



Malayan Flour Mills Berhad

Registration No. 196101000210 (4260-M)



2023
ANNUAL REPORT

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CORPORATE INFORMATION

Board of Directors

Datuk Oh Chong Peng

(Chairman, Non-Independent Non-Executive Director)

Teh Wee Chye

(Executive Deputy Chairman cum Managing Director)

Dato' Seri Zainal Abidin bin Mahamad Zain

(Non-Independent Non-Executive Director)

Prakash A/L K.V.P Menon

(Non-Independent Non-Executive Director)

Lim Pang Boon

(Non-Independent Non-Executive Director)

Quah Poh Keat

(Independent Non-Executive Director)

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)

Audit & Risk Management Committee

Quah Poh Keat

(Chairman, Independent Non-Executive Director)

Datuk Oh Chong Peng

(Non-Independent Non-Executive Chairman)

Dato' Maznah binti Abdul Jalil

(Independent Non-Executive Director)

Nomination Committee

Datin Paduka Setia Dato' Dr Aini binti Ideris

(Chairman, Independent Non-Executive Director)

Dato' Seri Zainal Abidin bin Mahamad Zain

(Non-Independent Non-Executive Director)

Quah Poh Keat

(Independent Non-Executive Director)

Remuneration Committee

Prakash A/L K.V.P Menon

(Chairman, Non-Independent Non-Executive Director)

Datuk Oh Chong Peng

(Non-Independent Non-Executive Chairman)

Datin Paduka Setia Dato' Dr Aini binti Ideris

(Independent Non-Executive Director)

Dato' Maznah binti Abdul Jalil

(Independent Non-Executive 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)

Principal Bankers (cont'd)

Hong Leong Islamic Bank Berhad
Registration No. 200501009144 (686191-W)

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

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

Maybank Islamic Berhad
Registration No. 200701029411 (0787435-M)

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

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

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

Bank of China (Malaysia) Berhad
Registration No. 200001008645 (511251-V)

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

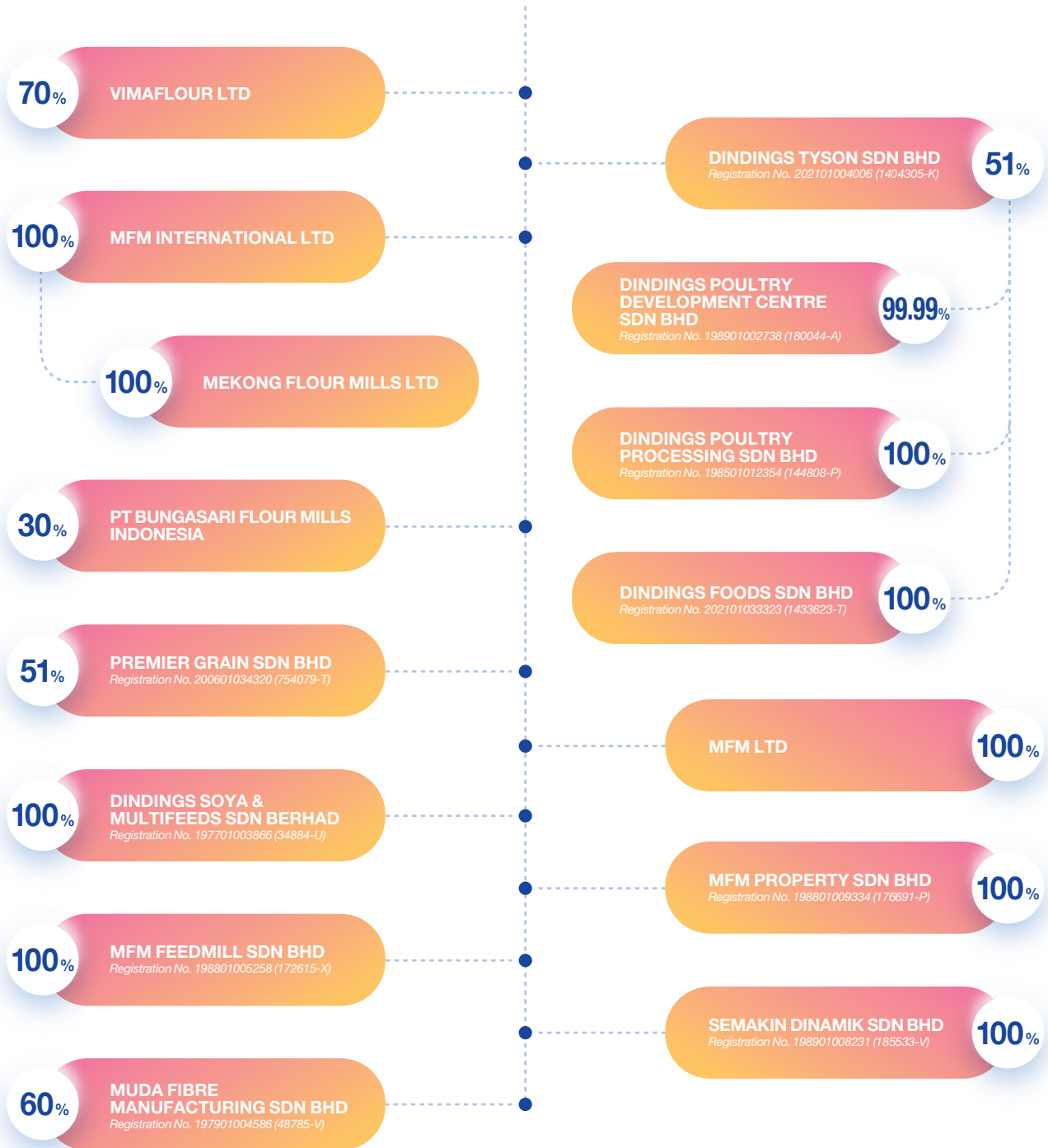
KPMG PLT

GROUP CORPORATE STRUCTURE



Malayan Flour Mills Berhad

Registration No. 196101000210 (4260-M)



DIRECTORS' PROFILE



Datuk Oh Chong Peng

(Non-Independent Non-Executive Chairman)

Datuk Oh Chong Peng (Male), aged 79, a Malaysian, was appointed to the Board of the Company on 20 August 2008 and is presently the Chairman of the Board. He is also a member of the Audit & Risk Management Committee and Remuneration Committee 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. He is also a trustee of the UTAR Education Foundation (2002) and MyKasih Foundation (2023) 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 6 Board meetings held during the financial year. He has no family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest with the Company.

DIRECTORS' PROFILE (cont'd)



Mr Teh Wee Chye

(Executive Deputy Chairman cum Managing Director)

Mr Teh Wee Chye, aged 70, a Malaysian, was appointed to the Board of the Company as an Executive Director on 19 June 1989 and subsequently the Managing Director on 18 April 2002. He is presently the Executive Deputy Chairman cum Managing Director of the Company.

He holds a Bachelor of Science Degree in Naval Architecture 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 the Company in 1976 as the Deputy Mill Manager and was promoted as the Plant Manager in 1978.

In 1979, he was appointed as the Project Manager in charge of the Company's entire expansion plans. He expanded the flour milling facilities in Manjung, Perak through diversification into the poultry integration to include a feed mill, breeder farm, broiler farm and poultry processing plant. Another flour mill and feed mill were subsequently constructed in Pasir Gudang to cater for the Southern region market.

Recognising the tremendous growth potential in the flour market in Vietnam, in 1994, he spearheaded the expansion of the flour milling business to Vietnam with the establishment of Vimaflour Ltd, a 70% owned joint venture with the Vietnam State-Owned Enterprise, situated at Cai Lan Port in northern Vietnam where the famous Ha Long Bay is located. In 2003, another flour mill in the Baria-Vungtau

Province in southern Vietnam under a wholly owned subsidiary, Mekong Flour Mills Ltd, started operation.

In 2002, he was appointed as the Group Managing Director to oversee the entire business operations of the Group. In line with the vision of the Group to be a leading food manufacturing enterprise in the region, he has initiated the following business expansion projects to strengthen its local and global presence:

- For the sourcing of corn and soyameal to produce consistent quality poultry feeds, the Company ventured into the trading of raw material for animal feed through a joint venture company, Premier Grain Sdn Bhd, with Toyota Tsusho Corporation Group in 2010;
- In 2011, the flour milling business penetrated the Indonesian market through a tri-partite joint venture to form PT Bungasari Flour Mills Indonesia which started the commercial operations of its first flour mill situated in Cilegon, West Java, in 2014 followed by flour mills in Medan and Makassar in 2020; and
- In 2021, the Company entered into a strategic partnership with Tyson Foods, Inc., a Fortune 100 company in the United States and one of the world's largest food companies, to form Dindings Tyson Sdn Bhd which embarked on a vertical integrated poultry business.

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 6 Board meetings held during the financial year. He is deemed interested in various related party transactions with the Group.



Dato' Seri Zainal Abidin bin Mahamad Zain

(Non-Independent Non-Executive Director)

Dato' Seri Zainal Abidin bin Mahamad Zain (Male), aged 74, a Malaysian, was appointed to the Board of the Company on 1 September 2009 and is presently a member of the Nomination 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 is not a director of any other public company and listed issuer.

In May 2022, he was appointed as Chief Judge by the Junior Chambers International ("JCI"), an international organisation, to preside with 4 other judges to select the 10 most talented young Malaysians for year 2022 to compete internationally to win awards. On 6 December 2023, he was appointed as Foundation Trustee of the Harvard Business School Alumni Club of Malaysia.

He has attended all the 6 Board meetings held during the financial year. He has no family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest with the Company.

DIRECTORS' PROFILE (cont'd)



Mr Prakash A/L K.V.P Menon

(Non-Independent Non-Executive Director)

Mr Prakash A/L K.V.P Menon (Male), aged 65, a Malaysian, was appointed to the Board of the Company on 24 May 2011. He is presently the Chairman of the Remuneration Committee 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 6 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 62, a Malaysian, was appointed to the Board as a Non-Executive Director on 16 August 2012 and is presently the Executive Director, Business Development and Government Liaison of the Company.

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 has attended all the 6 Board meetings held during the financial year. He has no family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest with the Company.

DIRECTORS' PROFILE (cont'd)



Mr Quah Poh Keat

(Independent Non-Executive Director)

Mr Quah Poh Keat (Male), aged 71, a Malaysian, was appointed to the Board of the Company on 25 May 2017 and is presently the Chairman of the Audit & Risk Management Committee and a member of the Nomination 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. He retired as a Non-Independent Non-Executive Director of LPI Capital Berhad and Lonpac Insurance Berhad on 1 January 2024.

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

He has attended all the 6 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 Lim Pang Boon

(Non-Independent Non-Executive Director)

Mr Lim Pang Boon (Male), aged 68, a Malaysian, was appointed to the Board as an Executive Director of the Company on 1 January 2018 and was redesignated as a Non-Executive Director on 1 September 2022.

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 retired as the General Director on 30 April 2022.

Upon relinquishing his executive position in Vimaflour Ltd and Mekong Flour Mills Ltd, he was appointed as Advisor for both companies to provide business advice on their operations and expansion projects. He is not a director of any other public company and listed issuer.

He has attended all the 6 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)



Datin Paduka Setia Dato' Dr Aini binti Ideris

(Independent Non-Executive Director)

Datin Paduka Setia Dato' Dr Aini binti Ideris (Female), aged 71, a Malaysian, was appointed to the Board of the Company on 25 May 2017 and is presently the Chairman of the Nomination Committee and a member of the Remuneration 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 ("M CVS"); Council Member of Academy of Sciences Malaysia, member of the Board of Governors of International Medical University ("IMU") and International Medical College ("IMC"); and EXCO 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 coresearcher. 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 EXCO of WVPA (World body) and EXCO of WVPA (Malaysia). 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 6 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.



Dato' Maznah binti Abdul Jalil

(Independent Non-Executive Director)

Dato' Maznah binti Abdul Jalil (Female), aged 70, a Malaysian, was appointed to the Board as an Independent Non-Executive Director on 10 December 2019 and is presently a member of the Audit & Risk Management and Remuneration Committees of the Company.

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), Boustead Heavy Industries Corporation Berhad, Lembaga Tabung Angkatan Tentera ("LTAT") and Pavilion Real Estate Investment Trust and a member of University of Technology & Computer Science. She has retired as the Chairman of SCS Global Advisory (M) Sdn Bhd in December 2023.

Presently, she is a board member of InNature Berhad, Cahya Mata Sarawak Berhad, Opus Asset Management Sdn Bhd and KWAP (Kumpulan Wang Persaraan), as well as the Chairman of Investment Panel and a member of Nomination and Remuneration Committee of LTAT.

She has attended all the 6 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

(Executive Deputy Chairman cum Managing Director)

Aged 70, Male, Malaysian

Mr Teh Wee Chye was appointed to the Board as an Executive Director of the Company on 19 June 1989 and subsequently the Managing Director on 18 April 2002. He is presently the Executive Deputy Chairman cum Managing Director of the Company. His profile is listed in the Directors' Profile on page 6 of this Annual Report.



Mr Azhari Arshad

(Executive Director, Business Development & Government Liaison)

Aged 62, Male, Malaysian

Mr Azhari Arshad was appointed to the Board as the Business Development & Corporate Affairs Director on 5 May 2015. He was subsequently redesignated as the Executive Director, Business Development & Government Liaison to accelerate the Group's growth with effective business partnerships and Government relationship. His profile is listed in the Directors' Profile on page 9 of this Annual Report.



Mr Huynh Duc Chinh

(General Director cum Authorised Representative of the Members' Council of Vimaflour Ltd and Mekong Flour Mills Ltd, Vietnam)

Aged 52, 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 was appointed as the General Director and Authorised Representative in the Member's Council of Mekong Flour Mills Ltd with effect from 1 May 2022.

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 21 years of experience in flour business in Vietnam.



Mr Yap Fan Yee

(General Manager, Flour Production Management)

Aged 80, 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 56 years of experience in flour milling.



Mr Yong Yee Wan

(General Manager, Flour Malaysia)

Aged 47, Male, Malaysian

Mr Yong Yee Wan commenced his tenure with the Company on 1 June 1999, assuming the role of Production Engineer. His dedication and expertise led to his advancement to Deputy General Manager of Flour Production Management on 1 April 2020. As of 1 April 2024, he has been appointed as the General Manager of Flour Malaysia, tasked with overseeing the entirety of the flour business operations in Malaysia.

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

He has over 24 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.



Mr Wong Kok Wai

(Executive Director of Dindings Tyson Sdn Bhd)

Aged 54, 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 appointed as Executive Director of Dindings Tyson Sdn Bhd on 31 May 2021.

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

He is an experienced Accountant for over 26 years in various industries such as hospitality, manufacturing, food & beverage and fast-moving consumer goods.

KEY SENIOR MANAGEMENT PROFILE (cont'd)



Mr Ong Chai Kin

(General Manager, Poultry Processing Plant Operations)

Aged 56, Male, Malaysian

Mr Ong Chai Kin joined Dindings Poultry Processing Sdn Bhd in 1989 and was promoted as the Plant Manager in 2011. Subsequently, he was promoted as the General Manager, Poultry Processing Plant Operations on 1 August 2022.

He has over 31 years of experience in poultry processing environment, skilled in supervising, leading and directing tasks in order to achieve optimal productivity and results. He is proficient in all aspects of factory operations, budgeting, organisation and management with effective quality control and safety. He has also successfully led the installation and commissioning of a new primary processing plant.



Mr Lee Low

(General Manager, Aquaculture)

Aged 60, Male, Malaysian

Mr Lee Low joined Dindings Soya & Multifeeds Sdn Berhad on 15 June 2017 as the General Manager, 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 31 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 Shota Takahashi

(Chief Executive Officer cum Executive Director of Premier Grain Sdn Bhd)

Aged 37, Male, Japanese

Mr Shota Takahashi joined Premier Grain Sdn Bhd on 1 April 2024 as an Executive Director and Chief Executive Officer.

He holds a Bachelor of Arts in Sports Sciences from Waseda University, Japan.

He has over 14 years of experience in global commodity trading, not only grains but also sugar. He has significant experience across derivative trading, risk management, chartering and logistics. He has worked abroad in Australia, United Kingdom and Singapore for 10 years prior to joining Premier Grain Sdn Bhd.



Mr Hideki Oya

(General Manager, Upstream Commercial cum Director of Premier Grain Sdn Bhd)

Aged 44, Male, Japanese

Mr Hideki Oya joined the Company on 1 April 2018 as the General Manager, Purchasing. He is now the General Manager, Upstream Commercial of Poultry Integration and Director of Premier Grain Sdn Bhd.

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

He has over 21 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.



Mr Alan Yau Tee Peng

(Chief Financial Officer)

Aged 50, 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 Practising 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 26 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.

KEY SENIOR MANAGEMENT PROFILE (cont'd)



Mdm Carol Chan Chui Yoke

(General Manager, Corporate Affairs, Group Human Resources, Corporate Communications & Special Projects)

Aged 52, Female, Malaysian

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

On 1 August 2022, she was redesignated as General Manager, Corporate Affairs with a larger portfolio that comprises Group Human Resources, Corporate Communications, Group Administration and Strategic Transformation Projects.

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

She has more than 26 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.



Ir Beh Men Huat

(General Manager, Group Engineering Services & Projects)

Aged 67, 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 39 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 and Mr Azhari Arshad, none of the other Key Senior Management members have any directorship in public companies and listed issuers.
2. Save for Mr Teh Wee Chye, 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 have great pleasure to report to you the financial and operational performance of the Group for the financial year ended 31 December 2023. ”



Dear Esteemed Shareholders,

As a leading staple food producer in the region, Malayan Flour Mills Berhad (“MFM” or “the Group”) is proud to continue playing the role of producing flour and poultry products that households rely on as their mainstay food. Even in the face of ongoing global challenges this past year, with the high costs of wheat and grain, rising interest rates, geopolitical tensions, and strengthening US Dollar, MFM stayed true to being a reliable food supplier, at the same time building sustainable operations that deliver shareholders’ value.

On behalf of the Board of Directors, I have great pleasure to report to you the financial and operational performance of the Group for the financial year ended 31 December 2023 (“FY2023”).

Record revenue, on back of optimistic FGT segment but profits beset by loss on remeasurement of contingent consideration receivable

MFM set another high watermark for group revenue in FY2023, attaining a growth of 8.0% to RM3.15 billion, versus RM2.92 billion in the previous financial year. The higher revenue was largely attributed to the increase in sales volume for our Flour and Grain Trading Segment (“FGT”), quite unlike the main reason in the previous year when rising material costs dictated the trend of average selling prices of our flour-related products.

Even with the higher group revenue, the FGT segment recorded a 3.7% marginal drop in pre-tax profit to RM96.9 million, from the previous year’s RM100.6 million. The lower profit margin was mainly a result of the segment having to contend with the high holding costs of its inventories during the first half of FY2023. However, costs of raw materials eased off in the later half and significantly helped the segment’s profitability.

Our joint venture in Indonesia, PT Bungasari Flour Mills Indonesia (“BFMI”), in which the Group owns 30% equity stake, found the same reprieve in lower raw material costs in the same period. However, BFMI continued to face the challenges of weak Rupiah and high interest rates during the year. Although BFMI recorded 22.6% revenue growth to RM2.22 billion in FY2023 from RM1.82 billion previously, driven largely by higher sales volume, results dipped further into the red, a net loss of RM66.5 million for FY2023, versus a net loss of RM23.4 million previously.

Consequently, the Group’s share of loss from BFMI in FY2023 amounted to RM19.9 million.

CHAIRMAN'S STATEMENT (cont'd)

The Group's Poultry Integration Segment ("PI"), through the 51% equity stake in Dindings Tyson Sdn Bhd ("DTSB"), a joint venture company with Tyson International Holding Company ("Tyson"), witnessed two negative impacts during the year, namely the ongoing boycott on our quick service restaurant clients in light of the Middle East conflict, and the inflow of frozen poultry products from a neighbouring country.

The above factors resulted in lower sales volume albeit a marginally higher average selling price for the PI segment, which led to a flat revenue of RM1.14 billion in FY2023, compared to RM1.11 billion in FY2022. Lower contribution margins due to changes in sales mix, reduced subsidy income and lower recognition of deferred tax assets resulted in a lower profit after tax of RM50.7 million during FY2023, a 66.4% drop from RM151.0 million previously.

Correspondingly, the Group's share of profit from the joint venture company amounted to RM25.9 million in FY2023.

Notwithstanding the profitability, the PI segment did not meet the financial targets set out in the joint venture agreement with Tyson, as a result of the prevailing market conditions; the Board therefore has decided to recognise a loss on remeasurement of contingent consideration receivable of RM71.1 million from Tyson. In comparison to the previous year, MFM had a write-back of RM8.8 million on remeasurement of the contingent consideration receivable.

On a consolidated basis, the loss on remeasurement of contingent consideration receivable of RM71.1 million effectively resulted in FY2023 recording a net loss (after tax and minority interest) of RM6.7 million, versus a net profit of RM145.0 million in the previous year.

Investing in the future to meet the expectations of a growing population

At the heart of MFM is the commitment to improve our operations to serve the needs of the ever-demanding consumer market. To this end, we have invested over the years to build up our scale of operations, as well as to expand our range of offerings to meet the expectations of a growing population. The capital expenditure ("CAPEX") investments cover both the FGT and PI segments. In FY2023, we invested CAPEX of approximately RM34.8 million. Majority of the CAPEX was spent in Mekong Flour Mills Ltd. in southern Vietnam on 14 additional wheat silos which will increase the capacity from 50,000 tons to 100,000 tons, together with some enhancement for its warehouse and workshop. Vimaflour Ltd. in northern Vietnam had completed the installation of 18 additional wheat silos with an additional storage capacity of 65,000 tons in FY2023.

Looking ahead, we will invest a total of RM100.0 million in FY2024, of which RM32.0 million will be used for installing a new milling line in Lumut. The new line will have the latest technology that promises to be more efficient and cost effective and will add another 600 MT/day to the existing capacity of 1,800 MT/day for our Malaysia flour milling operations. The balance of RM68.0 million will be spent on construction and installation of flour silos and flour blending facilities in Mekong Flour Mills Ltd. in southern Vietnam.

As for the PI segment, in FY2023, majority of the CAPEX was spent on increasing the capacity of both the wastewater treatment facilities and the rendering facilities at our state-of-the-art primary processing plant. The PI segment further intends to invest approximately RM218.0 million on upgrading the existing breeder farms, expansion of additional breeder farms, and further automation at the primary processing plant.

Setting up for twin engine growth

After a volatile year in 2023, the year of 2024 may just be equally as unpredictable. While the geopolitical tensions in Eastern Europe and in the Middle East continue to persist, dampening global economic growth and causing supply chain disruptions, leading economies like the United States (US) and China face slower growth prospects amidst inflationary concerns. All these add up to the uncertainties in the market that MFM operates in.



On top of the economic and geopolitical reasons, the erratic weather conditions will also affect production of the commodities that are used as raw materials for both our FGT and PI segments.

As a food producer for more than 50 years, we are always concerned of the external risks that might threaten our operations, and we have learned to apply prudence in ensuring sustainability.

For our FGT business, we will continue to build good relationships with our suppliers to secure uninterrupted supply of the raw materials to our production facilities in Malaysia, Vietnam and Indonesia. Collectively, our sizable operations in these countries do give us the preferential advantage.

With the current stable input costs, we remain optimistic of the flour milling business in the countries we operate in. While our ample production capacity in Malaysia will be able to meet any uptick in demand, the rapid recovery of the Vietnam market points to our operations in Vietnam being potentially ready for next phase of expansion. Meantime, we will continue to improve on our production efficiency, in order to remain competitive in the market.

As for our PI business, although 2023 was a tough year beset by supply shortage of day-old-chicks, high feed costs, and then the unrelenting boycott of our chicken-based quick service restaurant (“QSR”) chains since October 2023, we remain steadfast in our long-term growth plans.

The lower sales volume of our PI segment in FY2023 was not so much a fundamental shift in consumer preference for non-poultry meat as a brief change in consumer behaviour toward other local QSR chains, as a result of the boycott. The western QSR brands are still largely the favourites amongst Malaysians.

The situation was an opportune time for us to develop new sub-segment in the food services channel. Therefore, while we continue to strategise for new markets, we will continue to stand ready to support our key customers affected by the boycott.

Furthermore, we aim to take the synergistic partnership with Tyson to next level. Firstly, we hope to work towards setting up technology-enabled farms for both parent stocks and broilers, to help ensure sufficient supply of broilers to our processing plant at Kampung Acheh Industrial Estate in Sitiawan, Perak. Secondly, we aim to leverage on their competitive edge and technical expertise to improve on our operations, venture into new export markets, and undertake product development initiatives.

Through all these, we will not lose sight on becoming a formidable player in ensuring food security in the countries we operate in, as we deploy our twin-engine growth model.

Rewarding shareholders with dividend

The Company continues to uphold its dividend payment practice, having paid dividends annually since our listing in 1968. The Board of Directors declared and paid two interim dividends in respect of FY2023, amounting to a total of 3.0 sen per share or RM33.9 million.

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 and commitment amidst the challenges in 2023. I would also like to thank our shareholders, as well as our customers, suppliers, bankers, business associates, government agencies and regulatory authorities, for their unrelenting trust and confidence in the Group during the year.

DATUK OH CHONG PENG
CHAIRMAN

MANAGEMENT DISCUSSION AND ANALYSIS

History and Milestones

Incorporated in 1961, Malayan Flour Mills Berhad (“MFM”) is a pioneer in the flour milling industry in Malaysia, with mills in Lumut and Pasir Gudang. It is now a regional flour player with operations in northern Vietnam – Cai Lan, Ha Long (since 1994) and southern Vietnam – Phu My, Vung Tau (since 2000); as well as operations in Indonesia at 3 locations, namely Cilegon, Medan, and Makassar through a tri-partite joint venture (since 2011). MFM’s regional operations produce and sell over 1.7 million metric tons of flour every year.

MFM expanded beyond flour milling in 1983 and ventured into the poultry industry in Malaysia. Today, our vertically integrated poultry business encompasses feed milling, hatchery, breeder farms, broiler farms and poultry processing plant. Currently, the poultry integration business has the capacity to produce approximately 60 million broilers annually, mostly for our internal downstream consumption. We own one of the biggest closed-house broiler farms in the country and intend to upgrade these closed houses with Climate Control and Precision Farming to improve production efficiency and reduce operating cost. Our upgraded poultry processing plant in Sitiawan, Perak has a daily slaughtering capacity of 280,000 birds. On 31 May 2021, MFM disposed of 49% equity interest in Dindings Tyson 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 ventured into the trading of raw material for animal feed in Malaysia through a 51% owned joint venture company with Toyota Tsusho Corporation Group.

Group Strategy and Objective

MFM envisions to be a regional staple food producer. Backed by more than 50 years of agri-food manufacturing with footprints in Malaysia, Vietnam and Indonesia for flour milling, poultry integration and aqua feed manufacturing in Malaysia, MFM aims not only to continue feeding communities in Malaysia, Vietnam and Indonesia but to other nations within the region.

The Group’s resilient growth over the past five decades was attributed to its strong foundation of having best manufacturing practices. MFM’s core competencies in mass production, adoption of modern technologies, acquisition of technical know-how, and standardisation of best practices, have enabled the Group to replicate its success from pioneering flour milling in Malaysia to become prominent flour producers in Vietnam and Indonesia.

MFM has also successfully used its core competencies to build the Group’s poultry integration business to be a leading supplier of poultry products and aqua feed products in Malaysia.

Going forward, we remain committed to growing our businesses of flour milling, poultry integration and aqua feed manufacturing.

We will continue to invest to automate our flour milling operations to increase operational efficiencies on top of our investment in a new 600MT/day flour milling line. In addition, we are also currently investing in silo storage capacity for both of our flour mills in Vietnam in line with the increased milling capacity.

Our poultry integration business under DTSB will invest further to meet and support the continued demand for our poultry products in Malaysia. We intend to upgrade our existing breeder farms as well as increase the number of breeder farms and further automation at the primary processing plant.

Similarly for our aquaculture business, we will continue to innovate our products to enhance the quality of our aqua feeds and to meet our client’s specifications.



Financial Performance Highlights

To begin with, the operating activities that contribute to MFM's consolidated revenue are from the Flour and Grain Trading ("FGT") and aquafeed businesses. The other businesses, namely the Poultry Integration ("PI") and the Indonesia flour milling operations, contribute only at share of profit/loss of equity-accounted entity level.

During the financial year ended 31 December 2023 ("FY2023"), MFM saw the FGT and aquafeed operations contribute to group revenue of RM3.15 billion, 8.0% higher than RM2.92 billion in the previous year.

The FGT segment still faced volatility, albeit moderated, in its Malaysia and Vietnam operations during the year under review. That was after a turbulent year in 2022, caused by pressures from inflation and rising interest rates, geopolitical conflict in Europe cum the associated supply chains disruption, and the high commodity prices of our main raw materials of wheat and grain. The scenario resulted in our operations carrying inventories that were of high costs in the beginning of 2023, even as the commodity prices were already easing off and demand for our flour products was recovering.

The continued recovery in demand for flour products in Malaysia and Vietnam throughout the year not only resulted in the volume-spurred revenue growth of 8.0% but also helped in the improved performance at the pre-tax level during the second half of 2023, finishing FY2023 with a pre-tax profit of RM96.9 million, compared to RM100.6 million previously.

The Group's PI segment, through the 51% equity stake in DTSB and the subsidiaries, contributed to a profit after tax of RM50.7 million in FY2023, 66.4% lower than that of FY2022. The lower profit was achieved on a flat revenue of RM1.14 billion, versus RM1.11 billion previously.

A number of factors were attributed to the weaker profit margin for the poultry business, namely sales mix of lower margin, reduced subsidy income, lower demand arising from boycott of western quick service restaurant ("QSR") chains and lower recognition of deferred tax assets.

Correspondingly, the share of profit from the PI segment amounted to RM25.9 million in FY2023, compared to a share of profit of RM77.0 million in the previous year.

Following the weaker financial performance of the PI segment in FY2023, the financial targets of profitability and net cash level set in the joint venture agreement with Tyson were consequently not met. The circumstances necessitated MFM to recognise a loss on remeasurement of contingent consideration receivable of RM71.1 million due from Tyson.

Compounding the above factors related to the PI segment, our Indonesia flour milling operations under the Group's 30% associate company, PT Bungasari Flour Mills Indonesia ("BFMI"), contributed to an even bigger share of loss of RM19.9 million during the year, versus a share of loss of RM7.0 million in the previous financial year of 2022, notwithstanding the 22.6% rise in revenue to RM2.22 billion during the year. The negative performance was largely due to intense competition, high costs of inventories, weak Rupiah, and high finance costs.

Correspondingly, the Group recorded a loss after tax and minority interest amounting to RM6.7 million or basic loss per share ("LPS") of 0.65 sen, compared to a profit after tax and minority interest of RM145.0 million or basic earnings per share ("EPS") of 14.22 sen previously. Excluding the effect of remeasurement of contingent consideration receivable, the adjusted EPS is 6.30 sen, as compared to 13.36 sen previously.

MANAGEMENT DISCUSSION AND ANALYSIS (cont'd)

On our Group's balance sheet as at 31 December 2023, our total assets reduced some 5.5% to RM2.58 billion, from RM2.73 billion previously, attributable mainly to the reduced inventories level and loss on remeasurement of contingent consideration receivable from Tyson. Equity attributable to ordinary shareholders decreased marginally to RM1.34 billion from RM1.36 billion, as a result of the loss for the year and dividends paid in respect of FY2023. Fixed deposits, cash and cash equivalents rose significantly to RM420.0 million (FY2022: RM243.9 million), whilst total borrowings including lease liabilities and RCULS liabilities stood at RM999.9 million (FY2022: RM1.13 billion).

On net-of-cash basis, the Group's gearing improved to 0.40x, versus 0.60x previously.

The improved net gearing was largely attributable to the lower working capital needs as raw materials costs eased off, and receipt of first earnout of RM120.0 million from Tyson. As at end of FY2023, our inventories reduced to RM523.9 million, compared to RM627.8 as at 31 December 2022.

