation of subsidiaries		174,264
		908,219
Disposal consideration for disposed interest		445,028
Contingent consideration receivable		(260,084)
Proceeds received by the Group and the Company		184,944
Less: Cash and cash equivalents disposed of		(50,707)
Net cash inflow		134,237

Gain on deconsolidation of subsidiaries

	2021 RM'000
Discontinued operations	
Attributable to gain on disposed interest	85,389
Attributable to gain on retained interest as a joint venture	88,875
	174,264

23. Earnings/(Loss) 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	
	2021 RM'000	**2020 RM'000**
Profit/(Loss) attributable to ordinary shareholders of the Company from:		
- continuing operations	36,390	93,836
- discontinued operations	137,519	(88,423)
	173,909	5,413
	'000	**'000**
Weighted average number of ordinary shares at 31 December	1,018,156	1,007,587
	Sen	**Sen**
From continuing operations	3.57	9.31
From discontinued operations	13.51	(8.77)
Basic earnings per ordinary share	17.08	0.54

23. Earnings/(Loss) per ordinary share (cont'd)

Basic earnings per ordinary share from continuing operations (adjusted)

	Group	
	2021 RM'000	**2020 RM'000**
Profit attributable to ordinary shareholders of the Company from:		
- continuing operations	36,390	93,836
Fair value loss arising from remeasurement of contingent consideration receivable	77,867	-
Provision for profit guarantee payment	15,000	-
Profit attributable to ordinary shareholders of the Company - continuing operations (adjusted)	129,257	93,836
	'000	**'000**
Weighted average number of ordinary shares at 31 December	1,018,156	1,007,587
	Sen	**Sen**
Basic earnings per ordinary share - continuing operations (adjusted)	12.70	9.31

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	
	2021 RM'000	**2020 RM'000**
Profit/(Loss) attributable to ordinary shareholders of the Company from:		
- continuing operations	36,390	93,836
Interest expense on RCULS, net of tax	916	1,275
	37,306	95,111
- discontinued operations	137,519	(88,423)
	174,825	6,688

23. Earnings/(Loss) per ordinary share (cont'd)

Diluted earnings per ordinary share (cont'd)

	Group	
	2021 '000	**2020 '000**
Weighted average number of ordinary shares at 31 December (basic)	1,018,156	1,007,587
Potential dilution arising from outstanding RCULS	219,368	227,858
Potential dilution arising from outstanding Warrants	136,688	-
Weighted average number of ordinary shares at 31 December (diluted)	1,374,212	1,235,445
	Sen	**Sen**
From continuing operations	2.71	7.70
From discontinued operations	10.01	(7.16)
Diluted earnings per ordinary share	12.72	0.54

Diluted earnings per ordinary share from continuing operations (adjusted)

	RM'000	**RM'000**
Profit/(Loss) attributable to ordinary shareholders of the Company from:		
- continuing operations	36,390	93,836
Interest expense on RCULS, net of tax	916	1,275
	37,306	95,111
Fair value loss arising from remeasurement of contingent consideration receivable	77,867	-
Provision for profit guarantee payment	15,000	-
	130,173	95,111
	'000	**'000**
Weighted average number of ordinary shares at 31 December (diluted)	1,374,212	1,235,445
	Sen	**Sen**
Diluted earnings per ordinary share - continuing operations (adjusted)	9.47	7.70

24. Dividends

Dividends recognised by the Company are:

	Sen per share	Total amount RM'000	Date of payment
2021			
Interim 2020 ordinary	1.00	10,181	26 March 2021
2020			
Second interim 2019 ordinary	1.80	18,133	27 March 2020

On 28 February 2022, the Directors declared an interim dividend of 2.00 sen per ordinary share totalling approximately RM20,398,000 in respect of the financial year ended 31 December 2021, which was paid on 25 March 2022.

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

25. 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

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.

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.

25. Operating segments (cont'd)

	Flour and grains trading		Poultry integration (Discontinued operations arising from deconsolidation of subsidiaries (see Note 22))		Others		Consolidated	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Business segments								
Revenue from external customers	2,369,227	2,073,685	-	-	57,709	45,264	2,426,936	2,118,949
Inter-segment revenue	19,320	6,070	-	-	-	-	19,320	6,070
Total segment revenue	2,388,547	2,079,755	-	-	57,709	45,264	2,446,256	2,125,019
Results from operating activities	187,001	122,454	-	-	(3,749)	(2,393)	183,252	120,061
Interest expense	(19,240)	(26,227)	-	-	(1,577)	(507)	(20,817)	(26,734)
Interest income	29,634	39,249	-	-	-	141	29,634	39,390
Fair value loss arising from remeasurement of contingent consideration receivable	(77,867)	-	-	-	-	-	(77,867)	-
Provision for profit guarantee payment	(15,000)	-	-	-	-	-	(15,000)	-
Share of profit/(loss) of equity accounted joint ventures, net of tax	8,184	967	(10,466)	-	-	-	(2,282)	967
Share of loss of equity accounted associate, net of tax	(16)	(16)	-	-	-	-	(16)	(16)
Profit/(Loss) before tax	112,696	136,427	(10,466)	-	(5,326)	(2,759)	96,904	133,668
Depreciation and amortisation	(31,375)	(30,357)	-	-	(3,690)	(3,728)	(35,065)	(34,085)
Tax expense	(36,489)	(23,316)	-	-	608	(1,345)	(35,881)	(24,661)

