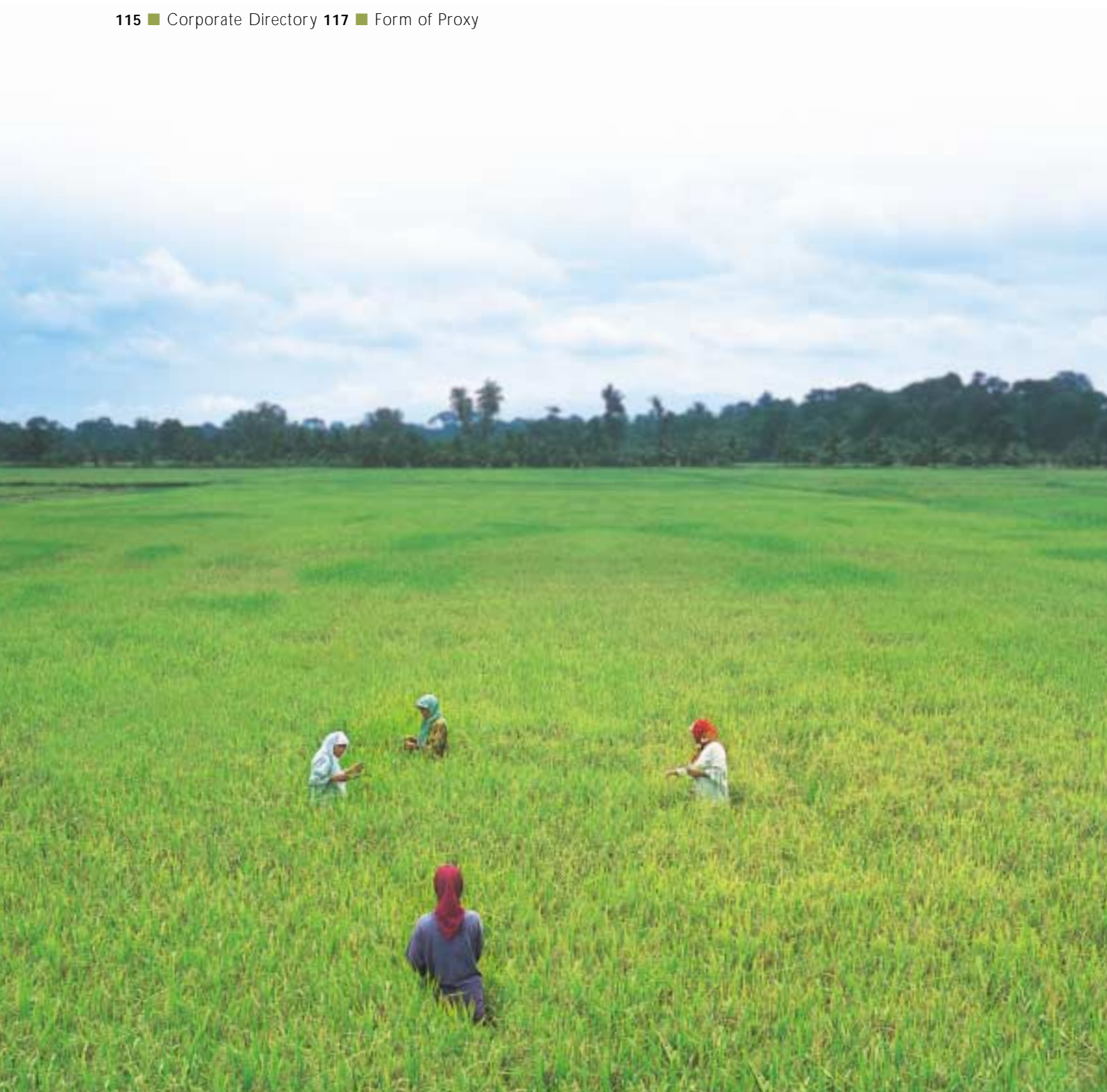


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## **Vision**

As a leading force in the Malaysian rice industry, we aspire to sustain our significant presence in the rice business of Asia. Beyond that, we envisage ourselves venturing into new frontiers to emerge as a well-diversified food conglomerate - in line with our strategic direction to strengthen our position as a leading player in the food industry in Asia. In conducting our business, we solemnly pledge to always uphold the Malaysian flag in consideration of our nation's overall perspective.

## **Mission**

Along the journey to achieve our humble vision, we will execute our obligations with full commitment balancing all requirements of stakeholders, whilst ensuring optimum return to our share holders emphasising on the highest standards in quality, distribution and service to our customers.



It takes **5,000** liters of water to produce 1 kg of irrigated rice.



## Definition

<b>AFTA</b> - ASEAN Free Trade Area	<b>BRD</b> - Bernas Realty & Development Sdn Bhd
<b>AGM</b> - Annual General Meeting	<b>C. EIGHT</b> - Central Eight (M) Sdn Bhd
<b>APC</b> - Asian Peninsula Corporation Ltd	<b>CBUD</b> - Consolidated Bernas United Distributors Sdn Bhd
<b>BAN HENG BEE</b> - Ban Heng Bee Rice Mill (1952) Sdn Bhd	<b>CHAFF</b> - Bernas Chaff Products Sdn Bhd
<b>BCC</b> - Bernas China Corporation	<b>CODE</b> - Malaysian Code of Corporate Governance
<b>BCSB</b> - Beras Corporation Sdn Bhd	<b>COFCO</b> - China National Cereals, Oils and Foodstuffs
<b>BEPRO</b> - Bernas Production Sdn Bhd <i>(formerly known as Era Rangkaian Setia Sdn Bhd)</i>	<b>COSMO</b> - Cosmo Restaurant Sdn Bhd
<b>BERNAS</b> - Padiberas Nasional Berhad	<b>DAYABEST</b> - Dayabest Sdn Bhd
<b>BERNAS GROUP</b> - BERNAS, its subsidiaries and associate companies	<b>DOMINALS</b> - Bernas Dominals Sdn Bhd
<b>BET</b> - Bernas Engineering & Technology Sdn Bhd	<b>EBC</b> - Everyday Bakery & Confectionery Sdn Bhd
<b>BIL</b> - Bernas In-Line Agencies Sdn Bhd	<b>ECC</b> - Eng Chuang Chan Sdn Bhd
<b>BLSB</b> - Bernas Logistics Sdn Bhd	<b>EDARAN</b> - Edaran Beras Nasional Sdn Bhd <i>(formerly known as Bernas Mart Sdn Bhd)</i>
<b>BMA</b> - BM Agrotech Sdn Bhd	<b>ERA BAYAM KOTA</b> - Era Bayam Kota Sdn Bhd
<b>BMS</b> - Bernas Marditech Seed Sdn Bhd	<b>FAIZA</b> - Syarikat Faiza Sdn Bhd
<b>BOL</b> - Bernas Overseas (L) Limited	<b>FAJAR</b> - Kilang Beras Fajar Sdn Bhd
<b>BST</b> - Ban Say Tong Sdn Bhd	<b>FAJAR JERLUN</b> - Fajar Jerlun Sdn Bhd
	<b>FAJAR JERLUN (NS)</b> - Fajar Jerlun (Negeri Sembilan) Sdn Bhd
	<b>FEEDSTUFF</b> - Bernas Feedstuff Sdn Bhd
	<b>FORMULA TIMUR</b> - Formula Timur Sdn Bhd
	<b>GBKL</b> - Gardenia Bakeries (KL) Sdn Bhd
	<b>GSD</b> - Gardenia Sales & Distribution Sdn Bhd
	<b>HASKARICE</b> - Haskarice Food Sdn Bhd
	<b>HFI</b> - Honeyco Food Industries Sdn Bhd
	<b>HOCK CHIONG</b> - Hock Chiong Foodstuff Sdn Bhd

<b>JFC</b> - Jasmine Food Corporation Sdn Bhd	<b>RASAYANG</b> - Rasayang Food Industries Sdn Bhd
<b>JF (AS)</b> - Jasmine Food (Alor Setar) Sdn Bhd	<b>RCL</b> - Ricegrowers' Cooperative Limited
<b>JF (IPOH)</b> - Jasmine Food (Ipoh) Sdn Bhd	<b>SAZARICE</b> - Sazarice Sdn Bhd
<b>JF (JB)</b> - Jasmine Food (Johor Bahru) Sdn Bhd	<b>SWSB</b> - Serba Wangi Sdn Bhd
<b>JF (PRAI)</b> - Jasmine Food (Prai) Sdn Bhd	<b>SW JH</b> - Serba Wangi JH Sdn Bhd
<b>JF (SEREMBAN)</b> - Jasmine Food (Seremban) Sdn Bhd	<b>SW (KL)</b> - Serba Wangi (KL) Sdn Bhd
<b>JKH</b> - Jasmine Khidmat & Harta Sdn Bhd	<b>SW (PG)</b> - Serba Wangi (Penang) Sdn Bhd
<b>JRP</b> - Jasmine Rice Products Sdn Bhd	<b>SW (MH)</b> - Serba Wangi (MH) Sdn Bhd
<b>JRM</b> - Jasmine Rice Mill (Tunjang) Sdn Bhd	<b>SW (PERAK)</b> - Serba Wangi (Perak) Sdn Bhd
<b>JS JASMINE</b> - JS Jasmine Sdn Bhd	<b>SW TRANSPORT</b> - Serba Wangi Transport Sdn Bhd
<b>KLSE</b> - Kuala Lumpur Stock Exchange	<b>SOBERGUI</b> - Societe Bernas De Guinee
<b>KHSB</b> - Keongco Holdings Sdn Bhd	<b>TSH</b> - Tong Seng Huat Rice Trading Sdn Bhd
<b>KMSB</b> - Keongco Malaysia Sdn Bhd	<b>VALORLITE</b> - Valorlite Resources Sdn Bhd
<b>LKPP</b> - Lembaga Kemajuan Perusahaan Negeri Pahang	<b>VINAFOOD</b> - Vietnam Southern Food Corporation
<b>LR KLSE</b> - Listing Requirement KLSE	<b>VOCARIMEX</b> - National Company for Vegetable Oils, Aromas and Cosmetic of Vietnam
<b>LEE HUP</b> - Lee Hup & Company Sendirian Berhad	<b>WTO</b> - World Trade Organisation
<b>MALIMEX</b> - Malimex Company Ltd	<b>YHL</b> - YHL Holding Sdn Bhd
<b>MAPT</b> - Myanmar Agricultural Produce Trading	<b>YHL (KL)</b> - YHL Trading (KL) Sdn Bhd <i>(formerly known as Yew Heng Leong (KL) Sdn Bhd)</i>
<b>MARDI</b> - Malaysian Agricultural Research and Development Institute	<b>YHL (KUANTAN)</b> - YHL (Kuantan) Sdn Bhd
<b>MARDITECH</b> - Marditech Corporation Sdn Bhd	<b>YHL (MELAKA)</b> - YHL Trading (Melaka) Sdn Bhd
<b>OEL</b> - OEL Realty Holdings Sdn Bhd	<b>YHL (TERENGGANU)</b> - YHL Trading (Terengganu) Sdn Bhd
<b>ORGANIGRO</b> - Organigro Sdn Bhd	<b>YHL (KEDAH)</b> - YHL Trading (Kedah) Sdn Bhd <i>(formerly known as Sin Hock Soon (Kedah) Trading Sdn Bhd)</i>
<b>PADI GEDONG</b> - Padi Gedong Sdn Bhd	<b>YHL (JOHOR)</b> - YHL Trading (Johor) Sdn Bhd <i>(formerly known as Sinsan Tien Seng (Johor) Sdn Bhd)</i>
<b>PBCS</b> - P. B Construction & Supplies Sdn Bhd	<b>YHL (SEGAMAT)</b> - YHL Trading (Segamat) Sdn Bhd <i>(formerly known as Xeng Heng (M) Sdn Bhd)</i>
<b>PLC</b> - Peninsula Logistic Co. Ltd	
<b>QNB</b> - Qaiser Noman Bernas (Pvt) Ltd	

## Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 8th Annual General Meeting of Padiberas Nasional Berhad ("the Company") will be held at Ballroom 1 & 2, Tropicana Golf & Country Resort, Jalan Kelab Tropicana Off Jalan Tropicana Utama, Persiaran Tropicana, 47410 Petaling Jaya, Selangor on **27 June 2002 at 10.00am**, for the following purposes:

RESOLUTION 1 To receive and adopt the Audited Accounts for the financial year ended 31 December 2001 together with the Report of the Directors and Auditors thereon.

RESOLUTION 2 To approve the payment of a final dividend of 10% less tax of 28% for the financial year ended 31 December 2001.

RESOLUTION 3 To approve the payment of Directors' fees of RM275,000 for the year ended 31 December 2001.

To re-elect the following Directors who retire in accordance with the Articles of Association of the Company:

Article 121 (2)

RESOLUTION 4 Datu Dr Sulaiman Bin Mahbob

RESOLUTION 5 Saiful Adnan Bin Abdul Majid

Article 126

RESOLUTION 6 Dato' Seri Mohamad Noor Bin Abdul Rahim

RESOLUTION 7 Dato' Syed Azizan Bin Syed Mohamad

RESOLUTION 8 Dohat Bin Shafiee

RESOLUTION 9 To re-appoint Messrs Arthur Andersen & Co. as Auditors and to authorise the Directors to fix their remuneration.

\* As special business, to consider and if thought fit, to pass the following ordinary resolution:

RESOLUTION 10 That pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby empowered to issue shares of the Company at any time until the conclusion of the next Annual General Meeting of the Company 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 issued capital of the Company for the time being and that the Directors are also empowered to obtain the approval for the listing and quotation for the additional shares so issued on the Kuala Lumpur Stock Exchange.