Operations Highlights

Flour and Grain Trading Segment

The food industry, especially the flour milling sector, in 2023 was reeling from the after-effects of the Russian-Ukraine conflict. While Russian and Ukraine were amongst the top five exporters of wheat in the world before the war, both combined contribute to more than 14% of the world production of wheat. At that level, any export disruption would certainly be a global tragedy, both economically and socially.

Indeed, the conflict and the subsequent sanction on Russia have disrupted the supply of wheat, causing supply-demand imbalance of many food-related commodities in the world and escalating prices of our raw materials for our operations in Malaysia, Vietnam, and Indonesia.

Fearing of shortage, our operations had to buy ahead to have enough of raw materials for our mills in the countries that we operate in, even when prices were increasing significantly.

MFM has been in the flour milling business for the last five decades, and we have the social responsibility to play the role of providing uninterrupted supply of these staple foods to millions of households in the region. Therefore, towards the end of 2022, we stocked up inventories up to at least second quarter of 2023.

However, the high costs of inventories affected our profitability and margins during the first half of the year.

Fortunately, prices of wheat and grain eased off in 2023 and demand recovered, which saw our mills running at higher utilisation rates in later half of the year to meet increased demand for our flour products, especially Malaysia followed by Vietnam.

In Malaysia, we saw a commendable increase of 12.0% in sales tonnage year-on-year during FY2023, whilst Vietnam operations also saw an increase of 5.2% in quantity sold for the year.

Overall, our plants in Malaysia and Vietnam were operating at 67% and 72% respectively of the total production capacity in FY2023.

In terms of financial performance, although the operations recovered strongly in the second half of 2023, the full year results still did not match up to the results in 2022. The flour operations saw a lower profit after tax of RM93.4 million (excluding loss on remeasurement of contingent consideration receivable and impairment of investment in a joint venture) on a revenue of RM2.1 billion in FY2023, versus profit after tax of RM202.9 million (excluding write back on remeasurement of contingent consideration receivable) and revenue of RM1.9 billion in the previous year. The higher revenue was attributed to the higher sales volume.



The grain trading business recorded profit before tax of RM2.9 million in FY2023, as compared to a loss before tax of RM10.9 million in the previous year. The turnaround in the performance of the grain trading business was due to increase in sales volume, improved margins and higher forex gains which was partially offset by higher interest expense.

During the year, our joint venture company in Indonesia, BFMI, witnessed not only the same impacts as those that affected our Malaysia and Vietnam operations, but also faced intense competition in the country, in addition to high finance costs and weak Rupiah.

Although sales volume during the year recovered strongly by 31.2%, as a result of more optimistic consumer sentiment and increased demand by the manufacturing clientele, the 30% associate company, BFMI, continued to record a net loss of RM66.5 million in FY2023, versus a net loss of RM23.4 million in FY2022.

The flour milling sector turned the corner by mid-2023, in spite of the challenges mentioned above. MFM, amidst the uncertain environment, will remain focused on ensuring cost efficiency in our flour milling operations through better flour extraction and blending processes. At the same time, we will ensure uninterrupted supply of our raw materials, as well as pricing our end products to meet the markets' needs.

Poultry Integration Segment

Our PI business did not perform as well in FY2023 as it did in the previous year, largely due to problems on the demand side of our business, as some key sales channels for our poultry products were badly affected. However, our upstream operations of farming and primary processing continued to see improvement on many fronts.

During the year, our broiler production, namely own farms, contract farms, and open-market-buy-back ("OMBB") farms, saw increased production of 4.3% year-on-year, attributed largely to the contract farms and OMBB farms. Although there was still supply issue of day-old-chicks during the year, our upstream farming operations managed to produce close to 50 million birds of broilers.

We continued to reap benefits of our modern farming techniques to improve on farm-house hygiene and feeds quality for the broiler chickens. All these efforts aim not just to improve the quality of our broilers, but also to reduce production costs through optimum feed conversion ratio and lower mortality rate.

Although we had an increased supply of broilers from the farmhouses during the year, our primary processing plant could not increase the utilisation rate, due to reduced demand from our QSR clients and a key manufacturing client. As a result, almost 10% of our broilers were sold to the live bird trade market, compared to about 6% in the previous year.

Utilisation rate at the plant for the full year of 2023 stood flat at 51% of the slaughtering capacity of 280,000 birds per day, compared to a similar utilisation rate of about 50% in 2022.

In terms of sales to the market, the food services channel began well in the beginning of the year but plummeted when the Middle East conflict unfolded in early October, as consumers in Malaysia started to boycott western QSR chains. The food manufacturing channel, which includes a key international customer that produces products for a fast food chain, also saw a significant drop in demand during the year.

Except for sales of whole birds, the rest of value-added products such as cut-ups, debone, further processed, giblets, and marinated all saw reduced in demand. As a result, the change in sales mix had a negative impact on the segment's profitability and margins, as reflected in the financial performance of the PI segment for the year.

MANAGEMENT DISCUSSION AND ANALYSIS (cont'd)

Aqua Feeds Segment

The aqua feeds business continues to record growth in sales volumes resulting in the business achieving a pre-tax profit of RM0.3 million as compared to a pre-tax loss of RM4.5 million in FY2022.

Anticipated and Known Risks

Compliance to Food Safety and Quality Assurance standards are top priorities for us as a food manufacturer, since usage of flour and poultry is very wide and diverse, cutting across different cultural background, race and religion.

To ensure our customers and consumers are able to consume products produced 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 have uninterrupted supply to our markets, at the same time achieving sustainability in our profitability.

Further, due to the nature of the poultry industry requiring us to tackle the inherent risk of avian diseases outbreak, we are always vigilant in managing our farms and ensuring that comprehensive biosecurity measures are 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.

2024 Outlook and Prospects

Flour and Grain Trading

The current stable prices of wheat and grain, our main raw materials, and the recovered demand for our flour products in the markets that we operate in have given us the breather to strategise on our next growth plans. While we will continue to upgrade and/or upscale of our production facilities, we will also identify new markets or new product developments to cater to the consumer needs.

Still, we are circumspect of the macroeconomic and geopolitical uncertainties that can have an impact on the commodity prices of wheat and grain. Compounded by the unpredictability of global weather, the supply and production of wheat and grain in major producing countries may pose a challenge to food producer like MFM.

The Group will continue to monitor the volatility of commodity prices arising from the above factors and adjust our business strategies accordingly to meet the market demand. We will also mitigate any potential risks of supply shock by continuing to diversify the sources of wheat, corn and soyabean meal.

As flour remains one of the most affordable staple foods for consumers in the regions, we remain optimistic of our growth prospects as a leading flour miller in the region.



Poultry Industry

As with many food-related businesses, the poultry industry is increasingly affected by uncertainties resulted from global macroeconomic development, geopolitical shift, as well as government policy changes.

The case in point is the current boycott on numerous western QSR chains in Malaysia as an aftermath of the Middle East conflict. As we are one of the largest suppliers of chilled and processed poultry products to these QSR chains, we will continue to face challenges as long as the Middle East conflict continues to persist. We remain hopeful on the brand affinity amongst the consumers and look forward towards the resolution of the conflict.

In addition, the poultry industry is further impacted by disease outbreaks that can potentially disrupt the supply of parent stock and commercial day-old-chicks.

We take cognizance of the above and remain steadfast in positioning ourselves to be the preferred supplier to food services chains, food manufacturers, retail outlets, and even the export markets.

Our confidence is premised on a number of factors. Firstly, chicken is the best protein source compared to other meats; secondly, our synergistic partnership with Tyson is poised to take us on a growth trajectory; lastly, our capacity at the primary processing plant would be more than enough to meet the demand from our growth plans.

SUSTAINABILITY REPORT 2023



Sustainable Growth



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FLOUR

MALAYAN FLOUR MILLS BERHAD
("MFM")

VIMAFLOUR LTD ("VimafLOUR")

MEKONG FLOUR MILLS LTD
("Mekong Flour")



POULTRY INTEGRATION

DINDINGS TYSON SDN BHD ("DTSB")

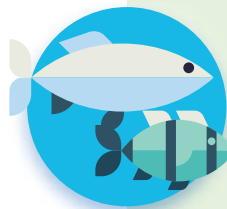
DINDINGS POULTRY DEVELOPMENT
CENTRE SDN BHD ("DPDC")

DINDINGS POULTRY PROCESSING
SDN BHD ("DPP")



GRAIN TRADING

PREMIER GRAIN SDN BHD ("PGSB")



AQUA FEEDS

DINDINGS SOYA & MULTIFEEDS SDN
BERHAD ("DSM")

ABOUT THIS REPORT

This Sustainability Report ("this Report") discloses our commitment, sustainable practices and initiatives towards achieving the Economic, Environmental, Social and Governance ("EESG") values.

Scope & Boundaries

The reporting period is from 1 January 2023 to 31 December 2023. It covers the four business segments of the Group, namely flour, poultry integration, grain trading and aqua feeds in Malaysia and Vietnam. It does not cover our joint venture in Indonesia, PT Bungasari Flour Mills Indonesia, as the Group does not have full management control over it.

APPROACH TO SUSTAINABILITY



Reporting Framework

This Report is prepared in accordance with the Sustainability Reporting Guide (3rd Edition) issued by Bursa Malaysia Securities Berhad (“Bursa Malaysia”) as well as with reference to the following reporting and global best practices for sustainability as respond to emerging information demands from stakeholders and regulators:

- Global Reporting Initiative Standards (“GRI Standards”); and
- The UN Sustainability Development Goals (“UN SDGs”)



Sustainability Governance



The Board of Directors of MFM is committed and responsible in setting the sustainability direction for the Group. The Audit & Risk Management Committee assists the Board to review the effectiveness of the Group’s strategies, policies, principles, and practices relating to sustainability.

The Sustainability Steering Committee (“SSC”) comprising MFM’s Executive Deputy Chairman cum Managing Director, and the Heads of Business Units and Business Functions supports the Board in formulating strategies, policies, practices and targets for sustainability. Based on the strategies, priorities and targets set, the Heads of Business Units and Business Functions implement and manage sustainability initiatives within their businesses.

Sustainability Reporting Working Group guides and assists the SSC on the sustainability reporting requirements and preparing the sustainability report.

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.

MFM is committed to managing EESG material matters, guided by its Code of Conduct and related Policies, Standards & Guidelines.



Management Approach to Sustainability

Our Group has identified and prioritised its approaches towards managing the material matters relating to EESG for our business operations as follows:



- To provide our customers with safe and quality products that adhere to Government legislation & requirements
- To have good strategic management & wisely utilise our resources
- To advance sustainable profitable growth whilst satisfying our ethical, legal & contractual obligations



- 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 environmental 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



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



- To abide by the requirements of all laws & industry's best practices
- 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

KEY STAKEHOLDERS ENGAGEMENT

We continually engage with our key stakeholders to identify key sustainability issues and solutions to manage the material matters. Stakeholder engagement is vital for us to understand the needs, expectations and concerns of our key stakeholders and address the material matters accordingly for continuous improvement which in return will enable us to sustain our business in the evolving business environment as well as strengthen relationships, build lasting confidence and trust of the stakeholders on our Group and products.

Our engagement platforms with the various key stakeholders and their focus areas are as follows:

Stakeholders	Focus Areas	Method of Engagement
Investors and shareholders	<ul style="list-style-type: none"> Financial performance Growth and prospects Good corporate governance Risk management Regulatory compliance 	<ul style="list-style-type: none"> General Meetings Quarterly Financial Reports Annual Reports Circular/Notice to Shareholders Announcements Press Releases Analyst Briefings Corporate website
Customers	<ul style="list-style-type: none"> Safe, nutritious and quality products Product innovation Business ethics Competitive pricing and values Customer service Sustainability practices 	<ul style="list-style-type: none"> Customer feedback survey Customer meetings/visits Customer Careline Technical training and support Social media platforms Corporate website
Employees	<ul style="list-style-type: none"> Career advancement Remuneration and benefits Learning and development Labour and human rights Job security Workplace health and safety Work-life balance 	<ul style="list-style-type: none"> Onboarding programme Townhall meetings Employee Portal Learning and Development programmes Events and functions Internal newsletters Management meetings Annual performance appraisal
Government & Regulators	<ul style="list-style-type: none"> Law and regulatory compliance Good corporate governance Food security Support for government policies and initiatives 	<ul style="list-style-type: none"> Statutory submissions Attend briefings/conferences Organise meetings to brief and update the relevant authorities on industry trends/concerns
Suppliers & Service Providers	<ul style="list-style-type: none"> Payment terms Governance and business ethics Fair procurement contract 	<ul style="list-style-type: none"> Regular meetings Suppliers' evaluation (audit) Contractual/Annual Review Suppliers' Conferences
Media	<ul style="list-style-type: none"> Financial performance Corporate news Business/product development 	<ul style="list-style-type: none"> Media briefings Corporate events Press releases Social media platforms
Local Communities & NGOs	<ul style="list-style-type: none"> Environmental impact on operations Direct and indirect economic impact Corporate social responsibility (CSR) 	<ul style="list-style-type: none"> CSR activities and events Job opportunities Financial support/contribution
Competitors	<ul style="list-style-type: none"> Price competition New business opportunity Innovation and creativity Industry outlook and issues 	<ul style="list-style-type: none"> Dialogue with government on industry concerns Participation in government initiatives for the industry

MATERIAL SUSTAINABILITY MATTERS




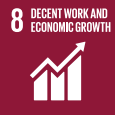


Review of Material Matters











MFM conducts its materiality assessment every 3 years based on the above materiality assessment process to ensure that the Material Matters of the Group remain relevant and material to the business and are aligned to the stakeholders’ focus areas.

The last materiality assessment was conducted in 2020 and the list of 14 Material Matters was reviewed in 2023. Arising from the review, a revised set of 15 Material Matters relevant to the Group based on recent developments and changes in the business context, stakeholders’ expectations and alignment with the common material matters identified in the Bursa Malaysia Securities Berhad’s Enhanced Sustainability Reporting Framework, were identified. The revised Material Matters involved broadening of the scope of 4 Material Matters, a specific Material Matter on Fair Labour Practices and included Supply Chain Management as a new Material Matter.




The 15 Material Matters and their alignment with the UN SDGs, which are a global call to action to end poverty, protect the earth’s environment and climate, and ensure that all people can enjoy peace and prosperity, are as follows:

Link to UN SDGs	Material Matter	Description on its Significance
ECONOMIC		
 	Food security, safety and Halal	Ensuring sufficient supply, safe and nutritious food products to meet relevant standards and customer expectations.
	Biosecurity	Our poultry farms require strict biosecurity to prevent and control diseases to ensure uninterrupted operations and good farm management practices.
	Customer satisfaction	Customer satisfaction is our priority for customer loyalty and retention.



Link to UN SDGs	Material Matter	Description on its Significance
ECONOMIC (cont'd)		
	Brand and reputation	Having a strong and positive brand and reputation in the market are crucial for the Company to enjoy greater customer loyalty & trust, distinguish itself from the competitors and boost the sales.
	Data security/data leakage	Data protection is increasing vital to safeguard valuable information which is a critical asset to the Company and prevent business disruption, loss of customers' confidence and data breaches.
	Business Growth	Sustainable business growth is crucial for the continuity of our business as well as delivering long term value to the stakeholders.
 	Supply Chain Management	Supply chain management is important as it helps to improve product quality, customer service, operating costs, financial performance and competitive advantage.
ENVIRONMENTAL		
 	Environmental compliance	Our operations generate waste and effluent. Processing the waste before discharge prevents environmental contamination and complies with the Environmental Quality Act 1974.
   	Emissions and Water Security	The Greenhouse Gas (GHG) emissions arising from the use of energy and other pollutant gases in our manufacturing and supply chain activities contribute to climate change and high usage of water will strain the scarce resource. As these will have adverse effects on our business and the environment, the management of energy usage to reduce the carbon footprint and water security are crucial for the Company to minimise its environmental impact.
SOCIAL		
	Employee education & development	Continuous training and leadership development will enhance the skills and competency for the career growth of the employees and to meet the changing needs of the Company.
	Talent attraction & retention	Talent attraction and retention are important to building the Company's competent team, reducing the turnover rate and cost as well as leading to better customer relationships.



Link to UN SDGs	Material Matter	Description on its Significance
SOCIAL (cont'd)		
 	Fair Labour Practices	Practising human rights and employee fair treatment will promote job satisfaction, reinforce our position as a caring employer who respect the basic human rights of the stakeholders as well as compliance with all applicable laws, regulations and employment & human rights standards.
	Occupational Safety & Health (“OSHA”)	Providing a healthy and safe workplace is crucial to safeguard the health and overall wellbeing of the employees and other stakeholders, reduce accidents risk and also vital in attracting and retaining talent.
   	Community Relationship	Supporting the community is the corporate responsibility to care and give back to the society for mutual growth.
GOVERNANCE		
	Corporate Governance and Business Ethics	Good corporate governance and business ethics help to build an environment of trust, transparency and accountability necessary for fostering long-term investment, financial stability and business integrity of the Company. The corporate governance practices are guided by our Board Charter, Code of Conduct and policies/principles on anti-corruption, anti-competition, anti-money laundering, anti-profiteering, risk management and tax governance.

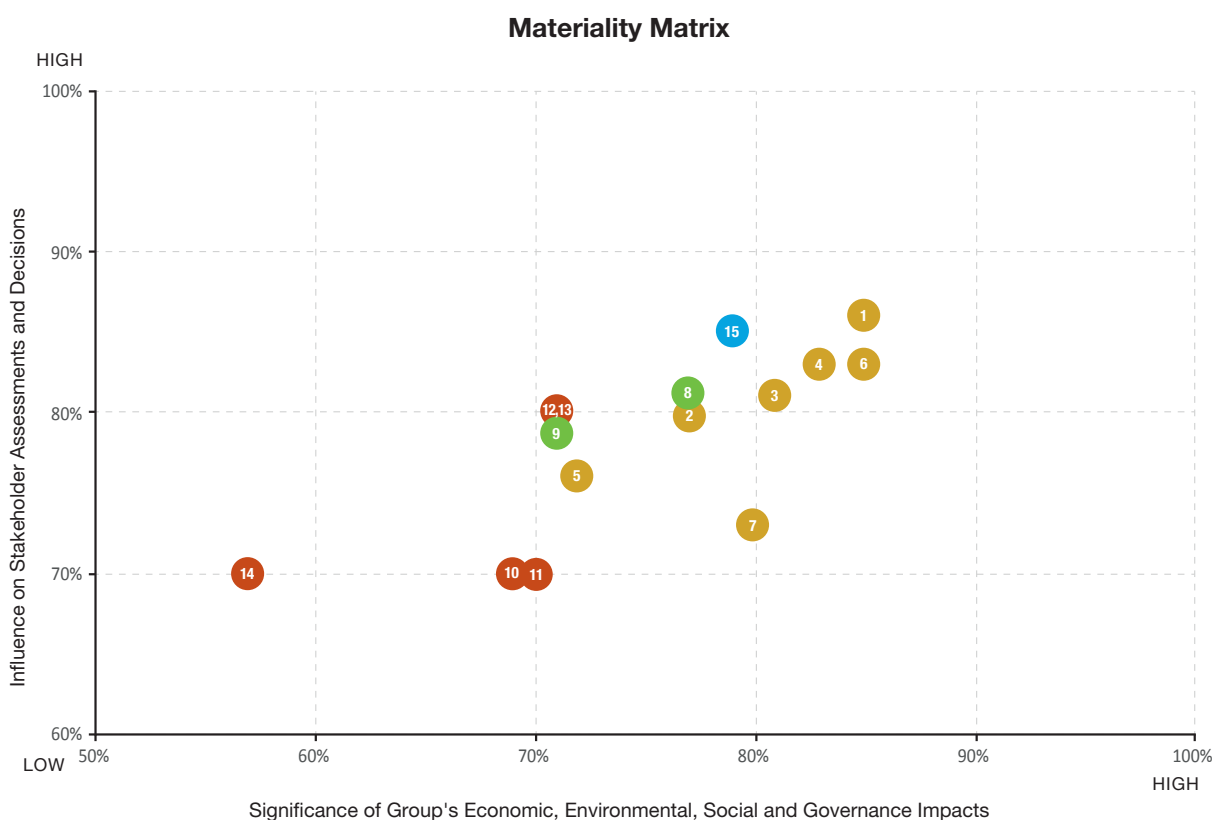
Prioritisation of Material Matters

Following the revised set of Material Matters, we conducted a prioritisation exercise to determine their relative importance as not all Material Matters are of equal importance. The intention is to focus the Group’s efforts on the Material Matters that matter most. The prioritisation exercise was carried out through a materiality assessment survey where opinions were gathered from the Senior Management to rank and rate the Material Matters from their standpoints and the deemed importance to other stakeholders on their impact on our business and stakeholders.

Validation of Materiality Assessment

Based on the outcome of the materiality assessment survey, the Materiality Matrix below was plotted in accordance with the degree of materiality and the relative relevance of the Material Matters. This is to identify the priority of the Material Matters.

The outcome of the materiality assessment survey and Materiality Matrix were reviewed and validated by the Senior Management and subsequently approved by the Board.



ECONOMIC

- 1 Food security, safety and Halal
- 2 Biosecurity
- 3 Customer satisfaction
- 4 Brand and reputation
- 5 Data security/data leakage
- 6 Business Growth
- 7 Supply Chain Management

ENVIRONMENTAL

- 8 Environmental compliance
- 9 Emissions and Water Security

SOCIAL

- 10 Employee education & development
- 11 Talent attraction & retention
- 12 Fair Labour Practices
- 13 Occupational Safety & Health (OSHA)
- 14 Community Relationship

GOVERNANCE

- 15 Corporate Governance and Business Ethics



THEME: ECONOMIC



Food Security, Safety And Halal

MFM Group is committed to producing safe, quality and nutritious food products that comply with our customers' requirements. As such, ensuring *food security, food safety and food quality* that have direct and intense impact on public health, consumer trust and industry sustainability, are our utmost priority.

To this end, we strictly abide by our principles, which underpins our unwavering commitment to the highest standards in food safety and quality management.

Our Commitment to Food Safety & Quality

Guiding us is our Food Safety & Quality Policy which sets out a clear framework to ensure best practices are implemented throughout our entire value chain.

Food Safety & Quality Policy

- Produce Safe Food & Quality products to **meet Customers, Statutory and Regulatory requirements**.
- Ensure that our **employees competently** and effectively carry out their job functions by providing internal and external training, an environmentally friendly workplace, supervision and communication to foster **Food Safety Culture** among employees.
- Reviewed organisation's Food Safety and Quality objectives periodically, together with the fostering of **continual improvement** in Food Safety & Quality Management System.
- To comply with all statutory and regulatory requirements that ensure **Food Safety, Quality and Authenticity** of our products at all stages from sourcing to production and by maintaining with high sanitation and hygiene standard in daily operation.

Food Safety Objectives

- ✓ Our products are free from any visible metal fragments with diameter more than 1.00 mm.
- ✓ Our products must be free from Salmonella and Aflatoxin; Coliform count to be at < 100 MPN/gm; TPC to be < 1 x 10⁵ cfu/gm; yeast and mould to be < 1 x 10³/gm.
- ✓ To minimise customer complaints, especially those relevant to food safety issue, such complaints are strictly controlled to be not more than 5 cases per year.

Practices Adopted for Food Security, Safety, Quality and Halal Compliance

MFM Group has embraced the globally recognised Food Safety System Certification Scheme ("FSSC 22000") and the principle of HACCP for our flour milling and poultry processing operations. Additionally, our plants are certified as Halal by JAKIM (Department of Islamic Development Malaysia).

By implementing the Food Safety and Quality Assurance ("FSQA") and Halal Assurance System ("HAS"), we ensure that our processes are devoid of potential hazards or sources of haram in the raw materials and ingredients. This system prioritises food safety, quality and cleanliness at every stage of production, providing a structured approach to guarantee and uphold halal integrity while securing the safety and high quality of our products.

We regularly engage independent certification bodies to audit our Management System to ensure that we remain in compliance with internal policies, ISO Standards, laws and regulations.

Standards & Certifications Obtained for Food Safety & Quality

<p style="text-align: center;">Food Safety Management System</p> <div style="text-align: center;">  </div> <div style="display: flex; justify-content: space-around; margin-top: 10px;"> <div style="border: 1px solid black; padding: 5px; text-align: center;"> FOOD GMP CERTIFIED </div> <div style="border: 1px solid black; padding: 5px; text-align: center;"> ISO 22000 CERTIFIED </div> <div style="border: 1px solid black; padding: 5px; text-align: center;"> HACCP CERTIFIED </div> </div> <p style="text-align: center; margin-top: 20px;">Quality Management System</p> <div style="text-align: center; margin-top: 10px;">  </div> <div style="display: flex; justify-content: space-around; margin-top: 20px;"> <div style="text-align: center;"> <p>HALAL Certificate</p>  </div> <div style="text-align: center;"> <p>Veterinary Health Mark</p>  </div> </div> <div style="display: flex; justify-content: space-around; margin-top: 20px;"> <div style="text-align: center;"> <p>Food Safety Assurance</p>  </div> <div style="text-align: center;"> <p>Good Agricultural Practices</p>  </div> </div>	<p>Standards and Certifications adopted</p> <ol style="list-style-type: none"> 1. FSSC 22000 V5.1 Food Safety Certification scheme. 2. ISO 22000:2018 Food Safety Management Standard (“FSM”) 3. ISO 9001:2015 Quality Management System (“QMS”) 4. MS 1480:2019 Hazard Analysis and Critical Control Points (“HACCP”) 5. MS 1514:2009 Good Manufacturing Practice (“GMP”) 6. Veterinary Health Mark (“VHM”) 7. MS 1500:2019 Halal Food (certified by JAKIM) 8. Halal Slaughterhouse (certified by JAKIM) 9. ISO/IEC 17025:2017 General requirements for the competence of testing and calibration laboratories 10. SIRIM MS 85:2018 (Edible Wheat Flour) 11. MeSTI (Food Safety is Responsibility of the Industry) 12. Malaysian Good Agricultural Practices Certification Scheme (“myGAP”) 13. Fish Quality Certificate (“FQC”) by Department of Fisheries Malaysia
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Facilities for Food Safety & Quality

Technology in Storage and Preservation of Raw Material

Upon shipment arrival, foreign materials, dust and broken corn which contain high mycotoxins will immediately be removed to preserve the corn quality. Once this process is completed, the corn will be transferred to the concrete silos for storage.

The next important process is to completely cool down the corn via grain refrigeration. The temperature will be controlled at below 25°C and tracked using a temperature sensor system, and this allows for a more effective quality management of the corn for producing quality feeds which will be supplied to our poultry farms.

Installation of Color Sorter in Wheat Cleaning Section

A color sorter in a wheat cleaning line is a specialised machine used to remove impurities and defects from wheat grains based on their color. By removing defective grains and impurities based on their color, the color sorter helps ensure that the final product meets stringent quality standards and specifications, minimises waste and maximises the yield of high-quality product.



Human Machine Interface Technology for Feed Milling

We deploy Human Machine Interface (“HMI”) via an automated Process Logic Control system, linked to a Manufacturing Execution System (“MES”) to ensure consistent high-quality feeds are produced to meet the nutrition requirements of our breeder and broiler farms. The HMI system offers highly effective process control solutions to integrate into the end-to-end poultry supply chain solution; and is extensively used in monitoring the production flow of feeds, especially the accurate dosing of all different ingredients and raw materials; to enhance efficiency and effectiveness of our entire feed mill plant operations.

International Standards Poultry Processing Plant

Our state-of-the-art primary poultry processing plant in Sitiawan, Perak was designed to meet the internationally recognised standards, such as *British Retail Consortium Global Standards* (“BRCGS”) and the *United States Food and Drug Administration* (“USFDA”), to ensure food safety and producing high quality products with the shelf life of 10 days for the chilled products to meet the requirements of our customers and export market.

This poultry processing plant is the largest single plant in Malaysia with a production capacity of up to 120 million birds per year.

Accredited Microbiological Laboratory

Our poultry processing plant has an in-house accredited microbiological laboratory with ISO/IEC 17025 which ensure the quality, safety, and integrity of our process and products, as well as demonstrating our commitment towards excellence in testing and analysis. Products before leaving our manufacturing premises will go through testing to ensure compliance with regulatory standards, food safety requirements and quality control measures with Certificate of Analysis (“COA”) issued by our Qualified Lab Analyst.

With these accredited laboratory practices and ISO/IEC 17025, it also ensures systematic management of laboratory processes and procedures, leading to improved efficiency, consistency, and reliability of test results.

Training for Food Safety and Quality Assurance

Our quality assurance system is not just about meeting industry, legal, customer standards, it is about surpassing them. To ensure our team are competently equipped to maintain our high standards of food safety, quality and security throughout the production process, our team undergoes regular and customised training programmes to stay abreast of the latest industry trends, technologies, and safety protocols. Their unwavering commitment to excellence is the cornerstone of our quality assurance system, ensuring that every product is handled with care and expertise.

We also conduct training to educate consumers, wholesalers/distributors and the community on food safety and quality requirements.



Commitment to Halal Compliance

We recognise the growing demand for Halal-certified products and the importance of Halal Certification and compliance to access the growing Halal market, enhance customer trust and loyalty, improve brand reputation, differentiate and reposition our products and brands in the market and align with global market expansion.

As such, we are dedicated to upholding the integrity of our Halal certification and practices from procurement of raw materials to distribution of our manufactured products by strictly adhere to Halal Standards, abide by our Halal Assurance Management System and other relevant standards.

We take pride in upholding our Halal certification and compliance, as such we conduct regular audits and inspection of all our approved supplier's facilities and processes to verify their compliance with Halal standards.

Likewise, internally, we will undergo regular audits and inspections by Halal certification body. These audits ensure that all aspects of production, processing and handling meet the requirements for Halal certification.

To ensure the integrity and authenticity of our Halal-certified products along our supply and to ensure that our manufactured products are Halal, or permissible, for consumption by Muslims, we prioritise the conducting of comprehensive training programmes for our internal Halal Committee members and fostering a culture of Halal compliance within food production facilities.

Biosecurity

In the upstream operation of the poultry integration, implementing stringent biosecurity measures stands as a cornerstone for ensuring food security, food safety and environmental sustainability.

One of the primary reasons behind enforcing strict biosecurity protocols in poultry farming is to uphold food safety standards. Poultry serves as a vital protein source for Malaysian consumers nationwide, hence, making it imperative to maintain the integrity of poultry products. By implementing strict biosecurity measures, we effectively reduce the risk of disease transmission within flocks.

Diseases such as Avian Influenza and Newcastle disease pose significant threats to both poultry populations and human health. A single outbreak can lead to the mass culling of infected birds, economic losses, and potential contamination of the food supply chain. The likelihood of such outbreaks can be minimised through robust biosecurity practices, thereby ensuring the safety of chicken products for consumers.

MFM Group's poultry farm and hatchery facilities are fully equipped with bio-security facilities with strict practices such as proper visitor matrix management, internal truck to deliver feed and going through dust filter barrier before entering the farms.

All the closed house farms are designed with galvanised steel structures, fitted with insulated materials, latest automated temperature control and ventilation system to ensure that all chickens are raised in safe and healthy environment. This reduces chicken stress, lowers chicken mortality, and improves farm performance, thus reducing drastically the need to use drugs during the rearing of the broilers. The effects of antibiotic residue free in the chicken further enhances the numerous health aspects of chicken consumption in modern day living.

In addition, the farms are cared by professional and qualified veterinarians who monitor the flock health, carry out diagnosis, provide treatment prescription and conduct research and development ("R&D"). Structured vaccination programs with pharmaceutical companies are also in place to prevent and control diseases/outbreaks which can cause significant economic losses with detrimental impacts on the food supply.



Customer Satisfaction

Improve Customer Relationship by Being Customer Centric

We adopt customer centric approach to prioritise understanding customers’ needs and feedback and tailor our offerings accordingly such as reliable and consistent supply, cost competitiveness, product quality and deliver value add services through personalised experience that create customer satisfaction, loyalty and advocacy.