25. Operating segments (cont'd)

	Flour and grains trading		Poultry integration (Discontinued operations arising from deconsolidation of subsidiaries (see Note 22))		Others		Consolidated	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Insurance recoveries	403	1,514	-	-	-	6	403	1,520
Non-cash expense other than depreciation and amortisation	325	(88)	-	-	(72)	212	253	124
Capital expenditure	(41,079)	(22,188)	-	-	(6,618)	(979)	(47,697)	(23,167)
Segment assets	1,993,318	1,365,680	-	947,043	108,026	103,491	2,101,344	2,416,214
Investments in joint ventures	629,217	164,738	-	-	-	-	629,217	164,738
Investment in an associate	-	-	-	-	1,052	1,050	1,052	1,050
Total segments assets	2,622,535	1,530,418	-	947,043	109,078	104,541	2,731,613	2,582,002

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	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Revenue from external customers						
- Continuing operations	1,321,240	1,158,537	1,105,696	960,412	2,426,936	2,118,949
- Discontinued operations	352,518	683,626	-	-	352,518	683,626
Non-current assets	1,174,893	1,220,152	107,731	93,458	1,282,624	1,313,610

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 2021 (2020: Nil).

26. Financial instruments

26.1 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")

2021	Note	Carrying amount RM'000	AC RM'000	Mandatorily at FVTPL RM'000
Financial assets				
Group				
Trade and other receivables, including derivatives	11	563,807	380,847	182,960
Cash and cash equivalents	14	534,529	528,398	6,131
		1,098,336	909,245	189,091
Company				
Trade and other receivables, including derivatives	11	330,347	148,130	182,217
Cash and cash equivalents	14	79,363	73,232	6,131
		409,710	221,362	188,348
Financial liabilities				
Group				
Trade and other payables, including derivatives	18	(127,046)	(124,966)	(2,080)
Loans and borrowings	17	(1,212,112)	(1,212,112)	-
RCULS - Liabilities	16	(11,967)	(11,967)	-
		(1,351,125)	(1,349,045)	(2,080)
Company				
Trade and other payables, including derivatives	18	(158,183)	(156,897)	(1,286)
Loans and borrowings	17	(558,054)	(558,054)	-
RCULS - Liabilities	16	(11,967)	(11,967)	-
		(728,204)	(726,918)	(1,286)

26. Financial instruments (cont'd)

26.1 Categories of financial instruments (cont'd)

2020	Note	Carrying amount RM'000	AC RM'000	Mandatorily at FVTPL RM'000
Financial assets				
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
Financial liabilities				
Group				
Trade and other payables, including derivatives	18	(220,335)	(211,856)	(8,479)
Loans and borrowings	17	(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	18	(170,087)	(165,703)	(4,384)
Loans and borrowings	17	(371,964)	(371,964)	-
RCULS - Liabilities	16	(19,321)	(19,321)	-
		(561,372)	(556,988)	(4,384)

26. Financial instruments (cont'd)

26.2 Net gains and losses arising from financial instruments

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 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	4,693	(2,119)	2,766	(865)
- future and option contracts	(5,421)	2,137	(879)	(1,295)
- other receivables	(77,867)	-	(77,867)	-
- liquid investments	321	1,091	321	1,091
Financial assets at amortised cost	28,722	17,644	8,926	21,454
Financial liabilities measured at amortised cost	(36,389)	(36,846)	(20,866)	(21,163)
	(85,941)	(18,093)	(87,599)	(778)

26.3 Financial risk management

The Group has exposure to credit, interest rate, foreign currency and liquidity risks from its financial instruments.

26.4 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 assesses whether any of the trade receivables are credit impaired.

26. Financial instruments (cont'd)

26.4 Credit risk (cont'd)

Trade receivables (cont'd)

Risk management objectives, policies and processes for managing the risk (cont'd)

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 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. 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.

Concentration of credit risk

The exposure of credit risk for trade receivables as at the balance sheet date by geographic region was:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Malaysia	255,654	248,713	80,669	71,773
Vietnam	107,428	96,270	-	-
	363,082	344,983	80,669	71,773

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.

26. Financial instruments (cont'd)

26.4 Credit risk (cont'd)

Trade receivables (cont'd)

Recognition and measurement of impairment loss (cont'd)

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.

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
2021						
Not past due	362,701	(517)	362,184	80,719	(302)	80,417
Credit impaired						
More than 90 days past due	823	(172)	651	371	(119)	252
Individually impaired	2,441	(2,194)	247	197	(197)	-
	365,965	(2,883)	363,082	81,287	(618)	80,669

26. Financial instruments (cont'd)

26.4 Credit risk (cont'd)

Trade receivables (cont'd)

Recognition and measurement of impairment loss (cont'd)

	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

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 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/ 1 January 2021	830	10,787	11,617	209	780	989
Amounts written off	-	(497)	(497)	-	(502)	(502)
Net remeasurement of loss allowance	(305)	1,096	791	93	38	131
Deconsolidation of subsidiaries	(8)	(9,020)	(9,028)	-	-	-
Balance as at 31 December 2021	517	2,366	2,883	302	316	618

26. Financial instruments (cont'd)

26.4 Credit risk (cont'd)

Trade receivables (cont'd)

As at 31 December 2021, RM497,000 and RM502,000 (2020: RM1,162,000 and RM903,000) of trade receivables for the Group and for the Company were written off but they are still subject to enforcement activity.

Other receivables

Credit risk on other receivables are mainly arising from the contingent consideration receivable from a joint venturer which is subject to the achievability of certain financial targets (Note 11.1). As at the end of the reporting period, the maximum exposure to credit risk is presented by their carrying amounts in the balance sheets.

As at the end of the reporting period, the Group and the Company recognised a fair value loss arising from remeasurement of contingent consideration receivable (Note 21).