To transact any other business of which due notice shall have been given.

## Notice Of Dividend Entitlement And Payment

NOTICE IS HEREBY GIVEN that, subject to the approval of the shareholders at the 8th Annual General Meeting, a final dividend of 10% less tax of 28% will be payable on 15 August 2002 to depositors registered in the Records of Depositors at the close of business on 22 July 2002.

A depositor shall qualify for entitlement to the dividend only in respect of:

- Shares transferred into the Depositors' Securities Account before 12.30 p.m. on 22 July 2002 in respect of ordinary transfers.
- Shares bought on the Kuala Lumpur Stock Exchange on a cum entitlement basis according to the Rules of the Kuala Lumpur Stock Exchange.

By Order of the Board

AHMAD FUAD BIN ABDUL WAHAB (LS 008146)

AZLINA BINTI HASAN BASHRI (LS 008142)

Company Secretaries

Petaling Jaya

05 June 2002

Notes:

1. Proxy

- A member of the Company entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote in his stead.
- \*Subject to Article 109 and 114, a proxy must be a member of the Company or an advocate or an approved company auditor or a person approved by the Registrar in a particular case.
- The instrument appointing a proxy must be in writing under the hand of the appointer or his attorney duly appointed under a power of attorney or if such appointer is a corporation, either under its common seal or under the hand of an officer or attorney duly appointed under a power of attorney.
- The instrument appointing a proxy or representative shall be deposited at the registered office of the Company, Level 19, CP Tower, No. 11, Section 16/11, Jalan Damansara, 46350 Petaling Jaya Selangor not less than forty eight (48) hours before the time for holding the meeting or any adjournment thereof.

\*Explanatory Note:

**Article 109**

"A member who is of unsound mind and whose person or estate is liable to be dealt with in any way under the law relating to mental disorder may vote, whether on a show of hands or on a poll, by his committee or by such other person as properly has the management of his estate, and any such committee or other person may vote by proxy".

**Article 114**

"Any corporation which is a member of the Company may by resolution of the Directors of that corporation or other governing body authorise such person as it thinks fit to act as its representative at any meeting of the Company and the person so authorised shall be entitled to exercise the same powers on behalf of the corporation which he represents as that corporation could exercise if it were an individual member of the Company."

2. Resolution 10 - Authority to Directors to Issue Shares

This authorization will empower Director to issue shares in the Company up to an amount not exceeding in total 10% of the issued share capital of the Company. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company.

## STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

### 1. Directors standing for re-election at the 8th Annual General Meeting of the Company

- Pursuant to Article 121(2) of the Company's Articles of Association (Appointed during the year)
  - \* Datu Dr Sulaiman Bin Mahbob
  - \* Saiful Adnan Bin Abdul Majid
- Pursuant to Article 126 of the Company's Articles of Association (Retirement by rotation)
  - \* Dato' Seri Mohamad Noor Bin Abdul Rahim
  - \* Dato' Syed Azizan Bin Syed Mohamad
  - \* Dohat Bin Shafiee

\* Refer to page 12-18 for the Directors' Profile

### 2. Yahya Bin Abu Bakar was appointed as Group Managing Director on 1 February 2001. He has served the Company for less than three (3) years and is not retiring at this Annual General Meeting.

### 3. Board of Directors Meeting

During the financial year ended 31 December 2001 and up to the date of this report 21 April 2002, the Board held 11 Board Meetings of which eight (8) Board Meetings were held during the financial year ended 31 December 2001. The attendance of the Board Meetings are as follows:

Name Of Directors	No. Of Meetings Attended
Dato' Seri Mohamad Noor Bin Abdul Rahim	8/8
Dato' Mohd Ibrahim Bin Mohd Nor	8/8
Yahya Bin Abu Bakar	8/8
Dato' Abi Musa Asa'ari Bin Mohamed Nor *	4/7
Dato' Shaikh Ahmad Soekarno Bin Shaikh Hussain **	2/6
Abdul Rahim Bin Mokti	6/8
Dato' Ahmad Zabri Bin Ibrahim	8/8
Dato' Syed Azizan Bin Syed Mohamad	5/8
YB Haji Mohd Naroden Bin Haji Majais	5/8
Bukhari Bin Mohd Sawi	8/8
Dohat Bin Shafiee	8/8
Dato' Baseri Bin Lamsah (Alternate Director to Dato Abi Musa Asa'ari Bin Mohamed Nor)	3/7
Hasnan Bin Hassan (Alternate Director to Abdul Rahim Bin Mokti)	1/8

\* Dato' Abi Musa Asa'ari Bin Mohamed Nor was appointed on 10 April 2001.

\*\* Dato' Shaikh Ahmad Soekarno Bin Shaikh Hussain was appointed on 15 May 2001 and resigned as Director on 7 January 2002.

Details of the Board meetings:

Date & Time	Venue
23 February 2001, 9.00 a.m.	Petaling Jaya, Selangor
26 April 2001, 11.00 a.m.	Petaling Jaya, Selangor
26 May 2001, 9.30 a.m.	Petaling Jaya, Selangor
21 July 2001, 9.00 a.m.	Phuket, Thailand
28 August 2001, 3.00 p.m.	Petaling Jaya, Selangor
3 October 2001, 8.30 p.m.	Petaling Jaya, Selangor
12 November 2001, 9.30 a.m.	Petaling Jaya, Selangor
29 November 2001, 1.00 p.m.	Petaling Jaya, Selangor



## Corporate Information

### COMPANY SECRETARIES

Ahmad Fuad Bin Abdul Wahab (LS 008146)

Azlina Binti Hasan Bashri (LS 008142)

### AUDITOR

Messrs Arthur Andersen & Co

Public Accountants

Level 23A, Menara Milenium

Jalan Damanlela, Pusat Bandar Damansara

Bukit Damansara, 50490 Kuala Lumpur

### SHARE REGISTRAR

Panama Resources Sdn Bhd

No. 23, Jalan Sri Hartamas 7

Sri Hartamas

50400 Kuala Lumpur

### REGISTERED OFFICE/ CORPORATE HEADQUARTERS

Level 19, CP Tower

No. 11, Section 16/11

Jalan Damansara

46350 Petaling Jaya

Selangor Darul Ehsan

Tel : 03 - 7660 4545

Fax: 03 - 7660 4646

Customer Service Line: 1-800-18-1128

Website: [www.bernas.com.my](http://www.bernas.com.my)

### PRINCIPAL BANKERS

RHB Bank Berhad

Affin Bank Berhad

Standard Chartered Bank Malaysia Berhad

Malayan Banking Berhad

Bank Islam (M) Berhad

Bank Utama (Malaysia) Berhad

Bank of Nova Scotia

Bumiputra Commerce Bank Berhad

### STOCK EXCHANGE LISTING

Kuala Lumpur Stock Exchange (Main Board)

Stock Name: BERNAS

Stock Code: 6866

## History

Padiberas Nasional Berhad (BERNAS) came into being with the taking over of Lembaga Padi dan Beras Negara's (LPN) role as the custodian of Malaysian paddy and rice industry when the latter was privatised in January 1996. BERNAS continued to perform an important role in the national paddy and rice industry and also assumed all social and commercial obligations previously undertaken by LPN. These include conserving, maintaining and managing the National Paddy/Rice Stockpile, representing the government on the management and disbursement of subsidies to paddy farmers, managing the Bumiputera Rice Miller Scheme, purchasing paddy from farmers at a guaranteed minimum price and acting as the buyer of last resort. In return, BERNAS was given the responsibility to be the sole importer of rice into Malaysia till 2010, with the option for renewal for another 5 years, subject to approval. On 25 August 1997, BERNAS was listed on the KLSE main board, marking a historical significance.

BERNAS has continued to evolve through the integration of its supply chain with existing domestic players at the wholesaling, farming, processing and distribution levels. Meanwhile, at the international front, BERNAS has strengthened its supply network with other regional players. With this solid foundation, BERNAS, for the last six years has managed to overcome challenges including the 97/98 regional financial crisis.

As a corporate citizen, BERNAS is dedicated towards ensuring continuous rice supply at affordable prices to feed the nation, by optimising its supply network, infrastructure and distribution network. It also takes a particular concern in improving its environmental management, emphasising on effective rice husk disposal as well as diversification into other product lines utilising the potential of its co-products.

Today, BERNAS is just as committed to remain as a responsible organisation in meeting and possibly exceeding the needs of consumers, providing optimum return to its shareholders and a stimulating and satisfying working environment for its 4,000 employees.

Diversification into other related business activities has led to a greater market penetration and a more established ground. The Group is currently working towards being an international entity ready to emerge as a world-class competitor following the implementation of AFTA.

Looking ahead, in facing the challenges of globalisation, BERNAS will continue its endeavour into new and profitable frontiers - synergising with other food producers, enhancing its diversification of resources into related and other businesses, deepening linkages with related sectors to increase its product range; to provide the very best of variety and excellence in its mission to attain a competitive edge in the upcoming era of regulated globalisation.



The background of rice is unknown. Carried away by the great winds, the wild plant grew in Chinese regions over 3,000 years ago.

## Board Of Directors

### group chairman



#### **DATO' SERI MOHAMAD NOOR BIN ABDUL RAHIM**

Age 57. Malaysian. Independent, Non-Executive Director and Group Chairman. Appointed to the board since July 1998, elected Group Chairman in July 2000 and is a member of both the Company's Establishment Group Committee and Nomination Committee. Attended all the eight meetings held during the financial year. Holds a B.A. (Hons) degree from University Malaya. His last post in the civil service was as the Secretary General of the Ministry of Home Affairs. He was the Secretary General of the Ministry of Domestic Trade and Consumer Affairs between 1996 to 1998. Prior to that, he held these positions: State Secretary of Pulau Pinang, Kelantan Federal Development Director (Prime Minister's Department), Perak State Financial Officer, Director General of Kuala Lumpur City Hall and Under Secretary for Ministry of Defence and Ministry of Finance. No conflict of interest with the Group and has no family relationship with any other director or major shareholder of the Group. Has not been convicted for offences within the past ten years other than for traffic offences, if any.

### deputy group chairman

#### **DATO' MOHD. IBRAHIM BIN MOHD. NOR**

Age 43. Malaysian. Non-independent, Non-Executive Director and Deputy Group Chairman of BERNAS. Formerly the Group Managing Director of BERNAS, he was appointed to the Board in February 1996, serving as a member of the Company's Establishment Committee and the Remuneration Committee. Attended all the eight meetings held during the financial year. Graduated with a Bachelor of Arts (Mathematics) from Knox College, Illinois and later obtained an MBA from Drake University, Iowa, USA. He is currently the Executive Chairman of Budaya Generasi Sdn Bhd. He was formerly the Chief Operating Officer of Malakoff Berhad and the Executive Vice Chairman of Sistem Televisyen Malaysia Berhad. Prior to that, he held the positions of General Manager in the New Straits Times Press (Malaysia) Berhad (NSTP), Project Development Manager of privatisation proposals relating to the Fleet Group from 1990 to 1991 and Executive Assistant to the Chief Executive of NSTP/Chairman of the Fleet Group. He has an indirect shareholding of 5,362,721 shares of the Company by virtue of his substantial shareholding in Simpletech Sdn Bhd, which holds a 5.5555% equity interest in Budaya Generasi, which in turn owns 32.99% equity interest in BERNAS. No conflict of interest with the Group and has no family relationship with any other director or major shareholder of the Group. Has not been convicted for offences within the past ten years other than for traffic offences, if any.



## group managing director

### **YAHYA BIN ABU BAKAR**

Age 43. Malaysian. Non-independent, Executive Director and the Group Managing Director since February 2001. Attended all the eight meetings held during the financial year. Graduated with a B.Sc (Hons) in Biochemistry from Universiti Sains Malaysia. He has served in both LPN and BERNAS for over 16 years in various capacities and his exposure includes all major operating divisions including rice business. He has served as Managing Director in some of BERNAS' major subsidiaries namely Bernas Perdana, Jasmine Group of Companies and Beras Corporation Sdn Bhd before assuming his previous post as Deputy Group Managing Director, Rice Business, BERNAS. He has a direct shareholding of 46,000 shares of RM1.00 each and an indirect shareholding of 9,000 shares of RM1.00 each in the Company. No conflict of interest with the Group and has no family relationship with any other director or major shareholder of the Group. Has not been convicted for offences within the past ten years other than for traffic offences, if any.



### **ABDUL RAHIM BIN MOKTI**

Age 52. Malaysian. Non-independent, Non-Executive Director since February 2001 as the representative of Ministry of Finance and also as a member of the Company's Audit Committee and the Nomination Committee. Attended six out of the eight meetings held during the financial year. Graduated with a Bachelor of Economics (Hons) from University Malaya. He is currently the Secretary Coordination of Minister of Finance (Incorporated) Companies, Privatisation and Public Enterprise Unit, Ministry of Finance. He started his career at the Federal Treasury, and by 1978 was the Malaysian Trade Commissioner in Paris, followed by Milan and Saudi Arabia. By 1986, he returned to the Federal Treasury until his present appointment. He sits on the Board of Kedah Cement Holdings Berhad, Bintulu Port Holdings Berhad and Penang Port Holdings Berhad. No conflict of interest with the Group and has no family relationship with any other director or major shareholder of the Group. Has not been convicted for offences within the past ten years other than for traffic offences, if any.



#### **DATU DR. SULAIMAN BIN MAHBOB**

Age 54. Malaysian. Non-independent, Non-Executive Director since January 2002. Obtained his Bachelor of Economics (Hons) from Universiti Malaya and holds an MBA from University of London and a Ph.D. in Development Planning from Syracuse University, New York. He is currently the Secretary General of the Ministry of Domestic Trade And Consumers Affairs. Datu Dr. Sulaiman had served the Malaysian civil service for 31 years and was the Special Officer to Tun Daim Zainuddin, the former Minister of Special Projects, in the Prime Minister Department. Prior to that, he served as a Diplomatic Officer. No conflict of interest with the Group and has no family relationship with any other director or major shareholder of the Group. Has not been convicted for offences within the past ten years other than for traffic offences, if any.