We deploy Customer Relationship Management (“CRM”) system to manage customers’ feedback with consistent monthly meeting and customer visits which involve continuous follow-up and discussion with customers to meet their needs throughout all stages of the customer journey.

Our Research & Development (“R&D”) will focus on customers’ specific process by tailoring products and services to meet their specific needs.

Customer Relation Boosting Activities

Among the activities held to boost the relationship with customers are as follows:

- Foster deep connections through ‘Building Flour Distributor Community’ initiative, which features Annual Distributor Conferences, New Year Group Meetings, Friendly Football Matches and Coffee Talks.
- Vimaflour nurtured the passion for flour distribution with its ‘2nd-Generation Distributors Conference’ targeting the children of existing distributors to inherit the family business. The conference had successfully lighted a love for the industry among the next generation which bodes well for Vimaflour’s future, ensuring a legacy of passion and expertise.



- Organised plant visit by the customers



Brand and Reputation

Having a strong and positive brand and reputation in the market is crucial for the Group to enjoy greater customer loyalty and trust, distinguish ourselves and achieve sustainable business growth.

Besides our commitment on food safety, quality and halal compliance as well as attaining customer trust and satisfaction, we have also implemented a variety of activities to strengthen our brand identity which include among others:

- Website upgrading and revamping of Company Profile and brochure by two subsidiaries in Vietnam.
- Participation in FI Asia Exhibition Booth in Thailand: Demonstrating its commitment to new Thai customers and promoting its diverse product portfolio, Vimaflour and Mekong Flour actively participated in the FI Asia Thailand Exhibition. This strategic presence generated a significant number of promising business leads.



- Promotional events such as hosting contests through social media to gain new customers and increase brand awareness.

Data Security/Data Leakage

MFM dedication to data security extends well beyond technological advancements. Within our Company, we actively prioritise ethical practices in data handling guided by our Security Policy and Procedures on appropriate use of information, information assets, and network infrastructure for data protection. This includes implementing Non-Disclosure Agreements (“NDAs”), which serve as the legal backbone protecting our intellectual property from theft or unauthorised access.

Our commitment to cybersecurity compliance not only safeguards our day-to-day operations but also reinforces the trust that our stakeholders place in us. Our people are the first line of defence in the realm of data security. Through comprehensive training and awareness programs we empower our employees to become the human firewall, vigilant against potential threats. By fostering a culture of security consciousness, we instil a sense of responsibility in every individual to protect our data assets. This not only includes adhering to best practices but also recognising and reporting suspicious activities, contributing to a collective effort to fortify our defences.

We implemented access controls within business processes to ensure that our employees have access to only the data necessary for their roles. Our technological solutions designed to safeguard against cyber threats and unauthorised access. Endpoint protection, secure cloud storage, and cloud Email Security work in unison to create a formidable defence mechanism.

We stay ahead of emerging risks by continuously investing in and adopting innovative technologies with the guide of Security Posture Assessment (“SPA”) that reinforce our commitment towards data security.

There were no complaints concerning breaches of customer privacy and losses of customer data in 2023.



Business Growth

Sustainable business growth is a crucial goal for MFM Group to thrive over the long term which requires a holistic approach that aligns values, engages stakeholders, and balances economic, social and environmental impact.

Initiatives for Business Growth

- Grain procurement directly from countries of origin and ocean freight chartering to achieve premium quality raw materials at competitive rates.
- Developed new flour brands and increasing product variety with improved quality at competitive pricing to cater to customers and export market requirements, and counter competition.
- Disease control and improve bird quality by enforcing strict biosecurity protocols and improvising breeder and broiler vaccination program.
- Leverage on Redzone system to improve Overall Equipment Effectiveness (“OEE”) and Food Safety and Quality Assurance (“FSQA”) to enhance production cost efficiency, food safety and finished goods quality, and to penetrate export markets which has more stringent quality requirements.
- Increase new own retail outlets to grow consumers and food services segments which also consume imbalance poultry parts.

Expanded and Upgraded Facilities to Support Business Growth



Jetty Extension to Support Combo Shipment

The extension of MFM’s jetty facilities in Lumut, Perak increases its handling capacity for raw materials, which in turn enables us to meet the growing demand for our products and supports our business growth. The extended jetty enables the berthing of larger-sized vessel to achieve economies of scale and combo shipment to optimise transportation costs and streamline logistics operation.



Milling Line Upgrading

Upgrade existing milling line by leveraging on the latest advancement in the flour milling technology to increase our wheat milling capacity, improve our efficiency, productivity, and quality which allow us to stay competitive and future-proof our operations. The upgraded milling line will also enable us to respond to evolving market demands, introduce new products and differentiate ourselves from competitors.



Packing Capacity Expansion for Retail Pack

By increasing our production capabilities, we can capitalise on growing market opportunities and increase our market share in the retail pack flour segment. The expanded packing capacity will provide greater flexibility in responding to customer orders and market demands. We will be able to quickly adjust production volumes, packaging formats, and product assortments to meet changing consumer preferences and seasonal variations in demand.



Warehouse Management – Racking System

To support the growth of packing capacity and inventory, racking system is implemented in our existing warehouse which enhance warehouse management by optimising storage space and streamlining inventory operations. Inventories will also have better visibility, leading to improved FIFO product movement and more neatly organised.

Supply Chain Management

MFM Group is committed to ensuring a sustainable food distribution system to supply safe, nutritious and affordable food to consumers by utilising the competitive advantage of each global and local supply chain point.

Ensuring the long-term viability and resilience of the flour and poultry industries requires a commitment to supply chain sustainability. MFM Group is dedicated to this goal by implementing sustainable practices such as responsible sourcing, animal welfare standards, and resource efficiency measures. These efforts aim to reduce environmental impact, improve animal welfare, and fulfill social responsibilities. Collaboration, innovation, and stakeholders' engagement are crucial for driving positive change in the evolving business context and securing a sustainable future for the food industry to ensure food security in the country.

MFM Group has a Procurement Policy and Procedures which provide guidance to the Group's Purchasing Department to carry out its responsibilities which include:

- Obtaining competitive bids, select suppliers, negotiate price and assure quality;
- Ensure the highest purchasing standards and ethics are maintained; and
- Ensure the proper operation and the purchasing processes are observed and incorporating the principles of transparency, rationality, objectivity, equity and accountability.

MFM Group as a leading food manufacturer, has embarked on a comprehensive sustainability program aimed at addressing key environmental, social, and economic challenges across its supply chain.

Supply Chain Sustainability Program

- We combine multi-commodities and multi-grades of raw materials on large dry bulk carriers such as Panamax/Kamsamax to enhance economies of scale as well reduce carbon footprint by optimising supply chain of raw materials.
- We are partnering with reliable global raw materials suppliers with extensive originations and shipping capabilities for wheat, corn and soybean meal to optimise our sourcing of commodities and enhance operations, shorter supply chain to reduce carbon dioxide emissions per ton of freight per mile travelled (ton-mile emission), which ultimately reduces its carbon footprint and transportation cost.
- We work with our commodity grain majors who are already supporting or working towards supporting farmers in their transition to regenerative agriculture to mitigate climate change, regenerate soil, and improve water conservation to reduce energy use and pollution to environment.
- We ensure transparency and traceability in the commodity supply chain, where the suppliers are working towards knowing where ingredients are sourced from with policies of non-discrimination and equal opportunities to protect human rights and human health and safety as well as address on animal welfare.
- To uphold our commitments, we source soy products from certified sellers audited by third parties that verify sustainable soybean production such as US Soy Sustainability Assurance Protocol ("SSAP") and Round Table on Responsible Soy Association ("RTRS").
- Implementing animal welfare standards based on industry best and independent audits to ensure the humane treatment of poultry.
- Engaging with consumers, retailers, and other stakeholders to promote transparency and raise awareness about sustainable poultry production practices.
- Ongoing consolidation and optimisation of transport routes reduce the environmental impact, particularly by minimising lorry emissions from land transport.



THEME: ENVIRONMENTAL



MFM recognises and embraces its responsibility to protect and nurture the environment for the betterment of current and future generations, and we remain committed to obtaining ingredients with the utmost regard for their influence on ecosystems. We promote circularity and environmental efficiency throughout our operations by properly managing energy, water, and waste resources. Shifting to a circular economy not only creates opportunities for increased company value, but it also helps to reduce environmental impact.

Our commitment towards managing the impact of our operations on the environment is guided by our Environmental Policy.

Energy Management

Energy management involves identifying and implementing strategies to reduce energy consumption, improve equipment performance, and optimise energy systems.

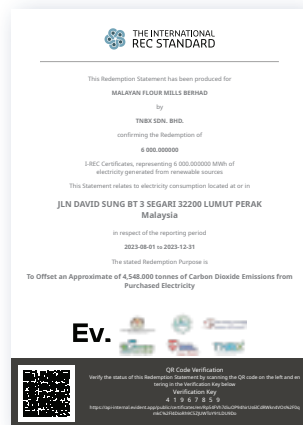
Energy optimisation is the process of maximising energy efficiency while minimising energy waste. Optimising provides huge cost savings and numerous benefits including air quality, protecting the environment, and bolstering energy security. By focusing on energy optimisation, we can reduce energy bills and enhance their environmental sustainability.

MFM Group is dedicated to expanding its efforts to reduce greenhouse gas (“GHG”) emissions by optimising energy efficiency across its operations. We have been proactively identified opportunities to implement various energy-efficiency improvement initiatives.

Energy Management Initiatives at Flour Mills

Renewable Energy Initiatives

- ✓ Subscription of Green Electricity Tariff Program



MFM subscribed the Green Electricity Tariff Program by Tenaga National Berhad (“TNB”) whereby 11,000 MWh of electricity generated from renewable sources was purchased which offset an approximate of 8,338 tonnes of carbon dioxide (CO₂) emissions from total purchased electricity.

- ✓ Installation of Roof-Mounted Photovoltaic (PV) Solar System

Solar PV technology offers a clean and abundant source of renewable energy, aligning with MFM Group’s aims to demonstrate its commitment to environmental stewardship.

The adoption of Solar PV System offers a solution to addressing various environmental challenges by reducing harmful emission, reducing energy consumption generated from fossil fuel and contribute to mitigating negative environmental impacts.

This Solar PV project is at the planning stage for implementation at both the flour mills in Malaysia and Vietnam.

Energy Efficiency Initiatives

✓ Conversion of Diesel Forklift to Battery-Powered

Both the flour mills in Malaysia and Vietnam have started replacing their forklifts from diesel to battery-powered with the target of gradually replacing up to 50% of their diesel forklifts to battery-powered forklifts by 2026. The battery-powered forklift has the benefits of environmentally friendly, cost saving, quiet operation, improved energy efficiency and reduced emissions.



- ✓ Optimise the Production Lines: Preventive maintenance is a good practice to ensure the machines are in good working condition, especially timely replacement of roller-mills and grinding rolls to maintain optimal working load of the machines which in turn would save the energy.
- ✓ Reduce Load During Peak Hours: Optimise the production planning to fully utilise off-peak hours electricity and avoid/reduce running of the production during peak hours electricity which will increase energy efficiency and reduce the cost.
- ✓ Install Energy Saving Lighting: Using 100% LED lights in the plant enable saving of significant energy compared to traditional bulb with the same light output.
- ✓ Educate Power Saving Practice: Staff and workers at the plants are being trained/educated to practise efficient use of lighting, minimise the empty running of the production system, optimum capacity utilisation of the machine and production system thus optimising the power consumption for production.
- ✓ Replace old air-conditioners with energy efficient air-conditioners.

Energy Management Initiatives at Poultry Processing Plant

Our poultry processing plant in Sitiawan, Perak has implemented various initiatives to reduce energy consumption, improve equipment performance, and optimise energy systems with the following strategies and targets:

ELECTRICITY	GAS
<ul style="list-style-type: none"> • Reduce 35% of the electrical energy through using renewable solar energy • Optimise the energy consumption of the cooling system by 1% compared to 2019 • Maintaining the equipment efficiency by implementing good autonomous maintenance and preventive maintenance 	<ul style="list-style-type: none"> • Reduce the gas usage by preheating the water using heat waste from the compressor before entering the heater • Recycle heat waste from steam by installing the Decelerator System



Renewable Energy Initiative

✓ Installation of Roof-Mounted Photovoltaic (PV) Solar System

The Solar PV installation on the roof top of the Primary Processing Plant and Rendering Plant has commenced in October 2023 and expected to be completed and commissioned in June 2024.

- Total installed capacity: 4,800 kWh
- Number of Solar PV panels: 8,200
- Estimated solar energy to be harvested: 6,866,000 kWh/year which is equivalent to 4,387 tonnes of CO₂ emissions reduction/year.

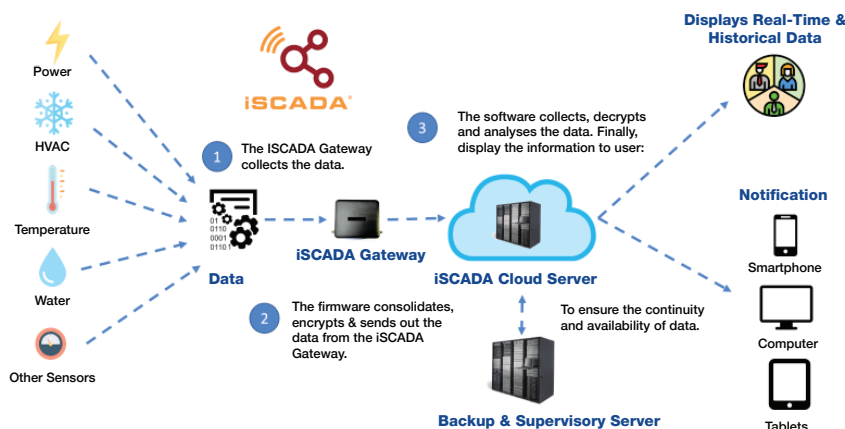


Solar Panel on the roof top of the primary processing plant

Energy Efficiency Initiatives

✓ Monitoring Energy Efficiency via iSCADA System

iSCADA System (*Internet-based SCADA*), also known as Supervisory Control and Data Acquisition system, is deployed for real-time monitoring of energy inefficiency issues, facilities equipment performance and capture the supply performance trending. iSCADA enables more focus on electrical supply usage, water supply, room temperature and compressed air supply and facilitates consistent and comprehensive distribution of data, enabling efficient management operations.



✓ Monitoring Equipment Effectiveness via RED Zone Software

To ensure smooth production and high Overall Equipment Effectiveness (“OEE”), our plant has invested in RED Zone software to monitor the OEE which directly contribute to the efficient energy usage. The real-time machinery status is important to ensure efficiency and output as per target.

✓ Ammonia Refrigeration System

Within this system, 9 condensers autonomously regulate their operation based on real-time heat load requests, a testament to our dedication to energy conservation. Moreover, a selection of compressors is fitted with Variable Speed Drive (VSD) motors, a strategic move to optimise energy consumption and contribute to a greener future.

The estimated combined energy savings from condenser automation and VSD motors is 25%. These innovations not only enhance operational efficiency but also underscore our dedication to responsible business practices.

✓ Refrigeration Heat Recovery System



A refrigeration heat recovery system is deployed to achieve optimal performance and efficiency across the entire spectrum of the plant operations.

Technologies of the System

Heat exchange: To exchange heat from hot ammonia gas to heat up water supply to range of 55°C - 60°C

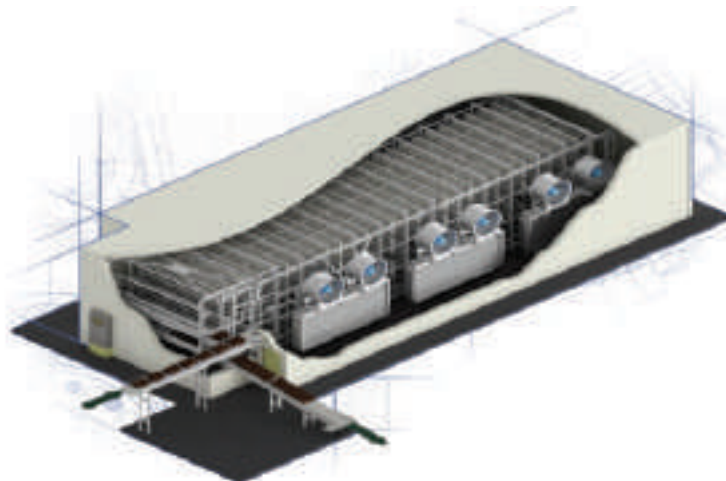
Reduce condenser consumption: Less heat in ammonia gas leads to less cooling needed to be done by condenser to convert ammonia gas to liquid.

Energy savings: Save electrical consumption on water heater by 35,000 kWh/year.

✓ Energy Efficient Carton Freezer

The Carton Freezer automates the freezing process, reducing manual intervention and ensuring uniform freezing for consistent product quality.

Energy savings: The energy-efficient Carton Freezer, equipped with optimised fans and precise temperature control, reduces energy consumption by 20%, resulting in monthly savings. Its enhanced performance not only boosts productivity but also reduces maintenance needs and reduce footprint. These efficiency enhancements significantly lower the operational costs and energy consumption.





✓ Automated System and Retrieval System (“ASRS”)

ASRS automates storage and retrieval, reducing manual labour and optimising efficiency. It saves space, improves food handling safety, and enhances security with integrated sensors.

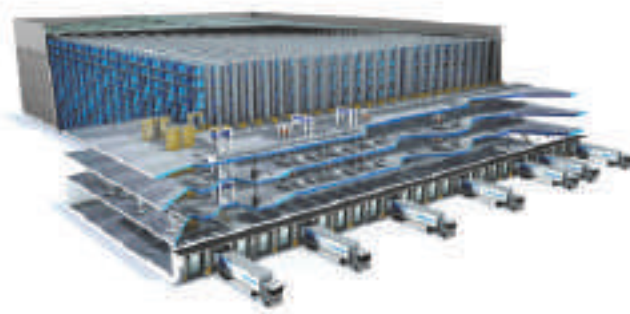
Energy savings: ASRS reduces energy consumption with decreased cooling needs by about 50%, hence lowers operational costs.



✓ Miniload Automated System and Retrieval System

The miniload system automates handling processes which reduces reliance on manual labour for storing and retrieval of products. It maximises warehouse space utilisation with intensive storage racks and segregated areas.

Energy Savings: Miniload’s energy-efficient design and automatic operation optimise power consumption in the plant operations, resulting in cost savings and improved sustainability. The cost savings contribute significantly to the overall cost reduction and sustainability efforts.



Energy Consumption	2023
Electricity purchased (Megawatt)	153,645
Green electricity purchased (Megawatt)	11,000
Gas consumed (GJ)	327,039
Fuel/Diesel consumed (Litres)	2,061,671

Water Management

For the sustainable access to water, which is a precious resource, MFM Group focuses on optimising the water consumption throughout its operations.

Our Approach to Water Management

- ✓ Groundwater withdrawal for usage at the poultry farm.
- ✓ Reduce water consumption for cleaning activities at Rendering Plant by using the water collected by the Rainwater Harvesting System.



Harvested Rainwater Tank

- ✓ Live Bird Supply System at Processing Plant
After the product is unloaded, all containers will be transferred to the cleaning section and automatically cleaned and sanitised by the cleaning equipment. By recycling the water for pre-wash, the container washer can reduce 20% of water consumption.
- ✓ Reduce unnecessary water consumption to minimise wastage.
- ✓ Raise awareness of employees on water conservation.
- ✓ Set a strict water usage management with water meter installed at appropriate areas for data collection and enhance analysis.
- ✓ Production section to monitor and analyse water consumption on monthly basis to ensure reasonable water usage and detect any abnormal water usage which could be due to water leakage caused by broken underground water pipes or water tanks.
- ✓ Optimise the water pressure pump system by installing a feedback system.

Water Consumption	2023
Municipal potable water (Megalitres)	2,108.95
Groundwater (Megalitres)	157.68
Harvested rainwater (Megalitres)	0.1378



Waste Management

With limited space for landfills and rising costs of waste disposal, there is increased pressure and urgent need to tackle the waste management issue and reduce the impact on the environment and general well-being of the community. MFM demonstrates its commitment to environmental preservation by practising sustainable waste management by way of reuse, reduce, recycling, treatment and proper disposal.

Proper Waste Disposal

✓ Scheduled Waste Disposal

Scheduled waste disposals are practised in accordance with the Environmental Quality Act of 1974 and the Environmental Quality (Scheduled Wastes) Regulations 2005. Additionally, the employees at the plant receive environmental awareness briefings and scheduled waste management training from the Safety Department.



Scheduled waste disposal

✓ Wastewater Treatment Plant at Poultry Processing Plant

The Wastewater Treatment Plant (“WWTP”) uses physical-chemical and biological processes to treat wastewater being generated from production and operation activities in the processing plant and rendering plant. The capacity of the WWTP has been upgraded from 3,500 m³/day to 10,250 m³/day to cater for anticipated increase in slaughtering rate at Primary Processing Plant and production rate at Further Processing Plant.

Latest technologies are deployed in the process to reduce manual workforce, increase safe work practice, and ease of process monitoring without jeopardising the quality of treated effluent. The wastewater treated at the WWTP complies with the standards regulated by Department of Environment (“DOE”) Malaysia. All wastewater is treated to achieve a minimum effluent standard before discharging back to nature. The WWTP will eliminate disease-causing bacteria and kill harmful organisms through filtering, ensure minimal odour and remove up to 97% of contaminants from used water.

✓ Chemical Waste Management

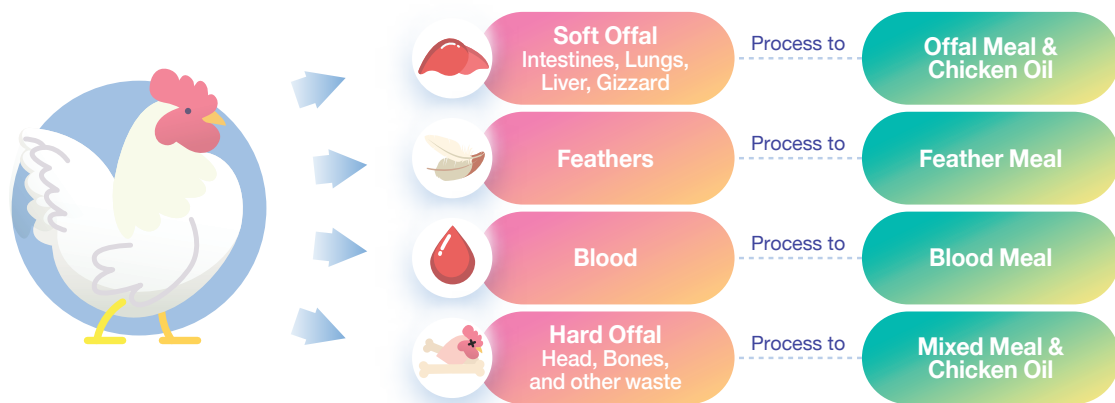
Apart from the Standard Operating Procedure (“SOP”) for proper handling of chemical waste, our Group also has training programme on chemical waste management and disposal procedures including “Safe Chemical Handling” for workers. Waste oil and hazardous chemicals can cause extensive damage to environment and pose substantial hazards to the lives of animals, plants and human-beings. Our Group manages waste oil and hazardous chemical disposal properly in accordance with the Environmental Quality Act 1974.

Recycle Organic Solid Waste

✓ Rendering Plant at Poultry Processing Plant

Our state-of-the-art Rendering Plant is designed to kill harmful bacteria, leaving only useful protein for animal feeds. Rendering is the process of converting animal by-products, that would otherwise be discarded as waste, into usable product material. In general, animal tissue is processed to obtain animal fat and protein meal. These products can be used as raw material in aqua feed manufacturing.

Rendering Process in a Glance



Impact: Through all the processing lines, the processing plant achieves zero waste whereby all materials are recycled which significantly minimise environmental footprint and promote resource conservation.

Benefit: Rendering adds value to waste by transforming it into profitable products, maximising resource utilisation and reducing environmental impact.

Waste Reduction Initiatives

- ✓ **Zero Waste in Flour Milling:** Our flour mills optimise the usage of wheat to produce flour to achieve zero waste in flour milling. Whole wheat flour uses all parts of the kernel whereas white flour only uses the endosperm. The bran removed is used for feed milling process to produce animal feeds and the germ will be sold or used to produce special kind of flour.
- ✓ **Recyclability** is a fundamental aspect of sustainability initiative as it promotes resource conservation, energy efficiency, waste reduction and environmental protection.

MFM Group practises recycling activities for certain recyclable waste (i.e. plastic drums, metal drums, unused wooden pallets and etc.) as part of our efforts to conserve natural resources.

Initiatives are also being implemented for all packaging to conform to recyclability standards with continuous efforts to convert unrecyclable packaging materials to paper bag, recycled polyethylene (PE) bag or re-use jumbo bag and also ensure optimum reusability of our packaging before being discarded completely.



Paper Bag



PE Bag







- ✓ **Reduce usage of packaging materials** by bulk tanker delivery to customers.
- ✓ **Prolonged lifespan of LED lighting** used by the Group has effectively reduced waste.

LED Lifetime Characteristics

Compare and contrast the lifespan and power consumption for the available light bulb options.

**Source: energy.gov*

	 Incandescent	 LED	 CFL	 Halogen
Lifespan (hours)	750-2,000	35,000-50,000	8,000-10,000	3,000-4,000
Power Consumption	100 W	16-20 W	23-26 W	70-72 W
	75 W	9-13 W	18-20 W	53 W
	60 W	12 W	13-15 W	43 W
	40 W	8-9 W	10-11 W	28-29 W

- ✓ **Reduction of colours on packaging** has lowered the usage of printing inks and improved the breaking down process of recycling.

MEDIUM PROTEIN WHEAT FLOUR



- ✓ **Digitisation** of sales reports, communication cards and sales kits for marketing has effectively reduced paper usage.
- ✓ **The practice of sending notices, documents and information by email** for management and board meetings and by way of publication in our website for shareholders' meetings have reduced the paper usage significantly.

Emission Management

Emission management plays a crucial role in addressing climate change and minimising the impact of GHG emissions. In caring for our mother earth, our energy and waste management initiatives as well as the following facilities of MFM Group and emission management initiatives have played crucial roles in reducing the emission impacts of the Group:

Emission Reduction Facilities

✓ **Belt Conveyor Facility at Jetty to Deliver Raw Materials**

We bring agricultural raw materials such as wheat, corn, soybean, and soybean meal directly from the countries of origin by bulk carriers to our flour mill and feed mill through our port terminal and a mile-long conveyor belt. The installed conveyor belt from jetty to the mills since 2015 has eliminated the use of trucks to deliver raw materials to the mills. Using this integrated grains logistics transport system instead of traditional land transport has reduced our emission impact on the environmental.



✓ **Solar PV Installation**

The completion of the Solar PV installation at the processing plant in 2024 for renewable energy will reduce air pollution due to reduction in purchased electricity which predominantly is fossil fuel-based energy generation, which is a significant source of harmful emissions such as sulfur dioxide, nitrogen oxides, and mercury.

The adoption of Solar PV technology also aids in reducing greenhouse gas emissions of approximately 4,200 tonnes of CO₂ annually, thereby mitigating climate change and its adverse effects on the environment.

✓ **Biofilter**

Our plants are installed with biofilter which is an odour treatment system for all the processing waste gas. Waste gas is passed through a filter bed before being released to the atmosphere. The biofilter ensures organic pollutants from waste gas, odour and toxic in waste gas are removed before releasing it.

Emission Management Initiatives

✓ Our plant operations in Vietnam also cooperate with relevant parties to conduct environmental inspection every 6 months to fully comply with the environment regulation and standards to ensure that no dust pollution in the industry. The diesel consumption is also being tracked and CO₂ emission is closely monitored.

✓ We aspire to achieve continuous improvement in reducing CO₂ emission throughout our businesses by incorporating innovative technologies.



THEME: SOCIAL



Workforce & Workplace Environment

MFM Group is committed to fostering a positive and engaging work environment for our employees. We believe that a well-supported and empowered workforce is key to our success and long-term sustainability.

Our dedication to employee well-being and professional development is reflected in several notable recognitions. We have been consistently recognised as one of the recipients of the HR Asia Best Companies to Work for in Asia (Malaysia Chapter) award for six consecutive years (2018-2023). Additionally, we received the Most Caring Company award for four consecutive years (2020-2023), acknowledging our commitment to employee well-being and fostering a positive workplace culture. In 2023, we were further recognised with the Diversity, Equity & Inclusion (“DEI”) Award, highlighting our efforts to create an inclusive and equitable work environment for all employees.



These achievements are a testament to the collaborative spirit and dedication of our employees. We are continuously striving to improve our workplace practices and create a sustainable environment that empowers individuals to reach their full potential, contributing to MFM Group’s continued success and reinforcing our position as a leading employer in the region.

At MFM, our commitment to excellence is driven by three key priorities:



Prioritising the Safety and Health of Our Workforce



Ensuring the Sustainability of Our Business Operations



Making Meaningful Contributions to Our Society, Ecosystem and Environment



In driving towards these priorities, we have established five key strategic initiatives that serve as the guiding principles in shaping our actions and decisions:



Developing Future Leaders and Workforce

We believe in nurturing the potential of our workforce through continuous learning and development programmes, ensuring they remain at the forefront of industry trends and innovations.



Talent Attraction and Retention

We actively attract top talent and foster a culture of inclusivity and growth, building a dynamic and motivated team.



Workforce Diversity and Equity

We recognise the strength in diversity and strive to create an environment where every individual feels valued, respected and empowered to contribute their unique perspectives and talents.



Occupational Safety and Health

We provide a secure and healthy workplace environment for all as the safety and well-being of our employees are paramount.



Community Relationships

We are dedicated to building strong, meaningful relationships within the communities we operate in, fostering mutual trust, collaboration and sustainable development.



Employee Education & Development

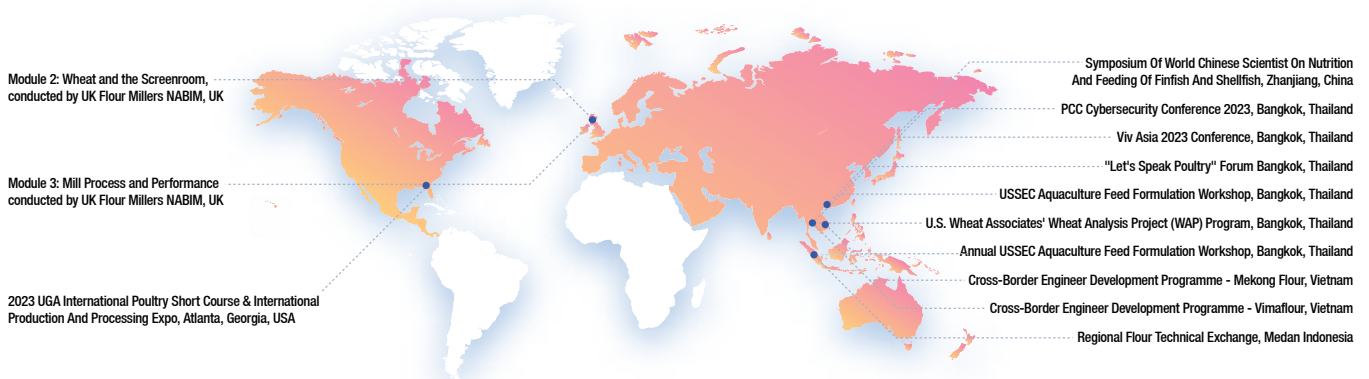
MFM prioritises continuous employee development through participation in industry-leading training programmes, global conferences, cross-border development programmes and regional technical exchange programmes. This strategic investment equips our workforce with the latest knowledge and insights, ensuring we remain at the forefront in the industry. Exposure to diverse perspectives and cutting-edge trends fosters a culture of innovation and continuous improvement. This empowers our employees to excel in their roles, attracting and retaining top talent and contributing to the achievement of our long-term business objectives.