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.

Financial guarantees to banks

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, BFMI. 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 USD15.0 million (2020: USD18.6 million) in respect of financing facilities granted to its joint venture corporation.

As at 31 December 2021, the maximum exposure to credit risk amounted to USD11.4 million (2020: USD9.2 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 Company is of the view that the loss allowance is not material and hence, it is not provided for.

26. Financial instruments (cont'd)

26.4 Credit risk (cont'd)

Financial guarantee to joint venturer

The Company provides bank guarantee to its joint venturer pursuant to the disposal of 49% equity interest in DTSB (Note 22) amounting to RM28,741,947 in respect of the post-completion adjustment, breach of warranties and profit guarantee as stipulated in the share purchase agreement entered with the joint venturer. As at the balance sheet date, the Company recognised a provision of RM15,000,000 in relation to the profit guarantee (Note 21).

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.

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
2021			
Low credit risk	56,670	-	56,670
Credit impaired	907	(907)	-
	57,577	(907)	56,670

26. Financial instruments (cont'd)

26.4 Credit risk (cont'd)

Intercompany advances (cont'd)

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

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 2020/31 December 2020/1 January 2021	392
Net remeasurement of loss allowance	515
Balance at 31 December 2021	907

26.5 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.

26. Financial instruments (cont'd)

26.5 Interest rate risk (cont'd)

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:

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Fixed rate instruments					
Deposits placed with licensed banks	14	438,813	344,207	2,727	421
Unsecured bankers' acceptances/ Unsecured revolving credits	17	(994,114)	(885,298)	(405,054)	(369,764)
Lease liabilities		(15,050)	(5,595)	(13,619)	(3,821)
RCULS - Liabilities	16	(11,967)	(19,321)	(11,967)	(19,321)
		(582,318)	(566,007)	(427,913)	(392,485)
Floating rate instruments					
Unsecured term loans	17	(217,998)	(274,278)	(153,000)	(2,200)

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.

26. Financial instruments (cont'd)

26.5 Interest rate risk (cont'd)

Interest rate risk sensitivity analysis (cont'd)

(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 2021 RM'000	50 bp decrease 2021 RM'000	50 bp increase 2020 RM'000	50 bp decrease 2020 RM'000
Group				
Floating rate instruments	(828)	828	(1,042)	1,042
Company				
Floating rate instruments	(581)	581	(8)	8

26.6 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.

26. Financial instruments (cont'd)

26.6 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			
		Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Balance recognised in the balance sheet					
Unsecured bankers' acceptances/Unsecured revolving credits	17	(675,607)	(495,507)	(187,456)	(157,106)
Forecast transactions					
Forecast purchases		300,725	330,709	205,612	197,756
Forward exchange contract on forecast purchases		(298,649)	(323,940)	(204,330)	(193,708)
		2,076	6,769	1,282	4,048
		(673,531)	(488,738)	(186,174)	(153,058)

Currency risk sensitivity analysis

A 5 percent (2020: 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	
	2021 RM'000	2020 RM'000
Group		
USD	14,245	6,262
Company		
USD	(690)	(1,545)

26. Financial instruments (cont'd)

26.7 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/ Discount 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
2021							
Non-derivative financial liabilities							
Trade and other payables	124,966	-	124,966	124,966	-	-	-
Unsecured bankers' acceptances/ Unsecured revolving credits	994,114	0.60 - 3.49	999,880	999,880	-	-	-
Unsecured term loans	217,998	2.50 - 3.53	235,132	57,687	59,031	118,414	-
Lease liabilities	15,050	3.50 - 8.50	17,550	2,122	2,518	6,075	6,835
RCULS liabilities	11,967	5.10	13,710	5,484	5,484	2,742	-
Financial guarantees	-	-	61,247	61,247	-	-	-
Derivative financial liabilities							
Foreign currency forward contracts (gross settled):							
Outflow	2,076	-	300,725	300,725	-	-	-
Inflow	-	-	(298,649)	(298,649)	-	-	-
Future and option contracts (gross settled):							
Outflow	4	-	806	806	-	-	-
Inflow	-	-	(802)	(802)	-	-	-
	1,366,175		1,454,565	1,253,466	67,033	127,231	6,835

26. Financial instruments (cont'd)

26.7 Liquidity risk (cont'd)

Maturity analysis (cont'd)

Group	Carrying amount RM'000	Contractual interest rate/ Discount 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	-
Financial guarantees	-	-	36,956	36,956	-	-	-
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		1,474,517	1,210,023	63,389	170,328	30,777

26. Financial instruments (cont'd)

26.7 Liquidity risk (cont'd)

Maturity analysis (cont'd)

Company	Carrying amount RM'000	Contractual interest rate/ Discount 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
2021							
Non-derivative financial liabilities							
Trade and other payables	156,897	-	156,897	156,897	-	-	-
Unsecured bankers' acceptances/ Unsecured revolving credits	405,054	0.60 - 3.49	406,637	406,637	-	-	-
Unsecured term loans	153,000	3.53	165,833	38,950	37,750	89,133	-
Lease liabilities	13,619	3.50 - 5.00	15,877	1,720	2,134	5,188	6,835
RCULS liabilities	11,967	5.10	13,710	5,484	5,484	2,742	-
Financial guarantees	-	-	61,247	61,247	-	-	-
Derivative financial liabilities							
Foreign currency forward contracts (gross settled):							
Outflow	1,282	-	205,612	205,612	-	-	-
Inflow	-	-	(204,330)	(204,330)	-	-	-
Future and option contracts (gross settled):							
Outflow	4	-	806	806	-	-	-
Inflow	-	-	(802)	(802)	-	-	-
	741,823		821,487	672,221	45,368	97,063	6,835

26. Financial instruments (cont'd)

26.7 Liquidity risk (cont'd)

Maturity analysis (cont'd)

Company	Carrying amount RM'000	Contractual interest rate/ Discount 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
Financial guarantees	-	-	36,956	36,956	-	-
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		604,446	587,851	7,104	9,491

26. Financial instruments (cont'd)

26.8 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.