#### **DATO' ABI MUSA ASA'ARI BIN MOHAMED NOR**

Age 53. Malaysian. Non-independent, Non-Executive Director since April 2001. Of the seven Board meetings held between 10 April 2001 (the date of Dato' Abi Musa's appointment) and 31 December 2001, Dato' Abi Musa has attended four of the meetings. A graduate of Economics from University Malaya and also holds a Diploma in Development Administration and an MBA from University of Birmingham, U.K. He is currently the Secretary General of the Ministry of Agriculture. Prior to his current position, he held various posts in the civil service in various Ministries and Departments since 1973 inter alia; as Director General of FAMA, and Deputy Director, Budget Division, Treasury of Malaysia. Dato Abi Musa also sits on the Board of FAMA and MADA. No conflict of interest with the Group and has no family relationship with any other director or major shareholder of the Group. Has not been convicted for offences within the past ten years other than for traffic offences, if any.

#### **DATO' AHMAD ZABRI BIN IBRAHIM**

Age 60. Malaysian. Independent, Non-Executive Director since December 1997 and serves as the Chairman of the Company's Audit Committee, a member of the Remuneration Committee and the Nomination Committee. Attended all the eight meetings held during the financial year. Graduated with a Bachelor of Arts (Hons) in History from University Malaya, and holds a Diploma in Development Administration from Birmingham, U.K. He later obtained a Masters Degree in Public Administration from University of Southern California, Los Angeles, USA. He was the Deputy Director General (Management)/ Secretary of ISIS (M) and in 1987, was appointed the Director of Development for Sabah State Government. He was also the Secretary General, Ministry of Youth and Sports, State Secretary of Selangor and the Secretary General in the Ministry of Agriculture. He is also a Director of Kuala Lumpur Industries Holdings Berhad and Dunlop (Malaysia) Industries Berhad. He has an indirect shareholding of 1,000 shares of RM1.00 each in the company. No conflict of interest with the Group and has no family relationship with any other director or major shareholder of the Group. Has not been convicted for offences within the past ten years other than for traffic offences, if any.



#### **YB HAJI MOHD NARODEN BIN HAJI MAJAIS**

Age 49. Malaysian. Independent, Non-Executive Director since May 2000 and is a member of the Company's Audit Committee and Chairman of the Nomination Committee. Attended five out of the eight meetings held during the financial year. Graduated with a Bachelor of Arts from University of New England, Australia and holding an MBA, he is currently the State Assemblyman for Simunjan, Sarawak. His last position in the civil service was as Senior Project Officer in charge of Property Development Division for Sarawak (SEDC). No conflict of interest with the Group and has no family relationship with any other director or major shareholder of the Group. Has not been convicted for offences within the past ten years other than for traffic offences, if any.



**DATO' SYED AZIZAN BIN SYED MOHAMAD**

Age 58. Malaysian. Non-independent, Non-Executive Director since March 1996. Attended five out of the eight meetings held during the financial year. Graduated with a Bachelor of Science in Agriculture from University Malaya, and also holds a Masters of Science in Agricultural Business Management from University of Philippines. In 1991, he was appointed the Deputy Chairman / General Manager of MADA. No conflict of interest with the Group and has no family relationship with any other director or major shareholder of the Group. Has not been convicted for offences within the past ten years other than for traffic offences, if any.



**BUKHARI BIN MOHD. SAWI**

Age 52. Malaysian. Non-independent, Non-Executive Director since August 1996. He has attended all the eight meetings held during the financial year. Graduated with a Bachelor of Arts in History from University Malaya and holds an MBA from Universiti Kebangsaan Malaysia. He currently serves as a member of the Company's Establishment Committee and is the Chairman of the Remuneration Committee. He started his career with the Inland Revenue Department as an Assessment Officer. Later he joined NAFAS as a Senior Manager in charge of Marketing. In 1987, he was appointed as the State Director of Lembaga Pertubuhan Peladang Pahang. He was then appointed the General Manager of NAFAS in 1994, a position he holds to date. No conflict of interest with the Group and has no family relationship with any other director or major shareholder of the Group. Has not been convicted for offences within the past ten years other than for traffic offences, if any.



### **DOHAT BIN SHAFIEE**

Age 58. Malaysian. Non-independent, Non-Executive Director since February 1996 and is the Chairman of the Company's Establishment Committee and is also a member of the Remuneration Committee. Attended all the eight meetings held during the financial year. Currently, he is a Director of Yayasan Basmi Kemiskinan Negeri Perlis. He was the Supervisor of the Primary School Unit in the Perlis Education Department. In 1989, he was appointed the Malaysian Students Officer in Brighton, United Kingdom. He retired from the Civil Service in 1996. No conflict of interest with the Group and has no family relationship with any other director or major shareholder of the Group. Has not been convicted for offences within the past ten years other than for traffic offences, if any.



### **SAIFUL ADNAN BIN ABDUL MAJID**

Age 38. Malaysian. Independent, Non-Executive Director since March 2002 and is a member of the Company's Audit Committee. Graduated from University of Kent, England in 1986 holding a Bachelor of Economics (Hons). Encik Saiful has served numerous organisations as financial consultants or advisors, embarking on his career in 1992. Currently he is a Freelance Financial Consultant for Kedah SEDC. Prior to that, he was appointed advisor and lead consultant for Jalex Sdn Bhd, Kemayan Management Services, Syarikat Lian Ping Sdn Bhd, Nauticalink Bhd, Costraco Sdn Bhd and Lumut Maritime Terminal. No conflict of interest with the Group and has no family relationship with any other director or major shareholder of the Group. Has not been convicted for offences within the past ten years other than for traffic offences, if any.

### **HASNAN BIN HASSAN**

Age 40. Non-Executive Director since May 2001 as alternate to Abdul Rahim Bin Mokti, as the representative of the Ministry of Finance. Graduated with BA (Hons) Economic and holds a Diploma in Public Administration. He was the Chief Assistant District Officer in Negeri Sembilan before joining the Ministry of Finance as the Assistant Secretary Treasury in the Tax Analysis Division. Currently, he is the Principal Assistant Secretary, Co-ordination, Privatisation and Public Enterprises Division of the Minister of Finance (Incorporated). No conflict of interest with the Group and has no family relationship with any other director or major shareholder of the Group. Has not been convicted for offences within the past ten years other than for traffic offences, if any.



### **DATO' BASERI BIN LAMSAH**

Age 53. Non-Executive Director since April 2001 as an alternate director to Dato' Abi Musa Asa'ari Bin Mohamed Nor. Graduated with BA (Hons) from University Malaya and obtained a Masters Degree in Science Education from Drake University, Iowa, USA. He holds a Diploma in Public Administration from University Malaya. Currently, he is the Deputy Secretary General (Operation) at the Ministry of Agriculture. He started his career as an officer in the Diplomatic Service and was posted to the Perak State Secretariat where he served as the Assistant State Secretary and later as Assistant District Officer. In 1988, he served in Pulau Pinang as the State Development Officer and later the Director of the State Economic Planning Unit Pahang. In 1997, he held the position of General Manager of Labuan Development Authority and Chief Administrator of the Island until February 1999. No conflict of interest with the Group and has no family relationship with any other director or major shareholder of the Group. Has not been convicted for offences within the past ten years other than for traffic offences, if any.

## Audit Committee



### CHAIRMAN

**Dato' Ahmad Zabri Bin Ibrahim**

Independent Non-Executive Director

### MEMBERS

**YB Haji Mohd Naroden Bin Haji Majais**

Independent Non-Executive Director

**Saiful Adnan Bin Abdul Majid**

Independent Non-Executive Director

**Abdul Rahim Bin Mokti** (not in picture)

Non-Executive Director

# Audit Committee Report

## Duties and Responsibilities of the Audit Committee

The duties and responsibilities of the Committee include inter alia, the following:-

- i. Assist the Board in discharging its statutory duties and responsibilities relating to accounting and reporting practices of the Company and companies under its Group;
- ii. Oversee all matters relating to external audit including the review of the audit plan and audit report as well as making recommendation on their appointment and remuneration (as required);
- iii. Review and approve the adequacy of internal audit scope and plan, functions and resources of the internal audit functions;
- iv. Review of the financial statements of the Company and the consolidated financial statements of the Group;
- v. Review of the assistance and co-operation given by the Company's officers to the external and internal auditors;
- vi. Review any related party transaction that may arise within the Company or the Group; and
- vii. Undertake such other responsibilities as the Committee and the Board may think appropriate.

## Powers of the Audit Committee

In carrying out their duties and responsibilities, the Committee will in principle have full, free and unrestricted access to all the Company's records, properties and personnel.

The Committee shall have the authority to obtain, at the expense of the Company, external legal or other independent professional advice if it considers necessary.

### CHAIRMAN

**Dato' Ahmad Zabri Bin Ibrahim**

Independent Non-Executive Director

### MEMBERS

**YB Haji Mohd Naroden Bin Haji Majais**

Independent Non-Executive Director

**Saiful Adnan Bin Abdul Majid**

Independent Non-Executive Director

**Abdul Rahim Bin Mokti**

Non-Executive Director

### TERMS OF REFERENCE

#### Composition

The Committee and the Chairman shall be appointed by the Board of Directors and shall consist of not less than three members, 2/3 or majority of whom must be Independent Directors.

#### Objective of the Audit Committee

The principal objective of the Committee is to assure the shareholders of the Company that the Company has complied with specified financial standards and required disclosure policies developed and administered by the Kuala Lumpur Stock Exchange.

## ATTENDANCE AT MEETINGS

During the financial year ended 31 December 2001, the Audit Committee held a total of 5 meetings of which were regular to deliberate the quarterly and the year-end financial statements.

The details of attendance of the Committee members are as follows:

<b>Name Of Directors</b>	<b>No. Of Meetings Attended</b>
Dato' Ahmad Zabri Bin Ibrahim	5/5
YB Haji Mohd Naroden Bin Haji Majais	4/5
Abdul Rahim Bin Mokti	5/5
Saiful Adnan Bin Abdul Majid *	Not Applicable

\* Saiful Adnan Bin Abdul Majid was appointed on 28 March 2002.

During the financial year, the Committee undertook the following activities:

1. Reviewed the audited accounts for the year ended 31 December 2001 and the unaudited quarterly financial results announcement of the Group, prior to the Board's approval.
2. Reviewing with the External Auditors the results of their audits, the Auditors' Report and recommendation.
3. Monitoring and reviewing the Financial and Operations Reports.

4. Reviewing the External Auditors scope of work and audit plan for the Group for the financial year ended 31 December 2001.
5. Reviewed the Internal Audit's findings and recommendations.
6. Reviewing the Company's compliance to the Revamped Listing Requirements of the Kuala Lumpur Stock Exchange and update on the development on accounting practices and standards issued by the Malaysian Accounting Standards Board.
7. Note and highlight any related party transaction.
8. Followed up on corrective actions taken by management on audit issues raised by the external and internal auditors.

## INTERNAL AUDIT FUNCTION

The Board and the Audit Committee of the Board is assisted by the Internal Audit Division in maintaining a sound system of internal controls. Such system can only provide reasonable and not absolute assurance against misstatement or loss.

The Internal Audit Division undertakes the internal audit function based on the audit plan which is continually reviewed and updated taking into account the changing nature of the Group's operations. The internal financial control framework covers review of the key business processes and controls including the annual reviews, adequacy of risk management, operational controls and compliance with law and regulations.

The internal auditing is based on a Group basis to ensure consistency in the application of procedures and policies. A systematic and disciplined approach is adopted to provide the required assurance to stakeholders, and also to add value and improve the Group's activities by providing independent, objective assurance and consulting activities. These are designed to evaluate and enhance risk management, control and governance process to assist Management to achieve its corporate goal.

The internal reports prepared by the Division are deliberated by the Audit Committee of the Board and recommendations are duly acted upon by the Management.

Going forward, the Division will further enhance its risk-based techniques, enhance its level of staff expertise and benchmark itself against global practices in internal auditing.