Harvard Adaptive Leadership Programme



MFM prioritises continuous leadership development with 125 key leaders having participated in the Harvard Adaptive Leadership Programme. This transformative programme equips our leaders with the skills and frameworks needed to navigate complex situations and lead effectively in our rapidly evolving environment and industry, particularly during the current geopolitical era. The programme's impact extends beyond the learning itself, as the leaders actively integrate the knowledge and skills they gained into their daily work practices.

Building on this foundation of learning, MFM's 2023 Leadership Conference featured a renowned Harvard speaker. His talk on adaptive leadership resonated with our leadership team, emphasising the critical role of "Attitude + Aptitude + Action" in responding to uncertainty and change. This impactful session equipped the leaders with enhanced skills to face global geopolitical issues.





Cross-Border Engineer Development Programme

This programme facilitates talent mobility across regional business units, fostering peer learning and knowledge exchange. It employs a structured approach encompassing technical expertise, frameworks, methodologies, cultural awareness and equips our employees with crucial business acumen.



Regional Flour Technical Exchange

This bi-annual event fosters knowledge sharing and collaboration between our regional operations in Malaysia, Vietnam and Indonesia.



We also empower our workforce to personalise their growth journeys through a comprehensive approach that combines internal and external training opportunities. Our development themes are:

- ❖ Professional and Personal Effectiveness
- ❖ People Leadership
- ❖ Business Leadership
- ❖ Strategy & Change Management

In 2023, over 40 employees participated in these programs, acquiring valuable skills and gaining valuable perspectives from best practices across the companies we operate in.



Our Achievements on Learning & Development are:



Talent Attraction & Retention

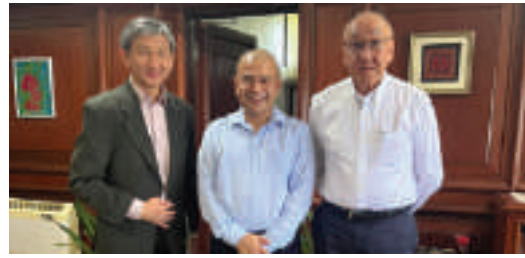
Strategic Partnership for Talent Supply

MFM is committed to building and maintaining strategic partnerships with local and overseas universities, schools and various institutions to foster the development of young talents in the society and building a sustainable pipeline of talent and advance their careers within MFM Group.

- Universiti Tunku Abdul Rahman
- Universiti Putra Malaysia
- Universiti Sains Malaysia
- University of Arkansas
- Kansas State University
- Montfort Boys Town
- SMK Nan Hwa
- SMK Methodist (A.C.S.) Sitiawan
- SMJK Yoke Kuan
- Ekuinas
- TalentCorp
- and beyond...



Partnership with Universiti Tunku Abdul Rahman (UTAR)



Partnership with Universiti Putra Malaysia (UPM)



Partnership with Kuala Lumpur Engineering Science Fair (KLESF) in collaboration with Universiti Tunku Abdul Rahman (UTAR)



Partnership with Montfort Boys Town



Career Talk at SMK Methodist (A.C.S.) Sitiawan



Career Talk at Universiti Sains Malaysia (USM)



SMJK Nan Hwa

Talent Retention Approach

Retaining talent is crucial for the success and growth of any organisation as human capital is its greatest asset. Recognising this, MFM Group has in place the following strategies to boost employee retention:

- ✓ **Offer Competitive Remuneration:** Ensure that our employees receive fair and competitive remuneration for them to feel valued and motivated.
- ✓ **Promote Work-Life Balance:** Encourage employees to maintain a healthy balance between work and personal life.
- ✓ **Recognition and Rewards:** Recognise and reward employees for their hard work and achievements with the provision of performance incentive and promotion opportunity. A culture of appreciation fosters loyalty and commitment.



- ✓ **Create a Positive Work Culture:** Provide a safe and conducive workplace environment that employees want to be part of which creates a sense of belonging.
- ✓ **Employee Engagement:** Engage employees by involving them in decision-making, providing growth opportunities and encouraging open communication.
- ✓ **Reduce Employee Burnout:** Stress reduction programs and mental health support are in place with the provision of professional counselling.
- ✓ **Wellness Offerings:** Provide wellness programs and health-related benefits to support employees' overall well-being.
- ✓ **Growth Opportunities:** Foster growth by offering training, mentorship and career advancement paths.
- ✓ **Manage for Retention:** Actively manage employee retention by monitoring turnover rates, conducting exit interviews and addressing issues promptly.

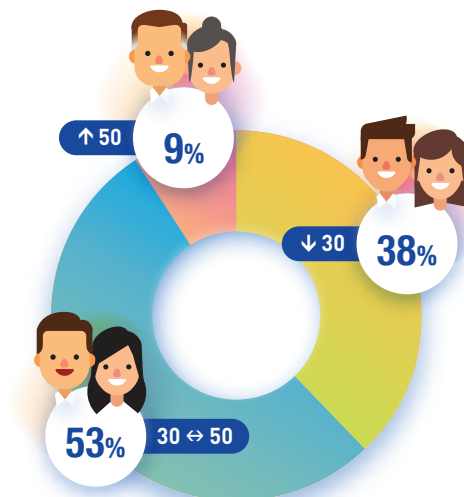
Fair Labour Practices

Workforce Diversity and Equity

Generation Diversity



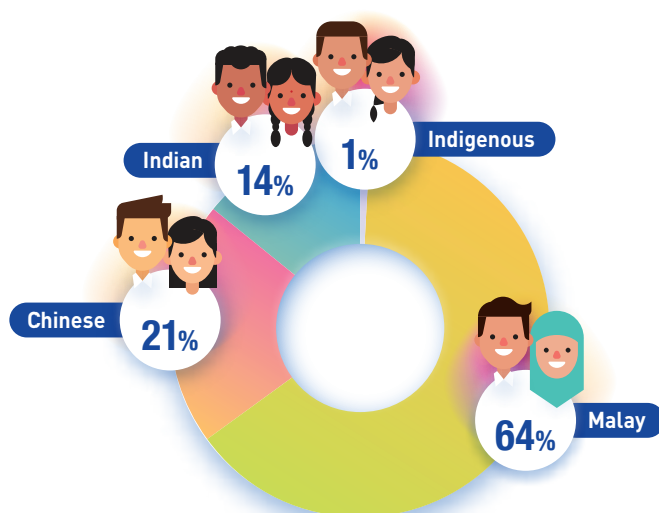
GENERATION DIVERSITY



MFM Group fosters a collaborative and innovative environment that embraces diversity and inclusion, leveraging on the unique perspectives and skills of a multigenerational workforce. This diversity of thought and experience empowers us to develop effective strategies and foster innovation. MFM's success is further strengthened by our cross-generational project teams. Younger team members take initiative by leading projects and recruiting their teams, while benefiting from the mentorship and guidance of experienced colleagues. This collaborative approach is built on a foundation of empowerment, trust and shared accountability across all generations.



CULTURAL DIVERSITY



Note: This data is only for operations in Malaysia.

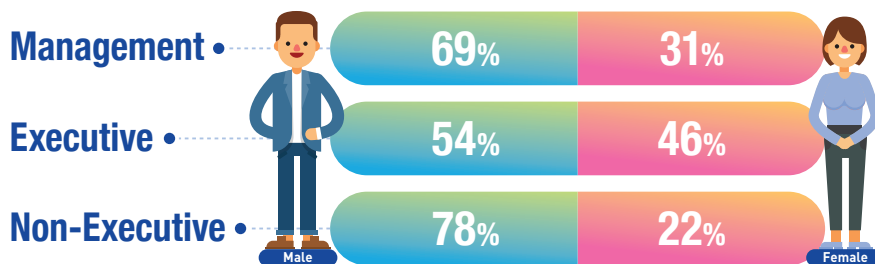
We cultivate a diverse and inclusive work environment, where employees of all racial and ethnic backgrounds contribute their unique perspectives and talents. This commitment to diversity fosters an adaptable and innovative workforce, allowing us to navigate the complexities of the global marketplace and achieve sustained success.



Gender Diversity



GENDER DIVERSITY



We value a diverse workforce at MFM Group, reflected in our strong representation of all genders. This diversity fosters a range of perspectives and contributes to a collaborative and innovative environment. We strive to empower all employees to reach their full potential by providing resources and support in a fair and equitable environment.



Open Communication

MFM builds on a foundation of equity by fostering a culture of transparency and open communication. Through regular coffee engagement sessions with our Executive Deputy Chairman cum Managing Director, Mr Teh Wee Chye, we promote mutual respect and a sense of shared purpose. The sessions allow employees to directly raise questions and concerns with leadership, gain first-hand insights into company strategy updates and participate in interactive discussions. This commitment promotes alignment across the organisation and demonstrates MFM's dedication to open communication, fostering an inclusive culture.

Human Rights & Labour Standard Policy

At MFM, we are guided by the Human Rights & Labour Standards Policy and are committed to upholding fundamental human rights and promoting fair labour practices across all our operations. The key areas of focus within the policy include:

- Diversity and Equal Opportunities
- Eliminating any form of Harassment or Abuses
- Workplace Security, Safety and Health
- Forced or Involuntary Labour
- Protecting the Rights of Children
- Wages, Working Hours and Benefits
- Respecting Freedom of Association and Collective Bargaining
- Housing and Amenities

Sexual Harassment Policy

MFM maintains a zero-tolerance stance against sexual harassment in any form. Our comprehensive Sexual Harassment Policy establishes clear guidelines and procedures for reporting and addressing any such incidents. This policy is crucial in ensuring a safe and respectful work environment for all employees, free from discrimination and inappropriate behaviour.

Occupational Safety & Health

Well-being of Workforce

We have a five-pillar framework to address the well-being of our workforce:

5 Pillars of Workforce Live Life





Physical Wellness

We promote teamwork and physical activity through company-wide events like sports day and participation in community events such as the UPM mud run 2023.



Partnership with UPM on Mud Run 2023



DSM Mini Sports Day



MFM & DPDC Pasir Gudang Mini Sports Day

Mental Wellness

Our Caring & Connected program offers a multifaceted approach to fostering mental well-being for our workforce, providing free confidential counselling services by professional counsellors as well professional coaching sessions. Additionally, we continuously conduct talks, learn over lunch and training sessions across our offices on various mental wellness topics inclusive of stress and anger management, equipping our team with valuable tools to navigate challenges and maintain positive mental well-being.



MindFit Programme at Pasir Gudang



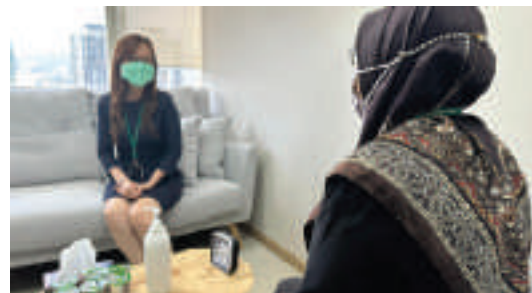
Learn-Over-Lunch: Self-Discovery Workshop through Expressive Art



Learn-Over-Lunch: The Power of Empathy



Learn-Over-Lunch: Blossoming Mindfulness



Free confidential counselling sessions



Workforce Health Fitness

We prioritise preventative healthcare and empower our employees to take charge of their well-being. We achieve this by partnering with local healthcare providers to offer On-site Health Screening and Wellness Day at our office premises. This event provides convenient access to essential screenings and promotes the importance of self-care.



Onsite Health Screening and Wellness Day at HQ, Kuala Lumpur



Onsite Health Screening and Wellness Day at Pasir Gudang



Workforce Healthy Nutrition & Diet

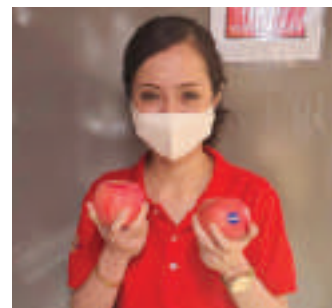
Our employees' well-being begins with their bodies. At MFM, we prioritise the well-being of our workforce by implementing a series of monthly health programmes covering everything from fresh fruits to balanced nutritional drinks.



Monthly health programme – Nuts Day



Monthly health programme – Yoghurt Day



Monthly health programme – Apple Day



Monthly health programme – Fibre Day



Monthly health programme – Healthy Gut Day



Monthly health programme – Antioxidant Day



Workforce Lifestyle Privileges

Corporate discounts negotiated by MFM have been extended to our employees. We offer a wide range of benefits, including a Flexi Benefits programme, which has expanded our healthcare coverage to include chiropractic treatment, Traditional & Complementary Medicine Treatments & Services (“T&CM”) and mental health treatment. MFM employees also enjoy staff discounts on purchases, as well as discounts on food and beverages, hotels, and vehicle purchases.



Safety & Health of Workforce

We deeply care about the safety and well-being of our employees. Our commitment to safety goes beyond our own operations, it extends to everyone working within our premises such as our contractors and external partners. We are focused on addressing key safety concerns, and we are dedicated to continuously improving our safety measures.

Safety & Health Compliance, Policy and Procedures

We strictly comply with the Occupational Safety & Health Act 1994 (“OSHA”), the Factories & Machineries Act 1967 (“FMA”) and other relevant regulations. A Safe Work Procedure (“SWP”) and Hazard Identification, Risk Assessment and Risk Control (“HIRARC”) framework are also in place to reinforce our commitment towards OSHA.

The SWP provides clear guidelines and protocols for employees to follow when executing tasks, emphasising best practices for minimising hazards and preventing accidents. Concurrently, the HIRARC framework facilitates a systematic approach to identifying potential hazards, assessing associated risks and implementing effective control measures. By adhering to these comprehensive safety protocols, MFM Group not only mitigates potential risks but also fosters a culture of safety consciousness and continuous improvement within the workplace.

Our commitment to provide a safe and healthy work environment for our employees is outlined in our Safety & Health Policy. This commitment to protect our human resources also extends to ensuring the plant operations do not place the local community at risk of injury, illness, or property damage.

As a leading food manufacturer, we have also set up a Business Continuity Plan (“BCP”) as contingency plan to sustain business operations in any emergency.

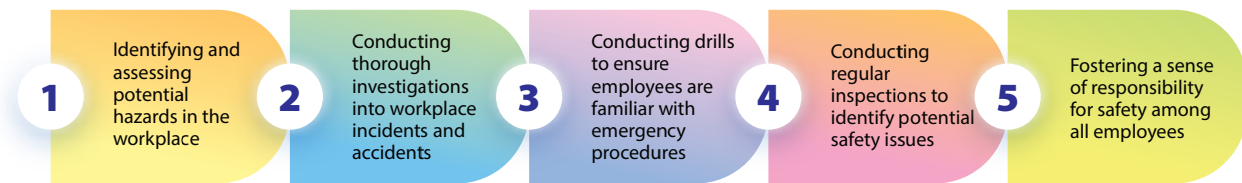
Safety Slogan

Our slogan, “Come to Work Happily, Go Home Safely,” reflects our promise to create a workplace where everyone feels secure and valued. Safety is our top priority, and we are committed to making our work environment better every day.

Safety, Health, and Environment Committee

In addition to the Safety, Health, and Environment (“SHE”) Department, each Business Unit (“BU”) has its own dedicated Safety, Health and Environment Committee (“SHEC”). This committee functions as a vital support system, working collaboratively with the SHE Department to enhance safety measures within the workplace.

Comprising members from various departments, the SHEC plays a key role in assisting the SHE Department. This decentralised approach ensures that safety considerations are tailored to the specific needs of each BU while reinforcing the overarching commitment to a secure and healthy work environment.



Safety & Health Programs

To maintain a safe work environment at our plants, the SHE Department has implemented a “Safety Observation” program. This initiative encourages all employees to actively identify and submit their observations related to safety issues, following the motto “1 employee, 1 safety observation per month.” We are proud to announce that we have achieved a commendable 98% submission rate from our dedicated employees.

Additionally, we have implemented a “Behaviour-Based Safety” program to ensure that all employees use the necessary Personal Protective Equipment (“PPE”) while working. We are delighted to announce a 100% compliance rate with PPE usage among our dedicated workforces.

Safety & Health Trainings

To minimise workplace injuries and create a safe workplace, external trainings by consultants and internal trainings by SHE Department have been conducted to enable managers, supervisors and workers at the plants to understand the working of safety management systems and the legal compliance required. They will then understand their own responsibilities and the necessary actions to be taken towards upgrading safety and health at their respective workplaces.



Monthly assembly at Lumut Plant



Monthly assembly at Pasir Gudang Plant



Fit Test on Respirator Mask User



Working at Height Training



Road Safety Talk in partnership with Road Transport Department



Lockout Tagout Safety Awareness Training



Fire Drill Evacuation



Safety Carnival-Safety Quiz



Chemical Exposure Monitoring



Workplace Inspection with SHEC



Firefighting Training



Firefighting Training



First-Aid Training



Forklift Safety Training

Number of Employees trained on Health and Safety Standards
2,867

Safety & Health Target

Aligned with our Safety & Health Policy, we show commitment in safety by creating a KPI Target of “200 Days Free of Lost Time Injury (“LTI”) Cases”.

To attain a record of zero serious recordables injuries, each Business Unit sets a target of “100 Days Free Serious Recordable Injury”. DTSB Group is proud to announce its successful achievement, marking 500 consecutive days without a Serious Recordable Injury, a testament to our unwavering commitment to safety and well-being in the workplace.



Lost-Time Injury Cases

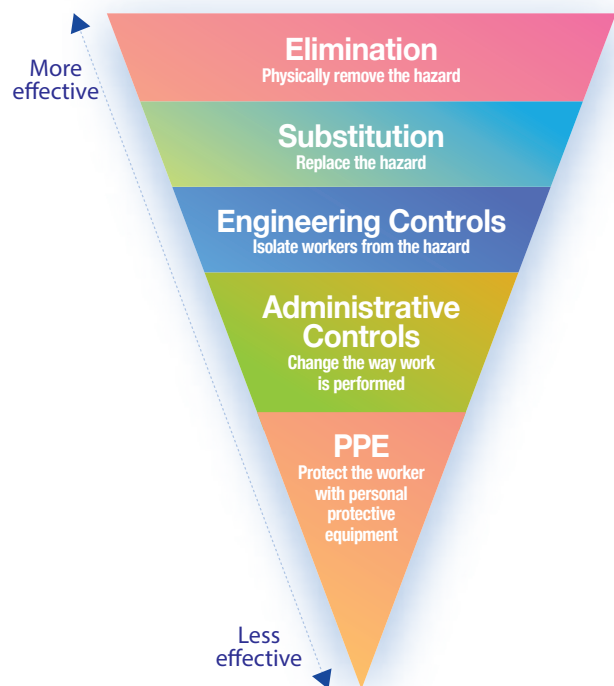
In 2023, there were 22 Lost-Time Injury (“LTI”) cases and some minor injury cases recorded at the plants. There was no work-related fatality recorded.

The LTI cases and injury cases were reported to the Department of Occupational Safety and Health (“DOSH”) in accordance with the Guidelines on Safety and Health (Notification of Accident, Dangerous Occurrence, Occupational Poisoning and Occupational Disease) Regulations 2004 [“NADOPOD”].

Corrective and Prevention Action Taken Following Accident

As safety and well-being of our employees are our priority, thorough investigations and analyses of all accidents will be conducted and corrective measures will be taken to ensure that all employees adhere to proper safety protocols.

After analysing the accident report, the next step is to take and implement the corrective and preventative actions stated in incident or accident reports. It is crucial for us to take steps to provide a safe workplace environment in where our employees can work safely and without injury, as well as to minimise the impact on the environment and damage to property. Other than reviewing the Safe Operating Procedure (“SOP”) and Hazard Identification Risk Assessment Risk Control (“HIRARC”), we also take corrective and prevention measures following the hierarchy of control which is a system used in industry to prioritise possible interventions to minimise or eliminate exposure to hazards by deploying most effective measures which is the elimination, to eliminate the source of the hazard, until the less effective measures which is by providing the worker with the Personal Protective Equipment (“PPE”).





Improvements Implemented to Prevent Accidents



Safe handling Forklift Training



Safety Guarding for all Water Pump Rotating Belt at farm



Safety Pull Cords at High-risk areas



Installing staircase inside breeder farm



Install handrails and 3 Point Contact Signage for footbath



Install Machine Guarding

Safety National Award

Our safety efforts were recognised with the receipt of the Gold Award in the Malaysian Industrial Safety and Health Association (“MiSHA”) National Excellence Awards for our outstanding performance in Occupational Safety and Health (“OSH”) Risk Management in Food and Beverages Manufacturing Sector in 2023.



Community Relationship

At MFM, we are committed to being an active and responsible member of our community. Our Corporate Social Responsibility (“CSR”) initiatives reflect this commitment, focusing on activities that benefit the communities where we live and work. These efforts foster a shared sense of purpose among our employees and contribute to the long-term livelihood of our communities. From supporting local charities to implementing sustainable practices, we aim to make a positive and lasting impact.

Corporate Social Responsibility Towards Workplace



Mini Sports Day and lunch appreciation were organised at the plant to promote team spirits and bonding among colleagues.



For the celebration of Women's Day, all the female staff of Vimaflour at the plant were treated with a dinner on five-star cruise at Ha Long Bay.



Annual Dinner and Sport Activities were organised and joined by all the staff of Vimaflour to foster relationships and a break from the everyday work routine.



The Annual Dinner Party of Mekong Flour is an annual affair which is looked forward to by all its staff. This event is to recognise the efforts and achievements of the staff.



Aiming at enhancing the active lifestyle and better health of the staff, Vimaflour and Mekong Flour have jointly organised a virtual running with the participants of 327 staffs and completed 32.854 km.

Corporate Social Responsibility Towards Community

Beach Clean-Up

As part of our commitment to environmental responsibility, we organised a beach clean-up at Teluk Senangin, Lumut, Perak, with the support of the Department of Environmental Health and Urban Services, Zone 3 and the Department of Community and Social Development, Manjung Municipal Council. This CSR initiative resulted in the removal of 200.6 kg of waste, contributing to a cleaner and healthier environment for the local community and marine life.



Donation and Financial Aids

Some of the local organisations, institutions and charities which MFM Group had supported with donation and/or financial aids are:

- Assunta Hospital
- Better Malaysia Foundation
- Biro Wanita & Pembangunan Negara
- Grocery Merchants' Association
- Hospital Seri Manjung
- International Ipoh Fashion Week 2023 (Royal Charity)
- Kedah General Merchant Association
- Diabetes & Cancer Awareness Campaign, Kementerian Kesihatan Sitiawan
- Lions Club of Lumut Legacy
- Montfort Boys Town
- Persatuan Pemborong Beras Malaysia
- Politeknik Sultan Abdul Halim Mu'adzam Shah
- SJK (C) Eng Ling
- SJK (T) Pengkalan Baru
- SM Yuk Choy (SUWA)
- SMJK Nan Hwa
- SMJK Yoke Kuan
- SMK Methodist (A.C.S.) Sitiawan
- Yayasan Food Bank Malaysia



Participated the lecture on Motivation, Discipline and Pupil Personality, SJK (T) Pengkalan Baru.



Honouring Graduates with MFM Student Adoption Programme at SMJK Nan Hwa Graduation Ceremony.



Blood Donation Campaign in collaboration with Hospital Seri Manjung.



Donated our Cap Ros Flour to Bantuan Kemanusiaan Campaign, Yayasan Food Bank Malaysia.



Donated our Cap Ros Flour to Lions Club of Lumut Legacy for its charity work.



Supported Kementerian Kesihatan Sitiawan's Diabetes & Cancer Awareness Campaign by sponsoring our Cap Ros Flour as gift for participants.



Contributed to the 101th Anniversary Celebration Dinner and Fund Raising for SJK (C) Eng Ling to build a new school hall and pre-school building.



Contributed to the Deepavali Food Drive Donation, Better Malaysia Foundation.



Contributed to Montfort Founder's Day Fund Raising Charity Dinner to help underprivileged youths grow in a nurturing learning institution.



Contributed to International Ipoh Fashion Week 2023 Royal Charity Gala Dinner to raise funds for hospitals within the Perak State.



On Mid-Autumn Festival, with a mission to brighten the lives of those in need, Vimaflour sponsored 36 special gift packages to children from financially vulnerable families in Tien Yen Suburban District, Quang Ninh Province.



Given 1,000 cakes to patients and caregivers at Ba Ria Hospital as sponsor for the celebration of Moon Cake Festival for the disabled children.



THEME: GOVERNANCE

Corporate Governance and Business Ethics

MFM Group embraces good corporate governance and business ethics in the conduct of its businesses to build trust and provide transparency and accountability which are vital for the sustainability of the Group.

Business Ethics

MFM is committed to an ethical business approach through:



Corporate Governance

Code of Conduct

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.

Our Code of Conduct ("the Code") was last revised in 2022 for enhancement and roadshows were held till end of 2022 to brief all our employees across the country on the revised Code. As personal commitment to the Code, each employee of the Group was required to make a declaration that he/she had been furnished a copy of the Code, had 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.

For all our new hires, they will undergo comprehensive training on our Code of Conduct during the Onboarding Programme to ensure their thorough understanding of our ethical principles.

Anti-Corruption

MFM Group has in place the Policy and Guidelines on Gifts and Entertainment ("Gifts Policy") to avoid conflict of interest and prevention of bribery and corruption by its associated persons which may tarnish the Group's reputation or violate the antibribery 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, Gifts Policy or any misconduct to instil the highest level of corporate governance.



The Gifts Policy was last revised in early 2022 for enhancement and roadshows were held till end of 2022 to brief all our employees across the country on the revised Gifts Policy. In February 2024, an online annual refresher training on awareness of the Code and Gifts Policy was implemented for all our employees in Malaysia and Vietnam to refresh their memory and ensure their knowledge on the Code and Gifts Policy are up to date. As at 31 March 2024, we have achieved 100% completion rate for the training.

For all our new hires, they will undergo comprehensive training on our Gifts Policy during the Onboarding Programme to ensure their awareness and compliance with the policy.

Our corruption risk assessment is integrated into the Enterprise Risk Management of the Group and the review of the Risk Scorecard is carried out on an annual basis.

There were no incidences or confirmed incidences of fraud, bribery or corruption detected or reported in 2023.

Other Governance Policies/Guidelines

We also have in place control measures in the form of policies, guidelines and procedures to address and manage antitrust, tax governance, anti-money laundering and other risks which include:

- ✓ Risk Management Guidelines and Policy
- ✓ Policy and Guidelines on Antitrust
- ✓ Security Policy and Procedures for Data Protection
- ✓ Procurement Policy and Procedures

SUSTAINABILITY PERFORMANCE DATA

Common Sustainability Matters	Common Indicators	Measurement Unit	2023
ANTI-CORRUPTION	Percentage of employees who have received training on anti-corruption by employee category:		
	Management	Percentage	11
	Executive	Percentage	14
	Non-Executive/Technical Staff	Percentage	10
	General Workers	Percentage	65
	Percentage of operations assessed for corruption-related risks	Percentage	100
	Confirmed incidents of corruption and action taken	Number	0
COMMUNITY/SOCIETY	Total amount invested in the community where the target beneficiaries are external to the Company	Currency (RM)	110,726
	Total number of beneficiaries of the investment in communities	Number	18
EMPLOYEE DIVERSITY	Total number of employees:		
	Malaysia	Number	3,462
	Vietnam	Number	377
	Percentage of employees by gender and age group, for each employee category:		
	Gender Group by Employee Category		
	Management Male	Percentage	69
	Management Female	Percentage	31
	Executive Male	Percentage	54
	Executive Female	Percentage	46
	Non-executive/Technical Staff Male	Percentage	78
	Non-executive/Technical Staff Female	Percentage	22
General Workers Male	Percentage	91	
General Workers Female	Percentage	9	



Common Sustainability Matters	Common Indicators	Measurement Unit	2023
EMPLOYEE DIVERSITY (cont'd)	Age Group by Employee Category		
	Management Under 30	Percentage	4
	Management Between 30-50	Percentage	64
	Management Above 50	Percentage	32
	Executive Under 30	Percentage	31
	Executive Between 30-50	Percentage	53
	Executive Above 50	Percentage	16
	Non-executive/Technical Staff Under 30	Percentage	27
	Non-executive/Technical Staff Between 30-50	Percentage	60
	Non-executive/Technical Staff Above 50	Percentage	13
	General Workers Under 30	Percentage	48
	General Workers Between 30-50	Percentage	48
General Workers Above 50	Percentage	4	
DIRECTOR DIVERSITY	Total number of directors	Number	9
	Percentage of directors by gender and age group		
	Male	Percentage	78
	Female	Percentage	22
	Under 30	Percentage	0
	Between 30-50	Percentage	0
	Above 50	Percentage	100
ENERGY MANAGEMENT	Total energy consumption		
	Electricity purchased	Megawatt	153,645
	Green electricity purchased	Megawatt	11,000
	Gas consumed	GJ	327,039
	Fuel/Diesel consumed	Litres	2,061,671

Common Sustainability Matters	Common Indicators	Measurement Unit	2023
HEALTH AND SAFETY	Number of work-related fatalities	Number	0
	Lost time incident rate (“LTIR”)	Rate	0.51
	Number of employees trained on health and safety standards	Number	2,867
LABOUR PRACTICES AND STANDARDS	Total hours of training by employee category		
	Management	Hours	5,527
	Executive	Hours	10,068
	Non-Executive/Technical Staff	Hours	11,094
	General Workers	Hours	10,292
	Percentage of employees that are contractors or temporary staff	Percentage	2.24
	Total number of employee turnover by employee category		
	Management	Number	44
	Executive	Number	77
	Non-Executive/Technical Staff	Number	176
	General Workers	Number	231
	Number of substantiated complaints concerning human rights violations	Number	0
SUPPLY CHAIN MANAGEMENT	Proportion of spending on local suppliers	Percentage	71.28
DATA PRIVACY AND SECURITY	Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0
WATER	Total volume of water used		
	Municipal potable water	Megalitres	2,108.95
	Groundwater	Megalitres	157.68
	Harvested rainwater	Megalitres	0.1378



Performance Data Table from Bursa Malaysia ESG Reporting Platform

Indicator	Measurement Unit	2023
Bursa (Anti-corruption)		
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category		
Management	Percentage	11.00
Executive	Percentage	14.00
Non-executive/Technical Staff	Percentage	10.00
General Workers	Percentage	65.00
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	100.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0
Bursa (Community/Society)		
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	110,726.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	18
Bursa (Diversity)		
Bursa C3(a) Percentage of employees by gender and age group, for each employee category		
Age Group by Employee Category		
Management Under 30	Percentage	4.00
Management Between 30-50	Percentage	64.00
Management Above 50	Percentage	32.00
Executive Under 30	Percentage	31.00
Executive Between 30-50	Percentage	53.00
Executive Above 50	Percentage	16.00
Non-executive/Technical Staff Under 30	Percentage	27.00
Non-executive/Technical Staff Between 30-50	Percentage	60.00
Non-executive/Technical Staff Above 50	Percentage	13.00
General Workers Under 30	Percentage	48.00
General Workers Between 30-50	Percentage	48.00
General Workers Above 50	Percentage	4.00
Gender Group by Employee Category		
Management Male	Percentage	69.00
Management Female	Percentage	31.00
Executive Male	Percentage	54.00
Executive Female	Percentage	46.00
Non-executive/Technical Staff Male	Percentage	78.00
Non-executive/Technical Staff Female	Percentage	22.00
General Workers Male	Percentage	91.00
General Workers Female	Percentage	9.00
Bursa C3(b) Percentage of directors by gender and age group		
Male	Percentage	78.00
Female	Percentage	22.00
Under 30	Percentage	0.00
Between 30-50	Percentage	0.00
Above 50	Percentage	100.00
Bursa (Energy management)		
Bursa C4(a) Total energy consumption	Megawatt	164,645.00
Bursa (Health and safety)		
Bursa C5(a) Number of work-related fatalities	Number	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	0.51
Bursa C5(c) Number of employees trained on health and safety standards	Number	2,867
Bursa (Labour practices and standards)		
Bursa C6(a) Total hours of training by employee category		
Management	Hours	5,527
Executive	Hours	10,068
Non-executive/Technical Staff	Hours	11,094
General Workers	Hours	10,292
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	2.24
Bursa C6(c) Total number of employee turnover by employee category		
Management	Number	44
Executive	Number	77
Non-executive/Technical Staff	Number	176
General Workers	Number	231
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0
Bursa (Supply chain management)		
Bursa C7(a) Proportion of spending on local suppliers	Percentage	71.28
Bursa (Data privacy and security)		

Internal assurance External assurance No assurance

(*)Restated



Indicator	Measurement Unit	2023
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0
Bursa (Water)		
Bursa C9(a) Total volume of water used	Megalitres	2,266.767800

Internal assurance External assurance No assurance

(*)Restated

STATEMENT OF ASSURANCE



As our commitment to ensure transparency and accuracy in our sustainability disclosures, KPMG PLT was engaged and is in the midst of performing assurance readiness procedures to determine whether the preconditions for assurance as required by ISAE 3000 (Revised), *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*, are present for all the Common Indicators in the Sustainability Performance Data above (“Selected Sustainability Indicators”).