The tables below analyse other instruments at fair value.

	Level 1 RM'000	Carried at fair value Level 2 RM'000	Level 3 RM'000	Total RM'000	Not carried at fair value Level 3 RM'000	Total fair value RM'000	Carrying amount RM'000
Group							
2021							
Financial assets							
Amount due from a joint venturer	-	-	182,217	182,217	-	182,217	182,217
Liquid investments	6,131	-	-	6,131	-	6,131	6,131
	6,131	-	182,217	188,348	-	188,348	188,348
Financial liabilities							
Foreign currency forward contracts	-	2,076	-	2,076	-	2,076	2,076
Future and option contracts	4	-	-	4	-	4	4
Unsecured term loans (non-current)	-	-	-	-	166,949	166,949	166,949
	4	2,076	-	2,080	166,949	169,029	169,029
2020							
Financial assets							
Liquid investments	22,407	-	-	22,407	-	22,407	22,407
Financial liabilities							
Foreign currency forward contracts	-	6,769	-	6,769	-	6,769	6,769
Future and option contracts	1,710	-	-	1,710	-	1,710	1,710
Unsecured term loans (non-current)	-	-	-	-	227,428	227,428	227,428
	1,710	6,769	-	8,479	227,428	235,907	235,907

26. Financial instruments (cont'd)

26.8 Fair value information (cont'd)

	Carried at fair value Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Not carried at fair value Level 3 RM'000	Total fair value RM'000	Carrying amount RM'000
Company							
2021							
Financial assets							
Amount due from a joint venturer	-	-	182,217	182,217	-	182,217	182,217
Liquid investments	6,131	-	-	6,131	-	6,131	6,131
	6,131	-	182,217	188,348	-	188,348	188,348
Financial liabilities							
Foreign currency forward contracts	-	1,282	-	1,282	-	1,282	1,282
Future and option contracts	4	-	-	4	-	4	4
Unsecured term loans (non-current)	-	-	-	-	119,000	119,000	119,000
	4	1,282	-	1,286	119,000	120,286	120,286
2020							
Financial assets							
Liquid investments	22,407	-	-	22,407	-	22,407	22,407
Financial liabilities							
Foreign currency forward contracts	-	4,048	-	4,048	-	4,048	4,048
Future and option contracts	336	-	-	336	-	336	336
	336	4,048	-	4,384	-	4,384	4,384

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 (2020: no transfer in either directions).

26. Financial instruments (cont'd)

26.8 Fair value information (cont'd)

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 approximates its carrying amount. The fair value is estimated using discounted cash flows using a rate based on the current market rate of borrowing of the respective Group entities at the reporting date.

27. 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.

The debt-to-equity ratios at 31 December 2021 and 31 December 2020 were as follows:

	Note	Group 2021 RM'000	Group 2020 RM'000
Total borrowings	17	1,212,112	1,159,576
Lease liabilities		15,050	5,595
Less: Cash and cash equivalents	14	(534,529)	(404,627)
Net debt		692,633	760,544
Total equity		1,350,556	1,164,907
Debt-to-equity ratio		0.51	0.65

There was no change in the Group's approach to capital management during the financial year.

28. Capital and other commitments

	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Property, plant and equipment				
Contracted but not provided for				
- Continuing operations	8,801	13,540	7,941	12,579
- Discontinued operations	-	11,408	-	-
Joint ventures				
- Share of commitment of joint ventures	7,543	-	-	-

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, subsidiaries, joint ventures, 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 18.

		Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
A.	**Subsidiaries**				
	Sales of goods	-	-	18,496	27,985
	Purchases of goods	-	-	-	(76)
	Rental of premises	-	-	102	86
	Rental of furniture and fittings	-	-	88	147
	Rental of equipment	-	-	3,803	4,705
	Interest income	-	-	9,480	21,542
	Interest expense	-	-	(3,665)	(4,074)
B.	**Joint ventures**				
	Sales of goods	36,381	-	15,626	-
	Purchases of goods	(47,467)	-	-	-
	Rental of premises	141	-	141	-
	Rental of furniture and fittings	65	-	65	-
	Rental of equipment	2,439	-	2,439	-

29. Related parties (cont'd)

Significant related party transactions (cont'd)

	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
C. Key management personnel				
Directors of the Company:				
- Fees	1,056	960	1,056	960
- Remuneration	7,392	4,734	7,047	4,406
- Other short-term employee benefits (including estimated monetary value of benefits-in-kind)	87	102	87	102
	8,535	5,796	8,190	5,468
Directors of the Group entities:				
- Remuneration	673	623	-	-
- Other short-term employee benefits (including estimated monetary value of benefits-in-kind)	101	106	-	-
	774	729	-	-
Total short-term employee benefits	9,309	6,525	8,190	5,468

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 94 to 186 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 2021 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 2022

Statutory Declaration

pursuant to Section 251(1)(b) of the Companies Act 2016

I, **Yau Tee Peng**, 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 94 to 186 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 Yau Tee Peng, MIA CA15344, at Kuala Lumpur in the State of Wilayah Persekutuan on 5 April 2022.