## Members of Management Committee of Padiberas Nasional Berhad



*from left to right*

Haji Hamim Bin Yusuf  
Haji Miptah Bin Rohsin  
Mohd. Hussin Bin Ismail  
Mohd. Khusaini Bin Harumaini  
Azlina Binti Hasan Bashri  
Ahmad Fuad Bin Abdul Wahab  
Yahya Bin Abu Bakar

Mamat Bin Daud  
Haji Zainuri Bin Kurmain  
Amiruddin Bin Ahmad Tajuddin  
Jenny Yow Ngan Chee  
Abd Rahim Bin Ahmad  
Dr. Larry Wong Chee Yoong  
Mohd Roslan Bin Bani Amin

**Yahya Bin Abu Bakar**

*Group Managing Director*

- B.Sc. in Biochemistry,  
Universiti Sains Malaysia

**Ahmad Fuad Bin Abdul Wahab**

*Deputy Group Managing Director*

*Corporate Services And Other Business*

*Company Secretary*

- B. Arts (Hons) Finance & Accounting,  
University of East London, UK

**Mamat Bin Daud**

*Deputy Group Managing Director*

*Rice Business*

- M.Sc. Industrial Engineering (USA)  
B.Sc. Physics, Universiti Malaya

**Dr. Larry Wong Chee Yoong**

*Advisor to the Group Managing Director*

- Ph.D in Econs, University of Kent at Canterbury, UK  
M.Econs, University of New England, Australia  
B.Agric. Sc. (Hons), Universiti Malaya

**Mohd. Roslan Bin Bani Amin**

*Head, Bernas Dominals Sdn Bhd*

*Chief Operating Officer, Serba Wangi Sdn Bhd*

- B.A (Hons) Town & Country Planning, Bristol Polytechnic

**Jenny Yow Ngan Chee**

*Head, Group Finance Division*

- Malaysian Association of Certified Public Accountants  
Malaysian Institute of Accountants

**Haji Zainuri Bin Kurmain**

*Head, Group Human Resources & Administration*

- B. Arts (Hons), Universiti Malaya

**Mohd. Hussin Bin Ismail**

*Managing Director, Bernas Logistics Sdn Bhd*

- Chartered Institute of Transport, UK

**Amiruddin Bin Ahmad Tajuddin**

*Head, Bernas Production Sdn Bhd*

- B.Sc., Universiti Kebangsaan Malaysia  
Diploma in International Trade  
Indian Institute of Foreign Trade

**Abd Rahim Bin Ahmad**

*Head, Edaran Beras Nasional Sdn Bhd*

- B.Arts & Social Science (Demography), Universiti Malaya  
Certificate in Personal Management, MIPM

**Haji Miptah Bin Rohsin**

*Managing Director, Beras Corporation Sdn Bhd*

- B.Econs, Universiti Kebangsaan Malaysia

**Azlina Binti Hasan Bashri**

*Company Secretary*

- LLB. (Hons), International Islamic University

**Haji Hamim Bin Yusuf**

*Head, Import Operation*

*Executive Director, Bernas Overseas (L) Limited*

*Head, Sarawak Zone, Beras Corporation Sdn Bhd*

- Chartered Institute of Marketing (UK)  
Associate Member of Chartered Institute of Marketing

**Mohd Khusaini Bin Harumaini**

*Head, Corporate Planning Department*

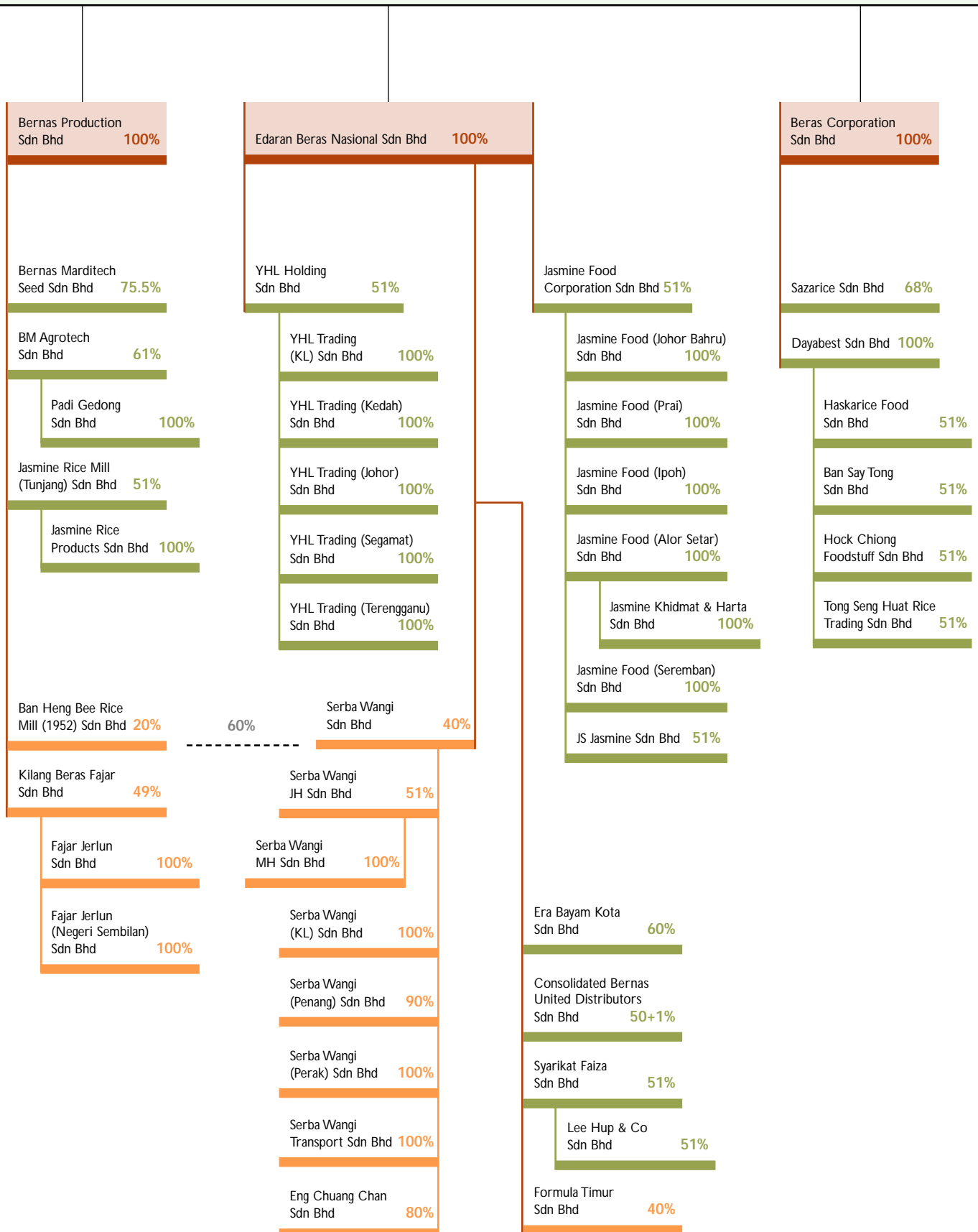
*Head, Rice Business Support Department*

- B. Arts (Hons) Business Admin (Accounting)  
Coventry University, UK

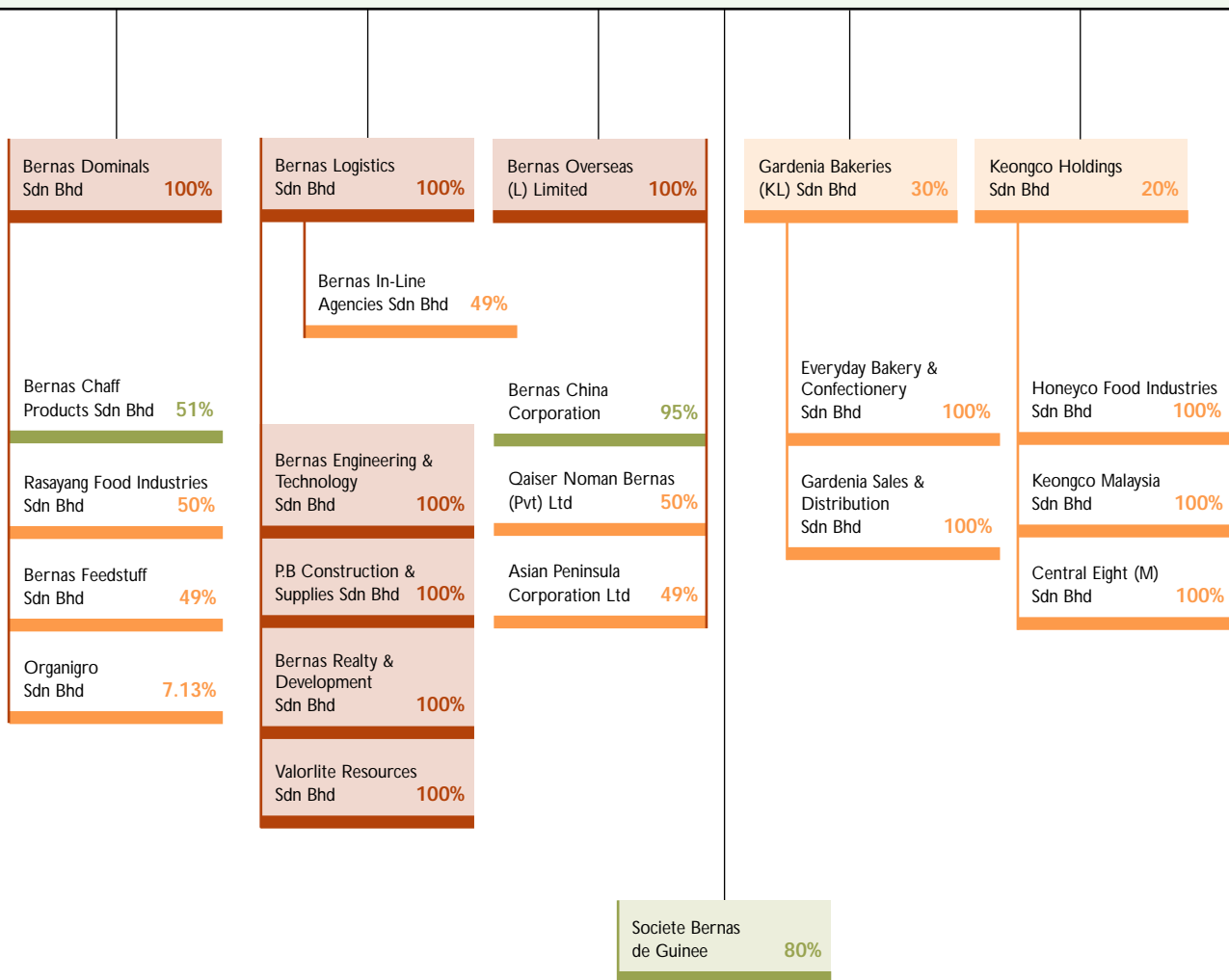


**BERNAS**  
PADIBERAS NASIONAL BERHAD

## Corporate Structure







Wholly-own Companies

Subsidiary Companies

Associate Companies

## Corporate Governance Statement

KLSE Listing Requirement Appendix 9C Part A(7) & Listing Requirement 15.26

The Board of Directors of Padiberas Nasional Berhad ("the Board") is committed in ensuring that the Group practices good corporate governance in conducting the Group's affairs with full transparency, integrity and professionalism with the ultimate objective of safeguarding the shareholders investment and interest.

In preparing this report, the Board has considered the manner in which it has applied the Principles of the Malaysian Code of Corporate Governance ("the Code") and to the extent which it has complied with the Best Practices of the Code that were in place throughout the financial year.

The Principles are divided into four Sections namely, Directors, Directors' Remuneration, Shareholders and Accountability & Audit.

### DIRECTORS

#### Composition of the Board

The Group acknowledges the pivotal role played by the Board of Directors in the stewardship of its direction and operations, and ultimately the enhancement of long-term shareholder value. To fulfil this role, the Board is responsible for the overall corporate governance of the Group, including its strategic direction, establishment of goals for the management and monitoring the achievement of these goals.

BERNAS is being led and managed by an experienced Board comprising members with wide range of business, financial and public service background. The Directors are also experienced in other related and unrelated industries.

The Board consists of eleven members altogether; a Managing Director, three Independent Non-Executive Directors (including the Chairman) and seven Non-Executive Directors. A brief profile of each Director is presented on page 12 of this Annual Report.

The concept of independence adopted by the Board is in tandem with the definition of an independent Director in Section 1.01 of the Listing Requirement of the KLSE.

There is a clear and distinct separation between the function of the Chairman and the Managing Director. The Chairman is primarily responsible for the orderly conduct and working of the Board whilst the Managing Director is responsible for the overall business operation on a day-to-day basis, assisted by an experienced management team.

The Managing Director in particular is responsible for implementing the policies and decisions of the Board, overseeing the operations as well as co-ordinating the development and implementation of business and corporate strategies. The presence of the Independent Non-Executive Directors is essential as they provide independent judgement to the decision making of the Board and a capable check and balance for the Managing Director. The Non-Executive Directors contribute significantly in areas such as policy and strategy, performance monitoring, allocation of resources as well as improving governance and controls. Together with the Managing Director who has intimate knowledge of the business of the Company, the Board is constituted of individuals who are committed to business integrity and professionalism in all its activities.

#### Board Responsibilities

The Board retains full and effective control of the Company. The Board is responsible for the Company's objectives, policies and stewardship of the Company's resources. There is a comprehensive five-year Group wide strategic plan which is reviewed every half-yearly to ensure its effective implementation. Key matters such as annual and interim results, acquisition and disposals, as well as major capital expenditure and budgets are reserved for the Board. The Management Committee Meeting which is attended by the divisions heads and senior management provides an avenue for the Managing Director to keep abreast of operational matters. A comprehensive review of the Group's reporting procedures is currently under taken.

The Board ordinarily meets at least four times a year at quarterly intervals with additional meetings convened when urgent and important decisions need to be taken between the scheduled meetings. During the financial year ended 31 December 2001, the Board met on eight occasions, where it deliberated upon and considered a variety of matters including the Group's financial results, major investments, strategic decisions and the business plan and direction of the Company. The number of Board meetings and the details of attendance of each individual director are disclosed as part of the Directors' profile and in the Statement Accompanying Notice of Annual General Meeting.

### **Board Committees**

The Board of Directors delegates certain responsibilities to the Board Committees, namely the Audit Committee, Establishment Committee, Nomination Committee and Remuneration Committee in order to enhance business and operational efficiency. The Nomination and Remuneration Committee were established in October 2001 to assist the Board in the execution of its duties. Prior to the establishment of these committees, their functions were assumed by the Board as a whole.

The Board Committees operate within clearly defined terms of reference and operating procedures, and the Board receives reports of their proceedings and deliberations. The Chairmen of the various committees will report to the Board on the outcome of the Committee meetings.

### **Supply of information**

Prior to each Board meeting, Directors are provided with an agenda and a full set of Board papers for each item to be discussed in the meeting. These Board papers are issued with sufficient time for the Directors to obtain further explanation, where necessary, in order to be properly briefed before the meeting.

