



The Chairman then informed that for the Meeting, the Company's External Auditors be appointed as scrutineers to collect and count the votes as and when necessary and to perform such other duties as may be directed from time to time.

2. **AGENDA 1**  
**AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 TOGETHER WITH DIRECTORS' AND AUDITORS' REPORTS**

The Audited Financial Statements for the year ended 31st December 2014 together with the Directors' and Auditors' Reports thereon, were laid before the Meeting.

The Chairman informed that in accordance with Section 169(1) of the Companies Act, 1965, the Audited Financial Statements were required to be laid before the shareholders at the Company's Annual General Meeting. The purpose was for the shareholders to seek clarification from the Board of Directors on any matters pertaining to the Audited Financial Statements which had been circulated.

As the Agenda item was meant for discussion only and did not require a formal approval of the shareholders, hence it was not put forward for voting.

Before answering any questions on the Audited Financial Statements from the floor, for the benefit of the shareholders, the Finance Director, Mr Quah Ban Lee presented the points and queries raised by the Minority Shareholder Watchdog Group ("MSWG") via its letter dated 13th May 2015 and their related answers as follows:

**MSWG Question 1**

As per the Chairman's Statement, the Group's profit before tax decreased by 11% to RM83.7 million due to lower margins from the flour and trading in grains segment coupled with higher net interest expenses and higher share of loss on equity accounted joint venture.

- i. Could the Board explain the reasons for the lower margin, higher net interest expenses and higher share of loss on equity accounted joint venture and what measures have been taken to address the issues?
- ii. What are the key performance indicators set up by the Board for FY2015 and are the achievements to-date favourable?

**MFM Response**

- i. Lower margin was recorded in the flour and trading in grains segment primarily due to lower selling prices of flour and by-products as a result of competitive pressures in the market.

Higher net interest expenses were incurred in 2014 mainly as a result of the increase in Overnight Policy Rate (OPR) by 25 basis points announced by Bank Negara Malaysia (BNM) on 10 July 2014 coupled with the declining average deposit rates in Vietnam as well as higher working capital requirement in 2014.

The Group continuously aims to sustain its profitability in the flour and trading in grains segment through competitive pricing, increasing cost effectiveness through efficient operations, effective customer management and maintaining consistent quality. Emphasis will continue to be placed on the efficient management of our working capital in order to optimise our net interest expense.

Share of losses in PT Bungasari amounted to RM10.8 million in 2014 mainly due to unfavourable margins on its products and unrealised forex loss arising mainly from its USD borrowings. PT Bungasari commenced its commercial production in second half of 2014 and had recorded sales of RM66.0 million for the year ended 2014. It will subsequently focus on improving its product mix to enhance its margins.

- ii. The Board has established well defined key performance indicators. However, adverse economic conditions in 2015, which were beyond our control, had resulted in a lot of uncertainties for MFM as well as the business community.

#### MSWG Question 2

We noted that the operating profit of poultry integration business grew by 59% to RM52.9 million in FY2014 (FY2013: RM33.2 million) due to improved margin and insurance claim.

- i. Please elaborate on the improved margin and is it sustainable going forward?
- ii. What is the cost of the damage by fire, the opportunity cost due to loss in operation, length of time operation affected and impact to the whole operating process?

#### MFM Response

- i. The poultry integration segment continues to benefit from economies of scale and efficiencies as our poultry integration business expands.
- ii. The damage by fire occurred in the fourth quarter of 2011 and did not have a significant impact on our business as the affected products did not constitute a material portion of our sales.

#### MSWG Question 3

We noted that the Group's net cash from operating activities (page 61) changed significantly from positive RM190.7 million in FY2013 to negative RM6.7 million in 2014 largely due to the substantial build-up in inventories (FY2014: RM408.9 million; FY2013: RM313.4 million).

- i. What is the justification for the substantial increase in inventories?
- ii. Would the Group not be concerned about obsolescence, slow-moving stock and potential impairment or write-off or write-down? Please state amount, if any.

#### MFM Response

Inventories increased significantly towards the second half of 2014 due to higher purchases to take advantage of lower commodity prices.

There were no stock obsolescence or slow moving stock in 2014 for the wheat and grains purchased, neither do we foresee potential impairment.

#### MSWG Question 4

Could the Board explain the increase in the amount of borrowing to RM799.8 million in FY2014 as compared with RM621.3 million in FY2013? What is the remaining balance undrawn, if any? What is the current net gearing ratio and the optimal or targeted ratio?

#### MFM Response

The net borrowing increased from RM314.1 million in 2013 to RM453.4 million in 2014. This was largely due to higher working capital requirement as mentioned in our response to question 3 above. The Group's net gearing ratio is at a healthy level of 0.6 in 2014.

#### MSWG Question 5

Under Recommendation 3.3 of the Malaysian Code on Corporate Governance 2012, the board must justify and seek shareholders' approval in the event that it retains as an independent director, a person who has served in that capacity for more than 9 years.