Yau Tee Peng

Before me:

Rajeev Saigal (W681)
Commissioner for Oaths
Kuala Lumpur

Independent Auditors' Report

to the members of Malayan Flour Mills Berhad

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 2021 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 94 to 186.

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 2021, 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.

(i) Deconsolidation of subsidiaries (Group)

Refer to Note 1(d) – Use of estimate and judgement, Note 2(a)(iv) – Significant accounting policies: Basis of consolidation - loss of control, Note 2(a)(vi) - Significant accounting policies - Joint arrangements, Note 8 – Investment in joint ventures, Note 11 – Trade and other receivables, including derivatives and Note 22 – Discontinued operations arising from deconsolidation of subsidiaries.

The key audit matter

On 31 May 2021, the Company completed the disposal of 49% equity interest in Dindings Tyson Sdn. Bhd. (formerly known as Dindings Supreme Sdn. Bhd.) ("DTSB") for a total cash consideration of RM445,028,000, with a gain on deconsolidation of subsidiaries amounted to RM174,264,000.

Key Audit Matters (cont'd)

(i) Deconsolidation of subsidiaries (Group) (cont'd)

The key audit matter (cont'd)

The total consideration for this proposed disposal is to be satisfied by cash, payable in three tranches subject to the achievability of certain financial targets. An initial total consideration of RM184,944,000 was received during the year. As at 31 December 2021, the fair value of the remaining balance of the two tranches of RM182,217,000 is accounted for as a contingent consideration receivable (Note 11), which is subject to the achievability of certain financial targets.

We identified the deconsolidation of DTSB as a key audit matter because of the significant gain arising from the deconsolidation of subsidiaries, recognition of 51% in DTSB as a joint venture which involves significant judgement in determining levels of control and influence and the significant remaining balance of the contingent consideration receivable at fair value which is subject to the achievability of certain financial targets and these involves significant judgement in assessing the key assumptions.

This requires significant involvement of our more experienced audit engagement team members.

How the matter was addressed in our audit

We performed the following audit procedures, among others:

- We read the relevant agreements to determine the significant terms and conditions factored in the computation of the gain on disposal of 49% equity interest in DTSB;
- We engaged our corporate finance specialist to assess the Group's assessment of the fair value measurement of DTSB's net assets as at the date of disposal of 49% equity interest in DTSB;
- Assessed and challenged the key assumptions on the profit projections used by the Group in determining the total considerations and recomputed the gain on deconsolidation of DTSB;
- We evaluated the Group's joint arrangement assessment by assessing the substantive rights conferred to shareholders as stated in the shareholders' agreement and the requirement of the accounting standards;
- We assessed the appropriateness of the valuation technique and assessed the profit projection's assumptions in determining the fair value of the contingent consideration receivable;
- We compared DTSB's profit projections for the financial year ended 2022 and 2023 to its approved business plan;
- We assessed and challenged the key assumptions used in the profit projections of DTSB by comparing them to externally derived data as well as our own assessments, including historical trends and other corroborative evidence available; and
- We assessed the adequacy of the disclosure in the financial statements.

Key Audit Matters (cont'd)

(ii) Valuation of investments in joint ventures

Refer to Note 1(d) – Use of estimates and judgements, Note 2(l)(ii) - Significant accounting policies: Impairment - Other assets and Note 8 – Investments in joint ventures.

The key audit matter

As at 31 December 2021, the total carrying amount in investments in joint ventures, PT Bungasari Flour Mills Indonesia ("BFMI") and DTSB of RM629,217,000 were lower than the total Company's initial cost of investments. Hence, there was indication of impairment which requires management to estimate the recoverable amount for investments in both joint ventures.

We identified the valuation of investments in joint ventures as a key audit matter because of its significance to the financial statements of the Group and the Company and because assessing the key impairment assumptions involved significant judgement which requires significant involvement of our more experienced audit engagement team members.

How the matter was addressed in our audit

We performed the following audit procedures, among others:

- We assessed the Group's and the Company's assessment on indicators of impairment in investment in joint ventures;
- We compared the joint ventures' cash flow projections to its approved business plan and previous cash flow projections to actual results to assess the reliability of Group's forecasting process;
- We assessed and challenged the key assumptions used in the cash flow projections by comparing them to externally derived data as well as our own assessments which takes into account historical trends and other corroborative evidence available; and
- We assessed whether the Group and the Company have adequately provided impairment on the investments in joint ventures.

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.

Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)

- 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.

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 2022

Analysis of Shareholdings

as at 31 March 2022

Share Capital	-	RM535,748,090
Class and Number of Issued Shares	-	1,019,903,009 ordinary shares

15,178 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	1,612	10.62	19,840	0.00
100 to 1,000	1,535	10.11	930,626	0.09
1,001 to 10,000	6,922	45.61	38,113,820	3.74
10,001 to 100,000	4,459	29.38	143,401,347	14.06
100,001 to less than 5% of issued shares	648	4.27	691,461,505	67.80
5% and above of issued shares	2	0.01	145,975,871	14.31
	15,178	100.00	1,019,903,009	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	7.77
2.	Kenanga Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Teh Wee Chye)	66,775,871	6.55
3.	Thye Nam Loong Holdings Sdn Bhd	44,412,076	4.35
4.	HLIB Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Teh Wee Chye)	40,210,539	3.94
5.	Astar Commercial Limited	39,294,750	3.85
6.	CGS-CIMB Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Tun Arshad bin Ayub)	36,671,170	3.60
7.	Duangmanee Liewphairatana	33,380,875	3.27
8.	Yong Kok Yian	31,034,372	3.04
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	2.83
11.	Amble Volume Sdn Bhd	22,621,500	2.22
12.	Maybank Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Tun Arshad bin Ayub)	21,391,750	2.10
13.	Alliancegroup Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Essence Lane Sdn Bhd)	18,428,263	1.81
14.	CGS-CIMB Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Zalaraz Sdn Bhd)	15,729,800	1.54