The Board is in view that the primary responsibility for the provision of information to the Board lies with the Managing Director in conjunction with the Company Secretaries as the Managing Director has the best knowledge of the overall operation of the Company. Directors have access to all relevant financial as well as non-financial information within the Company whether as full board or in their individual capacity in furtherance of their duties.

Directors also have direct access to the advice and services of the Company Secretaries in performing their duties.

The Board believes that the current Company Secretaries are capable of carrying out their duties to ensure the effective functioning of the Board. The appointment and removal of the Company Secretaries is a matter for the Board as a whole.

### **Appointments of the Board**

The Nomination Committee is composed of four Non-Executive Directors, a majority of whom are independent.

The Committee met once during the financial year where it was attended by all members of the Committee. The Committee has written terms of reference requiring it to identify and select candidates in connection with any proposed new appointments of Executive and Non-Executive Director and makes recommendations to the Board in respect of such appointments.

The Board is to appoint its members through a formal and transparent selection process. This process shall be reviewed, approved and adopted by the Board. New appointees will be considered and evaluated by the Nomination Committee. The Committee will then recommend the candidates to be approved and appointed by the Board.

The Company Secretaries will ensure that all appointments are properly made, that all necessary information are obtained, as well as all legal and regulatory obligations are met.

## Directors' Training

Following the appointment of a new Director to the Board, a briefing on the Board's role and responsibilities, powers which have been delegated to the Company's senior management committee as well as the latest financial information about the Group will be given.

During the financial year, majority of the Directors have not attended the Mandatory Accreditation Programme (MAP) conducted by the Research Institute of Investment Analysis Malaysia (RIIAM) with the exception of Dato' Ahmad Zabri Bin Ibrahim.

## Re-election

The Company's Articles of Association require that all the Directors excluding the Managing Director to be subject to election by shareholders at the first opportunity after their appointment and that at least one third of the Directors, be subject to retirement by rotation at each Annual General Meeting.

The Directors to retire in each year are the Directors who have been longest in the office since their appointment or re-appointment. A retiring Director is eligible for re-appointment.

## DIRECTORS' REMUNERATION

### Remuneration Policy and Procedure

The Remuneration Committee consists exclusively of Non-Executive Directors.

The Remuneration Committee will be responsible in recommending the framework for the Directors' as well as the remuneration packages of the Managing Director to the Board. The Managing Director will be abstained from voting when matters affecting his own remuneration arrangement are considered.

The Board as a whole shall determine the remuneration of Non-Executive Directors. Individual Directors will abstain from making decisions with respect to their own individual remuneration.

The Remuneration Committee met once during the financial year where it was attended by all members of the Committee.

### Details of the Directors' remuneration

The fees payable to each of the Non-Executive Directors are approved at the Annual General Meeting based on the recommendation of the Board. The fees payable to each Non-Executive Director are determined by the Board as a whole. The Company reimburses reasonable expenses incurred by the Directors in the course of their duties as directors.

The details of the nature and amount of each major element of the remuneration of each Director of the Company is not disclosed for confidentiality purposes. However, the aggregate remuneration of the Directors are categorised into the appropriate components as follows:-

Category	Fees (RM)	Salaries & Bonuses (RM)	Benefits-in -kind (RM)
Executive-Director	-	279,000	2,180
Non-Executive Directors	335,000	-	4,320
Total	335,000	279,000	6,500

The remuneration paid to the Directors, analysed into bands of RM50,000, is as follows:

Amount of Remuneration	Executive Directors	Non-Executive Directors
Below RM50,000	-	8
RM50,001 to RM150,000	-	2
RM150,001 to RM250,000	-	-
RM250,001 and above	1	-

## SHAREHOLDERS

The Company recognises the importance of communicating with its shareholders and the need for the shareholders to be informed on all material business matters affecting the Group where these are achieved through the annual report, Annual General Meeting, scheduled analyst meetings, briefings to fund managers and the Company's website.

At the AGM, the shareholders are encouraged to ask questions both about the resolutions being proposed or about the Group's operations in general. The Chairman of the Board also addresses the shareholders on the review of the Group's operations for the financial year and outlines the prospects of the Group for the subsequent financial year. Additionally, a press conference is held immediately after the AGM where the Chairman advises the press on the resolutions passed, and answers questions posed. The Managing Director is also present at the press conference to provide further clarification.

The Company's website, [www.bernas.com.my](http://www.bernas.com.my) provides up-to-date information on the corporate structure, operation, product range and corporate events of the Group.

## ACCOUNTABILITY & AUDIT

### Financial Reporting

The Board aims to provide and present a balanced and meaningful assessment of the Group's financial performance and prospects at the end of the financial year, primarily through the annual financial statements, quarterly announcement of results to shareholders as well as the Chairman's statement and review of operations in the annual report. The Board is assisted by the Audit Committee to oversee the Group's financial reporting processes and the quality of its financial reporting to ensure accuracy, adequacy and completeness.

### Directors' responsibility statement in respect of the preparation of the audited financial statements

The Board is responsible for ensuring that the financial statements of the Group give a true and fair view of the state of affairs of the Group and of the Company as at the end of the accounting period and their profit or loss and cashflow for the period then ended. In preparing the financial statements, the Board has ensured that applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965 have been applied.

The Board also has a general responsibility for taking such steps as is reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

### Internal Control

The Board has an overall responsibility for maintaining a sound system of internal controls, which encompasses financial, operational and compliance controls and risk management for the Group to achieve its objectives within an acceptable risk profile.

The Board intends to establish more structured enterprise risk management purposes, which will be rolled out within the Group in stages with the assistance of an external adviser.

While acknowledging its responsibility for the system of internal control, the Board is aware that such a system cannot provide an absolute assurance against material mis-statement or loss.

### Relationship with the Auditors

The role of the Audit Committee in relation to the external auditors is set out in the Audit Committee Report on page 20 of the annual report. The Company has always maintained a close and transparent relationship with its auditors in seeking professional advice and ensuring compliance with the accounting standards in Malaysia.

## STATEMENT OF COMPLIANCE WITH THE PRINCIPLE AND BEST PRACTICES OF THE CODE

The Company has not complied with the Best Practices of the Code as set in the schedule below throughout the year. The reasons for such non-compliance are specified:-

1. The Board is looking into the current composition of the Board to ensure that at least one third of its members are Independent Non-Executive Directors in order to comply with para 15.02 of the Listing Requirement KLSE which requires two directors or one-third of the Board of the Company, whichever is higher to be Independent Directors.  
**CG BP AA II**
2. A formal assessment of the Board composition is currently undertaken in order to reflect the fair representation of the Board especially in protecting the interest of minority shareholders.  
**CG BP AA V & VI**
3. Given the current composition of the Board, in particular the strong and independent element and the separation of the roles of Chairman and the Managing Director, the Board does not consider it necessary to nominate a recognised Senior Independent Non-Executive Director.  
**CG BP AA VII**
4. The Company does not have a formal training programme for its new Directors as it is the Company's policy to appoint individuals of sufficient calibre and experience to carry out the necessary duties of a Director to the Board. The Board is mindful of the code of best practice in this regard and will review the necessity for formal training from time to time.  
**CG BP AA XIII**
5. The assessment process is yet to be formalised and carried out by the Nomination Committee. Thus the Board shall make the requisite disclosure in the annual review performed by the Nomination Committee in the Annual Report.  
**CG BP AA X**
6. The Board shall have a formalised process to examine its size and composition with particular consideration on its impact on the effective function of the Board.  
**CG BP AA XII**
7. The Board shall have formal schedule of matters resolved for the decision of the Board. However, the schedule of matters is in the process of formalising.  
**CG BP AA XV**
8. The Board is looking into formalising an agreed procedure for the Directors, whether as a full Board or in their individual capacity, in discharge of their duties as director to take independent professional advice at the Company's expense, if necessary. This shall be incorporated as part of the Board Charter/Terms of Reference  
**CG BP AA XX**
9. Terms of Reference where the position descriptions which sets forth the Management's limit of responsibilities is yet to be established and adopted in due course.  
**CG BP AA XVI**
11. The amendment to the Articles of Association of the Company shall be tabled at the forthcoming EGM in June 2002  
**Principle AV & LR 7.28**

Statement made in accordance with the resolution of the Board of Directors dated 30 May 2002

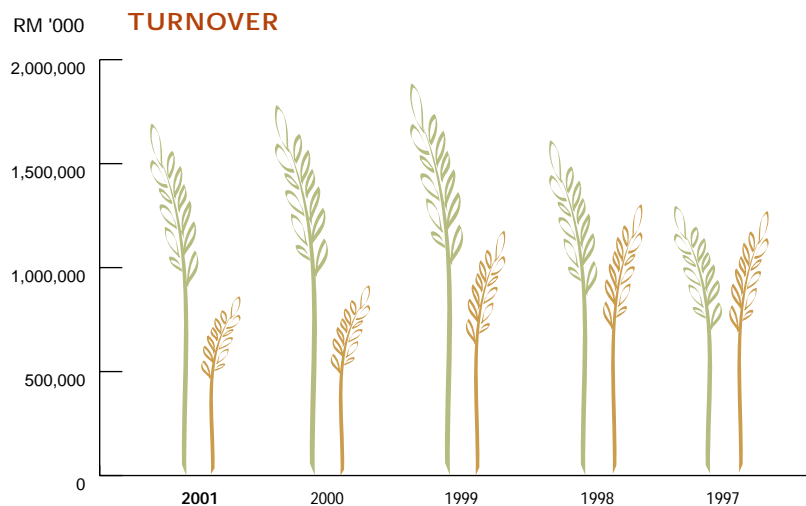


In terms of rice exports, there are **four types** of rice- white rice, cargo rice, white glutinous rice and parboiled rice.

## Financial Highlights

	2001 RM'000	2000 RM'000	1999 RM'000	1998 RM'000	1997 RM'000
<b>TURNOVER</b>					
Group	1,679,863	1,791,799	1,902,191	1,634,727	1,302,035
Company	881,043	917,064	1,164,229	1,317,754	1,274,172
<b>PROFIT BEFORE TAXATION</b>					
Group	128,245	94,972	120,467	9,183	38,657
Company	98,500	62,230	89,823	7,507	36,339
<b>TOTAL ASSETS</b>					
Group	1,263,445	1,098,229	1,057,731	954,966	840,405
Company	1,008,226	916,731	934,851	825,645	772,076
<b>SHAREHOLDERS' FUND / NET TANGIBLE ASSET</b>					
Group	618,567	544,001	480,227	399,278	414,259
Company	552,445	498,858	459,391	401,241	413,670
<b>OTHERS - GROUP</b>					
EPS	29.93	19.88	37.94	1.14	7.16
Net dividend	*10.00	7.50	10.00	5.00	5.00

\* 10% dividend less 28% tax has been proposed for shareholders' approval at the coming AGM.





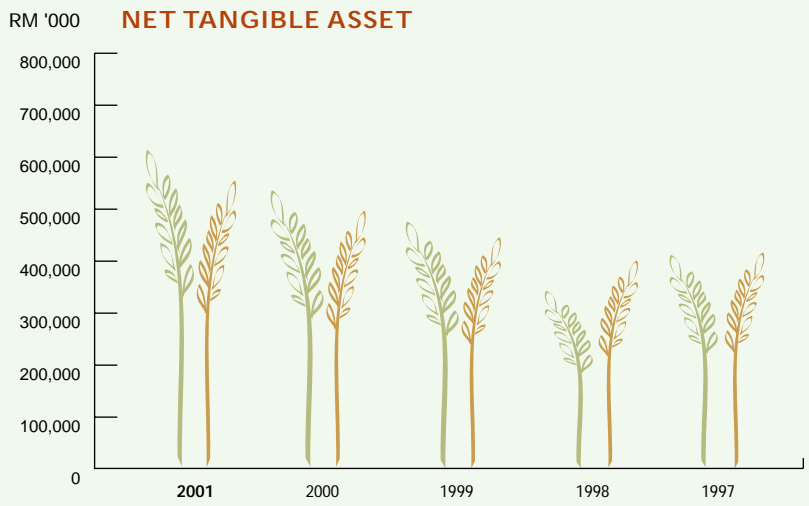
RM '000 **PROFIT BEFORE TAXATION**



RM '000 **TOTAL ASSETS**



RM '000 **SHAREHOLDERS' FUND / NET TANGIBLE ASSET**



Cents **OTHERS - GROUP**



Group  
Company

## Group Chairman's Statement



**Dear Shareholders,**

On behalf of the Board of Directors, it is my pleasure to present the Annual Report and Audited Accounts of Padiberas Nasional Berhad (BERNAS) for the financial year ended 31 December 2001.

### **CHALLENGES AND PROSPECTS**

Increased competition and higher expectation of efficiency and quality brought about by globalisation and its impact on the Malaysian economy continue to receive wide attention during the year 2001. In line with the changing tides of world trade, many Malaysian companies are facing new competition in the trading environment of AFTA and WTO. BERNAS has accepted globalisation as an ongoing challenge to its businesses and has

thus remained focused in its quest for survival by strengthening its domestic and international activities and by further diversifying into other food segments.

### **DIVIDENDS**

I am pleased to report that for the year 2001 the Bernas Group has managed to achieve a consolidated pre-tax profit of RM128.2 million against a turnover of RM1,679.9 million. In view of the Group's encouraging performance, the Board proposes a dividend of 10% less 28% taxation amounting to a total dividend of RM21.1 million for the year ended 31 December 2001 for approval by the shareholders at the forthcoming Annual General Meeting.