We noted that the Company did not put up a separate resolution as recommended under Recommendation 3.3. Please clarify.

#### MFM Response

Based on the annual declaration of independence and results of annual assessment of the Independent Directors, the Nomination Committee and Board were satisfied that the length of service of all the Independent Directors do not in any way interfere with their exercise of independent judgement and ability to act in the best interest of the Company and they have continued to possess the following qualities:

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

The Board believes its justifications for the Directors who have served in that capacity for more than 9 years to be retained as independent directors, based on the above, shall suffice as the Board is the best person to judge the integrity and independence of its Directors.

Though the Company did not put up separate resolutions for the Directors who have served for more than 9 years to be retained as Independent Directors, these Directors are subject to annual re-appointment pursuant to Section 129(6) of the Companies Act, 1965.

#### MSWG Question 5

Under Chapter 15 Section 15.08A Part (3) of the Main Market Listing Requirements, the Company must provide, in its Annual Report, a statement about the activities of the Nominating Committee in discharging its duties for the financial year which should include a

policy on board composition having regard to the mix of skills, independence and diversity (including gender diversity). In this respect, we noted that the Board has addressed the board composition in the areas of mix of skills and independence. However, we noted that there is no woman director on Board and there was no disclosure on the policy on gender diversity.

Could the Board explain what measures and actions have been taken to address the issue on gender diversity?

MFM Response

As board diversity is concerned, the Board does not have a specific policy on gender diversity as the Board believes that it is of utmost importance that the Company has an effective composition of Board, regardless of gender, to discharge their duties effectively in the best interests of the Company and shareholders.

However, the Board takes cognisance of the recommendation of the Malaysian Code on Corporate Governance 2012 to establish a policy formalizing its approach to gender diversity.

After the clarification session on questions from the shareholders, the Audited Financial Statements for the year ended 31st December 2014 together with the Directors' and Auditors' Reports thereon were declared received and noted.

3. **RESOLUTION 1**  
**RE-ELECTION OF DATO' WIRA ZAINAL ABIDIN BIN MAHAMAD ZAIN IN ACCORDANCE WITH ARTICLE 111 OF THE COMPANY'S ARTICLES OF ASSOCIATION**

Proposed By: Mr Woon Peng Wah

Seconded By: Tan Sri Dato' Seri Utama Arshad bin Ayub

The following resolution was put to the Meeting and declared carried:

**RESOLVED** that Dato' Wira Zainal Abidin bin Mahamad Zain, a Director who retires by rotation in accordance with Article 111 of the Company's Articles of Association and has offered himself for re-election, be and is hereby re-elected as Director of the Company.

4. **RESOLUTION 2**  
**RE-ELECTION OF MR PRAKASH A/L K.V.P MENON IN ACCORDANCE WITH ARTICLE 111 OF THE COMPANY'S ARTICLES OF ASSOCIATION**

Proposed By: Mr Siew See San

Seconded By: Ms Tee Lee Leng

The following resolution was put to the Meeting and declared carried:

**RESOLVED** that Mr Prakash A/L K.V.P. Menon, a Director who retires by rotation in accordance with Article 111 of the Company's Articles of Association and has offered himself for re-election, be and is hereby re-elected as Director of the Company.

5. **RESOLUTION 3**  
**RE-APPOINTMENT OF DIRECTOR, TAN SRI DATO' SERI UTAMA ARSHAD BIN AYUB PURSUANT TO SECTION 129(6) OF THE COMPANIES ACT, 1965**

Proposed By: Mr Siew See San  
Seconded By: Mr Woon Peng Wah

The following resolution was put to the Meeting and declared carried:

**RESOLVED** that pursuant to Section 129(6) of the Companies Act, 1965, Tan Sri Dato' Seri Utama Arshad bin Ayub be re-appointed as a Director of the Company to hold office until the next Annual General Meeting.

6. **RESOLUTION 4**  
**RE-APPOINTMENT OF DIRECTOR, MR GEH CHENG HOOI PURSUANT TO SECTION 129(6) OF THE COMPANIES ACT, 1965**

Proposed By: Mr Siew See San  
Seconded By: Mr Woon Peng Wah

The following resolution was put to the Meeting and declared carried:

**RESOLVED** that pursuant to Section 129(6) of the Companies Act, 1965, Mr Geh Cheng Hooi be re-appointed as a Director of the Company to hold office until the next Annual General Meeting.

7. **RESOLUTION 5**  
**RE-APPOINTMENT OF DIRECTOR, DATO' HJ SHAHARUDDIN BIN HJ HARON PURSUANT TO SECTION 129(6) OF THE COMPANIES ACT, 1965**

Proposed By: Mr Woon Peng Wah  
Seconded By: Ms Tee Lee Leng

The following resolution was put to the Meeting and declared carried:

**RESOLVED** that pursuant to Section 129(6) of the Companies Act, 1965, Dato' Hj Shaharuddin bin Hj Haron be re-appointed as a Director of the Company to hold office until the next Annual General Meeting.