Thirty (30) Largest Shareholders	No. of Shares	Percentage Holding (%)
15. Citigroup Nominees (Tempatan) Sdn Bhd (Urusharta Jamaah Sdn Bhd)	14,370,000	1.41
16. Teh Wee Chye	12,983,376	1.27
17. Perbadanan Pembangunan Pertanian Negeri Perak	12,010,930	1.18
18. UOB Kay Hian Nominees (Asing) Sdn Bhd (Amble Volume Sdn Bhd for Rise Glory Investment Limited)	11,794,313	1.16
19. Citigroup Nominees (Tempatan) Sdn Bhd (Employees Provident Fund Board)	7,693,533	0.75
20. HLIB Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Prakash A/L K.V.P Menon)	6,996,000	0.69
21. Sim Seng Huat Timber Industries Sdn Bhd	6,000,000	0.59
22. Solid Esteem Sdn Bhd	5,884,242	0.58
23. Su Ming Keat	5,400,200	0.53
24. CGS-CIMB Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Teh Beng Khim)	4,903,700	0.48
25. Chew Hem Poo @ Choy Nean Chin	4,540,700	0.45
26. Citigroup Nominees (Asing) Sdn Bhd (UBS AG)	3,898,419	0.38
27. Yap Pen Ji @ Yap Fan Yee	2,995,250	0.29
28. UOB Kay Hian Nominees (Asing) Sdn Bhd [Exempt An for UOB Kay Hian Pte Ltd (A/C clients)]	2,586,235	0.25
29. HSBC Nominees (Asing) Sdn Bhd (SBL Exempt An for J.P. Morgan Securities Plc)	2,566,349	0.25
30. Teh Sook Lian, Daphne (Zheng Shulian)	2,500,000	0.25

Substantial Shareholders

	Direct Interest		Indirect Interest	
Name	No. of Shares	%	No. of Shares	%
Teh Wee Chye	120,023,411	11.77	64,017,360[(1)]	6.28
Duangmanee Liewphairatana	33,380,875	3.27	45,526,097[(2)]	4.46
Tun Arshad bin Ayub	58,062,920	5.69	15,729,800[(3)]	1.54

Analysis of Shareholdings
as at 31 March 2022 (cont'd)

Directors' Interests in the Company and its Related Corporations

Name	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
Tun Arshad bin Ayub	58,062,920	5.69	15,729,800(3)	1.54
Teh Wee Chye	120,023,411	11.77	64,017,360(1)	6.28
Datuk Oh Chong Peng	23,087	0.00	-	-
Dato' Seri Zainal Abidin bin Mahamad Zain	8,250	0.00	-	-
Prakash A/L K.V.P Menon	7,078,500	0.69	-	-
Azhari Arshad	510,000	0.05	15,729,800(4)	1.54
Lim Pang Boon	488,585	0.05	-	-
Prof. Datin Paduka Setia Dato' Dr Aini binti Ideris	-	-	34,000(5)	0.00

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.

(5) Deemed interested through shareholding of her child.

Analysis of RCULS Holdings
as at 31 March 2022

Unconverted RCULS	-	109,559,187
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	26	2.48	905	0.00
100 to 1,000	179	17.05	114,269	0.10
1,001 to 10,000	621	59.14	2,437,094	2.23
10,001 to 100,000	188	17.90	5,444,695	4.97
100,001 to less than 5% of RCULS	30	2.86	29,961,456	27.35
5% and above of RCULS	6	0.57	71,600,768	65.35
	1,050	100.00	109,559,187	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	18.64
2.	HSBC Nominees (Asing) Sdn Bhd [Exempt An for Credit Suisse (SG BR-TST-ASING)]	14,400,000	13.14
3.	Kenanga Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Teh Wee Chye)	12,141,067	11.08
4.	CGS-CIMB Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Tun Arshad bin Ayub)	9,419,200	8.60
5.	Thye Nam Loong Holdings Sdn Bhd	8,074,923	7.37
6.	Astar Commercial Limited	7,144,500	6.52
7.	UOB Kay Hian Nominees (Asing) Sdn Bhd (Solid Esteem Sdn Bhd for Wise Bright Investment Limited)	5,250,858	4.79
8.	Amble Volume Sdn Bhd	4,113,000	3.75
9.	Maybank Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Tun Arshad bin Ayub)	3,562,500	3.25
10.	Alliancegroup Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Essence Lane Sdn Bhd)	3,350,593	3.06
11.	Teh Wee Chye	3,087,500	2.82
12.	UOB Kay Hian Nominees (Asing) Sdn Bhd (Amble Volume Sdn Bhd for Rise Glory Investment Limited)	1,815,442	1.66
13.	Yap Pen Ji @ Yap Fan Yee	1,500,000	1.37
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	1.01
16.	Solid Esteem Sdn Bhd	721,958	0.66

Analysis of RCULS Holdings

as at 31 March 2022 (cont'd)

Thirty (30) Largest RCULS Holders	No. of RCULS	Percentage Holding (%)
17. Tan Hoee Eng	510,840	0.47
18. Emmel Sendirian Berhad	473,700	0.43
19. Allison Foo May Ling	450,000	0.41
20. Lim Gaik Bway @ Lim Chiew Ah	302,700	0.28
21. Eu Mui @ Ee Soo Mei	280,000	0.26
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	12,981,700	11.85	50,000[(1)]	0.05
Teh Wee Chye	35,659,395	32.55	11,628,065[(2)]	10.61
Datuk Oh Chong Peng	2,000	0.00	-	-
Dato' Seri 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 2022