### **ACKNOWLEDGEMENTS**

On behalf of the Board, I would like to express our appreciation to YBhg Dato' Shaik Ahmad Soekarno bin Shaik Mohd Hussain, who resigned as a Director during the year, for his invaluable contributions to the Group. I also would like to welcome on board, YBhg Datu Dr Sulaiman bin Mahbob, Encik Saiful Adnan bin Abdul Majid and Encik Hasnan bin Hassan who was appointed as the Alternate Director to Encik Abdul Rahim bin Mokti whose vast experience I know will be beneficial to the Group.

Together with my fellow Board Members, I am truly delighted to take this opportunity to express our heartiest appreciation to the Government, shareholders, customers, business associates and financiers for their unwavering support to the Group. To the management team and employees at all levels of the Group, I would like to extend my sincere gratitude for their continued faith and perseverance during the past year. With their support, the Group was able to aggressively pursue bold strategic expansion plans to strengthen its position in a globalised business environment. I am optimistic that with their relentless dedication, commitment and sacrifice, we will succeed in weathering the challenges ahead to achieve a better performance in the coming years.

Thank you.

A handwritten signature in black ink, appearing to be 'M. Noor Abdul Rahim', written in a cursive style.

**Dato' Seri Mohamad Noor Abdul Rahim**

Petaling Jaya

May 2002



Rice is rich with iron and zinc that could improve the diet of women and children for healthy and productive lives.

## Group Managing Director's Message

### To Our Fellow Shareholders and Employees,

#### MANAGING THE LONG TERM PERSPECTIVE

The year 2001 saw the rise of new economic super powers, increased prominence of the global marketplace, intensification of international competition and rivalry - all of these elements of contemporary affairs have contributed toward the nation's preparation in facing up to the daunting challenge of remaining competitive in the era of globalisation.

The implementation of AFTA and WTO will come with trade liberalisation measures. Countries and commercial entities will have to compete on a so-called level playing field against counterparts crossing traditional borders.

This trade liberalisation will affect industries and economies across the board, not sparing the nation's paddy and rice industry.

BERNAS, in taking up the challenge, is taking a long-term perspective by moulding and developing its own capabilities to compete within the industry and the future economic environment. In formulating its long-term strategy, BERNAS has embodied the current business and economic scenarios along with the wide knowledge amassed since the nation's rice industry was first nationalised in 1971.

BERNAS, during the year in review, has continued to focus its attention on strengthening its rice supply chain giving due focus to core competencies and leveraging on its existing distribution network.

Globalisation offers a new challenge to the nation's paddy and rice industry as it will involve competition in terms of quality and costs. In view of the progressive implementation of AFTA in 2003, BERNAS has begun its diversification into other food-based businesses, development of food supply chains as well as consolidation of its regional distribution network. The Group realises that it would be unwise to place solitary emphasis on its rice-based business or the Malaysian market. Furthermore, focusing on food-related businesses will maximise the synergy of the Group's operations.

#### INTERNATIONAL STRATEGIC EXPANSION ACTIVITIES

The expansion of its international trading network has been given due focus by BERNAS. The year under review saw BERNAS being a step closer to achieving its goal of being a regional and international food corporation through the formation of an interconnected food trading network in strategically located countries.

Both Thailand and Pakistan have built infrastructure in rice processing capabilities giving them advantage in terms of quality and efficiency to compete and penetrate new markets including distribution at source countries. In addition, BERNAS' co-operation with Vietnam, China, Myanmar and Cambodia for the supply of rice, marks another long-term strategy adopted by the Group to strengthen its position in the international market, with the intention of developing an infrastructure and supply network in the future. These co-operation came about initially in the form of counter-trade arrangements and long-term supply arrangements. BERNAS' co-operation with Australia's RCL is an example whereby through strategic alliances, we managed to share market information and technology know-how as well as providing a new avenue of supply network.

### **DOMESTIC STRATEGIC EXPANSION ACTIVITIES**

Upstream activities, namely milling and procurement of paddy are now consolidated under BEPRO which will provide future consolidation and co-ordination of operations. These will lead to greater efficiency in the future.

At the distribution level, all the Group's distribution activities are now being re-aligned to two of our wholly-owned distribution subsidiaries namely EDARAN and BCSB. Through the strategic alliances which BERNAS has formed to-date with all of our rice partners, we have managed to streamline the distribution channel where currently the Group is serving 51% of the nation's rice demand, of which 44% of the volume goes to the retail and hypermarkets throughout the country.

BERNAS staunchly believes that in order to sustain a competitive edge and for efficiency to prevail, it will require constant improvement in terms of product quality (our brands signify our warranty of quality) as well as higher level of service of the distribution network.

This distribution network will be supported by BLSB, an integrated logistic provider which will provide efficient and fast services to its 57 warehouses, 36 mills and distribution network of approximately 20,000 retail outlets. With BERNAS' existing upstream and downstream activities being integrated through the sharing of a common service provider, BERNAS can now offer its distribution network to other food producers for efficient distribution of their products.

### **DIVERSIFICATION**

It is part of BERNAS' strategy to diversify its earnings base to include other food business. Amongst its efforts in food diversification include BERNAS' purchase of a 30% stake in GBKL which controls 55 per cent of the Malaysian market for bread and bakery products. GBKL's other shareholder is QAF Ltd.

As food retailing and services is part of our long-term plan of integrating food processing, retailing and food services business, BERNAS has ventured with Burger King through the subscription of RM14 million of Redeemable, Convertible, Cumulative Preference Shares (RCCPS) in COSMO, which



holds the Burger King chain franchise for Peninsula Malaysia. With eight Burger King outlets in the Klang Valley and with COSMO currently scouting for suitable areas to open more outlets, BERNAS is optimistic on the growth potential of these fast food outlets.

### **MAJOR CHALLENGE IN THE INDUSTRY**

In 2001, rice smuggling activities continued to plague the local rice industry. The Government and the various agencies have continuously increased its effort to curtail the problem of rice smuggling. BERNAS' allocation of RM2 million in reward money for those who can provide information on rice smuggling activities signifies its total support to the country's attempt in eradicating these undesirable activities. At this juncture, we wish to thank the authorities (special task force) at the Malaysia-Thailand border such as the Immigration Department, the Royal Customs and Excise Department, the Domestic Trade and Consumer Affairs Ministry, the Ministry of Agriculture and other related Government agencies for their diligent actions in curbing the smuggling of rice into this country.

## OUTLOOK AND PROSPECTS

Competitiveness is the best defence for the nation's rice industry in the face of impending trade liberalisation. In view of its survival in an intensely competitive environment, the Group strongly believes that there is no room for complacency nor satisfaction with its current achievements.

The increasing demand for high quality rice and other food products with rising household incomes and growing sophistication in consumer tastes would point to increasing pressure from consumers on BERNAS to provide not only in terms of physical commodities but to develop more value-added products as well as a higher level of service. In order to positively respond to this current scenario, a variety of measures including restructuring the farming sector and reform in paddy and rice industry are critical elements that will need special focus. Apart from this, it is timely that the ability and the maturity of our Malaysian consumers in making rational decisions regarding their choices and prices they pay for the quantity, quality and variety of rice supply be given due consideration.

Our suggested winning formula is through building strategic alliances notwithstanding economic and social differences coupled with the collective action and the closing of ranks of all the stakeholders working towards achieving a common goal. Standing united, BERNAS and all its stakeholders can move in one direction, proceed with one action and work towards achieving excellence and success. Only then can we build the resilience needed by the nation's food industry in general, and paddy and rice industry in particular, to stand a chance in being competitive, in coping with various challenges to eventually triumph in the wake of globalisation.

## PERFORMANCE AND DIVIDENDS

Blessed with better international rice prices, assisted further by the strengthening of its local strategic alliances, consolidation efforts and overseas ventures, BERNAS has managed to improve its performance in profits and market position in 2001.

We are glad to inform that against a 2001 pre-tax profit of RM128.2 million and RM98.5 million at Group and Company level respectively, your directors are recommending a final dividend of 10% less 28% taxation amounting to a total dividend of RM21.1 million for the year FYE 2001.

## ACKNOWLEDGEMENTS

Lastly, our sincere appreciation to all the Government Ministries and Agencies that are involved either directly or indirectly with our operations. Not forgetting to extend our appreciation to the Board of Directors for their wise counsel, to the management team and to all the staff of the BERNAS Group for their undying commitment, dedication and teamwork. I would like to record our special thanks to our joint-venture partners, business associates, and valued customers for their continued support.

Finally, I would like to thank the shareholders for their confidence in the Board and the management of the BERNAS Group.

Yours faithfully,



**Yahya Abu Bakar**

Petaling Jaya

May 2002



The key importance of rice is demonstrated by the fact that more than **90** percent of the world's rice is grown and consumed in Asia, where people typically eat rice two, three or more times daily.

## Review of Operations

### FINANCIAL PERFORMANCE REVIEW 2001

The Group achieved a new milestone by recording its pre-tax profit of RM128.2 million this year, an increase of 35% over RM95.0 million set in 2000. This achievement was primarily set by lower rice prices throughout 2001 coupled with the strategic measures employed in rice importation policies embarked on this year, in charting better margins as well as providing more choices to consumers in leading a better quality of life.

Cost cutting measures continue to be adopted with considerable degree of success. The Voluntary Separation Scheme (VSS) that was implemented towards end of 2000 has managed to turn the Group into a leaner and more focused organisation.

The Group however, posted a marginally lower turnover of RM1, 679.9 million in 2001 compared to RM1, 791.8 million in 2000. The slightly lower turnover by RM111.9 million was resulted from the continuous inflow of smuggled rice into the country. The Group has responded by deploying aggressive marketing, branding and strategic alliances with partners to enhance our distribution network and sales channel, which resulted in an increase in the Group's market share.

### BACKGROUND

In the year 2001, as world rice supply remained in excess of demand, global stocks weighed heavy on the market. Prices were kept trading at record lows throughout the year. At the domestic front, local production decreased marginally from 1.73 million metric tonnes in 2000 to 1.63 million metric tonnes in 2001. Based on the marketed paddy, the year 2001 graded rice output was approximately 0.98 million metric tones.

### INTERNATIONAL JOINT VENTURES

BERNAS has formed strong rice networks in Thailand, Pakistan and China through its international joint-venture companies; APC, QNB and BCC respectively. APC and QNB succeeded in maintaining their presence as prominent rice exporters in Thailand and Pakistan. During the year, our joint-venture companies' penetration into other markets such as Japan, Africa, Iran, United Arab Emirates, Iraq and China has been encouraging.

APC maintained its ranking as the Top 15 largest exporter by the Thai Rice Exporters Association in 2001. APC has invested Baht 60 million (RM5 million) to set up a rice re-processing plant which has been operating since November 2001. This puts APC in a better position to supply consistent quality of Thai rice in accordance with its customers' requirements. In addition, APC has commenced its application for both Good Management Practice and Hazard Analysis Critical Control Point (HACCP) certification and Islamic International Standard ISI 2020 for this plant. Meanwhile, APC has already achieved the Thai (local) "Halal" certification. Since approximately 50% of APC's loading is done midstream where barge services are required to bring the cargo to the vessel, APC has established PLC, a joint-venture shipping company to provide these barge services. Operation of PLC commenced in early August 2001. To-date, PLC carries cargoes such as rice, fertiliser, steel and tapioca for APC, its partners' companies and other parties.





In the future, APC will venture into "upstream" integration by covering paddy procurement and rice milling operations. Negotiations for the acquisition of a rice mill is still on-going. With regards to "downstream integration", APC hopes to pursue the retailing of its own brand of consumer packaged rice for both the local and global markets.

Ranked as the Top 5 Rice Exporter in Pakistan, QNB has been selected to receive the 2000/2001 Federation of Pakistan Chamber of Commerce & Industries Merit Trophy for Rice Category for the third consecutive year in recognition of attaining export volume of more than Pakistan Rupees 450 million (RM30 million) during the fiscal year. In view of the increased demand for more consistent and better quality rice, QNB has successfully constructed a rice re-processing plant in Karachi. With total investment costs amounting to Pakistan Rupees 60 million (RM4 million), it is hoped that the establishment of the rice re-processing plant, will help promote and enhance QNB's trading of Pakistani rice worldwide, especially Basmathi. QNB's rice re-processing plant was

commissioned in June 2001 and inaugurated on 6 September 2001. QNB's rice re-processing plant became the first plant in Pakistan to be awarded the HACCP Certification from United Registrar of Systems Ltd of the United Kingdom (URSIL 01-2001). This has certainly added another achievement to QNB's effort in becoming a leading rice company in the international rice business by pursuing the highest standards in quality, delivery and services. This certification would also be used as a marketing tool to meet stringent requirements for entering new markets in developed countries such as Europe.

Meanwhile, BCC continues to facilitate the purchase of rice from China for the Malaysian market apart from strengthening bilateral trade between China and Malaysia. BCC's effort in exploring possible joint-ventures with potential partners preferably those which already have an established integrated distribution network resulted positively with the signing of a rice for rice counter-trade agreement between BERNAS, COFCO and APC.

## COUNTER-TRADE AGREEMENTS

BERNAS' aspiration to create a more prominent presence in Asia is in line with the Group's goal to become a reputable rice conglomerate. During the year under review, BERNAS has successfully entered into agreements with several major rice suppliers in the Asian region.

On 23 July 2001, BERNAS entered into a supply agreement with MALIMEX to import Cambodian high quality rice. The co-operation with Cambodia would be carried out in three phases. In the first phase, BERNAS will provide assistance to Cambodia in promoting its high quality rice in the Malaysian and international markets by capitalising on the Group's supply and distribution network. In the second phase, BERNAS will consider the possibility of implementing the development of processing, milling and farming infrastructure to ensure quality, quantity and market penetration. In the third phase, BERNAS may consider the possibility of venturing into distribution activities in the Cambodian market. In 2001, a total of 7,000 metric tonnes of Cambodian high quality rice namely *Somaly* and *Pharkhnei*, has been imported for testing in the local market. The encouraging response from consumers has prompted BERNAS to continue importing high quality rice from Cambodia to sell in Malaysian and international markets.