Scope and Boundary

The scope of coverage and reporting boundary of this engagement by KPMG PLT on the Selected Sustainability Indicators represents the Group’s operations, namely flour & grain trading, poultry integration and aqua feeds businesses in Malaysia and Vietnam.

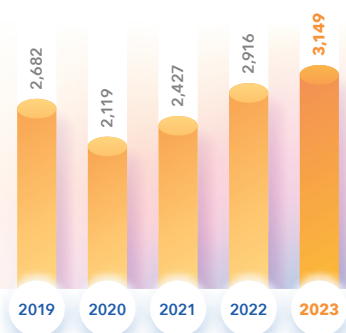
GROUP FINANCIAL HIGHLIGHTS

	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000
Revenue	2,681,563	2,118,949	2,426,936	2,915,570	3,148,901
Profit before tax from continuing operations	78,295	133,668	96,904	179,444	31,962
Tax expense	(17,693)	(24,661)	(35,881)	(25,444)	(26,677)
Profit from continuing operations	60,602	109,007	61,023	154,000	5,285
Profit from discontinued operations, net of tax	-	(88,423)	137,519	-	-
Profit for the year	60,602	20,584	198,542	154,000	5,285
Minority interests	(17,351)	(15,171)	(24,633)	(8,955)	(11,966)
Profit/(Loss) attributable to equity holders of the Company	43,251	5,413	173,909	145,045	(6,681)
Issued share capital (RM'000)	527,571	530,665	535,623	535,902	537,262
Shareholders' fund (RM'000)	1,094,312	1,070,859	1,254,314	1,364,416	1,341,954
Net assets per share (sen) *	109	106	123	134	131
Basic earnings/(loss) per share (sen) **	4.51	0.54	17.08	14.22 ^a	(0.65)^a
Gross dividends (%)	5.72	1.92	3.81	5.71	6.31
* Based on number of shares ('000)	1,004,095	1,010,282	1,019,653	1,020,210	1,022,893
** Based on weighted average number of shares ('000)	958,710	1,007,587	1,018,156	1,019,923	1,021,580

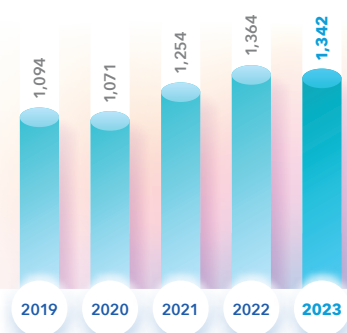
Note:

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

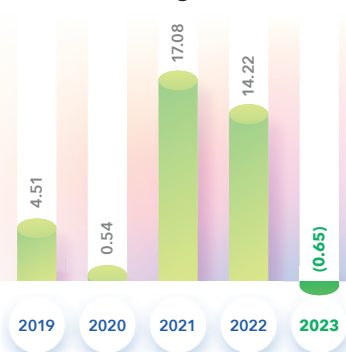
Revenue (RM' Million)



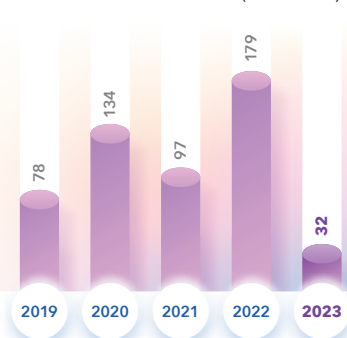
Shareholders' Fund (RM' Million)



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 2023 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

Corporate Governance Overview Statement (cont'd)

- 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 Executive Deputy Chairman cum Managing Director who further cascades the delegation to the management team. Both the Executive Deputy Chairman cum Managing Director and management team remain accountable to the Board for the authority delegated to them and brief the Board on the general business environment, financial performance, operational progress, business outlook and action plans of the Company, the operating subsidiaries and joint ventures of the Company 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 Executive Deputy Chairman cum Managing Director updates the Board 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.

Separation of positions of the Chairman and Executive Deputy Chairman cum Managing Director

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

Datuk Oh Chong Peng, who is a Non-Independent Non-Executive Director, is the Chairman of the Board. 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.

Mr Teh Wee Chye is the Executive Deputy Chairman cum 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 Executive Deputy Chairman cum Managing Director have regular dialogues over all operational matters. Between Board meetings, the Chairman maintains an informal link between the Board and the Executive Deputy Chairman cum Managing Director, expects to be kept informed by the Executive Deputy Chairman cum Managing Director on all important matters and is available to the Executive Deputy Chairman cum 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
<i>Non-Independent</i>				
Datuk Oh Chong Peng	6/6	5/5	1/1*	4/4
Teh Wee Chye	6/6	-	-	2/2*
Dato' Seri Zainal Abidin bin Mahamad Zain	6/6	3/3*	1/1	-
Prakash A/L K.V.P Menon	6/6	-	1/1*	4/4
Azhari Arshad	6/6	-	-	-
Lim Pang Boon	6/6	-	-	-
<i>Independent</i>				
Quah Poh Keat	6/6	5/5	0/0#	-
Datin Paduka Setia Dato' Dr Aini binti Ideris	6/6	-	1/1	4/4
Dato' Maznah binti Abdul Jalil	6/6	5/5	-	4/4

* Resigned as member of the Committee effective from 31 May 2023

Appointed as member of the Committee effective from 31 May 2023

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.

Corporate Governance Overview Statement (cont'd)

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 their 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 Board 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, sustainability initiatives, corporate governance and finance as well as global and local business environment.



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 leadership, corporate governance, economy, environmental sustainability, grains, poultry and agriculture of the following topics:

- Leadership Conference
- Mandatory Accreditation Programme Part II: Leading for Impact
- Soyabean Meal Workshop
- International Conference on Tropical Agriculture
- Suite Talk – Inside Stories of Sustainability Champions
- Congress of the World Veterinary Poultry Association
- Bursa: Conflict of Interest (“COI”) and Governance of COI

Board Charter

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 2023 to reflect the changes in the composition of the Independent and Non-Independent Directors in the Board, changes in Board Committees and set a limit on the tenure of an Independent Director to not more than a cumulative period of 12 years. The Board Charter is available on the Company’s website.

Code of Conduct

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

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

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

The Code is subject to change and review as and when it is deemed necessary by the Company. The Code was last revised in 2022 to enhance the policy with new clauses, definitions and disclosure form.

Corporate Governance Overview Statement (cont'd)

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

Policy and Guidelines on Gifts and Entertainment

In line with good practice of corporate governance in the conduct of business and affairs of the Group and as part of the measures to avoid conflict of interest and prevention of bribery and corruption in compliance with Section 17A(5) of the Malaysian Anti-Corruption Commission Act 2009 ("MACC Act"), the Group has adopted the 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 onboarding programme.

For enhancement, the Policy and Guidelines were revised in 2022 with new clauses, definitions and declaration form.

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

Whistle Blowing Policy

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

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

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

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

Sustainability Management

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 28 to 83 of this Annual Report.



II. Board Composition

Composition and Balance of the Board

There are currently 9 Directors on the Board comprising 2 Executive Directors and 7 Non-Executive Directors of whom 3 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 5 to 13 of this Annual Report.

Appointment and Re-election of Directors

The procedures for appointments to the Board are formal and transparent. The Company has a Directors' Fit and Proper Policy ("Policy") which serves as a guide to the Nomination Committee and the Board in their review and assessment of candidates for appointment onto the Board as well as Directors who are seeking for re-election. The Policy also sets out the fit and proper criteria for the appointment and re-election of Directors. The Policy is to ensure that each of the Directors possesses the character, integrity, relevant range of skills, knowledge, experience, competence and time commitment to discharge his/her role and responsibilities as a Director.

The Nomination Committee shall assess each candidate for new appointment as Director based on the fit and proper criteria as spelt out in the Policy before recommending to the Board for approval.

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.

Corporate Governance Overview Statement (cont'd)

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.

In line with the amended Listing Requirements, the Board Charter provides that the tenure of an Independent Director shall not be more than a cumulative period of 12 years. Consequently, two long serving Independent Directors impacted by this limitation, Datuk Oh Chong Peng and Dato' Seri Zainal Abidin bin Mahamad Zain, were redesignated as Non-Independent Non-Executive Directors of the Company effective from 31 May 2023.

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.

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 2 Independent Non-Executive Directors and 1 Non-Independent Non-Executive Director as follows:

Datin Paduka Setia Dato' Dr Aini binti Ideris (Chairman)	Independent Non-Executive Director
Dato' Seri Zainal Abidin bin Mahamad Zain	Non-Independent Non-Executive Director
Quah Poh Keat	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 Executive Deputy Chairman cum 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 2023 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 based on his/her contribution to interaction, quality of input, understanding of his/her role and fit and proper criteria to ensure that each of the Directors possesses the character, integrity, relevant range of skills, knowledge, experience, competence and time commitment to discharge his/her role and responsibilities as a Director.

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.

Corporate Governance Overview Statement (cont'd)

- All the Independent Directors had remained objective and independent in expressing their views and in exercising their decision-making.
- Shareholders' approval be sought at the forthcoming AGM for the re-election of Mr Quah Poh Keat, Datin Paduka Dato' Dr Aini binti Ideris and Mr Lim Pang Boon 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' fees, Board Committees' fixed allowance and meeting allowance for each Board and Board Committee meeting they attend. 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 2 Independent Non-Executive Directors and 2 Non-Independent Non-Executive Directors as follows:

Prakash A/L K.V.P Menon (Chairman)	Non-Independent Non-Executive Director
Datuk Oh Chong Peng	Non-Independent Non-Executive Chairman
Datin Paduka Setia Dato' Dr Aini binti Ideris	Independent Non-Executive Director
Dato' Maznah bin Abdul Jalil	Independent Non-Executive 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 allowance. 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 2023 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 101 to 104 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 105 to 109 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 as important source of information for shareholders, analysts and investors to review the Group's financial and business performance.

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 Governance Overview Statement (cont'd)

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 as well as the announcements to Bursa Malaysia Securities Berhad and Press Releases on quarterly financial announcements, 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 Overview Statement, Corporate Governance Report, Sustainability Report, Minutes of General Meetings, Code of Conduct, Policy and Guidelines on Gifts and Entertainment, Whistle Blowing Policy, Policy and Guidelines on Antitrust, Directors' Fit and Proper Policy, Human Rights and Labour Standard 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 had appointed Mr Quah Poh Keat 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.

The Group continues 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 virtual AGM on 16 May 2023 through live streaming and online remote voting using Remote Participation and Electronic Voting ("RPEV") facilities.



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

As precautionary measure to prevent the spread of COVID-19 pandemic and taking into consideration the well-being of shareholders and all participants, only the Chairman, the Board, Chief Financial Officer, Company Secretary and other essential persons were allowed to be physically present at the broadcast venue while the meeting participants participated in the 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 Meeting at any time from the day of notice of General Meeting and up to 48 hours before the meeting. On the day of the meeting, 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 meeting.

Questions posed by shareholders were read out during the “Questions and Answers” session and the Chairman, Executive Deputy Chairman cum Managing Director or Chief Financial Officer 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 Meeting.

During the AGM, the Executive Deputy Chairman cum Managing Director had also presented the overview of the financial performance of the Group and business outlook.

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

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”).

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 (“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 with Tyson, was completed.

The disposal consideration is to be received in 3 tranches - Initial Consideration, First Earnout Consideration and Second Earnout Consideration. The Initial Consideration and the First Earnout Consideration have been received in 2021 and 2023 respectively. The Second Earnout Consideration will be assessed, subject to conditions being met, based on the financial targets of DTSB Group for the financial year ended (“FYE”) 2023.

Based on the Profit Guarantee Account, the EBITDA (earnings before interest, taxes, depreciation and amortisation) of DTSB Group for the FYE 2021 was less than RM54 million and as such Tyson was entitled to the Profit Guarantee Payment of RM15 million. On 16 August 2022, the Company remitted the Profit Guarantee Payment of RM15 million to Tyson. The net Initial Consideration proceeds were RM169.944 million after deducting the Profit Guarantee Payment of RM15 million.

The summary of the utilisation of Initial Consideration proceeds is as follows:-

Description of Utilisation of Proceeds	Initial Consideration Proceeds (RM'000)	Actual Utilisation (RM'000)	Balance of Initial Consideration Proceeds Unutilised as at 31 March 2024 (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	-	
Profit Guarantee Payment	(15,000)			
Net Total	169,944			

The additional expenses incurred were paid from working capital.

For FYE 2022, DTSB Group's EBITDA was greater than the targeted EBITDA of RM141 million but the net Debt was higher than the targeted net Debt of RM44 million. As such, the First Earnout Consideration was adjusted to RM119.971 million and received on 13 December 2023, which was lower than the estimated First Earnout Consideration of RM140 million.

The summary of the utilisation of First Earnout Consideration proceeds is as follows:-

Description of Utilisation of Proceeds	First Earnout Consideration Proceeds (RM'000)	Actual Utilisation (RM'000)	Balance of First Earnout Consideration Proceeds Unutilised as at 31 March 2024 (RM'000)	Expected Time Frame for Utilisation of Proceeds (from date of receipt of the proceeds)
Repayment of bank borrowings	119,971	119,971	-	Within 6 months
Total	119,971	119,971	-	

(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.

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 2024 (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	216,761	-	@ 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	275,513	-	

@ The time frame for the utilisation of proceeds has been extended for another 1 year from 28 January 2021 until 28 January 2022.

The additional expenses incurred were paid from working capital.

Additional Compliance Information (cont'd)

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 the Warrants' expiry date of 23 January 2024, cash proceeds of RM690,256 were raised from the exercise of 1,015,082 Warrants. Upon expiry date, the total number of Warrants which remained unexercised was 136,555,585 and has automatically lapsed.

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

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, member firms of KPMG International Limited and local affiliates of KPMG PLT by the Group and the Company for financial year 2023 are as follows:

	Group (RM'000)	Company (RM'000)
Audit Fees	413	130
Non-Audit Fees	126	104
Total	539	234

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 2023 or entered into since the end of the previous financial year except for the related party transactions disclosed in Note 28 to the financial statements on pages 189 and 190 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 28 to the financial statements on page 189 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 2023.

Composition

Chairman:	Quah Poh Keat <i>(Independent Non-Executive Director)</i>
Members:	Datuk Oh Chong Peng <i>(Non-Independent Non-Executive Chairman)</i>
	Dato’ Maznah binti Abdul Jalil <i>(Independent Non-Executive Director)</i>

The Audit & Risk Management Committee (“the Committee”) comprises 3 members, a majority of whom are Independent Non-Executive 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, 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”) whilst 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”). 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
Quah Poh Keat	5/5
Datuk Oh Chong Peng	5/5
Dato’ Maznah binti Abdul Jalil	5/5
Dato’ Seri Zainal Abidin bin Mahamad Zain	3/3*

* Resigned as member of the Committee effective from 31 May 2023

At the request of the Committee, the Executive Deputy Chairman cum Managing Director and Chief Financial Officer had attended the meetings to advise, clarify and address matters discussed at the meetings.

The Internal Audit and Risk Management Function 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.

The Company Secretary of the Company is the Secretary of the Committee. The Secretary maintains minutes of the proceedings of the meetings of the Committee.

Audit & Risk Management Committee Report (cont'd)

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 2023 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. The Internal Audit and Risk Management Function 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 and coverage of the activities of the Group.

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

- ii. Reviewed the internal audit and risk management reports submitted and presented by the Internal Audit and Risk Management Function 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.

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 for the Group for financial year 2023 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. Reviewed and approved the non-assurance services to be performed by KPMG PLT which were separate from the statutory audit of financial statements and required pre-approval from Those Charged with Governance. The non-assurance services were mainly the corporate tax advisory for tax compliance related matters.

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

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

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

d. Risk Management

- i. Reviewed the Audit & Risk Management Committee Report before recommending it for approval by the Board for inclusion in the Annual Report.
- ii. Reviewed the Statement on Risk Management and Internal Control (“SORMIC”) which was prepared by the 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 Executive Deputy Chairman cum Managing Director of the Company and the Chief Financial Officer to sign the Letter of Representation in respect of the Board’s SORMIC, for and on behalf of the Committee.

Internal Audit Function

The Group outsourced its internal audit and risk management function to an independent professional company, Baker Tilly Monteiro Heng Governance Sdn Bhd, which operates independently from the operating units. The Internal Audit and Risk Management Function (“IARMF”) 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 IARMF as well as the nature of the assurance and consultancy activities provided by the function are articulated in the Internal Audit Charter.

The IARMF reported directly to the Committee who reviewed and approved the IARMF’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 IARMF conducted various internal audit engagements in accordance with the risk-based internal audit plan to assess the adequacy and effectiveness of the internal control systems.



Audit & Risk Management Committee Report (cont'd)

On a quarterly basis, the results of the internal audit reviews and recommendations for improvement were presented at the Audit & Risk Management Committee Meetings, and subsequently reported to the Board. In addition, the status of the implementation of corrective actions to address control weaknesses is also followed up by the IARMF to ensure that these actions have been satisfactorily implemented.

The total costs incurred for maintaining the IARMF for year 2023 were approximately RM206,118.

Statement on Risk Management and Internal Control

The Board of Directors (“the Board”) of Malayan Flour Mills Berhad (“MFM”) is pleased to present this 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.

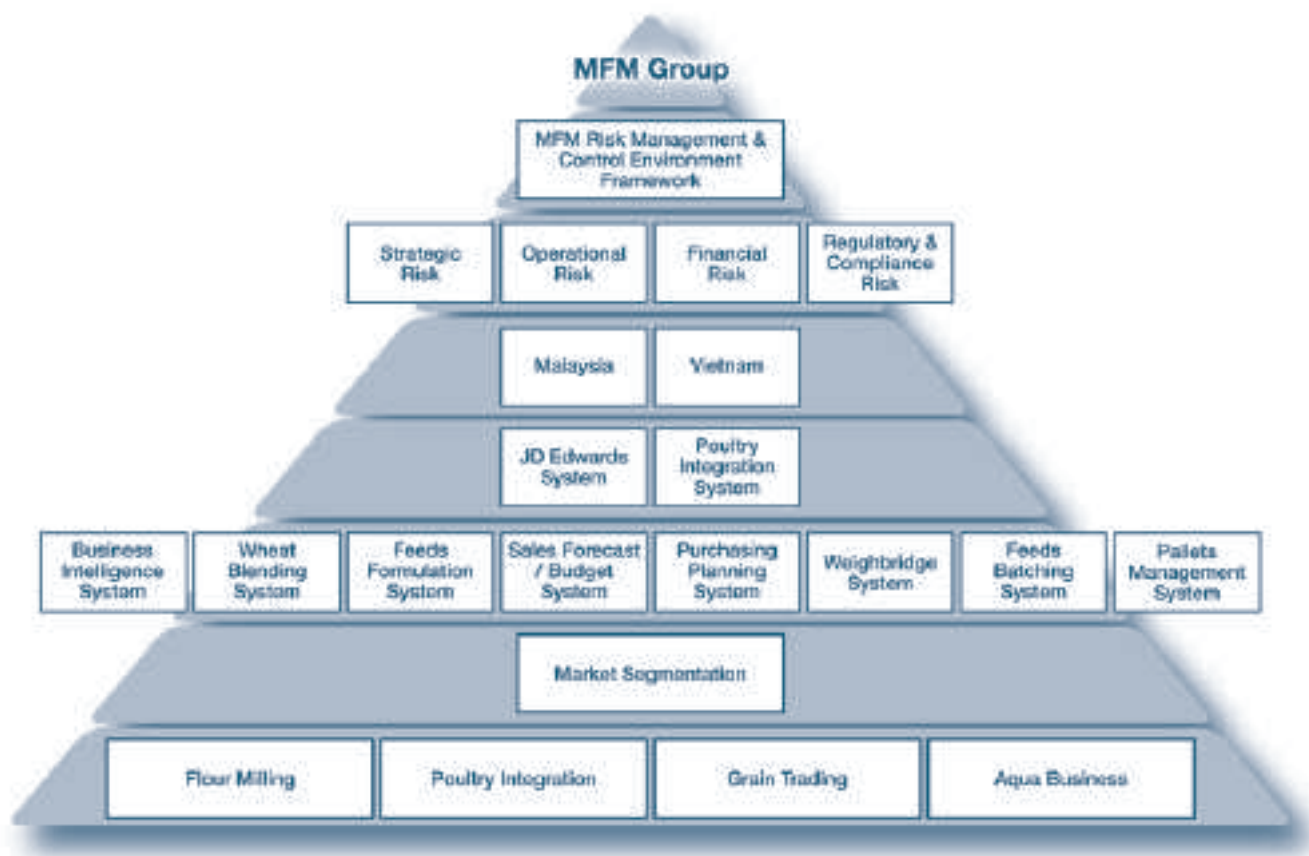
Risk Management is an integral part of our business operations and this process goes through a review by the Board. As part of the process, the key business risks are identified by the respective operations of the Group. The impact and likelihood of occurrence of these risks are then evaluated and documented. 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.

Statement on Risk Management and Internal Control (cont'd)



Internal Audit and Risk Management Function 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 and Risk Management Function 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 Executive Deputy Chairman cum 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 Group has adopted the Policy and Guidelines on Gifts and Entertainment as part of its measures to avoid conflict of interest and prevention of bribery and corruption in compliance with Section 17A of the Malaysian Anti-Corruption Commission Act 2009.
- The Whistle Blowing policy is in place with the objective of providing all stakeholders a mechanism to raise genuine concerns on unethical behaviour or any misconduct.
- The Group has the Policy and Guidelines on Antitrust (“the Policy”) in place to comply with all applicable antitrust and competition laws wherever it does business with. As any violation of the antitrust laws can have serious consequences to the Group, it is the responsibility of every employee of the Group to fully comply with the Policy.

Significant Risk Factors relating to MFM Group

a. Business risks

The Group is principally involved in activities within the food manufacturing and livestock industries. As such, the 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 the 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.

Statement on Risk Management and Internal Control (cont'd)

c. Biosecurity

In combating biosecurity 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 strict biosecurity measures in place at its hatchery facilities and poultry farms, closed house system at the poultry farms and structured vaccination programs with pharmaceutical companies for disease prevention and control. These, lower the risk of bird mortality, ensure undisrupted operations for food security as well as protect the environment and the health of the workers.

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.

d. Food Safety & Quality

Ensuring safe and nutritious food products are crucial for the Group to meet the relevant food standards, consumer expectations, its branding and reputation. As its commitment to food safety and quality, the Group has obtained the Hazard Analysis and Critical Control Points ("HACCP") certification, Food Safety System Certification ("FSSC") 22000, HALAL certification, MS 1514: 2009 (Good Manufacturing Practice for Food), ISO 9001 (Quality Management System), ISO 22000 (Food Safety Management System), Malaysian Good Agricultural Practices Certification Scheme ("myGAP") and MeSTI (Food Safety is Responsibility of the Industry) certification. With all these certifications and food management systems, food safety and quality are 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 products.

e. Foreign exchange fluctuations

The Group is exposed to foreign exchange risk on sales, purchases of raw materials and borrowings that are denominated in a currency other than the respective functional currencies of the Group entities. The currencies giving rise to this risk are primarily United States Dollar ("USD") and Vietnamese Dong ("VND").

As such, we have taken sufficient steps to monitor closely our exposure to the foreign currency movements and where appropriate, hedge our financial exposure to the 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 the 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, *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 2023 and reported to the Board that nothing has come to their attention that cause them to believe that this 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 this 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 this 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 Executive Deputy Chairman cum 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 and its subsidiaries only. Joint venture company, PT Bungasari Flour Mills Indonesia, is excluded as it has its own internal audit function while an associate is excluded because it has ceased its operation. 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 4 April 2024.



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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 2023, 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.

Directors' Report

for the year ended 31 December 2023

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2023.

Principal activities

The Company is principally engaged in the business of milling and selling wheat flour and trading in grain 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/(Loss) for the year attributable to:		
Owners of the Company	(6,681)	(70,444)
Non-controlling interests	11,966	-
	5,285	(70,444)

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:

- (i) an interim single tier dividend of 1.50 sen per ordinary share totalling approximately RM15,315,000 in respect of the financial year ended 31 December 2022 on 24 March 2023; and
- (ii) an interim single tier dividend of 1.50 sen per ordinary share totalling approximately RM15,338,000 in respect of the financial year ended 31 December 2023 on 29 September 2023.

On 29 February 2024, the Directors declared a second interim single tier dividend of 1.50 sen per ordinary share totalling approximately RM18,587,000 in respect of the financial year ended 31 December 2023, which was paid on 29 March 2024.

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

Directors' Report

for the year ended 31 December 2023 (cont'd)

Directors of the Company

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

Datuk Oh Chong Peng
Teh Wee Chye
Dato' Seri Zainal Abidin bin Mahamad Zain
Prakash A/L K.V.P Menon
Azhari Arshad
Quah Poh Keat
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:

Datuk Oh Chong Peng
Teh Wee Chye
Prakash A/L K.V.P Menon
Azhari Arshad
Lim Pang Boon
Le Cong Anh
Pham Ngoc Tien
Tran Quoc Hoang
Huynh Duc Chinh
Hideki Oya
Chua Kiat Hwa
Khng Poh Leng, Douglas
Tan Keng Seng
Shota Takahashi (Appointed on 1 April 2024)
Takuya Mori (Appointed on 1 April 2024)
Ryuichiro Yasuda (Ceased on 31 March 2024)
Yoshito Manda (Ceased on 31 March 2024)

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 31.12.2023
	At 1.1.2023	Acquired	Disposed	
Company				
- Malayan Flour Mills Berhad				
Direct interest				
Teh Wee Chye	123,764,911	-	-	123,764,911
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	540,000	60,000	-	600,000
Deemed interest				
Teh Wee Chye				
- own	63,954,360	-	-	63,954,360
- others*	63,000	-	-	63,000
Azhari Arshad	31,239,800	-	-	31,239,800
Datin Paduka Setia Dato' Dr Aini binti Ideris*	34,000	-	-	34,000
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 31.12.2023 VND'000
	At 1.1.2023 VND'000	Acquired VND'000	Disposed VND'000	
Vimaflour Ltd.	345,961,284	-	-	345,961,284

Directors' Report

for the year ended 31 December 2023 (cont'd)

Directors' interests (cont'd)

	Number of RCULS			At 31.12.2023
	At 1.1.2023	Acquired	Disposed	
Company				
- Malayan Flour Mills Berhad				
Direct interest				
Teh Wee Chye	37,659,395	-	-	37,659,395
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
Azhari Arshad	50,000	-	-	50,000

	Number of Warrants			At 31.12.2023
	At 1.1.2023	Acquired	Disposed	
Company				
- Malayan Flour Mills Berhad				
Direct interest				
Teh Wee Chye	27,200,944	-	-	27,200,944
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	-	(12,500)	1,060,000
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.

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 2023 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 shown below) 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.

The Directors' benefits paid to or receivable by Directors in respect of the financial year ended 31 December 2023 are as follows:

	From the Company RM'000	From subsidiary companies RM'000
Directors of the Company:		
Fees	924	-
Remuneration	8,242	372
Estimated monetary value of any other benefits	92	-
	9,258	372

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 increased from RM535,902,000 to RM537,262,000 by way of:

- (i) issuance of 2,621,656 new ordinary shares amounting to RM1,311,000 pursuant to the conversion of 1,310,828 RCULS; and
- (ii) issuance of 60,607 new ordinary shares amounting to RM49,000 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 RM18,564.

Directors' Report

for the year ended 31 December 2023 (cont'd)

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 the loss on remeasurement of contingent consideration receivable amounting to RM71,065,000 and impairment of investment in a joint venture amounting to RM35,765,000 as disclosed in Note 21, the financial performance of the Group and of the Company for the financial year ended 31 December 2023 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.



Auditors

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

The auditors' remuneration of the Group and of the Company during the year are RM273,000 and RM169,000 respectively.

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

Datuk Oh Chong Peng
Director

Teh Wee Chye
Director

4 April 2024

Balance Sheets

as at 31 December 2023

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Assets					
Property, plant and equipment	3	446,408	444,476	233,678	245,469
Right-of-use assets	4	16,605	19,028	13,912	15,675
Intangible assets	5	1,450	566	805	351
Investment properties	6	4,826	4,883	4,555	4,612
Investments in subsidiaries	7	-	-	141,348	141,348
Investments in joint ventures	8	709,051	693,598	611,617	647,382
Investment in an associate	9	-	1,061	-	-
Deferred tax assets	10	6,164	5,771	-	-
Other receivables	11	-	71,065	-	71,065
Total non-current assets		1,184,504	1,240,448	1,005,915	1,125,902
Trade and other receivables, including derivatives	11	408,797	572,297	192,351	355,564
Prepayments		5,408	7,393	3,377	5,649
Inventories	12	523,921	627,831	158,436	202,887
Current tax assets		4,446	5,932	1,355	2,291
Fixed deposits	13	332,717	157,219	-	-
Cash and cash equivalents	14	87,350	86,710	52,952	32,715
		1,362,639	1,457,382	408,471	599,106
Asset classified as held for sale	15	33,597	33,597	33,597	33,597
Total current assets		1,396,236	1,490,979	442,068	632,703
Total assets		2,580,740	2,731,427	1,447,983	1,758,605
Equity					
Share capital		537,262	535,902	537,262	535,902
RCULS - Equity		77,410	78,694	77,410	78,694
Reserves		727,282	749,820	308,738	409,842
Total equity attributable to owners of the Company	16	1,341,954	1,364,416	923,410	1,024,438
Non-controlling interests	7	104,027	101,677	-	-
Total equity		1,445,981	1,466,093	923,410	1,024,438



	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Liabilities					
Deferred tax liabilities	10	18,136	10,538	17,119	10,534
RCULS - Liabilities	16	-	2,126	-	2,126
Loans and borrowings	17	72,060	120,711	51,000	85,000
Lease liabilities		9,857	11,353	9,379	10,555
Total non-current liabilities		100,053	144,728	77,498	108,215
RCULS - Liabilities	16	2,702	5,026	2,702	5,026
Trade and other payables, including derivatives	18	110,127	125,304	50,575	51,141
Loans and borrowings	17	913,622	984,981	392,483	568,037
Lease liabilities		1,639	2,070	1,315	1,748
Current tax liabilities		6,616	3,225	-	-
Total current liabilities		1,034,706	1,120,606	447,075	625,952
Total liabilities		1,134,759	1,265,334	524,573	734,167
Total equity and liabilities		2,580,740	2,731,427	1,447,983	1,758,605

The notes set out on pages 131 to 190 are an integral part of these financial statements.