Unexercised Warrants	-	136,688,367
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	148	7.41	6,537	0.00
100 to 1,000	400	20.04	223,326	0.16
1,001 to 10,000	875	43.84	3,480,348	2.55
10,001 to 100,000	431	21.60	15,855,461	11.60
100,001 to less than 5% of Warrants	139	6.96	82,794,601	60.57
5% and above of Warrants	3	0.15	34,328,094	25.12
	1,996	100.00	136,688,367	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	8.93
2.	HSBC Nominees (Asing) Sdn Bhd [Exempt An for Credit Suisse (SG BR-TST-ASING)]	12,000,000	8.78
3.	Kenanga Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Teh Wee Chye)	10,117,555	7.40
4.	Thye Nam Loong Holdings Sdn Bhd	6,729,102	4.92
5.	Astar Commercial Limited	5,953,750	4.36
6.	UOB Kay Hian Nominees (Asing) Sdn Bhd (Solid Esteem Sdn Bhd for Wise Bright Investment Limited)	4,375,715	3.20
7.	Teh Wee Chye	3,639,725	2.66
8.	Amble Volume Sdn Bhd	3,427,500	2.51
9.	RHB Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Chin Chee Keong)	3,394,500	2.48
10.	Alliancegroup Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Essence Lane Sdn Bhd)	2,792,160	2.04
11.	Maybank Securities Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Ho Yock Main)	2,257,500	1.65
12.	CGS-CIMB Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Tun Arshad bin Ayub)	2,237,000	1.64
13.	CGS-CIMB Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Yap Yoon Sun)	2,200,000	1.61
14.	CGS-CIMB Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Teh Swee Heng)	2,142,100	1.57
15.	HLB Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Tey Hock Seng)	2,057,000	1.50

Analysis of Warrant Holdings
as at 31 March 2022 (cont'd)

Thirty (30) Largest Warrant Holders	No. of Warrants	Percentage Holding (%)
16. CGS-CIMB Nominees (Tempatan) Sdn Bhd [Pledged Securities Account for Ting Kuok Ley @ David Kuok Leh Ting (Kuching)]	1,610,000	1.18
17. UOB Kay Hian Nominees (Asing) Sdn Bhd (Amble Volume Sdn Bhd for Rise Glory Investment Limited)	1,512,868	1.11
18. Lim Boon Ngee	1,306,000	0.96
19. Tan Hoee Eng	1,234,033	0.90
20. HLIB Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Prakash A/L K.V.P Menon)	1,060,000	0.78
21. Maybank Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Teo Chin Loong)	1,050,800	0.77
22. Kenanga Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Gan Kong Hiok)	975,900	0.71
23. Maybank Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Lee Woon Ping)	937,500	0.69
24. Khor Chong Him	888,000	0.65
25. CGS-CIMB Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Cheang Wai Kett)	837,400	0.61
26. Maybank Nominees (Tempatan) Sdn Bhd (Lee Siew Kuang)	790,000	0.58
27. Tiong Wei Lee	786,900	0.58
28. Lim Lai Chuan	750,000	0.55
29. Er Soon Puay	722,100	0.53
30. Wong Yong Shen	664,500	0.49

Directors' Interests in the Company

	Direct Interest		Indirect Interest	
Name	No. of Warrants	%	No. of Warrants	%
Tun Arshad bin Ayub	2,237,000	1.64	-	-
Teh Wee Chye	25,975,944	19.00	9,690,052 [(1)]	7.09
Datuk Oh Chong Peng	4,387	0.00	-	-
Dato' Seri Zainal Abidin bin Mahamad Zain	1,250	0.00	-	-
Prakash A/L K.V.P Menon	1,072,500	0.78	-	-
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.

List of Properties

Description, Location & Size	Existing Use	Approximate Age of Building (Year)	Date/Year of last Revaluation/ Acquisition	Net Book Value At 31-12-21 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	61	9 Sept 1996	2,897,000
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	82	4 Dec 1996	1,566,000
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 of Lumut, District of Dindings Perak Darul Ridzuan Total: 61.43 acres	Office and factory	39-55	6 Oct 1998	18,634,000
Freehold land with shop house Grant No. 36370, Lot No. 12256 Mukim of Pulai District of Johor Bahru Johor Darul Takzim Total: 0.04 acre	Shoplot	42	1991	135,000
Leasehold land with buildings HSD 238626, Lot PTD 119736 (expiring on 28-2-2051) Mukim of Plentong District of Johor Bahru Johor Darul Takzim Total: 10.1 acres	Office and factory	29	3 Feb 1995	49,140,000

List of Properties (cont'd)

Description, Location & Size	Existing Use	Approximate Age of Building (Year)	Date/Year of last Revaluation/ Acquisition	Net Book Value At 31-12-21 RM
Leasehold land with building PN 25155 Lot 7114 (expiring on 22-7-2096) Mukim of Batu Berendam District of Melaka Tengah Melaka Darul Azim Total: 0.13 acre	Shoplot	24	1997	322,000
Freehold land with building HS(D) 212786 PTB 18284 Bandar Johor Bahru District of Johor Bahru Johor Darul Takzim Total: 0.13 acre	Factory	22	1999	406,000
Leasehold land HS(D) 503714 PTD 209638 (expiring on 2-4-2072) Mukim of Plentong District of Johor Bahru Johor Darul Takzim Total: 4.57 acres	Vacant land	-	2011	2,652,000
Leasehold land with buildings HSD 30844 PT 13524 (expiring on 20-10-2075) Mukim of Lumut District of Manjung Perak Darul Ridzuan Total: 23 acres	Factory	9	2020	98,298,000
Freehold land with house GRN 160946 Lot 45520 Mukim of Plentong District of Johor Bahru Johor Darul Takzim Total: 0.04 acre	Residential house	30	2017	142,000
Freehold land Grant 1784, Lot 12653 Mukim of Sitiawan District of Dindings Perak Darul Ridzuan Total: 17 acres	Vacant land	-	1997	271,000