On 10 September 2001, BERNAS signed a counter-trade agreement with VINAFOOD and VOCARIMEX. Under this agreement, BERNAS will import not less than 24,000 metric tonnes of rice, including Vietnamese fragrant rice for a duration of six months, from 1 October 2001 until 31 March 2002 valued at USD 5 million. VOCARIMEX will reciprocate by importing palm oil of an equal value over the same duration from Malaysia. With the positive growth of both the regional and international markets, business co-operation between BERNAS, VINAFOOD and VOCARIMEX will be extended to other commodities with the potential to penetrate an expanding market through Malaysia and/or Vietnam. The three parties also plan to share their expertise and experience, especially in the field of food supply chain management,

including distribution, logistics and branding. The co-operation with Vietnam brings BERNAS a step closer in achieving its goal of becoming a regional and international food corporation through the formation of an interconnected food trading network among corporations in strategic countries.

On 17 September 2001, BERNAS signed a counter-trade agreement with COFCO and an associate company of BERNAS in Thailand, APC. Under this agreement, BERNAS will import 20,000 metric tonnes of Chinese white rice from September 2001 till March 2002. In exchange for that, COFCO will import 10,000 metric tonnes of Thai fragrant rice from APC. It is hoped that the agreement will not be limited to Thai fragrant rice but also extended to other high quality rice such as Basmathi apart from exporting and importing other agricultural related products. It is envisaged that the co-operation will open opportunities for all three parties to contribute towards bilateral trade between China and Malaysia. The effort could also be a landmark to realise upstream and downstream activities particularly in the area of high-grade rice for the international market.

On 30 October 2001, BERNAS signed a second counter-trade agreement with MAPT to further improve and strengthen trade ties between Myanmar and Malaysia. The agreement entails BERNAS supplying paddy processing equipment and spare parts, spare parts for factories producing bran oil, insecticide and laboratory equipment. In return, BERNAS will purchase rice and other commodities including onions, dried chillies and beans from MAPT. The joint-venture will help facilitate the management and supply of rice and rice-based products from Myanmar to BERNAS as well as international market, including Africa, the Philippines, Indonesia and Vietnam.

On the whole, BERNAS continues to adopt a long-term strategy in all its partnerships and is focused at developing and interconnecting the food supply network in the region's exporting and importing nations while maintaining the existing market harmony in the respective countries' markets.

The expansion of its international trading network has also enabled BERNAS to enhance its operations and activities at both domestic and international levels. BERNAS strives to continuously build on its brand name, strengthen its distribution network and form alliances with local distributors.

### IMPORTS

BERNAS adopts a multiple-sourcing strategy of diversifying and increasing the number of countries from which imports are sourced as a wise strategy for food security, as well as reducing weather related production risks which could affect limited geographical areas. This strategy allows BERNAS to continue sourcing and locking in sufficient supplies of the desired quantity, grades and simultaneously ensuring the timeliness of the supply despite uncertainties occasionally encountered in international trade.

In 2001, BERNAS imported a total of 535,000 metric tonnes of rice, with the bulk of the volume being sourced from

In the year under review, BERNAS strengthened its co-operation with RCL, Australia's largest exporter of branded food products. Our co-operation with RCL involved expediting the transfer of expertise in the marketing of rice-based products and adopting the efficient supply chain management which has worked so well for RCL. Currently, BERNAS, through its subsidiaries, markets both Australian white rice and fragrant rice under "Austrarice" brand in packed form that guarantees quality, reliability and regularity of supply to consumers. BERNAS has also launched another pioneer rice-based product, "Quick Rice" into the market. In the long run, BERNAS intends to seek RCL's technical support in farming and operational assistance in milling, warehousing and storage operations in order to create an overall high level of efficiency in the local rice industry. BERNAS looks upon RCL as its long-term strategic partner. The collaboration between two "rice experts" in Malaysia and Australia is perceived as being a good combination of modern technology and ready market. By capitalising on BERNAS' strength in its distribution network,



Thailand, Vietnam, China, Pakistan, Australia whilst the remaining volume came from Myanmar, Cambodia, India, Uruguay and USA. Over the years, BERNAS has successfully sharpened its demand analysis skills of matching between demand and supply with sufficient level of accuracy.

there is no doubt that Malaysia would be the hub of choice for the marketing and distribution of RCL's rice-based products not only within ASEAN but throughout Asia.



### LOCAL PRODUCTION

During 2001, BEPRO procured 591,000 metric tonnes of paddy, a decrease of 6% from 631,000 in 2000, which commands 36% of local paddy market share. In terms of the industry, the decrease in paddy procurement was mainly attributed to the reduction in overall paddy marketed coupled with the shift in harvesting season. BEPRO generally maintained its paddy procurement in terms of percentage but slightly decreased its paddy procurement volume wise. The influx of smuggled rice into the country has caused the reduction in the demand for local rice. As a result, our local millers faced difficulty in selling their rice, which led to high stocks holding and subsequently put downward pressure on local paddy prices as well as local rice prices. In its move to stabilise the price of paddy, BEPRO maintained the selling price of local rice slightly above the market price. In 2001, the sales of local rice increased by 18% to reach 360,000 metric tonnes compared to 304,000 metric tonnes in 2000. Milling activity increased by 7% whereby 528,000 metric tonnes of paddy being milled in 2001 compared to 492,000 metric tonnes in 2000.

In responding to new challenges that comes with globalisation, BERNAS strives to achieve higher standards, increase productivity and enhance competitiveness. BERNAS has continued to give great attention to achieving cost efficiency and producing better quality of rice. During the year, BEPRO has introduced its Complex Management Procedures to enhance the efficiency of its mills operations. Among the projects undertaken were those pertaining to the enhancement of mechanisation, safety procedures and quality improvement.

In its pursuit towards quality and standards improvement, BEPRO is continuously embarking on efforts to adopt the ISO 9002 and 14000 standards in all its complexes.

### FARMING AND SEEDS

BMS, a joint-venture subsidiary with MARDITECH is involved in the processing and marketing of certified seeds. During the year, BMS sold a total of 7,000 metric tonnes of certified paddy seeds, equivalent to 16% of the total market demand.



### **MRQ 50 Seed Farming Project**

As the pilot seed farming project using the MRQ 50 variety on an area of 111 hectares at Kurong Anai, Perlis has been proven to be commercially viable, the project will be expanded to Parit Buaya, Kedah covering an area of 17 hectares. The supply of seeds procured from the seed farming project in Kurong Anai will be used to meet the demand for the MRQ 50 Farming Project in Rompin, Pahang.

### **MRQ 50 Farming Project**

BERNAS' farming division has embarked on a commercial production of MRQ 50, a high quality rice developed by MARDI in Kuala Rompin, Pahang in a 'smart partnership' with LKPP. From an initial pilot project of 460 acres started in the first season of 2001, it has proven to be profitable without direct price and fertiliser subsidies from the Government. The commercial potential of producing high quality rice on a rice estate model employing professional contractors in all field operations is now being tested in the second season of 2001. A total hectareage of 601 hectares is planted on land owned by

LKPP with a shared (50:50) capital of RM1.7 million. The crop has been harvested in February 2002. About 2,100 metric tonnes of paddy and 1,260 metric tonnes of rice is expected. The marketing plan is to promote this high quality rice for specific niche markets. With competitive costs of production and sound marketing strategies, production of locally developed high quality rice on a large scale basis is an excellent example of the 'seed to shelf' programme as envisaged by BERNAS. The MRQ 50 Project undertaken jointly by BERNAS and LKPP may well lead the way for our Malaysian farmers to overcome the challenges of trade liberalisation brought on by AFTA and WTO in the near future.

### **DISTRIBUTION**

EDARAN Group and BCSB Group are the marketing arms for the BERNAS Group in Peninsula Malaysia and East Malaysia respectively. During the year, these marketing arms and its wholesaling subsidiaries collectively sold 943,000 metric tonnes of rice which represent 51% of the market share of rice demand.

These marketing arms' activities span from the diversified sourcing, processing and production of fresh, safe and high quality rice to the efficient brand consolidation and enhanced distribution and logistics system and finally creating a strong integrated approach to promotion by embarking on a more organised utilisation of advertising and promotion and product visibility for the Group's subsidiaries.

EDARAN Group and BCSB Group strive to enhance the integration of the Group's distribution network, focusing on efficiency and timeliness. In addition, EDARAN sees a swifter and wider distribution of other food products from Group and non-Group companies through the Group's existing distribution network of approximately 20,000 retail outlets. For a start, on 10 November 2001, both Quick Rice and Chef Bop, BERNAS' new product range of instant rice-based products which come in a variety of flavours were launched in the market. The introduction of these instant rice products provided consumers with another alternative to choose from the wide range of instant food products currently available, and also increased the growing list of rice-based products available locally. Thus, proving the notion that rice is suitable to be competitively marketed with other instant products.

BERNAS has also introduced the "Program Pemborong Beras Bumiputera", a programme which has been intended to help the small-time and successful Bumiputera retailers through financial assistance as well as advisory services in the area of marketing, advertising, product quality management and building of distribution network. The programme offers credit facilities, free product build-up services, as well as product offered at cost-price and discounted prices for the first three months to make it easier for the wholesalers to penetrate the market as well as help in the quality of rice grades through the latest BERNAS technology. The programme would also present consumers with the guarantee for quality rice and competitive prices.

During the year, EDARAN also explored the possibility of participating in the shareholdings of OEL, a dominant rice player in Perak to strengthen its local distribution network. To facilitate this intention, EDARAN has entered into a Memorandum of Agreement on 28 December 2001 with the existing shareholders of OEL.

## CO-PRODUCTS

DOMINALS, a wholly-owned subsidiary of BERNAS, is the marketing arm for rice co-products sourced from the Group's rice mills with its core products being broken rice, bran and brewers. A fully integrated and automated rice co-products processing plant capable of producing a standardised quality of broken rice and other rice co-products as well as providing value-added and specialised features, was in full operation in May 2001. DOMINALS' investment in the processing plant gave it a competitive edge in terms of production of higher quality broken rice that fetched higher prices despite the declining trend in market prices due to the competitive nature of the co-products industry. In transforming itself to be a value-added manufacturer, plans are underway for DOMINALS to invest in the food processing business for rice and non-rice based products through joint-ventures with established companies.



## OTHER BUSINESSES

### Logistics

BLSB provides shipping, transportation and warehousing for the Group's logistics requirements. In the year 2001, BLSB' shipping department handled 520,000 metric tonnes of rice from various destinations, of which 370,000 were via conventional vessels whilst the remaining 150,000 were containerised. BLSB' transportation department owns and operates 38 prime movers and trailers of 20-tonne capacity to transport imported rice from Malaysian ports to BERNAS' warehouses as well as the transportation of BERNAS paddy and local rice within the

country. The investment in prime movers and trailers of higher capacity has contributed towards BLSB's capability in handling the entire Group's cargo in 2001.

BLSB continues to form strategic alliances with established partners in activities which include operating ships, warehousing, transportation and haulage operations, apart from competing to secure works from outside the Group, all with the main aim of being an integrated logistics provider.

### **Engineering, Construction & Property**

The Group through its wholly-owned subsidiaries, BET and PBCS, is involved in the provision of engineering and construction services related to grain processing. The concerted efforts of BET and PBCS resulted in their securing works from outside the Group. BRD, a wholly-owned subsidiary of BERNAS, is the Group's property arm which provides property management services. In 2001, BRD and a local consultant continued with its planning works to redevelop part of the existing land at Anak Bukit, Kedah as a rice information centre.

### **NON-RICE PRODUCTS**

BERNAS has an equity interest in KHSB, a major player in the sourcing and distribution of garlic, onions, shallots, dried chillies and other food commodities with extensive network overseas covering China, India, Indonesia, Myanmar and other countries. During the year, KHSB continues to identify, strengthen, diversify and integrate its international trading network linking suppliers and markets. Efforts have been made to develop current supplier countries such as Thailand, Myanmar and China into markets by engaging in imports into such countries and similarly to transform markets such as Indonesia and Philippines into supplier countries. In addition, KHSB strives to extend its retailing network of dried food commodities within local markets.

In its continuing effort to expand and diversify its core business into other food-based business, BERNAS acquired a 30% equity stake in GBKL, a producer of bakery products such as bread, bun and rolls, snack cakes and kaya. BERNAS' venture with GBKL which dominates 55% of the local bread sales, was doing well and is strengthening its market position. The acquisition of GBKL and alliance with QAF Ltd were in line with BERNAS' long-term strategy to strengthen its distribution network as well

as to prepare itself for the implementation of AFTA in 2003. This synergistic relationship will lead to both parties' co-operation in areas of distribution, downstream and upstream food processing and development of new products and related industries. BERNAS is planning to venture into flour milling and manufacturing of biscuits and confectionery products over the next five years. In addition, BERNAS is targeting for rice and non-rice products to make contributions to total turnover over the said period.

In eyeing the fast food sector including franchises as part of its expansion plan to gain synergy and add value to its food chain operations, BERNAS signed a Subscription Agreement with COSMO on 12 December 2001. COSMO is principally involved in the business of developing, operating, promoting and/or managing Burger King Restaurants in Peninsula Malaysia. With this signing, BERNAS agreed to subscribe RM14 million of Redeemable, Convertible, Cumulative Preference Shares (RCCPS) in COSMO, thus further accelerating COSMO's plans for expansion. BERNAS views Burger King as a fast food outlet which has definite growth potential. There are currently eight Burger King outlets in the Klang Valley. BERNAS is confident in COSMO's ability to expand its market and capturing more shares in the highly competitive Malaysian fast food market. In addition, COSMO is also in discussion to form alliance with the largest food player in Thailand. If the alliance materialises, it would further strengthen BERNAS' presence in Thailand. Armed with a stronger regional networking, this would facilitate BERNAS' penetration into untapped markets in the Asian region.