Income Statements

for the year ended 31 December 2023

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Revenue	19	3,148,901	2,915,570	779,166	678,546
Cost of goods sold		(2,912,486)	(2,674,172)	(677,265)	(601,462)
Gross profit		236,415	241,398	101,901	77,084
Other income		18,829	17,263	40,633	126,663
Distribution expenses		(92,648)	(89,880)	(47,447)	(45,023)
Administrative expenses		(31,427)	(29,110)	(20,574)	(19,026)
Net (loss)/gain on impairment of financial instruments		(1,357)	1,494	(873)	(156)
Other expenses		(1,342)	(15,961)	(21)	(264)
Results from operating activities		128,470	125,204	73,619	139,278
Interest expense		(57,154)	(41,768)	(28,138)	(21,199)
Interest income		25,548	17,186	4,247	2,134
Net finance costs		(31,606)	(24,582)	(23,891)	(19,065)
Results from operating activities after net finance costs		96,864	100,622	49,728	120,213
(Loss)/Write back on remeasurement of contingent consideration receivable	21	(71,065)	8,819	(71,065)	8,819
Impairment of investment in a joint venture	8.1	-	-	(35,765)	-
Share of profit of equity-accounted joint ventures, net of tax	8	5,932	70,020	-	-
Share of profit/(loss) of equity-accounted associate, net of tax		231	(17)	-	-
Profit/(Loss) before tax		31,962	179,444	(57,102)	129,032
Tax expense	20	(26,677)	(25,444)	(13,342)	(4,760)
Profit/(Loss) for the year	21	5,285	154,000	(70,444)	124,272



	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
(Loss)/Profit attributable to:					
Owners of the Company		(6,681)	145,045	(70,444)	124,272
Non-controlling interests		11,966	8,955	-	-
Profit/(Loss) for the year		5,285	154,000	(70,444)	124,272
Basic (loss)/earnings per ordinary share (sen)					
	22	(0.65)	14.22		
Basic earnings per ordinary share (sen) (adjusted)*					
	22	6.30	13.36		
Diluted (loss)/earnings per ordinary share (sen)					
	22	(0.46)	10.67		
Diluted earnings per ordinary share (sen) (adjusted)*					
	22	5.29	10.03		

* The adjusted basic and diluted earnings per share exclude the loss on remeasurement of contingent consideration receivable of RM71,065,000 in the financial year ended 31 December 2023 (2022: write back on remeasurement of contingent consideration receivable of RM8,819,000).

The notes set out on pages 131 to 190 are an integral part of these financial statements.

Statements of Comprehensive Income

for the year ended 31 December 2023

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Profit/(Loss) for the year	5,285	154,000	(70,444)	124,272
Other comprehensive income/(expense) for the year, net of tax				
Item that is or may be reclassified subsequently to the income statement				
Foreign currency translation differences for foreign operations	16,050	1,190	-	-
Total comprehensive income/(expense) for the year	21,335	155,190	(70,444)	124,272
Total comprehensive income/(expense) attributable to:				
Owners of the Company	8,122	145,008	(70,444)	124,272
Non-controlling interests	13,213	10,182	-	-
Total comprehensive income/(expense) for the year	21,335	155,190	(70,444)	124,272

The notes set out on pages 131 to 190 are an integral part of these financial statements.

Consolidated Statement of Changes in Equity

for the year ended 31 December 2023

Group	Note	←----- Attributable to owners of the Company -----→					Retained earnings	Total	Non-controlling interests	Total equity
		Share capital	RCULS - Equity	Warrant reserve	Other capital reserve	Translation reserve				
At 1 January 2022		535,623	78,179	17,770	93,065	(34,407)	564,084	1,254,314	96,242	1,350,556
Foreign currency translation differences for foreign operations		-	-	-	-	(37)	-	(37)	1,227	1,190
Profit for the year		-	-	-	-	-	145,045	145,045	8,955	154,000
Total comprehensive (expense)/income for the year		-	-	-	-	(37)	145,045	145,008	10,182	155,190
Conversion of RCULS	16	279	515	-	-	-	-	794	-	794
Exercise of warrants	16	*	-	**	-	-	-	***	-	***
Dividends to owners of the Company	23	-	-	-	-	-	(35,700)	(35,700)	(4,747)	(40,447)
At 31 December 2022		535,902	78,694	17,770	93,065	(34,444)	673,429	1,364,416	101,677	1,466,093
		Note 16	Note 16	Note 16	Note 16	Note 16				
		←----- Attributable to owners of the Company -----→								
		←----- Non-distributable -----→								
		----- Distributable -----→								
Group	Note	Share capital	RCULS - Equity	Warrant reserve	Other capital reserve	Translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2023		535,902	78,694	17,770	93,065	(34,444)	673,429	1,364,416	101,677	1,466,093
Foreign currency translation differences for foreign operations		-	-	-	-	14,803	-	14,803	1,247	16,050
(Loss)/Profit for the year		-	-	-	-	-	(6,681)	(6,681)	11,966	5,285
Total comprehensive income/(expense) for the year		-	-	-	-	14,803	(6,681)	8,122	13,213	21,335
Conversion of RCULS	16	1,311	(1,284)	-	-	-	-	27	-	27
Exercise of warrants	16	49	-	(7)	-	-	-	42	-	42
Dividends to owners of the Company	23	-	-	-	-	-	(30,653)	(30,653)	(10,863)	(41,516)
At 31 December 2023		537,262	77,410	17,763	93,065	(19,641)	636,095	1,341,954	104,027	1,445,981
		Note 16	Note 16	Note 16	Note 16	Note 16				

* Denotes increase in share capital by RM41.

** Denotes reduction in warrant reserve by RM7.

*** Denotes exercise of warrants amounting to RM34.

The notes set out on pages 131 to 190 are an integral part of these financial statements.

Statement of Changes in Equity

for the year ended 31 December 2023

Company	Note	←----- Non-distributable ----->		----- Distributable ----->		Total equity RM'000
		Share capital RM'000	RCULS - Equity RM'000	Warrant reserve RM'000	Retained earnings RM'000	
At 1 January 2022		535,623	78,179	17,770	303,500	935,072
Profit and total comprehensive income for the year						
Profit for the year		-	-	-	124,272	124,272
Other comprehensive income for the year		-	-	-	-	-
Total comprehensive income for the year		-	-	-	124,272	124,272
Conversion of RCULS	16	279	515	-	-	794
Exercise of warrants	16	*	-	**	-	***
Dividends to owners of the Company	23	-	-	-	(35,700)	(35,700)
At 31 December 2022/ 1 January 2023		535,902	78,694	17,770	392,072	1,024,438
Loss and total comprehensive expense for the year						
Loss for the year		-	-	-	(70,444)	(70,444)
Other comprehensive income for the year		-	-	-	-	-
Total comprehensive expense for the year		-	-	-	(70,444)	(70,444)
Conversion of RCULS	16	1,311	(1,284)	-	-	27
Exercise of warrants	16	49	-	(7)	-	42
Dividends to owners of the Company	23	-	-	-	(30,653)	(30,653)
At 31 December 2023		537,262	77,410	17,763	290,975	923,410
		Note 16	Note 16	Note 16		

* Denotes increase in share capital by RM41.

** Denotes reduction in warrant reserve by RM7.

*** Denotes exercise of warrants amounting to RM34.

The notes set out on pages 131 to 190 are an integral part of these financial statements.

Statements of Cash Flows

for the year ended 31 December 2023



	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cash flows from operating activities					
Profit/(Loss) before tax		31,962	179,444	(57,102)	129,032
<i>Adjustments for:</i>					
Amortisation of intangible assets	5	330	257	260	165
Bad debt recovered		(23)	-	(23)	-
Depreciation of investment properties	6	57	58	57	58
Depreciation of property, plant and equipment	3	34,210	39,372	16,722	20,147
Depreciation of right-of-use assets	4	2,610	2,881	1,913	2,168
Impairment of investment in a joint venture	8.1	-	-	35,765	-
Impairment of investment in an associate	9	197	-	-	-
Dividend income		(3)	(4)	(25,350)	(112,296)
Net gain on disposal of property, plant and equipment and intangible assets		(102)	(218)	(48)	(218)
Loss/(Write back) on remeasurement of contingent consideration receivable	21	71,065	(8,819)	71,065	(8,819)
Loss on liquidation of subsidiaries		-	35	-	88
Gain on lease modification		(9)	(196)	(9)	(196)
Interest expense		57,154	41,768	28,138	21,199
Interest income		(25,548)	(17,186)	(4,247)	(2,134)
Net loss/(gain) on impairment of financial assets		1,357	(1,494)	873	156
Property, plant and equipment written off		20	295	19	58
Share of profit of equity-accounted joint ventures, net of tax	8	(5,932)	(70,020)	-	-
Share of (profit)/loss of equity-accounted associate, net of tax		(231)	17	-	-
Net unrealised (gain)/loss on foreign exchange		(2,127)	4,860	(2,263)	3,348
Operating profit before changes in working capital		164,987	171,050	65,770	52,756
Changes in working capital:					
Trade and other receivables, prepayments and other financial assets		164,165	(75,010)	164,635	(91,841)
Inventories		103,910	(130,849)	44,451	(58,236)
Trade and other payables and other financial liabilities		(6,225)	6,560	4,625	(4,550)

Statements of Cash Flows

for the year ended 31 December 2023 (cont'd)

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cash generated from/(used in) operations		426,837	(28,249)	279,481	(101,871)
Interest paid		(56,110)	(40,058)	(27,094)	(19,489)
Interest received		25,548	17,186	4,247	2,134
Net income tax paid		(14,550)	(28,244)	(5,830)	(2,647)
Net cash from/(used in) operating activities		381,725	(79,365)	250,804	(121,873)
Cash flows from investing activities					
Acquisition of intangible assets	5	(774)	(257)	(670)	(204)
Acquisition of property, plant and equipment	3	(34,792)	(50,000)	(5,013)	(14,098)
Dividend received		3	4	25,350	34,575
(Increase)/Decrease in fixed deposits		(175,498)	163,233	-	-
Proceeds from disposal of property, plant and equipment		132	218	67	218
Proceeds from advances to an associate	9	892	-	-	-
Net cash (used in)/from investing activities		(210,037)	113,198	19,734	20,491
Cash flows from financing activities					
Dividends paid to non-controlling interests	7	(10,863)	(20,572)	-	-
Dividends paid to owners of the Company	23	(30,653)	(35,700)	(30,653)	(35,700)
(Repayment of)/Proceeds from loans and borrowings, net		(126,835)	(102,790)	(212,482)	97,149
RCULS coupon payment	16	(5,458)	(5,481)	(5,458)	(5,481)
Payment of lease liabilities		(2,068)	(1,545)	(1,750)	(1,234)
Exercise of warrants	16	42	-	42	-
Net cash (used in)/from financing activities		(175,835)	(166,088)	(250,301)	54,734
Net (decrease)/increase in cash and cash equivalents		(4,147)	(132,255)	20,237	(46,648)
Effect of exchange rate fluctuations on cash held		4,787	4,888	-	-
Cash and cash equivalents at 1 January	14	86,710	214,077	32,715	79,363
Cash and cash equivalents at 31 December	14	87,350	86,710	52,952	32,715

(a) Cash outflows for leases as a lessee

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Included in net cash from operating activities					
Payment relating to short-term leases	21	118	385	11	270
Payment relating to leases of low-value assets	21	71	67	67	63
Payment relating to variable lease payments not included in the measurement of lease liabilities	21	1,884	1,785	829	843
Interest paid in relation to lease liabilities		478	558	403	460
Included in net cash from financing activities					
Payment of lease liabilities		2,068	1,545	1,750	1,234
Total cash outflows for leases		4,619	4,340	3,060	2,870

(b) Cash and cash equivalents

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

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Deposits placed with licensed banks	14	25,763	30,033	13,644	434
Cash and bank balances	14	61,587	56,677	39,308	32,281
		87,350	86,710	52,952	32,715

Statements of Cash Flows

for the year ended 31 December 2023 (cont'd)

(c) Reconciliation of movements of liabilities to cash flows arising from financing activities

	At 31 December 2022/ 1 January 2023		Net changes from financing cash flows		Acquisition of new lease		Derecognition of lease		Foreign exchange movement		Net changes from financing cash flows		At 31 December 2023	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group														
Unsecured bankers' acceptances/Unsecured revolving credits	994,114	(56,045)	-	-	(3,630)	-	-	-	5,362	-	-	(97,183)	-	842,618
Unsecured term loans	217,998	(46,745)	-	-	-	-	-	-	1,463	-	(29,652)	-	-	143,064
Lease liabilities	15,050	(1,545)	23	(105)	-	23	(105)	180	-	(39)	(2,068)	180	(39)	11,496
Total liabilities from financing activities	1,227,162	(104,335)	23	(105)	(3,630)	23	(105)	180	6,825	(39)	(128,903)	180	(39)	997,178
Company														
Unsecured bankers' acceptances/Unsecured revolving credits	405,054	131,149	-	-	(2,166)	-	-	-	2,928	-	(178,482)	-	-	358,483
Unsecured term loans	153,000	(34,000)	-	-	-	-	-	-	-	-	(34,000)	-	-	85,000
Lease liabilities	13,619	(1,234)	23	(105)	-	23	(105)	180	-	(39)	(1,750)	180	(39)	10,694
Total liabilities from financing activities	571,673	95,915	23	(105)	(2,166)	23	(105)	180	2,928	(39)	(214,232)	180	(39)	454,177

The notes set out on pages 131 to 190 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 2023 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 grain and other allied products, whilst the principal activities of the subsidiaries are as stated in Note 7 to the financial statements.

These financial statements were authorised for issue by the Board of Directors on 4 April 2024.

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”), IFRS Accounting Standards as issued by the International Accounting Standards Board (“IFRS Accounting Standards”) and the requirements of the Companies Act 2016 in Malaysia.

The following are accounting standards, interpretations and amendments of the MFRSs 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 2024

- Amendments to MFRS 16, *Leases – Lease Liability in a Sale and Leaseback*
- Amendments to MFRS 101, *Presentation of Financial Statements – Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current*
- Amendments to MFRS 107, *Statement of Cash Flows* and MFRS 7, *Financial Instruments: Disclosures – Supplier Finance Arrangements*

Notes to the Financial Statements (cont'd)

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 2025

- Amendments to MFRS 121, *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability*

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 2024 for the amendments that are effective for annual periods beginning on or after 1 January 2024.
- from the annual period beginning on 1 January 2025 for the amendments that are effective for annual periods beginning on or after 1 January 2025.

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

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following item, which is measured based on the measurement base stated below:

Item	Measurement base
Derivative financial instruments	Fair value

(c) Functional and presentation currency

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

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRSs 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.



1. Basis of preparation (cont'd)

(d) Use of estimates and judgements (cont'd)

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 those disclosed in the following notes:

- Note 4 – extension options and incremental borrowing rate in relation to leases entered into during the year
- Note 8 – investments in joint ventures
- Note 25 – measurement of expected credit loss (“ECL”)

2. Changes in material accounting policies

2.1 Global minimum top-up tax

The Group has adopted the amendments to MFRS 112, *Income Taxes – International Tax Reform – Pillar Two Model Rules* upon their release on 2 June 2023. The amendments provide a temporary mandatory relief from deferred tax accounting for the top-up tax which is applied retrospectively. Since the newly enacted tax legislation in Malaysia and Vietnam will only come into effect in year 2025 and 2024 respectively, there is no current tax impact for the current year ended 31 December 2023. The Group does not expect to be subjected to the top-up tax in relation to its operations in both Malaysia and Vietnam.

2.2 Material accounting policy information

The Group also adopted amendments to MFRS 101, *Presentation of Financial Statements* and MFRS Practice Statement 2 – *Disclosures of Accounting Policies* from 1 January 2023. The amendments require the disclosure of ‘material’, rather than ‘significant’, accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Although the amendments did not result in any changes to the Group’s accounting policies, it impacted the accounting policy information disclosed in the financial statements. The material accounting policy information is disclosed in the respective notes to the financial statements where relevant.

Notes to the Financial Statements (cont'd)

3. Property, plant and equipment

Group	Note	Freehold land, 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 2022		359,142	372,411	21,746	48,782	802,081
Additions		4,108	9,513	492	35,887	50,000
Disposals		-	(275)	(900)	-	(1,175)
Write-off		(430)	(248)	-	(41)	(719)
Transfers		(16)	46,970	-	(46,954)	-
Transfer to intangible assets	5	-	(212)	-	-	(212)
Reclassifications		-	-	-	(3,946)	(3,946)
Effect of movements in exchange rates		1,358	2,296	196	443	4,293
At 31 December 2022/ 1 January 2023		364,162	430,455	21,534	34,171	850,322
Additions		119	4,508	618	29,547	34,792
Disposals		-	(255)	(663)	-	(918)
Write-off		-	(764)	(29)	-	(793)
Transfers		29,344	11,042	-	(40,386)	-
Transfer to intangible assets	5	-	-	-	(449)	(449)
Reclassifications		-	(2,438)	2,438	-	-
Effect of movements in exchange rates		1,042	2,407	163	605	4,217
At 31 December 2023		394,667	444,955	24,061	23,488	887,171



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

Group	Note	Freehold land, 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
Accumulated depreciation						
At 1 January 2022		111,261	236,718	17,723	-	365,702
Depreciation for the year		9,233	28,891	1,248	-	39,372
Disposals		-	(275)	(900)	-	(1,175)
Write-off		(194)	(230)	-	-	(424)
Transfer to intangible assets	5	-	8	-	-	8
Effect of movements in exchange rates		662	1,569	132	-	2,363
At 31 December 2022/ 1 January 2023		120,962	266,681	18,203	-	405,846
Depreciation for the year		9,147	23,933	1,130	-	34,210
Disposals		-	(234)	(662)	-	(896)
Write-off		-	(745)	(28)	-	(773)
Reclassifications		-	(2,259)	2,259	-	-
Effect of movements in exchange rates		644	1,619	113	-	2,376
At 31 December 2023		130,753	288,995	21,015	-	440,763
Carrying amounts						
At 1 January 2022		247,881	135,693	4,023	48,782	436,379
At 31 December 2022/ 1 January 2023		243,200	163,774	3,331	34,171	444,476
At 31 December 2023		263,914	155,960	3,046	23,488	446,408

Notes to the Financial Statements (cont'd)

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

Company	Note	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 2022		245,993	198,686	9,558	12,436	466,673
Additions		97	8,412	459	5,130	14,098
Disposals		-	(275)	(900)	-	(1,175)
Write-off		-	(180)	-	(41)	(221)
Transfers		-	17,350	-	(17,350)	-
Transfer to intangible assets	5	-	(212)	-	-	(212)
At 31 December 2022/ 1 January 2023		246,090	223,781	9,117	175	479,163
Additions		-	3,519	255	1,239	5,013
Disposals		-	(240)	(452)	-	(692)
Write-off		-	(764)	(4)	-	(768)
Transfers		-	1,143	-	(1,143)	-
Transfer to intangible assets	5	-	-	-	(51)	(51)
At 31 December 2023		246,090	227,439	8,916	220	482,665
Accumulated depreciation						
At 1 January 2022		70,112	135,868	8,897	-	214,877
Depreciation for the year		4,910	14,902	335	-	20,147
Disposals		-	(275)	(900)	-	(1,175)
Write-off		-	(163)	-	-	(163)
Transfer to intangible assets	5	-	8	-	-	8
At 31 December 2022/ 1 January 2023		75,022	150,340	8,332	-	233,694
Depreciation for the year		4,910	11,491	321	-	16,722
Disposals		-	(229)	(451)	-	(680)
Write-off		-	(745)	(4)	-	(749)
At 31 December 2023		79,932	160,857	8,198	-	248,987
Carrying amounts						
At 1 January 2022		175,881	62,818	661	12,436	251,796
At 31 December 2022/ 1 January 2023		171,068	73,441	785	175	245,469
At 31 December 2023		166,158	66,582	718	220	233,678



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

3.1 Borrowing costs

Included in additions of the Group are borrowing costs capitalised at 3.90% - 6.00% (2022: 2.50% - 4.03%) per annum amounting to RM2,499,000 (2022: RM97,000).

3.2 Material accounting policy information

(a) Recognition and measurement

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

(b) Depreciation

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

4. Right-of-use assets

	Leasehold land RM'000	Buildings RM'000	Total RM'000
Group			
At 1 January 2022	7,064	14,683	21,747
Additions	-	23	23
Depreciation	(496)	(2,385)	(2,881)
Lease modification	-	91	91
Effect of movements in exchange rates	48	-	48
At 31 December 2022/1 January 2023	6,616	12,412	19,028
Additions	-	180	180
Depreciation	(499)	(2,111)	(2,610)
Lease modification	-	(30)	(30)
Effect of movements in exchange rates	37	-	37
At 31 December 2023	6,154	10,451	16,605

Notes to the Financial Statements (cont'd)

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

	Leasehold land RM'000	Buildings RM'000	Total RM'000
Company			
At 1 January 2022	4,431	13,298	17,729
Additions	-	23	23
Depreciation	(134)	(2,034)	(2,168)
Lease modification	-	91	91
At 31 December 2022/1 January 2023	4,297	11,378	15,675
Additions	-	180	180
Depreciation	(130)	(1,783)	(1,913)
Lease modification	-	(30)	(30)
At 31 December 2023	4,167	9,745	13,912

The Group leases 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.

4.1 Extension options

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

As at 31 December 2023, the Group has included all potential future cash flows of exercising the extension options in the lease liabilities.

4.2 Significant judgements and assumptions in relation to lease

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

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

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

4.3 Material accounting policy information

Recognition exemption

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

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

5. Intangible assets

	Note	Computer software Group RM'000	Company RM'000
Cost			
At 1 January 2022		9,045	6,182
Additions		257	204
Transfer from property, plant and equipment	3	212	212
Write-off		(401)	(401)
Effect of movements in exchange rates		52	-
At 31 December 2022/1 January 2023		9,165	6,197
Additions		774	670
Transfer from property, plant and equipment	3	449	51
Write-off		(16)	(16)
Disposal		(9)	(8)
Effect of movements in exchange rates		43	-
At 31 December 2023		10,406	6,894

Notes to the Financial Statements (cont'd)

5. Intangible assets (cont'd)

	Note	Computer software Group RM'000	Company RM'000
Accumulated amortisation			
At 1 January 2022		8,704	6,090
Amortisation for the year		257	165
Write-off		(401)	(401)
Transfer from property, plant and equipment	3	(8)	(8)
Effect of movements in exchange rates		47	-
At 31 December 2022/1 January 2023		8,599	5,846
Amortisation for the year		330	260
Write-off		(16)	(16)
Disposal		(1)	(1)
Effect of movements in exchange rates		44	-
At 31 December 2023		8,956	6,089
Carrying amounts			
At 1 January 2022		341	92
At 31 December 2022/1 January 2023		566	351
At 31 December 2023		1,450	805

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 Material accounting policy information

Recognition and measurement

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

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.

6. Investment properties

	Freehold land RM'000	Buildings RM'000	Total RM'000
Group			
Cost			
At 1 January 2022/31 December 2022/ 1 January 2023/31 December 2023	3,943	2,836	6,779
Accumulated depreciation			
At 1 January 2022	-	1,838	1,838
Depreciation for the year	-	58	58
At 31 December 2022/1 January 2023	-	1,896	1,896
Depreciation for the year	-	57	57
At 31 December 2023	-	1,953	1,953
Carrying amounts			
At 1 January 2022	3,943	998	4,941
At 31 December 2022/1 January 2023	3,943	940	4,883
At 31 December 2023	3,943	883	4,826
Company			
Cost			
At 1 January 2022/31 December 2022/ 1 January 2023/31 December 2023	3,672	2,836	6,508
Accumulated depreciation			
At 1 January 2022	-	1,838	1,838
Depreciation for the year	-	58	58
At 31 December 2022/1 January 2023	-	1,896	1,896
Depreciation for the year	-	57	57
At 31 December 2023	-	1,953	1,953
Carrying amounts			
At 1 January 2022	3,672	998	4,670
At 31 December 2022/1 January 2023	3,672	940	4,612
At 31 December 2023	3,672	883	4,555

Notes to the Financial Statements (cont'd)

6. Investment properties (cont'd)

6.1 Other income/expenses recognised in the income statements in relation to investment properties

	Group and Company	
	2023 RM'000	2022 RM'000
Lease income	479	458
Direct operating expenses: - income generating investment properties	54	53

6.2 Fair value information

Fair value of investment properties are categorised as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Level 3				
Freehold land and buildings	133,956	124,335	128,956	119,475

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.

6.3 Material accounting policy information

Investment properties carried at cost 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. Freehold land is not depreciated.

7. Investments in subsidiaries

	Company	
	2023 RM'000	2022 RM'000
At cost		
Unquoted shares	141,800	141,800
Less: Accumulated impairment losses	(452)	(452)
	141,348	141,348

Details of the subsidiaries are as follows:

Name of subsidiary	Principal place of business/Country of incorporation	Principal activities	Effective ownership interest	
			2023 %	2022 %
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
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
Muda Fibre Manufacturing Sdn. Bhd.	Malaysia	Dormant	60	60
Dindings Broiler Breeder Farm Sdn. Bhd.^	Malaysia	Dormant (in member's voluntary liquidation)	100	100
Syarikat Pengangkutan Lumut Sdn. Bhd.^	Malaysia	Dormant (in member's voluntary liquidation)	100	100

Notes to the Financial Statements (cont'd)

7. Investments in subsidiaries (cont'd)

Details of the subsidiaries are as follows: (cont'd)

Name of subsidiary	Principal place of business/Country of incorporation	Principal activities	Effective ownership interest	
			2023 %	2022 %
Dindings Grand Parent Farm Sdn. Bhd.^	Malaysia	Dormant (in member's voluntary liquidation)	100	100
AVIOTA Sdn. Bhd.^	Malaysia	Dormant (in member's voluntary liquidation)	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.

^ These subsidiaries are in member's voluntary liquidation.

7.1 Non-controlling interests in subsidiaries

The subsidiaries' information are aggregated based on their operating segment. 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
2023			
Carrying amount of NCI	99,081	4,946	104,027
Comprehensive income/(expense) allocated to NCI	13,219	(6)	13,213
2022			
Carrying amount of NCI	96,882	4,795	101,677
Comprehensive income/(expense) allocated to NCI	10,186	(4)	10,182

* Subsidiaries with material NCI consist of Premier Grain Sdn. Bhd. and Vimaflour Ltd..

7. Investments in subsidiaries (cont'd)

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

	Subsidiaries with material NCI*	
	2023 RM'000	2022 RM'000
Summarised financial information before intra-group elimination		
As at 31 December		
Non-current assets	103,442	104,935
Current assets	654,569	687,532
Non-current liabilities	(4,120)	(8,278)
Current liabilities	(436,532)	(471,421)
Net assets	317,359	312,768
Year ended 31 December		
Revenue	1,840,896	1,708,015
Profit for the year	37,757	38,021
Total comprehensive income	41,913	42,109
Cash flows from operating activities	108,185	5,067
Cash flows used in investing activities	(83,241)	(29,726)
Cash flows (used in)/from financing activities	(44,947)	26,767
Net (decrease)/increase in cash and cash equivalents	(20,003)	2,108
Dividends paid to NCI	10,863	4,747

* Subsidiaries with material NCI consist of Premier Grain Sdn. Bhd. and Vimaflour Ltd..

7.2 Material accounting policy information

Investments in subsidiaries are measured in the Company's balance sheet at cost less any impairment losses.

8. Investments in joint ventures

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
At cost					
Unquoted shares		656,057	656,057	647,382	647,382
Less: Impairment loss	8.1	-	-	(35,765)	-
Share of post-acquisition reserves		52,994	37,541	-	-
		709,051	693,598	611,617	647,382

8. Investments in joint ventures (cont'd)

8.1 Impairment loss of investment in a joint venture

As at 31 December 2023, the net assets of a joint venture, PT Bungasari Flour Mills Indonesia (“BFMI”), of RM153,413,000 was lower than its initial cost of investment. Hence, there was an indication of impairment which requires management to estimate the recoverable amount of the investment in the joint venture.

For the purpose of impairment testing, the recoverable amount of the joint venture was determined based on its value-in-use.

Management estimated the recoverable amount of the Company’s investment in BFMI of RM157,100,000 and an impairment loss of RM35,765,000 is recognised in the income statement.

8.2 Significant judgements and assumptions in relation to impairment assessment of investment in a joint venture

The Company applied significant judgements and assumptions in performing impairment testing which requires management to estimate the recoverable amount of the investment in a joint venture and to provide impairment loss when required. The Company considered the joint ventures’ cash flow projections in determining the recoverable amount of the investment in a joint venture.

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.	<ul style="list-style-type: none"> Pre-tax discount rate of 11% (2022: 13%). Annual revenue growth of 6% for the years 2024 to 2026 and 2% for the years 2027 to 2033 (2022: annual revenue growth of 20%, 8% and 9% for 2023, 2024 and 2025 respectively, 5% for the years 2026 to 2027 and 4% for the years 2028 to 2032). Terminal growth rate of 2% (2022: 1%). 	<ul style="list-style-type: none"> The estimated fair value would increase/decrease if the discount rate were lower/higher. The estimated fair value would increase/decrease if the annual revenue growth rate were higher/lower. The estimated fair value would increase/decrease if the terminal growth rate were higher/lower.

8. Investments in joint ventures (cont'd)

8.3 Sensitivity to changes in assumption

The above estimate is particularly sensitive to the annual revenue growth rate.

Group

A decrease of 1 percentage point in the annual revenue growth rate would have resulted in an impairment loss of RM8,968,000.

Company

A decrease of 1 percentage point in the annual revenue growth rate would have increased the impairment loss by RM12,655,000.

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	
			2023 %	2022 %
Dindings Tyson Sdn. Bhd. ("DTSB") #	Malaysia	Investment holding	51	51
Subsidiaries of DTSB				
Dindings Poultry Development Centre Sdn. Bhd. #	Malaysia	Breeding and sale of day-old chicks ("DOC"), poultry grow-out farm, purchase and contract farming activities, manufacture and sale of animal feeds and sale of related raw materials	51	51
Dindings Poultry Processing Sdn. Bhd. #	Malaysia	Processing and sale of poultry products	51	51
Dindings Foods Sdn. Bhd. #	Malaysia	Dormant	51	51
PT Bungasari Flour Mills Indonesia ("BFMI") *	Indonesia	Milling and selling of wheat flour together with its allied products	30	30

Although the Group has majority voting rights in DTSB, there are substantive rights shared with the other shareholder pursuant to the shareholders' agreement. Accordingly, DTSB and its subsidiaries are classified as joint ventures of the Group.

* Not audited by member firms of KPMG PLT.

Notes to the Financial Statements (cont'd)

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	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Summarised financial information						
As at 31 December						
Non-current assets	906,578	895,685	884,011	774,905	1,790,589	1,670,590
Current assets	432,594	437,365	852,914	872,985	1,285,508	1,310,350
Non-current liabilities	(9,949)	(15,208)	(97,921)	(99,597)	(107,870)	(114,805)
Current liabilities	(228,814)	(268,175)	(1,127,628)	(1,002,162)	(1,356,442)	(1,270,337)
Net assets	1,100,409	1,049,667	511,376	546,131	1,611,785	1,595,798
Year ended 31 December						
Revenue	1,141,459	1,109,578	2,224,740	1,815,020	3,366,199	2,924,598
Profit/(Loss) for the year	50,742	151,045	(66,490)	(23,376)	(15,748)	127,669
Reconciliation of net assets to carrying amount as at 31 December						
Group's share of net assets	490,569	464,690	153,413	163,839	643,982	628,529
Goodwill	65,069	65,069	-	-	65,069	65,069
Carrying amount in the balance sheet	555,638	529,759	153,413	163,839	709,051	693,598
Group's share of results for year ended 31 December						
Group's share of profit/(loss) for the year	25,879	77,033	(19,947)	(7,013)	5,932	70,020

8. Investments in joint ventures (cont'd)

8.4 Contingent liabilities

PT Bungasari Flour Mills Indonesia (“BFMI”)

Corporate guarantee

The Company has provided proportionate corporate guarantees of up to USD15.0 million (2022: USD15.0 million) for financing facilities granted by financial institutions to the joint venturer, BFMI. As at 31 December 2023, the outstanding loans proportionately amounted to USD3.6 million (2022: USD7.6 million).

Dindings Poultry Development Centre Sdn. Bhd. (“DPDC”)

Litigation

On 5 August 2022, DPDC received a Notice of Proposed Decision issued by the Malaysia Competition Commission (“MyCC”) pursuant to Section 36 of the Competition Act 2010 (“the Act”) (“Proposed Decision”). The Proposed Decision is premised primarily on the allegation that DPDC had engaged in agreements and/or concerted practices to fix the quantum of poultry feed price which is in breach of Section 4(1) read together with Sections 4(2)(a) and 4(3) of the Act.