8. **RESOLUTION 6**  
**RE-APPOINTMENT OF DIRECTOR, DATUK OH CHONG PENG PURSUANT TO SECTION 129(6) OF THE COMPANIES ACT, 1965**

Proposed By: Mr Woon Peng Wah  
Seconded By: Ms Tee Lee Leng

The following resolution was put to the Meeting and declared carried:

**RESOLVED** that pursuant to Section 129(6) of the Companies Act, 1965, Datuk Oh Chong Peng be re-appointed as a Director of the Company to hold office until the next Annual General Meeting.

9. **RESOLUTION 7**  
**RE-APPOINTMENT OF RETIRING AUDITORS**

Proposed By: Mr Woon Peng Wah  
Seconded By: Ms Tee Lee Leng

The following resolution was put to the Meeting and declared carried:

**RESOLVED** that Messrs KPMG be and are hereby re-appointed as Auditors of the Company to hold office until the conclusion of the next Annual General Meeting at the remuneration to be determined by the Directors.

10. **RESOLUTION 8**  
**AUTHORITY TO DIRECTORS TO ALLOT AND ISSUE SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965**

Proposed By: Mr Woon Peng Wah  
Seconded By: Mr Siew See San

The following resolution was put to the Meeting and declared carried:

**RESOLVED** that subject always to the Companies Act, 1965, provisions of the Company's Memorandum and Articles of Association and the approval from the relevant authorities, where such approval is necessary, full authority be and is hereby given to the Directors pursuant to Section 132D of the Companies Act, 1965 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 ten percent (10%) of the issued capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company.

11. **RESOLUTION 9**  
**PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE PURSUANT TO PARAGRAPH 10.09 OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

Proposed By: Mr Woon Peng Wah  
Seconded By: Ms Tee Lee Leng

The following resolution was put to the Meeting and declared carried:

**RESOLVED** that subject always to the Companies Act, 1965, the provisions of the Memorandum and Articles of Association of the Company, the requirements of the Bursa Malaysia Securities Berhad ("Bursa Securities") and the approvals of all relevant authorities, approval be and is hereby given to Malayan Flour Mills Berhad ("Company") and its subsidiary companies ("Malayan Flour Mills Group") to enter into recurrent transactions with Dindings Soya & Multifeeds Sdn Berhad, the nature of which is set out in Section 2 of the Circular to Shareholders dated 28th April 2015 for the purposes of Paragraph 10.09 of the Main Market Listing Requirements of Bursa Securities, subject to the following:-

- (a) the transactions are carried out in the ordinary course of business, at arm's length, on normal commercial terms and on terms not more favourable to the related party than those generally available to the public and are not to the detriment of the minority shareholders;
- (b) disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year and that such approval shall continue in force, unless revoked or varied by Ordinary Resolution of the Company in a general meeting and will subject to renewal thereat, expire at the conclusion of the next Annual General Meeting of the Company following the passing of this Ordinary Resolution or at the expiration of the period within which the next Annual General Meeting of the Company is required to be held under the Companies Act, 1965 (excluding any extension of such period as may be allowed under the Companies Act, 1965); and
- (c) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution.

12. **RESOLUTION 10**  
**PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK**

Proposed By: Mr Siew See San  
Seconded By: Mr Woon Peng Wah

The following resolution was put to the Meeting and declared carried:

**RESOLVED:-**

**THAT** subject always to the Companies Act, 1965, the provisions of the Memorandum and Articles of Association of the Company, the requirements of the Bursa Malaysia Securities Berhad ("Bursa Securities") 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 of RM0.50 each in the Company ("Proposed Share Buy-back") as may be determined by the Directors of the Company from time to time through the 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 ten per cent (10%) of the total issued and paid-up share capital of the Company as at the point of purchase and that an amount not exceeding the Company's retained profits and share premium accounts 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 first annual general meeting of the Company following the general meeting at which such resolution was passed at which time it shall lapse unless by ordinary resolution passed at that meeting, the authority is renewed, either conditionally or subject to conditions; or
- (b) the expiration of the period within which the next annual general meeting after that date is required by law to be held; or



(c) revoked or varied by ordinary resolution passed by shareholders in a general meeting, whichever occurs first.

**AND THAT** authority be and is hereby given unconditionally and generally to the Directors of the Company to take all such steps as are necessary or expedient (including without limitation, the opening and maintaining of central depository account(s) under the Securities Industry (Central Depositories) Act, 1991, and the entering into of all other agreements, arrangements and guarantee with any party or parties) to implement, finalise and give full effect to the aforesaid purchase with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities and with the fullest power to do all such acts and things thereafter (including without limitation, the cancellation or retention as treasury shares of all or any part of the repurchased shares) in accordance with the Companies Act, 1965, the provisions of the Memorandum and Articles of Association 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.

13. **CLOSE OF MEETING**

The Secretary reported that no notice has been received to transact any other business.

The Chairman thanked the members for their attendance and declared the Meeting closed.

The Meeting ended at 11.25 a.m.

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Chairman