Description, Location & Size	Existing Use	Approximate Age of Building (Year)	Date/Year of last Revaluation/ Acquisition	Net Book Value At 31-12-21 RM
Freehold land GM 10137, Lot 23464 Mukim of 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	24	1994	29,254,000
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	19	2000	12,802,000

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Sixty-Second Annual General Meeting ("62nd AGM") of Malayan Flour Mills Berhad will be conducted on a fully virtual basis from its Broadcast Venue at Suite 25.01, Level 25, Menara Citibank, 165 Jalan Ampang, 50450 Kuala Lumpur on Wednesday, 25 May 2022 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 2021 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) Tun Arshad bin Ayub **(Ordinary Resolution 1)**
   (ii) Mr Teh Wee Chye **(Ordinary Resolution 2)**
   (iii) Mr Azhari Arshad **(Ordinary Resolution 3)**

3. To approve the payment of Directors' fees amounting to RM264,000 per annum for the Non-Executive Chairman and RM132,000 per annum for each of the Non-Executive Directors in respect of the financial year ended 31 December 2021. **(Ordinary Resolution 4)**

4. To approve an amount of up to RM350,000 as benefits payable to the Non-Executive Directors for the period from the conclusion of the 62nd 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 2022 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
26 April 2022

Notes:-

1. *The 62nd 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://meeting.boardroomlimited.my.*

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. *Proxy Form shall not be treated as valid unless the posted Proxy Form is received or the Proxy 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://investor.boardroomlimited.com which is available to all individual members, not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof. Proxy Form transmitted by fax or email will not be accepted. The Company will not accept any photocopies of the Proxy Form in place of the original signed copy.*

10. *For the purpose of determining a member who shall be entitled to participate in this 62nd 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* ***18 May 2022****. 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.*

11. *Pursuant to Paragraph 8.29A of Bursa Malaysia Securities Berhad Main Market Listing Requirements ("Bursa Securities Listing Requirements"), all resolutions set out in the Notice of the 62nd AGM will be put to vote on a poll.*

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 1, 2 and 3: Re-election of Directors

Tun Arshad bin Ayub, Mr Teh Wee Chye and Mr Azhari Arshad are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at the 62nd AGM.

The Board had through the Nomination Committee carried out assessment on the Directors who are standing for re-election and agreed that they met the criteria as prescribed by Paragraph 2.20A of the Bursa Securities Listing Requirements on character, experience, integrity, competence and time to effectively discharge their role as Directors.

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 Non-Executive Directors at the 62nd AGM:-

Resolution 4: *Payment of Directors' fees amounting to RM264,000 per annum for the Non-Executive Chairman and RM132,000 per annum for each of the Non-Executive Directors in respect of the financial year ended 31 December 2021; and*

Resolution 5: *Payment of benefits payable to the Non-Executive Directors which have been reviewed by the Remuneration Committee and Board of Directors of the Company for the period from the conclusion of the 62nd AGM until the conclusion of the next AGM of the Company.*

The benefits payable to the Non-Executive Directors comprise Board Committees fixed allowance, 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 Non-Executive Directors involved in these meetings.

Resolutions 4 and 5, if passed, will facilitate the payment of Directors' fees and benefits as and when required. The Board is of the view that the Non-Executive Directors should be paid such fees and benefits upon them discharging their responsibilities and rendering their services to the Company.

Ordinary Resolution 6: Re-appointment of Auditors

The Audit & Risk Management Committee and the Board had, on 5 April 2022, considered the re-appointment of Messrs KPMG PLT as Auditors of the Company. The Audit & Risk Management Committee and the Board collectively agreed and are satisfied that Messrs KPMG PLT meets the relevant criteria prescribed by Paragraph 15.21 of the Bursa Securities Listing Requirements.

Explanatory Notes on Special Business

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 61st AGM of the Company held on 28 May 2021.

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.

Statement Accompanying Notice of Annual General Meeting

Pursuant to Paragraph 8.27(2) of Bursa Malaysia Securities Berhad Main Market Listing Requirements

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.

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MALAYAN FLOUR MILLS BERHAD
Registration No. 196101000210 (4260-M)
(Incorporated in Malaysia)

PROXY FORM

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-Second Annual General Meeting ("62nd AGM") of the Company which will be conducted on a fully virtual basis from its Broadcast Venue at Suite 25.01, Level 25, Menara Citibank, 165 Jalan Ampang, 50450 Kuala Lumpur on Wednesday, 25 May 2022 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. Tun Arshad bin Ayub		
2.	b. Mr Teh Wee Chye		
3.	c. Mr Azhari Arshad		
4.	Payment of Directors' fees		
5.	Payment of benefits payable to the Directors		
6.	Re-appointment of Messrs KPMG PLT as Auditors of the Company		
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 ____________________, 2022

____
Signature/Common Seal of Shareholder

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AFFIX
STAMP
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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: Suite 28.01, Level 28, Menara Citibank, 165 Jalan Ampang, 50450 Kuala Lumpur, Malaysia.
Tel: (603) 2170 0999 (GL), Fax: (603) 2170 0888

www.mfm.com.my