DPDC strongly denies the allegation of the aforesaid infringement which is without merit and intends to defend such unfounded allegation vigorously. DPDC has appointed external legal counsel to represent it and submit written representations and make an oral representation before MyCC. However, in the event of any findings to the contrary, MyCC has proposed a financial penalty equivalent to 10% based on the relevant turnover and based on MyCC’s calculations for the alleged period which amounts to RM70 million. DPDC denies that it is liable for the said penalty and refutes the basis of the calculation applied by MyCC. DPDC submitted its written submission to MyCC on 31 January 2023 rebutting the allegation of the aforesaid infringement and made its oral representation on 29 and 31 May 2023.

On 22 December 2023, DPDC received MyCC’s Notice of Finding of An Infringement under Section 40 of the Competition Act 2010 together with the Decision of Infringement under Section 4(1) read with Sections 4(2)(a) and 4(3) of the Competition Act 2010 dated 11 December 2023 (“the Decision”). MyCC maintains its finding of price-fixing infringement with imposition of financial penalty of RM70 million on DPDC.

The legal counsel is of the view that there are sufficient grounds to challenge the Decision. On 9 January 2024, DPDC filed a Notice of Appeal with the Competition Appeal Tribunal to appeal against the Decision and applied for a stay of the Decision pending appeal.

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

8.5 Material accounting policy information

Investments in joint ventures are measured in the Company’s balance sheet at cost less any impairment losses.

Notes to the Financial Statements (cont'd)

9. Investment in an associate

	Group	
	2023 RM'000	2022 RM'000
At cost		
- Unquoted shares	15	15
- Advances to an associate	197	1,105
Share of post-acquisition reserves	(15)	(59)
Impairment loss	(197)	-
	-	1,061

In previous financial years, advances to an associate of RM1,105,000 was capitalised as cost of investment.

During the financial year, advances to an associate amounting to RM892,000 was repaid in cash and RM16,000 was offset against amount due to an associate.

Details of the associate are as follows:

Name of entity	Principal place of business/Country of incorporation	Nature of the relationship	Effective ownership interest	
			2023 %	2022 %
Freeman Properties Holding Ltd. (Held through MFM Property Sdn. Bhd.)	Cambodia	Investment	49	49

9.1 Material accounting policy information

Investment in an associate is measured in the Company's balance sheet at cost less any impairment losses.

10. Deferred tax assets/(liabilities)

10.1 Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Group						
Property, plant and equipment	-	-	(28,314)	(26,444)	(28,314)	(26,444)
Right-of-use assets	-	-	(3,225)	(3,646)	(3,225)	(3,646)
Lease liabilities	2,566	2,953	-	-	2,566	2,953
RCULS	648	1,716	-	-	648	1,716
Provisions	4,031	3,353	-	-	4,031	3,353
Reinvestment allowances	-	5,493	-	-	-	5,493
Unabsorbed capital allowances	10,862	9,350	-	-	10,862	9,350
Tax losses carry-forward	2,439	1,719	-	-	2,439	1,719
Others	83	739	(1,062)	-	(979)	739
Tax assets/(liabilities)	20,629	25,323	(32,601)	(30,090)	(11,972)	(4,767)
Set-off of tax	(14,465)	(19,552)	14,465	19,552	-	-
Net tax assets/(liabilities)	6,164	5,771	(18,136)	(10,538)	(11,972)	(4,767)
Company						
Property, plant and equipment	-	-	(20,805)	(20,621)	(20,805)	(20,621)
Right-of-use assets	-	-	(3,225)	(3,646)	(3,225)	(3,646)
Lease liabilities	2,566	2,953	-	-	2,566	2,953
RCULS	648	1,716	-	-	648	1,716
Provisions	3,614	3,008	-	-	3,614	3,008
Reinvestment allowances	-	5,493	-	-	-	5,493
Others	83	563	-	-	83	563
Tax assets/(liabilities)	6,911	13,733	(24,030)	(24,267)	(17,119)	(10,534)
Set-off of tax	(6,911)	(13,733)	6,911	13,733	-	-
Net tax liabilities	-	-	(17,119)	(10,534)	(17,119)	(10,534)

Notes to the Financial Statements (cont'd)

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

10.2 Movement in temporary differences during the year

	Recognised			Recognised			
	At	in the	Recognised	At	in the	Recognised	At
	1.1.2022	income	directly in	31.12.2022/ 1.1.2023	income	directly in	31.12.2023
	RM'000	statements	equity	RM'000	statements	equity	RM'000
		(Note 20)	(Note 16)		(Note 20)	(Note 16)	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group							
Property, plant and equipment	(23,200)	(3,244)	-	(26,444)	(1,870)	-	(28,314)
Right-of-use assets	(4,255)	609	-	(3,646)	421	-	(3,225)
Lease liabilities	3,269	(316)	-	2,953	(387)	-	2,566
RCULS	2,872	(906)	(250)	1,716	(1,059)	(9)	648
Provisions	3,142	211	-	3,353	678	-	4,031
Reinvestment allowances	7,399	(1,906)	-	5,493	(5,493)	-	-
Unabsorbed capital allowances	8,200	1,150	-	9,350	1,512	-	10,862
Tax losses carry-forward	3,809	(2,090)	-	1,719	720	-	2,439
Others	(385)	1,124	-	739	(1,718)	-	(979)
	851	(5,368)	(250)	(4,767)	(7,196)	(9)	(11,972)
Company							
Property, plant and equipment	(17,564)	(3,057)	-	(20,621)	(184)	-	(20,805)
Right-of-use assets	(4,255)	609	-	(3,646)	421	-	(3,225)
Lease liabilities	3,269	(316)	-	2,953	(387)	-	2,566
RCULS	2,872	(906)	(250)	1,716	(1,059)	(9)	648
Provisions	2,471	537	-	3,008	606	-	3,614
Reinvestment allowances	7,399	(1,906)	-	5,493	(5,493)	-	-
Others	(67)	630	-	563	(480)	-	83
	(5,875)	(4,409)	(250)	(10,534)	(6,576)	(9)	(17,119)

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

10.3 Unrecognised deferred tax assets

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

	Group	
	2023 RM'000	2022 RM'000
Unabsorbed capital allowances	1,431	1,431
Tax losses carry-forward	19,858	24,925
Other deductible temporary differences	341	351
	21,630	26,707

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

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

11. Trade and other receivables, including derivatives

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Non-current					
Other receivables					
- contingent consideration receivable	11.1	-	71,065	-	71,065
Current					
Trade receivables from contracts with customers		384,475	428,348	99,387	104,806
Amounts due from subsidiaries	11.2	-	-	82,258	116,477
Other receivables	11.3	17,208	9,547	4,157	2,708
Contingent consideration receivable	11.1	-	119,971	-	119,971
Amounts due from joint ventures	11.4	5,531	10,601	5,461	10,601
Deposits		1,292	3,817	990	1,001
Derivatives at fair value through profit or loss:					
- future and option contracts		291	13	98	-
		408,797	572,297	192,351	355,564
		408,797	643,362	192,351	426,629

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

11.1 Contingent consideration receivable

On 31 May 2021, the Company had completed the disposal of 49% equity interest in DTSB for a total cash consideration of RM445,028,000. During the year, contingent consideration of RM119,971,000 was received, with a final contingent consideration due in 2024 based on the financial targets as at 31 December 2023.

As at 31 December 2023, management assessed the final contingent consideration and has recognised a loss on remeasurement of contingent consideration receivable of RM71,065,000 (2022: write back on remeasurement of contingent consideration receivable of RM8,819,000) in the income statements.

In the previous financial year, the valuation technique used in the determination of the fair value and the significant unobservable inputs used in the valuation calculation is shown in the table below.

Description of valuation technique and inputs used	Level 3 fair value significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
The valuation method considered the estimated consideration receivable from the joint venturer based on the achievability of certain financial targets.	Discount rate of 4% 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.

11.2 Amounts due from subsidiaries

The amounts due from subsidiaries are unsecured, repayable on demand and subject to interest ranging from 2.61% - 5.50% (2022: 1.97% - 4.00%) per annum.

11.3 Other receivables

Included in other receivables of the Group are advances paid to suppliers of RM4,685,000 (2022: RM4,644,000) and interest receivable from deposits placed with licensed banks of RM10,553,000 (2022: RM2,522,000).

Included in other receivables of the Company are advances paid to suppliers of RM2,336,000 (2022: RM414,000).

11.4 Amounts due from joint ventures

The amounts due from joint ventures are unsecured, repayable on demand and interest free.

12. Inventories

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Raw materials	471,774	570,295	141,423	181,575
Finished goods	33,366	32,548	10,826	13,844
Consumables	18,781	24,988	6,187	7,468
	523,921	627,831	158,436	202,887
Recognised in the income statements: Inventories recognised as cost of goods sold	2,742,778	2,535,562	601,433	531,836

12.1 Material accounting policy information

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is calculated using the weighted average method.

13. Fixed deposits

	Group	
	2023 RM'000	2022 RM'000
Fixed deposits placed with licensed banks with maturity of more than 3 months	332,717	157,219

Fixed deposits represent time deposits at banks with maturity of more than 3 months to less than 12 months.

Included in fixed deposits are deposits received from customers amounting to RM15,413,000 (2022: RM14,980,000) which are subject to restriction in use in accordance with agreements with customers.

14. Cash and cash equivalents

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Deposits placed with licensed banks	25,763	30,033	13,644	434
Cash and bank balances	61,587	56,677	39,308	32,281
	87,350	86,710	52,952	32,715

Notes to the Financial Statements (cont'd)

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 2024.

	Group and Company	
	2023 RM'000	2022 RM'000
Asset classified as held for sale		
Plant and equipment	33,597	33,597

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

16. Capital and reserves

Share capital

	Group and Company			
	Amount 2023 RM'000	Number of shares 2023 '000	Amount 2022 RM'000	Number of shares 2022 '000
Issued and fully paid shares with no par value:				
Ordinary shares				
At 1 January	535,902	1,020,210	535,623	1,019,653
Conversion of RCULS	1,311	2,622	279	557
Exercise of warrants	49	61	*	*
At 31 December	537,262	1,022,893	535,902	1,020,210

* Denotes 50 ordinary shares amounting to RM41.

16.1 Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

16. Capital and reserves (cont'd)

16.2 Redeemable convertible unsecured loan stocks ("RCULS")

	Group and Company	
	2023 RM'000	2022 RM'000
RCULS - Equity portion	77,410	78,694
RCULS - Liability portion		
Non-current	-	2,126
Current	2,702	5,026
	2,702	7,152
	80,112	85,846

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.

Notes to the Financial Statements (cont'd)

16. Capital and reserves (cont'd)

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

	Group and Company		
	Equity component RM'000	Liability component RM'000	Total RM'000
As at 1 January 2022	78,179	11,967	90,146
Conversion of RCULS to share capital*	(259)	(20)	(279)
RCULS coupon payment	-	(5,481)	(5,481)
Interest expense on RCULS	-	1,710	1,710
RCULS liabilities reduction arising from conversion of RCULS to share capital	1,024	(1,024)	-
Deferred tax effect (Note 10):			
- on conversion	(250)	-	(250)
As at 31 December 2022/1 January 2023	78,694	7,152	85,846
Conversion of RCULS to share capital#	(1,275)	(36)	(1,311)
RCULS coupon payment	-	(5,458)	(5,458)
Interest expense on RCULS	-	1,044	1,044
Deferred tax effect (Note 10):			
- on conversion	(9)	-	(9)
As at 31 December 2023	77,410	2,702	80,112

* In the previous financial year, 556,880 new ordinary shares amounting to RM279,000 were issued resulting from the conversion of 278,440 units of RCULS at the conversion price of RM0.50 each.

During the financial year, 2,621,656 new ordinary shares amounting to RM1,311,000 were issued resulting from the conversion of 1,310,828 units of RCULS at the conversion price of RM0.50 each.

As at 31 December 2023, 108,094,759 RCULS remained unconverted.

16.3 Warrant reserve

	Group and Company			
	Amount 2023 RM'000	Number of warrants 2023 '000	Amount 2022 RM'000	Number of warrants 2022 '000
At 1 January	17,770	136,689	17,770	136,689
Exercised during the year	(7)	(61)	*	*
At 31 December	17,763	136,628	17,770	136,689

* Denotes 50 warrants amounting to RM7.

16. Capital and reserves (cont'd)

16.3 Warrant reserve (cont'd)

On 28 January 2019, 137,570,667 warrants were issued pursuant to the Rights Issue of Rights Shares and RCULS ("Rights Issue").

The warrant reserve comprises the fair value of the free detachable warrants arising from the Rights Issue. The warrants are constituted by the deed poll dated 3 December 2018 ("Deed Poll"). The salient features of the warrants are as follows:

- (i) Each warrant entitles the warrant holder to subscribe for one (1) new ordinary share in the Company at the exercise price of RM0.68 during the 5-year period expiring on 23 January 2024 ("Exercise Period"), subject to further adjustments in accordance with provisions of the Deed Poll;
- (ii) At the expiry of the Exercise Period, any warrants which have not been exercised shall automatically lapse and cease to be valid for any purpose; and
- (iii) The new ordinary shares to be issued upon exercise of the warrants will, upon allotment and issue, rank equally in all respects with the then existing ordinary shares, except that they shall not be entitled to any dividends, rights, allotments and any other distributions of which the entitlement date is before the date of allotment of the new ordinary shares.

In the previous financial year, 50 warrants were exercised at RM0.68 each amounting to RM34. This resulted in the issuance of 50 new ordinary shares and a transfer of warrant reserve of RM7 to share capital. The total increase arising from the warrants exercised amounted to RM41.

During the financial year, 60,607 warrants were exercised at RM0.68 each amounting to RM42,000. This resulted in the issuance of 60,607 new ordinary shares and a transfer of warrant reserve of RM7,000 to share capital. The total increase arising from the warrants exercised amounted to RM49,000.

As at 31 December 2023, 136,627,710 warrants remained unexercised.

16.4 Other capital reserve

Other capital reserve comprises the amount transferred from retained earnings being the profit reinvested as capital contribution by subsidiaries.

16.5 Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Notes to the Financial Statements (cont'd)

17. Loans and borrowings

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Non-current				
Unsecured term loans	72,060	120,711	51,000	85,000
Current				
Unsecured bankers' acceptances/ Unsecured revolving credits	842,618	934,439	358,483	534,037
Unsecured term loans	71,004	50,542	34,000	34,000
	913,622	984,981	392,483	568,037
Total loans and borrowings	985,682	1,105,692	443,483	653,037

18. Trade and other payables, including derivatives

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Trade payables		40,275	49,933	10,907	9,185
Amounts due to subsidiaries	18.1	-	-	11,076	11,188
Amounts due to joint ventures	18.2	3,110	1,874	-	-
Other payables and accruals	18.3	65,382	63,582	27,327	24,671
Derivatives at fair value through profit or loss:					
- future and option contracts		-	44	-	44
- foreign currency forward contracts		1,360	9,871	1,265	6,053
		110,127	125,304	50,575	51,141

18.1 Amounts due to subsidiaries

The amounts due to subsidiaries are unsecured, repayable on demand and interest free, except for RM265,000 (2022: RM365,000) which is subject to interest at 5.50% (2022: 4.00%) per annum.

18.2 Amounts due to joint ventures

The amounts due to joint ventures are unsecured, repayable on demand and interest free.

18.3 Other payables and accruals

Included in other payables and accruals of the Group and of the Company are deposits from customers of RM22,531,000 (2022: RM21,653,000) and RM254,000 (2022: RM214,000) respectively.

19. Revenue

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Revenue from contracts with customers	3,148,901	2,915,570	779,166	678,546

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/(credit)

20.1 Recognised in the income statements

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Income tax expense	26,677	25,444	13,342	4,760
Share of tax of equity-accounted joint ventures	(3,061)	(25,554)	-	-
Total income tax expense/(credit)	23,616	(110)	13,342	4,760
Current tax expense				
- current year	18,687	21,304	5,979	1,588
- under/(over) provision in prior year	794	(1,228)	787	(1,237)
Total current tax expense	19,481	20,076	6,766	351
Deferred tax expense				
Origination of temporary differences	3,979	4,577	3,455	3,697
Under provision in prior year	3,217	791	3,121	712
Total deferred tax expense	7,196	5,368	6,576	4,409
Share of tax of equity-accounted joint ventures	(3,061)	(25,554)	-	-
Total tax expense/(credit)	23,616	(110)	13,342	4,760

Notes to the Financial Statements (cont'd)

20. Tax expense/(credit) (cont'd)

20.2 Reconciliation of tax expense/(credit)

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Profit/(Loss) for the year	5,285	154,000	(70,444)	124,272
Total tax expense/(credit)	23,616	(110)	13,342	4,760
Profit/(Loss) before tax	28,901	153,890	(57,102)	129,032
Tax at Malaysian tax rate of 24%	6,936	36,934	(13,704)	30,968
Effect of tax rates in foreign jurisdictions	(4,136)	(6,395)	-	-
Difference in effective tax rate in equity-accounted joint ventures	474	166	-	-
Non-deductible expenses	22,922	3,621	29,328	2,855
Non-taxable income	(5,954)	(3,552)	(6,084)	(23,428)
Difference in effective tax rate for foreign source income	1	(4,934)	1	(4,934)
Recognition of deferred tax assets	(1,199)	(42,101)	-	-
Deferred tax assets not recognised	-	16,812	-	-
Others	561	(224)	(107)	(176)
	19,605	327	9,434	5,285
Under/(Over) provision in prior year	4,011	(437)	3,908	(525)
	23,616	(110)	13,342	4,760

20.3 Income tax recognised directly in equity

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
RCULS					
- Deferred tax	10	9	250	9	250

21. Profit/(Loss) for the year

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Profit/(Loss) for the year is arrived at after charging/ (crediting):					
Auditors' remunerations					
Audit fees:					
- KPMG PLT		234	234	130	130
- Member firms of KPMG International Limited		179	129	-	-
- Other auditors		105	75	90	7
Non-audit fees:					
- KPMG PLT		39	39	39	39
- Local affiliates of KPMG PLT		87	894	65	845
Material expenses/(income)					
Amortisation of intangible assets	5	330	257	260	165
Depreciation of investment properties	6	57	58	57	58
Depreciation of property, plant and equipment	3	34,210	39,372	16,722	20,147
Depreciation of right-of-use assets	4	2,610	2,881	1,913	2,168
Dividend income from subsidiaries (unquoted)		-	-	(25,347)	(112,292)
Insurance recoveries		(2,240)	(187)	(985)	(157)
Interest income of financial assets calculated using the effective interest method that are:					
- at amortised cost:					
- deposits placed with licensed banks		(24,218)	(16,606)	(704)	(687)
- debtors		(327)	(382)	(95)	(79)
- subsidiaries		-	-	(2,445)	(1,170)
- joint ventures		(944)	(11)	(944)	(11)
- at fair value through profit or loss ("FVTPL"):					
- liquid investment		(59)	(187)	(59)	(187)

Notes to the Financial Statements (cont'd)

21. Profit/(Loss) for the year (cont'd)

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Profit/(Loss) for the year is arrived at after charging/ (crediting): (cont'd)					
Material expenses/(income) (cont'd)					
Interest expense of financial liabilities that are not at FVTPL:					
- recognised in the income statements:					
- unsecured bankers' acceptances/unsecured revolving credits					
		48,713	32,593	21,421	12,175
- unsecured term loans					
		6,919	6,907	5,139	5,203
- subsidiaries					
		-	-	131	1,651
- RCULS					
		1,044	1,710	1,044	1,710
- lease liabilities					
		478	558	403	460
Net loss/(gain) on future and option contracts:					
- realised					
		5,132	3,742	720	230
- unrealised					
		(322)	770	(143)	40
Net (gain)/loss on foreign exchange:					
- realised					
		(3,269)	14,359	(770)	(920)
- unrealised					
		(2,127)	4,860	(2,263)	3,348
Loss/(Write back) on remeasurement of contingent consideration receivable					
	11.1	71,065	(8,819)	71,065	(8,819)
Impairment of investment in a joint venture					
	8.1	-	-	(35,765)	-
Impairment of investment in an associate					
	9	197	-	-	-
Personnel expense (including key management personnel):					
- Contributions to Employees Provident Fund					
		8,261	7,545	5,586	5,179
- Wages, salaries and others					
		81,083	72,679	51,823	45,999
Other expenses/(income) arising from leases					
Expenses relating to short-term leases					
		118	385	11	270

21. Profit/(Loss) for the year (cont'd)

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Profit/(Loss) for the year is arrived at after charging/ (crediting): (cont'd)				
Other expenses/(income) arising from leases (cont'd)				
Expenses relating to leases of low-value assets	71	67	67	63
Expenses relating to variable lease payments not included in the measurement of lease liabilities	1,884	1,785	829	843
Income from subleasing right-of-use assets (excluding subleasing of investment properties)	-	-	(1,155)	(1,155)
Net loss/(gain) on impairment of financial instruments				
Financial assets at amortised cost:				
- Trade receivables	1,357	(1,494)	873	156

22. Earnings per ordinary share

22.1 Basic (loss)/earnings per ordinary share

The calculation of basic (loss)/earnings per ordinary share was based on the (loss)/profit attributable to ordinary shareholders of the Company and a weighted average number of ordinary shares outstanding, calculated as follows:

	Group	
	2023 RM'000	2022 RM'000
(Loss)/Profit attributable to ordinary shareholders of the Company	(6,681)	145,045
	'000	'000
Weighted average number of ordinary shares at 31 December	1,021,580	1,019,923
	Sen	Sen
Basic (loss)/earnings per ordinary share	(0.65)	14.22

Notes to the Financial Statements (cont'd)

22. Earnings per ordinary share (cont'd)

22.2 Basic earnings per ordinary share (adjusted)

	Group	
	2023 RM'000	2022 RM'000
(Loss)/Profit attributable to ordinary shareholders of the Company	(6,681)	145,045
Loss/(Write back) on remeasurement of contingent consideration receivable	71,065	(8,819)
Profit attributable to ordinary shareholders of the Company (adjusted)	64,384	136,226
	'000	'000
Weighted average number of ordinary shares at 31 December	1,021,580	1,019,923
	Sen	Sen
Basic earnings per ordinary share (adjusted)	6.30	13.36

22.3 Diluted (loss)/earnings per ordinary share

The calculation of diluted (loss)/earnings per ordinary share was based on (loss)/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	
	2023 RM'000	2022 RM'000
(Loss)/Profit attributable to ordinary shareholders of the Company	(6,681)	145,045
Interest expense on RCULS, net of tax	1,044	1,710
	(5,637)	146,755
	'000	'000
Weighted average number of ordinary shares at 31 December (basic)	1,021,580	1,019,923
Potential dilution arising from outstanding RCULS	216,190	218,811
Potential dilution arising from outstanding warrants	72*	136,688
Weighted average number of ordinary shares at 31 December (diluted)	1,237,842	1,375,422
	Sen	Sen
Diluted (loss)/earnings per ordinary share	(0.46)	10.67

* Actual warrants exercised subsequent to the balance sheet date and up to the warrants expiry date of 23 January 2024.

22. Earnings per ordinary share (cont'd)

22.4 Diluted earnings per ordinary share (adjusted)

	Group	
	2023 RM'000	2022 RM'000
(Loss)/Profit attributable to ordinary shareholders of the Company	(6,681)	145,045
Interest expense on RCULS, net of tax	1,044	1,710
	(5,637)	146,755
Loss/(Write back) on remeasurement of contingent consideration receivable	71,065	(8,819)
	65,428	137,936
	'000	'000
Weighted average number of ordinary shares at 31 December (diluted)	1,237,842	1,375,422
	Sen	Sen
Diluted earnings per ordinary share (adjusted)	5.29	10.03

23. Dividends

Dividends recognised by the Company are:

	Sen per share	Total amount RM'000	Date of payment
2023			
Interim 2022 ordinary	1.50	15,315	24 March 2023
Interim 2023 ordinary	1.50	15,338	29 September 2023
		30,653	
2022			
Interim 2021 ordinary	2.00	20,398	25 March 2022
Interim 2022 ordinary	1.50	15,302	23 September 2022
		35,700	

On 29 February 2024, the Directors declared a second interim dividend of 1.50 sen per ordinary share totalling approximately RM18,587,000 in respect of the financial year ended 31 December 2023, which was paid on 29 March 2024.

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

Notes to the Financial Statements (cont'd)

24. Operating segments

Segment information is presented in respect of the Group's business and geographical segments. For each business and geographical segments, the Group's chief operating decision maker reviews internal management reports on a regular basis.

The Group's operations comprise the following main business segments:

- Flour and grain trading Milling and selling wheat flour and trading in grain 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
- Others Manufacture and sale of aqua feeds and remeasurement of contingent consideration receivable

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 assets 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 assets is used to measure the return of assets of each segment.

	Flour and grain trading		Poultry integration		Others		Consolidated	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Business segments								
Revenue from external customers	3,065,456	2,843,606	-	-	83,445	71,964	3,148,901	2,915,570
Inter-segment revenue	26,084	24,885	-	-	-	-	26,084	24,885
Total segment revenue	3,091,540	2,868,491	-	-	83,445	71,964	3,174,985	2,940,455
Results from operating activities	125,346	127,724	-	-	3,124	(2,520)	128,470	125,204
Interest expense	(55,374)	(40,064)	-	-	(1,780)	(1,704)	(57,154)	(41,768)
Interest income	25,421	17,186	-	-	127	-	25,548	17,186
(Loss)/Write back on remeasurement of contingent consideration receivable	-	-	-	-	(71,065)	8,819	(71,065)	8,819

24. Operating segments (cont'd)

	Flour and grain trading		Poultry integration		Others		Consolidated	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Share of (loss)/profit of equity-accounted joint ventures, net of tax	(19,947)	(7,013)	25,879	77,033	-	-	5,932	70,020
Share of profit/(loss) of equity-accounted associate, net of tax	231	(17)	-	-	-	-	231	(17)
Profit/(Loss) before tax	75,677	97,816	25,879	77,033	(69,594)	4,595	31,962	179,444
Depreciation and amortisation	(33,189)	(38,511)	-	-	(4,018)	(4,057)	(37,207)	(42,568)
Tax (expense)/credit	(26,491)	(26,047)	-	-	(186)	603	(26,677)	(25,444)
Insurance recoveries	2,096	187	-	-	144	-	2,240	187
Non-cash expense other than depreciation and amortisation	2,356	(6,364)	-	-	(318)	70	2,038	(6,294)
Capital expenditure	(34,878)	(48,897)	-	-	(688)	(1,360)	(35,566)	(50,257)
Segment assets	1,761,402	1,924,322	-	-	110,287	112,446	1,871,689	2,036,768
Investments in joint ventures	153,413	163,839	555,638	529,759	-	-	709,051	693,598
Investment in an associate	-	-	-	-	-	1,061	-	1,061
Total segments assets	1,914,815	2,088,161	555,638	529,759	110,287	113,507	2,580,740	2,731,427

Notes to the Financial Statements (cont'd)

24. Operating segments (cont'd)

Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on geographical location of customers. Segment assets are based on the geographical location of the assets.

	Malaysia		Vietnam		Consolidated	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Revenue from external customers	1,821,006	1,638,770	1,327,895	1,276,800	3,148,901	2,915,570
Non-current assets	1,039,769	1,112,346	144,735	128,102	1,184,504	1,240,448

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 2023 (2022: Nil).

25. Financial instruments

25.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

- (a) Fair value through profit or loss ("FVTPL")
- Mandatorily required by MFRS 9
- (b) Amortised cost ("AC")

	Note	Carrying amount RM'000	AC RM'000	Mandatorily at FVTPL RM'000
Group				
2023				
Financial assets				
Trade and other receivables, including derivatives	11	408,797	408,506	291
Fixed deposits	13	332,717	332,717	-
Cash and cash equivalents	14	87,350	87,350	-
		828,864	828,573	291
Financial liabilities				
Trade and other payables, including derivatives	18	(110,127)	(108,767)	(1,360)
Loans and borrowings	17	(985,682)	(985,682)	-
RCULS - Liabilities	16	(2,702)	(2,702)	-
		(1,098,511)	(1,097,151)	(1,360)

25. Financial instruments (cont'd)

25.1 Categories of financial instruments (cont'd)

	Note	Carrying amount RM'000	AC RM'000	Mandatorily at FVTPL RM'000
Company				
2023				
Financial assets				
Trade and other receivables, including derivatives	11	192,351	192,253	98
Cash and cash equivalents	14	52,952	52,952	-
		245,303	245,205	98
Financial liabilities				
Trade and other payables, including derivatives	18	(50,575)	(49,310)	(1,265)
Loans and borrowings	17	(443,483)	(443,483)	-
RCULS - Liabilities	16	(2,702)	(2,702)	-
		(496,760)	(495,495)	(1,265)
Group				
2022				
Financial assets				
Trade and other receivables, including derivatives	11	643,362	452,313	191,049
Fixed deposits	13	157,219	157,219	-
Cash and cash equivalents	14	86,710	86,710	-
		887,291	696,242	191,049
Financial liabilities				
Trade and other payables, including derivatives	18	(125,304)	(115,389)	(9,915)
Loans and borrowings	17	(1,105,692)	(1,105,692)	-
RCULS - Liabilities	16	(7,152)	(7,152)	-
		(1,238,148)	(1,228,233)	(9,915)
Company				
2022				
Financial assets				
Trade and other receivables, including derivatives	11	426,629	235,593	191,036
Cash and cash equivalents	14	32,715	32,715	-
		459,344	268,308	191,036

Notes to the Financial Statements (cont'd)

25. Financial instruments (cont'd)

25.1 Categories of financial instruments (cont'd)

	Note	Carrying amount RM'000	AC RM'000	Mandatorily at FVTPL RM'000
Company				
2022				
Financial liabilities				
Trade and other payables, including derivatives	18	(51,141)	(45,044)	(6,097)
Loans and borrowings	17	(653,037)	(653,037)	-
RCULS - Liabilities	16	(7,152)	(7,152)	-
		(711,330)	(705,233)	(6,097)

25.2 Net gains and losses arising from financial instruments

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Net (losses)/gains on:				
Financial assets/(liabilities) at FVTPL:				
Mandatorily required by MFRS 9				
- foreign currency forward contracts	8,511	(7,796)	4,788	(4,771)
- future and option contracts	(4,810)	(4,512)	(577)	(271)
- other receivables	(71,065)	8,819	(71,065)	8,819
- liquid investments	59	187	59	187
Financial assets at amortised cost	24,132	18,493	3,315	1,791
Financial liabilities measured at amortised cost	(59,791)	(53,968)	(29,490)	(18,395)
	(102,964)	(38,777)	(92,970)	(12,640)

25.3 Financial risk management

The Group has exposure to the following risks from its financial instruments:

- Credit risk
- Interest rate risk
- Foreign currency risk
- Liquidity risk

25. Financial instruments (cont'd)

25.4 Credit risk

Credit risk is the risk of a financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's and the Company's exposure to credit risk arise principally from their receivables from customers. There are no significant changes as compared to prior periods.

Trade receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit risk is addressed by the Credit Committee that sets policies, approves credit evaluations and institutes mitigating actions. New customers are subject to credit evaluation process and existing customers' risk profiles are reviewed regularly with a view to setting appropriate terms of trade and credit limits. Where appropriate, further sales are suspended and legal actions are taken to attempt recoveries and mitigate losses.

At each reporting date, the Group or the Company assesses whether any of the trade receivables are credit impaired.

The gross carrying amounts of credit impaired trade receivables are written off (either partially or fully) 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 at the balance sheet date by geographic region was:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Malaysia	260,301	298,930	99,387	104,806
Vietnam	124,174	129,418	-	-
	384,475	428,348	99,387	104,806

Notes to the Financial Statements (cont'd)

25. Financial instruments (cont'd)

25.4 Credit risk (cont'd)

Trade receivables (cont'd)

Recognition and measurement of impairment loss

In managing credit risk of trade receivables, the Group and the Company manage their debtors and take appropriate actions (including but not limited to legal actions) to recover long overdue balances. Generally, trade receivables will pay within 90 days. The Group's and the Company's debt recovery process are as follows:

- (a) Above 30 days past due after credit term, the Group or the Company will start to initiate a structured debt recovery process which is monitored by the sales management team; and
- (b) Above 180 days past due after credit term, the Group or the Company will commence a legal proceeding against the customer.

The Group and the Company use an allowance matrix to measure ECLs of trade receivables for all segments. 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.

	Note	Group			Company		
		Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000	Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
2023							
Not past due		379,834	(353)	379,481	99,551	(297)	99,254
More than 90 days past due	25.4.1	701	-	701	-	-	-
		380,535	(353)	380,182	99,551	(297)	99,254
Credit impaired							
More than 90 days past due		4,685	(392)	4,293	203	(70)	133
Individually impaired		1,934	(1,934)	-	1,220	(1,220)	-
		387,154	(2,679)	384,475	100,974	(1,587)	99,387

25. Financial instruments (cont'd)

25.4 Credit risk (cont'd)

Trade receivables (cont'd)

Recognition and measurement of impairment loss (cont'd)

	Group			Company		
	Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000	Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
2022						
Not past due	427,407	(337)	427,070	104,499	(255)	104,244
Credit impaired						
More than 90 days past due	1,647	(369)	1,278	903	(341)	562
Individually impaired	649	(649)	-	144	(144)	-
	429,703	(1,355)	428,348	105,546	(740)	104,806

25.4.1 More than 90 days past due

Subsequent payment for trade receivables which were more than 90 days past due was received in January 2024.

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
At 1 January 2022	517	2,366	2,883	302	316	618
Amounts written off	-	(34)	(34)	-	(34)	(34)
Net remeasurement of loss allowance	(180)	(1,314)	(1,494)	(47)	203	156
At 31 December 2022/ 1 January 2023	337	1,018	1,355	255	485	740
Amounts written off	-	(29)	(29)	-	(26)	(26)
Net remeasurement of loss allowance	16	1,341	1,357	42	831	873
Foreign exchange rate	-	(4)	(4)	-	-	-
At 31 December 2023	353	2,326	2,679	297	1,290	1,587

As at 31 December 2023, RM29,000 (2022: RM34,000) and RM26,000 (2022: RM34,000) of trade receivables for the Group and for the Company, respectively, were written off but they are still subject to enforcement activities.

25. Financial instruments (cont'd)

25.4 Credit risk (cont'd)

Other receivables

In the previous financial year, credit risk on other receivables mainly arose from contingent consideration receivable from a joint venturer which was subject to the achievability of certain financial targets.

During the financial year, the Group and the Company recognised a loss on remeasurement contingent consideration receivable of RM71,065,000 (2022: write back on remeasurement of contingent consideration receivable of RM8,819,000).

In the current year, credit risk on other receivables are mainly arising from advances paid to suppliers and interest receivable from deposits placed with licensed banks. At the balance sheet date, the maximum exposure to credit risk is presented by their carrying amounts in the balance sheets.

Fixed deposits, cash and cash equivalents

The fixed deposits, cash and cash equivalents are held with banks and financial institutions. 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 venturer, BFMI. The Company monitors on an ongoing basis the results of the joint venturer and repayments made by the joint venturer.

Exposure to credit risk, credit quality and collateral

The Company has provided proportionate financial guarantees totalling up to USD15.0 million (2022: USD15.0 million) in respect of financing facilities granted to its joint venturer.

As at 31 December 2023, the maximum exposure to credit risk amounted to USD3.6 million (2022: USD7.6 million) representing the share of the outstanding banking facilities of the joint venturer at the balance sheet date.

Financial guarantee to joint venturer

Exposure to credit risk, credit quality and collateral

At the balance sheet date, there was no indication that the joint venturer would default on repayment. The Company is of the view that the loss allowance is not material and hence, it is not provided for.

The Company provides bank guarantee to its joint venturer pursuant to the disposal of 49% equity interest in DTSB amounting to RM13,741,947 (2022: RM13,741,947) 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.

25. Financial instruments (cont'd)

25.4 Credit risk (cont'd)

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

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 as at 31 December.

Company	Gross carrying amount RM'000	Impairment loss allowance RM'000	Net balance RM'000
2023			
Low credit risk	82,258	-	82,258
Credit impaired	710	(710)	-
	82,968	(710)	82,258
2022			
Low credit risk	116,477	-	116,477
Credit impaired	710	(710)	-
	117,187	(710)	116,477

Notes to the Financial Statements (cont'd)

25. Financial instruments (cont'd)

25.4 Credit risk (cont'd)

Intercompany advances (cont'd)

Recognition and measurement of impairment loss (cont'd)

The movement in the allowance for impairment in respect of subsidiaries' advances during the year is as follows:

Company	Lifetime ECL RM'000
At 1 January 2022	907
Derecognition upon liquidation of subsidiaries	(197)
At 31 December 2022/1 January 2023/31 December 2023	710

25.5 Interest rate risk

The Group's and the Company's exposure to interest rate risk relate primarily to their borrowings and deposits with licensed banks.

Risk management objectives, policies and processes for managing the risk

The Group's and the Company's bank borrowings and interest-bearing deposits are both subject to interest based on fixed and floating rates. Market interest rates movements are monitored with the view of ensuring the most competitive rates are secured and where appropriate, borrowing arrangements are restructured or reduced.

Exposure to interest rate risk

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on the carrying amounts at the balance sheet date are as follows:

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Fixed rate instruments					
Amounts due from subsidiaries	11	-	-	82,258	116,477
Fixed deposits	13	332,717	157,219	-	-
Deposits placed with licensed banks	14	25,763	30,033	13,644	434
Unsecured bankers' acceptances/Unsecured revolving credits	17	(842,618)	(934,439)	(358,483)	(534,037)
Lease liabilities		(11,496)	(13,423)	(10,694)	(12,303)
RCULS - Liabilities	16	(2,702)	(7,152)	(2,702)	(7,152)
Amounts due to subsidiaries	18.1	-	-	(265)	(365)
		(498,336)	(767,762)	(276,242)	(436,946)
Floating rate instruments					
Unsecured term loans	17	(143,064)	(171,253)	(85,000)	(119,000)

25. Financial instruments (cont'd)

25.5 Interest rate risk (cont'd)

Interest rate risk sensitivity analysis

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.

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) 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 2023 RM'000	50 bp decrease 2023 RM'000	50 bp increase 2022 RM'000	50 bp decrease 2022 RM'000
Group				
Floating rate instruments	(544)	544	(651)	651
Company				
Floating rate instruments	(323)	323	(452)	452

25.6 Foreign currency risk

The Group and the Company are exposed to foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Group entities. The currencies giving rise to this risk are primarily United States Dollar (“USD”) and Euro Dollar (“EUR”).

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.

Notes to the Financial Statements (cont'd)

25. Financial instruments (cont'd)

25.6 Foreign currency risk (cont'd)

Exposure to foreign currency risk

The Group's and the Company's exposure to foreign currency (a currency which is other than the functional currency of the Group entities) risk, based on carrying amounts at the balance sheet date was:

Group	Note	Denominated in	
		USD RM'000	EUR RM'000
2023			
Balances recognised in the balance sheet			
Unsecured term loans	17	(9,180)	(20,784)
Unsecured bankers' acceptances/ Unsecured revolving credits	17	(182,797)	-
		(191,977)	(20,784)
Forecast transactions			
Forecast purchases		(86,280)	-
Forward exchange contract on forecast purchases		84,920	-
	18	(1,360)	-
Net exposure		(193,337)	(20,784)
2022			
Balances recognised in the balance sheet			
Unsecured term loans	17	(5,382)	(7,611)
Unsecured bankers' acceptances/ Unsecured revolving credits	17	(398,733)	(239)
		(404,115)	(7,850)
Forecast transactions			
Forecast purchases		(502,776)	-
Forward exchange contract on forecast purchases		492,905	-
	18	(9,871)	-
Net exposure		(413,986)	(7,850)

25. Financial instruments (cont'd)

25.6 Foreign currency risk (cont'd)

Exposure to foreign currency risk (cont'd)

Company	Note	Denominated in USD	
		2023 RM'000	2022 RM'000
Balance recognised in the balance sheet			
Unsecured bankers' acceptances/ Unsecured revolving credits	17	(73,144)	(189,140)
Forecast transactions			
Forecast purchases		(76,231)	(342,608)
Forward exchange contract on forecast purchases		74,966	336,555
	18	(1,265)	(6,053)
Net exposure		(74,409)	(195,193)

Currency risk sensitivity analysis

A 5% (2022: 5%) strengthening/(weakening) of RM against the following currencies at the balance sheet date would have increased/(decreased) 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	
	2023 RM'000	2022 RM'000
Group		
USD	4,068	3,374
EUR	790	298
Company		
USD	69	5,602

25.7 Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet its financial obligations as they fall due. The Group's and the Company'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.

Notes to the Financial Statements (cont'd)

25. Financial instruments (cont'd)

25.7 Liquidity risk (cont'd)

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
2023							
<i>Non-derivative financial liabilities</i>							
Trade and other payables	108,767	-	108,767	108,767	-	-	-
Unsecured bankers' acceptances/ Unsecured revolving credits	842,618	2.00 - 7.12	851,544	851,544	-	-	-
Unsecured term loans	143,064	5.28 - 7.97	152,076	79,705	49,162	23,209	-
Lease liabilities	11,496	3.50 - 8.50	12,993	2,061	2,132	5,187	3,613
RCULS liabilities	2,702	-	2,702	2,702	-	-	-
Financial guarantees	-	-	30,266	30,266	-	-	-
<i>Derivative financial liabilities</i>							
Foreign currency forward contracts (gross settled):							
Outflow	1,360	-	86,280	86,280	-	-	-
Inflow	-	-	(84,920)	(84,920)	-	-	-
	1,110,007		1,159,708	1,076,405	51,294	28,396	3,613

25. Financial instruments (cont'd)

25.7 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
2022							
<i>Non-derivative financial liabilities</i>							
Trade and other payables	115,389	-	115,389	115,389	-	-	-
Unsecured bankers' acceptances/ Unsecured revolving credits	934,439	2.78 - 8.00	947,226	947,226	-	-	-
Unsecured term loans	171,253	4.03 - 6.40	179,840	57,797	51,341	70,702	-
Lease liabilities	13,423	3.50 - 8.50	15,346	2,525	1,984	5,828	5,009
RCULS liabilities	7,152	5.10	8,205	5,470	2,735	-	-
Financial guarantees	-	-	47,106	47,106	-	-	-
<i>Derivative financial liabilities</i>							
Foreign currency forward contracts (gross settled):							
Outflow	9,871	-	502,776	502,776	-	-	-
Inflow	-	-	(492,905)	(492,905)	-	-	-
Future and option contracts (gross settled):							
Outflow	44	-	-	-	-	-	-
Inflow	-	-	44	44	-	-	-
	1,251,571		1,323,027	1,185,428	56,060	76,530	5,009

Notes to the Financial Statements (cont'd)

25. Financial instruments (cont'd)

25.7 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
2023							
<i>Non-derivative financial liabilities</i>							
Trade and other payables	49,045	-	49,045	49,045	-	-	-
Amounts due to subsidiaries	265	5.50	280	280	-	-	-
Unsecured bankers' acceptances/ Unsecured revolving credits	358,483	3.70 - 7.12	363,478	363,478	-	-	-
Unsecured term loans	85,000	5.28	91,181	37,825	36,019	17,337	-
Lease liabilities	10,694	3.50 - 5.00	12,074	1,656	1,792	5,013	3,613
RCULS liabilities	2,702	-	2,702	2,702	-	-	-
Financial guarantees	-	-	30,266	30,266	-	-	-
<i>Derivative financial liabilities</i>							
Foreign currency forward contracts (gross settled):							
Outflow	1,265	-	76,231	76,231	-	-	-
Inflow	-	-	(74,966)	(74,966)	-	-	-
	507,454		550,291	486,517	37,811	22,350	3,613

25. Financial instruments (cont'd)

25.7 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
2022							
<i>Non-derivative financial liabilities</i>							
Trade and other payables	44,679	-	44,679	44,679	-	-	-
Amounts due to subsidiaries	365	4.00	380	380	-	-	-
Unsecured bankers' acceptances/ Unsecured revolving credits	534,037	2.78 - 6.20	540,018	540,018	-	-	-
Unsecured term loans	119,000	4.67	129,428	38,961	37,383	53,084	-
Lease liabilities	12,303	3.50 - 5.00	14,084	2,144	1,582	5,075	5,283
RCULS liabilities	7,152	5.10	8,205	5,470	2,735	-	-
Financial guarantees	-	-	47,106	47,106	-	-	-
<i>Derivative financial liabilities</i>							
Foreign currency forward contracts (gross settled):							
Outflow	6,053	-	342,608	342,608	-	-	-
Inflow	-	-	(336,555)	(336,555)	-	-	-
Future and option contracts (gross settled):							
Outflow	44	-	-	-	-	-	-
Inflow	-	-	44	44	-	-	-
	723,633		789,997	684,855	41,700	58,159	5,283

Notes to the Financial Statements (cont'd)

25. Financial instruments (cont'd)

25.8 Fair value information

The carrying amounts of fixed deposits, 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 analyses other financial instruments at fair value.

Group	Carried at fair value			Total RM'000	Not carried at fair value	Total fair value RM'000	Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000		Level 3 RM'000		
2023							
Financial assets							
Future and option contracts	291	-	-	291	-	291	291
Financial liabilities							
Foreign currency forward contracts	-	(1,360)	-	(1,360)	-	(1,360)	(1,360)
Unsecured term loans (non-current)	-	-	-	-	(72,060)	(72,060)	(72,060)
	-	(1,360)	-	(1,360)	(72,060)	(73,420)	(73,420)
2022							
Financial assets							
Contingent consideration receivable	-	-	191,036	191,036	-	191,036	191,036
Future and option contracts	13	-	-	13	-	13	13
	13	-	191,036	191,049	-	191,049	191,049
Financial liabilities							
Foreign currency forward contracts	-	(9,871)	-	(9,871)	-	(9,871)	(9,871)
Future and option contracts	(44)	-	-	(44)	-	(44)	(44)
Unsecured term loans (non-current)	-	-	-	-	(120,711)	(120,711)	(120,711)
	(44)	(9,871)	-	(9,915)	(120,711)	(130,626)	(130,626)

25. Financial instruments (cont'd)

25.8 Fair value information (cont'd)

Company	Carried at fair value			Total RM'000	Not carried at fair value	Total fair value RM'000	Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000		Level 3 RM'000		
2023							
Financial assets							
Future and option contracts	98	-	-	98	-	98	98
Financial liabilities							
Foreign currency forward contracts	-	(1,265)	-	(1,265)	-	(1,265)	(1,265)
Unsecured term loans (non-current)	-	-	-	-	(51,000)	(51,000)	(51,000)
	-	(1,265)	-	(1,265)	(51,000)	(52,265)	(52,265)
2022							
Financial assets							
Contingent consideration receivable	-	-	191,036	191,036	-	191,036	191,036
Financial liabilities							
Foreign currency forward contracts	-	(6,053)	-	(6,053)	-	(6,053)	(6,053)
Future and option contracts	(44)	-	-	(44)	-	(44)	(44)
Unsecured term loans (non-current)	-	-	-	-	(85,000)	(85,000)	(85,000)
	(44)	(6,053)	-	(6,097)	(85,000)	(91,097)	(91,097)

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).

Notes to the Financial Statements (cont'd)

25. Financial instruments (cont'd)

25.8 Fair value information (cont'd)

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 (2022: no transfer in either direction).

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 term loans where their fair values approximate their carrying amounts. The fair values are 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.

26. Capital management

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and are determined to maintain an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

The debt-to-equity ratios at 31 December 2023 and at 31 December 2022 were as follows:

	Note	Group	
		2023 RM'000	2022 RM'000
Total borrowings	17	985,682	1,105,692
Lease liabilities		11,496	13,423
Less:			
Fixed deposits	13	(332,717)	(157,219)
Cash and cash equivalents	14	(87,350)	(86,710)
Net debt		577,111	875,186
Total equity		1,445,981	1,466,093
Debt-to-equity ratio		0.40	0.60

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

27. Capital commitments

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Property, plant and equipment				
Contracted but not provided for	46,072	22,419	32,736	943
Joint ventures				
Share of capital commitment of the joint ventures	12,630	24,467	-	-

28. Related parties

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 of the Company are shown below. The balances related to the below transactions are shown in Notes 11 and 18.

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
A. Subsidiaries				
Sales of goods	-	-	11,545	10,970
Purchases of goods	-	-	-	(407)
Dividend income	-	-	25,347	112,292
Consultancy fees income	-	-	1,386	1,324
Management fees income	-	-	521	540
Management Information System fees income	-	-	232	356
Rental of premises	-	-	42	2
Rental of furniture and fittings	-	-	42	42
Rental of equipment	-	-	1,667	2,430
Interest income	-	-	2,445	1,170
Interest expense	-	-	(131)	(1,651)
B. Joint ventures				
Sales of goods	90,790	70,023	35,037	29,815
Purchases of goods	(115,089)	(91,627)	-	-
Management fees income	11,684	10,094	11,684	10,094
Management Information System fees income	4,538	5,552	4,538	5,552
Rental of premises	451	242	451	242
Rental of furniture and fittings	111	111	111	111
Rental of equipment	3,770	4,387	3,770	4,387
Interest income	944	11	944	11

Notes to the Financial Statements (cont'd)

28. Related parties (cont'd)

Significant related party transactions (cont'd)

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
C. Key management personnel				
<i>Directors of the Company:</i>				
- Fees	924	960	924	960
- Remuneration	8,614	9,419	8,242	8,906
- Other short-term employee benefits (including estimated monetary value of benefits-in-kind)	92	93	92	93
	9,630	10,472	9,258	9,959
<i>Directors of the Group entities:</i>				
- Remuneration	621	685	-	-
- Other short-term employee benefits (including estimated monetary value of benefits-in-kind)	143	130	-	-
	764	815	-	-
Total short-term employee benefits	10,394	11,287	9,258	9,959

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 120 to 190 are drawn up in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards as issued by the International Accounting Standards Board 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 of 31 December 2023 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:

Datuk Oh Chong Peng

Director

Teh Wee Chye

Director

4 April 2024

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 120 to 190 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 Federal Territory on 4 April 2024.

Yau Tee Peng

Before me:

Dr. T. Yokheswaram (W540)

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 2023 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 material accounting policy information, as set out on pages 120 to 190.

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 2023, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards as issued by the International Accounting Standards Board (“IFRS Accounting 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) Valuation of investment in a joint venture

Refer to Note 1(d) – Use of estimates and judgements and Note 8 – Investments in joint ventures.

The key audit matter

As at 31 December 2023, the net assets of a joint venture, PT Bungasari Flour Mills Indonesia, of RM153,413,000 was lower than the Company's initial cost of investment. Hence, there was an indication of impairment which requires management to estimate the recoverable amount of the investment in the joint venture.

Independent Auditors' Report

to the members of Malayan Flour Mills Berhad (cont'd)

Key Audit Matters (cont'd)

(i) Valuation of investment in a joint venture (cont'd)

The key audit matter (cont'd)

We identified the valuation of investment in a joint venture as a key audit matter because of its significance to the financial statements of the Group and of the Company and because assessing the key impairment assumptions involves 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 a joint venture;
- We compared the joint venture's cash flow projections to its approved business plan and previous cash flow projections to actual results to assess the reliability of the Group's forecasting process;
- We assessed and challenged the reasonableness of 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;
- We assessed whether the Group and the Company had adequately provided impairment on the investment in a joint venture; and
- We assessed the adequacy of the disclosure in the financial statements.

(ii) Valuation of contingent consideration receivable

Refer to Note 8 – Investments in joint ventures and Note 11 – Trade and other receivables, including derivatives.

The key audit matter

On 31 May 2021, the Company had completed the disposal of 49% equity interest in Dindings Tyson Sdn. Bhd. for a total cash consideration of RM445,028,000, with a final contingent consideration due in 2024 based on the financial targets as at 31 December 2023.

As at 31 December 2023, management assessed the final contingent consideration and has recognised a loss on remeasurement of contingent consideration receivable of RM71,065,000 in the income statements.

We identified the valuation of contingent consideration receivable as a key audit matter because of its significance to the financial statements of the Group and of the Company and because assessing the calculation of the contingent consideration requires significant involvement of our more experienced audit engagement team members.



Key Audit Matters (cont'd)

(ii) Valuation of contingent consideration receivable (cont'd)

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 Group's contingent consideration receivable;
- We assessed the appropriateness of the Group's computation in measuring the contingent consideration receivable; and
- We assessed the adequacy of the disclosure in the financial statements.

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, IFRS Accounting 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.

Independent Auditors' Report

to the members of Malayan Flour Mills Berhad (cont'd)

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group and of the Company.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.



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

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, actions taken to eliminate threats or safeguards applied.

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: 02782/09/2024 J
Chartered Accountant

Petaling Jaya
4 April 2024

Analysis of Shareholdings

as at 29 March 2024

Share Capital - RM651,092,240.51
 Class and Number of Issued Shares - 1,239,154,165 ordinary shares

13,656 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	1,599	11.71	18,893	0.00
100 to 1,000	1,477	10.81	871,912	0.07
1,001 to 10,000	5,880	43.06	32,029,678	2.59
10,001 to 100,000	3,993	29.24	130,509,725	10.53
100,001 to less than 5% of issued shares	704	5.16	826,350,857	66.69
5% and above of issued shares	3	0.02	249,373,100	20.12
	13,656	100.00	1,239,154,165	100.00

Thirty (30) Largest Shareholders	No. of Shares	Percentage Holding (%)
1. Kenanga Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Teh Wee Chye)	91,058,005	7.35
2. HLIB Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Teh Wee Chye)	81,052,695	6.54
3. HSBC Nominees (Asing) Sdn Bhd [Exempt An for Credit Suisse (SG BR-TST-ASING)]	77,262,400	6.24
4. Thye Nam Loong Holdings Sdn Bhd	60,561,922	4.89
5. Astar Commercial Limited	53,583,750	4.32
6. Azlin binti Arshad	42,513,570	3.43
7. UOB Kay Hian Nominees (Asing) Sdn Bhd (Solid Esteem Sdn Bhd for Wise Bright Investment Limited)	39,381,435	3.18
8. Duangmanee Liewphairatana	33,380,875	2.69
9. CGS International Nominees Malaysia (Tempatan) Sdn Bhd (Pledged Securities Account for Zalaraz Sdn Bhd)	31,339,800	2.53
10. Yong Kok Yian	31,034,372	2.50
11. Amble Volume Sdn Bhd	30,847,500	2.49
12. HSBC Nominees (Asing) Sdn Bhd (Exempt An for Mitsubishi UFJ Morgan Stanley Securities Co. Ltd)	30,269,600	2.44
13. Alliancegroup Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Essence Lane Sdn Bhd)	25,129,449	2.03
14. Azlin binti Arshad	24,806,750	2.00



Thirty (30) Largest Shareholders	No. of Shares	Percentage Holding (%)
15. Teh Wee Chye	19,158,376	1.55
16. UOB Kay Hian Nominees (Asing) Sdn Bhd (Amble Volume Sdn Bhd for Rise Glory Investment Limited)	15,425,197	1.25
17. Citigroup Nominees (Tempatan) Sdn Bhd [Employees Provident Fund Board (Pheim)]	11,490,400	0.93
18. Citigroup Nominees (Tempatan) Sdn Bhd (Urusharta Jamaah Sdn Bhd)	11,018,291	0.89
19. CIMB Islamic Nominees (Tempatan) Sdn Bhd (MIDF Amanah Asset Management Berhad for Perbadanan Pembangunan Pertanian Negeri Perak)	10,379,230	0.84
20. Teoh Guan Kok & Co Sdn Berhad	9,594,000	0.77
21. HLIB Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Prakash A/L K.V.P Menon)	9,540,000	0.77
22. Maybank Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Chung Keat Ann)	8,037,000	0.65
23. RHB Nominees (Tempatan) Sdn Bhd (Teh Wee Chye)	7,741,500	0.63
24. Solid Esteem Sdn Bhd	7,328,158	0.59
25. Chew Hem Poo @ Choy Nean Chin	7,000,000	0.57
26. DB (Malaysia) Nominee (Tempatan) Sendirian Berhad [Lembaga Tabung Haji (Al-Wara’)]	6,508,900	0.53
27. Maybank Investment Bank Berhad [IVT (9) ECD SW-H]	6,391,400	0.52
28. Su Ming Keat	5,400,200	0.44
29. DB (Malaysia) Nominee (Tempatan) Sendirian Berhad (Deutsche Trustees Malaysia Berhad for Eastspring Investments Small-Cap Fund)	5,122,200	0.41
30. HLB Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Toh Hooi Hak)	5,000,000	0.40

Substantial Shareholders

Name	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
Teh Wee Chye	199,083,701	16.07	87,273,490 ⁽¹⁾	7.04
Thye Nam Loong Sdn Bhd	60,561,922	4.89	1,519,119 ⁽²⁾	0.12
Duangmanee Liewphairatana	33,380,875	2.69	62,081,041 ⁽³⁾	5.01
Azlin binti Arshad	67,320,320	5.43	31,339,800 ⁽⁴⁾	2.53

Analysis of Shareholdings

as at 29 March 2024 (cont'd)

Directors' Interests in the Company and its Related Corporations

Name	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
Datuk Oh Chong Peng	27,087	0.00	-	-
Teh Wee Chye	199,083,701	16.07	87,273,490 ⁽¹⁾	7.04
Dato' Seri Zainal Abidin bin Mahamad Zain	11,250	0.00	-	-
Prakash A/L K.V.P Menon	9,652,500	0.78	-	-
Azhari Arshad	600,000	0.05	31,339,800 ⁽⁴⁾	2.53
Lim Pang Boon	620,825	0.05	-	-
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 shareholding of his spouse.
- (2) Deemed interested through Thye Nam Loong Sdn Bhd and Suai Timber Products Sdn Bhd.
- (3) Deemed interested through Thye Nam Loong Holdings Sdn Bhd, Thye Nam Loong Sdn Bhd and Suai Timber Products Sdn Bhd.
- (4) Deemed interested through Zalaraz Sdn Bhd.
- (5) Deemed interested through shareholding of her child.

List of Properties

Description, Location & Size	Existing Use	Approximate Age of Building (Year)	Date/Year of last Revaluation/ Acquisition	Net Book Value At 31-12-23 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	63	9 Sept 1996	2,795,000
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	84	4 Dec 1996	1,558,000
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	41-57	6 Oct 1998	16,623,000
Freehold land with shop house Grant No. 36370, Lot No. 12256 Mukim of Pulau District of Johor Bahru Johor Darul Takzim Total: 0.04 acre	Shoplot	44	1991	131,000
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	31	3 Feb 1995	46,280,000

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 31-12-23 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	26	1997	298,000
Freehold land with building HS(D) 212786 PTB 18284 Bandar Johor Bahru District of Johor Bahru Johor Darul Takzim Total: 0.13 acre	Factory	24	1999	378,000
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	2,576,000
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	11	2020	92,881,000
Freehold land with house GRN 160946 Lot 45520 Mukim of Plentong District of Johor Bahru Johor Darul Takzim Total: 0.04 acre	Residential house	32	2017	136,000
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 31-12-23 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	26	1994	54,076,000
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	21	2000	15,245,000

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Sixty-Fourth Annual General Meeting (“64th AGM”) of Malayan Flour Mills Berhad will be conducted on a virtual basis from its Broadcast Venue at Suite 25.01, Level 25, Menara Citibank, 165 Jalan Ampang, 50450 Kuala Lumpur on Thursday, 16 May 2024 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 2023 together with the Reports of the Directors and Auditors thereon. [Please refer to Explanatory Notes].
2. To re-elect the following Directors who retire by rotation in accordance with Clause 132 of the Constitution of the Company and being eligible, offer themselves for re-election:
 - (i) Mr Quah Poh Keat **(Ordinary Resolution 1)**
 - (ii) Datin Paduka Setia Dato’ Dr. Aini binti Ideris **(Ordinary Resolution 2)**
 - (iii) Mr Lim Pang Boon **(Ordinary Resolution 3)**
3. To approve the payment of Directors’ fees 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 2023. **(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 64th 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 2024 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 (“General Mandate”) 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.



THAT pursuant to Section 85 of the Companies Act 2016 read together with the Company's Constitution, approval be given to waive the statutory pre-emptive rights conferred upon the shareholders of the Company AND THAT the Board is exempted from the obligation to offer such new shares first to the existing shareholders of the Company in respect of the allotment and issuance of new shares pursuant to the General Mandate.

AND FURTHER THAT the new shares to be issued pursuant to the General Mandate, shall, upon allotment and issuance, rank equally in all respects with the existing shares of the Company, save and except that they shall not be entitled to any dividends, rights, allotments and/or any other forms of distribution that which may be declared, made or paid before the date of allotment of such new shares."

(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;

Notice of Annual General Meeting (cont'd)

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

17 April 2024



Notes:-

1. The 64th AGM will be conducted on a 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> 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 for the hardcopy submission.
10. For the purpose of determining a member who shall be entitled to participate in this 64th 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 **9 May 2024**. 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 64th 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

Mr Quah Poh Keat, Datin Paduka Setia Dato’ Dr. Aini binti Ideris and Mr Lim Pang Boon are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at the 64th AGM.

The Board had through the Nomination Committee carried out assessment on the Directors who are standing for re-election and satisfied 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 64th 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 2023; and

Notice of Annual General Meeting (cont'd)

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 64th 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 4 April 2024, 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 63rd AGM of the Company held on 16 May 2023.

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.

Personal Data Privacy

By registering for the meeting via remote participation and electronic voting and/or submitting an instrument appointing proxy(ies) and/or representatives to attend, speak and vote at the meeting and/or any adjournment thereof, a member of the Company: (i) consents to the processing of the member's personal data by the Company (or its agents): (a) for processing and administration of proxies and representatives appointed for the meeting; (b) for preparation and compilation of the attendance lists, minutes and other documents relating to the meeting (which includes any adjournments thereof); and (c) for the Company's (or its agents) compliance with any applicable laws, listing rules, regulations and/or guidelines (collectively the Purpose); (ii) warrants that he/she has obtained such proxy(ies)' and/or representative(s)' prior consent for the Company's (or its agents') processing of such proxy(ies)' and/or representative(s)' personal data for the Purposes; and (iii) agrees that the member will indemnify the Company for any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

Note: The term "processing" and "personal data" shall have the meaning as defined in the Personal Data Protection Act, 2010.

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.

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 63rd AGM of the Company held on 16 May 2023.

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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-Fourth Annual General Meeting ("64th AGM") of the Company which will be conducted on a virtual basis from its Broadcast Venue at Suite 25.01, Level 25, Menara Citibank, 165 Jalan Ampang, 50450 Kuala Lumpur on Thursday, 16 May 2024 at 10.00 a.m. and at any adjournment thereof.

My/our proxy is to vote on a poll as indicated below:

(Please indicate with a "x" or "✓" in the boxes provided how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his discretion).

No.	Resolutions	For	Against
	Re-election of the following Directors who retire by rotation in accordance with Clause 132 of the Constitution of the Company:-		
1.	a. Mr Quah Poh Keat		
2.	b. Datin Paduka Setia Dato' Dr. Aini binti Ideris		
3.	c. Mr Lim Pang Boon		
4.	Payment of Directors' fees		
5.	Payment of benefits payable to the Directors		
6.	Re-appointment of 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 _____, 2024

Signature/Common Seal of Shareholder

Notes:-

- The 64th AGM will be conducted on a 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>.
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- 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.
- 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.
- 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.
- 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> 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 for the hardcopy submission.
- For the purpose of determining a member who shall be entitled to participate in this 64th 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 **9 May 2024**. 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.
- Pursuant to Paragraph 8.29A of Bursa Malaysia Securities Berhad Main Market Listing Requirements, all resolutions set out in the Notice of the 64th AGM will be put to vote on a poll.

Fold this flap for sealing

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**AFFIX
STAMP
HERE**

**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