### **AFRICAN OPERATIONS**

BERNAS' presence in West Africa through SOBERGUI, a joint-venture company with the Government of the Republic of Guinea, continues into its fifth year of operation. The SOBERGUI project stands out from other offshore investments as it is the only integrated development project, a co-operation with the Guinean Government which is involved in the production, processing and distribution of rice as well as the production and marketing of chicken eggs.

## Corporate Diary

### 2 March 2001

Visit by Mr. Mai Van Dau, Information Minister of Vietnam to BERNAS Headquarters at CP Tower, Petaling Jaya, Selangor



2 March 01



22 May 01

### 22 May 2001

Signing ceremony of Memorandum of Understanding between BERNAS and LKPP Padi Sdn Bhd held at Ladang Sg. Kerpai, Kuala Rompin, Pahang.

### 27 June 2001

BERNAS 7th Annual General Meeting was held at the Ballroom of Pan Pacific Glenmarie Hotel.



27 June 01



24 Aug 01



10 Sept 01

### 23 July 2001

Padiberas Nasional Berhad (BERNAS) has entered into a supply agreement with Malimex Company Ltd, Cambodia. In

accordance with the agreement, BERNAS will only import high quality rice from Malimex Company Ltd and the latter will only export high quality rice to Malaysia through BERNAS.



6 Sept 01

### 24 Aug 2001

The BERNAS Group today launched the BERNAS Bumiputera Rice Wholesalers Program aimed at increasing the involvement of Bumiputera entrepreneurs in the nation's rice industry. The ceremony was officiated by YB Tan Sri Muhyiddin Yasin at Putra World Trade Center in Kuala Lumpur.

### 6 Sept 2001

Inauguration Ceremony of the German Rice Re-Processing Plant at QNB Rice Complex, F-61/D, Karachi.

### 10 Sept 2001

BERNAS signed a counter trade agreement with Southern Food Corporation (VINAFOOD) and the National Company for Vegetable Oils, Aromas and Cosmetics of Vietnam (VOCARIMEX) in Hanoi, Vietnam.





**17 Sept 2001**

BERNAS signed a counter trade agreement with China National Cereals, Oils and Foodstuffs Import and Export Corporation (COFCO) and Asian Peninsula Corporation Limited (APC), a Thailand-based joint venture company of BERNAS, in Beijing, China.

**3 Nov 2001**

BERNAS Group signed a second counter trade agreement with Myanmar Agriculture Produce Trading (MAPT) of Myanmar. Myanmar's Trade Minister, Brigadier General Pyi Sone, Malaysia's Ambassador to Myanmar, His Excellency Dato' Mohamed Noh as well as the Chairman of the BERNAS Group, Dato' Seri Mohamad Noor Abdul Rahim, witnessed the signing ceremony which was held in Yangon.



**10 Nov 2001**

Launching of the Chef Bop & Quick Rice range at the Main Atrium of IOI Mall, in Puchong, Selangor.

**13 Dec 2001**

BERNAS entered into an agreement to subscribe for RM14million 6% Redeemable Convertible Cummulative Preference Shares ("RCCPS") in Cosmo Restaurants Sdn Bhd ("Burger King"), which would eventually give the Company a 49% stake in Burger King.

**31 Jan 2002**

BERNAS Extraordinary General Meeting was held at the Tropicana Golf Resort, Petaling Jaya, Selangor.



**26 Feb 2002**

Launching of the 1st Commercial Harvesting of High Quality Rice (MRQ50) by Minister of Agriculture, YB Datuk (Dr.) Effendi Norwawi at Kuala Rompin, Pahang.



## Corporate Relations

Under this scheme, financial aid is provided to students in the age category of Standard Four to Form Five who excel academically. On top of the initial financial commitment of RM2.5 million, BERNAS has pledged an annual grant of RM250,000 for this scheme.

This fund is a part of the company's community relation programme that scrupulously recognises the continuous support and contribution of paddy farmers to the nation's paddy and rice industry.

### Motivational Course

While acknowledging its social duties to help selected children of paddy farmers, BERNAS does not neglect its responsibility to assist children of its own staff to perform well in public examinations. Motivational courses aimed at guiding students in learning and answering examination questions were conducted at several locations in 2001. The courses were jointly conducted with facilitators from established agencies such as Majlis Amanah Rakyat that manages Mara science colleges. 300 participants who were sitting for the UPSR, PMR and SPM examinations attended these courses.

The annual programme, which complements motivational projects organised by schools and other private institutions, is another means of the company's appreciation for the support and loyalty displayed by its staff, the core players upholding BERNAS' tower of strength.

### Vacation Homes

BERNAS currently maintains six vacation homes at The Paradise Lagoon Resort (Port Dickson), Sri Sayang Apartment (Batu Ferringhi, Pulau Pinang), Equatorial Hill Resort (Cameron Highlands, Pahang), Holiday Inn Resort (Damai Beach, Sarawak), Marina Court Condominium (Kota Kinabalu, Sabah) and Rajawali Chalet Poring (Hot Spring Ranau, Sabah). These three-room apartments are comfortably maintained to provide the staff with the luxury of "affordable" holidays in the country.

A given organisation crumbles without the pillars of strength and support from its employees and the people involved in the industry. We take pride in acknowledging and fulfilling our three fold obligations with care and efficiency. Firstly, we fulfil the essential obligations to the company itself, followed by the obligations to the shareholders and lastly to the public at large.

During the year 2001, BERNAS ventured into numerous activities for the ultimate benefit of these three parties and aim to move even stronger with a higher degree of efficiency and boldness to emerge as one of the main leading business organisations in the country.

## EMPLOYEE

### Education Fund

BERNAS launched its education fund, DANA PENDIDIKAN ANAK PESAWAH CEMERLANG on 21 November 1999. To date, a total of 116 worthy students have been selected to receive financial assistance from the fund and an impressive amount of RM72,750 has been disbursed to the recipients, the majority comprising children of paddy farmers. A total of 21 out of the 116 students were from the pioneer batch selected in the year 2000.

BERNAS places importance on close-knit family ties among its staff. The provision of the holiday homes serves to encourage family holidays for the apparent benefit of its staff. They are made available to the staff at a token rate on a first-come-first-serve basis. Plans are in store to increase the number of apartments this year to accommodate a greater usage frequency.

### **Sports Carnival**

The BERNAS Sports Carnival 2001 held for four days at University Teknologi MARA campus in Shah Alam, Selangor commenced from 25th - 28th October 2001. This was by far, the biggest sporting event organised by the company in five years and witnessed the bringing together of 1,000 staff from all stations in a competitive but harmonious environment. The participants came, saw and conquered the spirit of sportsmanship and togetherness as they mingled, socialised and competed in eight events - football, netball, volleyball, sepak takraw, badminton, tennis, table-tennis and carom. The previous sports event of such magnitude and diversity was held in 1996.

### **Voluntary Separation Scheme**

In December 2001, BERNAS implemented its second voluntary separation scheme as part of its corporate restructuring exercise, which was only applicable to the non-executives. A total of 164 employees opted to retire early under the scheme that was concluded with a payment of RM1.98 million. The move complements the Group's overall strategy as it was offered during a profitable year ensuring fair compensation to the successful applicants. In December 2000, BERNAS paid a total sum of RM19 million to 668 employees who opted to leave the company under a similar scheme.

## **ENVIRONMENT**

### **Kenaf Crop Research and Development**

A recent introduction to the nation, Kenaf or scientifically known as *Hibiscus cannabinus*, is a versatile crop with good potential as high protein feeds for dairy cattle as well as fibre source for paper making, plastic composites and industrial absorbents. Kenaf can produce up to 30 tonnes of fibre per hectare per year and is said to absorb as much as 6 times more carbon dioxide than other plants, making it the choice vegetation to purify air and remove air pollutants. A national Kenaf Committee comprising members from MARDI, UPM, FRIM, Department of Veterinary Services was set up by the National Economic Action Council to undertake the research and development of this crop in Malaysia. BERNAS is the first corporation invited to work with the National Kenaf Committee for the commercial development of the Kenaf plant.

### **Rice Husk**

A by-product of rice cultivation, rice husk is actually produced by numerous countries worldwide. In Malaysia itself, approximately 350,000 tonnes of rice husks is produced each year, representing 22% of the total paddy milled. Previously, this waste material have traditionally been burnt. However, due to increasing global environmental concerns, this environmental hazard practice is gradually being diminished and other disposal means are being thoroughly researched and looked into.

One of the main uses of rice husk is as a component of animal feed. Approximately 19% of the total ground husks produced by BERNAS mills goes toward this market. Thus, the environmental plight of the waste disposal is practically solved and the rice farmers also receive additional income.

Recently, it has been ascertained that electricity can be produced through a system that harnesses the energy of rice husks as well as other agricultural by-products. Since it is still in the initial development stage, only a mere 11% of the total rice husks produced by BERNAS is utilised as fuel to generate electricity in a few complexes. Again, the environmental concerns as well as disposal costs are minimised.

A joint venture project with Ancom Berhad to produce organic fertilisers using rice husks as a component also puts this waste material to positive use. Around 14,000 metric tonnes of rice husks are being used annually to produce such specially formulated high-end organic fertilisers which do not have any adverse effects on water quality.

## COMMUNITY

### Health Support Service

BERNAS' "Health Support Program" was launched on 16 June 2000. Running into its 2nd successful year, it has remained a vital community project for the farming community in Terengganu, Kedah and Perlis. Under this program, BERNAS provides a van for each of the said states to be used as a mode of transportation for paddy farmers in need of treatment and health checks at government clinics or hospitals.

The primary objective of the project was to complement and provide support to the Government's effort in improving the public's health standard, especially those in rural areas. This project also serves to reflect the company's appreciation for paddy farmers who have been tireless in helping BERNAS achieve its outstanding status today in the watchful eyes of the nation.

### Wave

BERNAS made an impressive contribution of RM20,000 to the Women Against Violence campaign, which was launched on 23 July 2001. The campaign was launched by Y.A.B. Dato Seri Dr. Mahathir Mohamad at KL Sentral. The cheque presentation ceremony was held on 6 August 2001 at the LPPKN Building. The campaign serves to readily remind and increase awareness of the on-going violence aimed at women today as well as to inform on the possible necessary steps to be taken by the victims as well as society in curbing such violence from further exploitation. BERNAS places importance on such projects, justifying its stand on equality of personal rights for both women and men.

### Jalur Gemilang

This campaign was launched in conjunction with the 44th National Day on 31 August 2001. The event was officiated by YB Datuk Abdul Kadir Haji Sheikh Fadzir, the Minister of Culture, Arts and Tourism. YB Datuk Abdul Kadir, was accompanied by BERNAS Group Chairman, Dato' Seri Mohamad Noor Abdul Rahim as well as some officers of BERNAS to distribute 10,000 Jalur Gemilang flags to road users of the Jalan Duta Highway Toll Plaza in Kuala Lumpur. Some of BERNAS' products were also distributed including 2500 Super Australia Rice - Austrarice 500g, 2500 packets of Quick Rice as well as 5000 bottles of Pure Drop mineral water.

For the year 2001, BERNAS made an impressive contribution of both goods and cash totalling to RM390,470.75. This generosity was spread throughout numerous charities, welfare homes, societies, institutions as well as needy individuals with the hope of providing some light and cheer to these parties.



Asian countries are the number one rice lovers and produce  $\frac{4}{5}$  of the world's harvest.  
The leading producers are China, India, Indonesia, Vietnam and Bangladesh.



## Financial Statements

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## Directors' Report

The directors hereby submit their report together with the audited financial statements of the Group and the Company for the financial year ended 31 December 2001.

### PRINCIPAL ACTIVITIES

The principal activities of the Company are procuring and processing of paddy as well as importing, buying and selling of rice. The Company is also responsible to maintain the national rice stockpile and managing the "Guaranteed Minimum Price" of paddy and the distribution of subsidies to paddy farmers on behalf of the Government.

The principal activities of the subsidiaries are described in Note 4 to the financial statements.

There have been no significant changes in these activities during the financial year.

### RESULTS

	Group RM'000	Company RM'000
Profit before taxation	128,245	98,500
Taxation	(34,276)	(30,278)
Profit after tax	93,969	68,222
Minority interests	(6,382)	-
Net profit for the year	87,587	68,222

### DIVIDENDS

The amounts of dividends paid, declared or proposed by the Company since 31 December 2000 were as follows:

	RM'000
In respect of the financial year ended 31 December 2000:	
- Final tax exempt dividend of 5% paid on 31 July 2001	14,635

At the forthcoming Annual General Meeting, a final dividend in respect of the current financial year ended 31 December 2001 of 10% on 292,630,000 ordinary shares less 28% taxation amounting to a total dividend of RM21,069,360 (7.2 sen per share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in the shareholders' equity as an appropriation of retained profits in the next financial year ending 31 December 2002.



### **RESERVES AND PROVISIONS**

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the statements of recognised gains and losses.

### **BAD AND DOUBTFUL DEBTS**

Before the income statements and balance sheets were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would render the amounts written off as bad debts or provided for as doubtful debts in the financial statements of the Group and the Company inadequate to any substantial extent.

### **CURRENT ASSETS**

Before the income statements and balance sheets were made out, the directors took reasonable steps to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records 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 which would render the values attributed to the current assets in the financial statements of the Group and the Company misleading.

### **VALUATION METHODS**

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and the Company misleading or inappropriate.

### **CONTINGENT AND OTHER LIABILITIES**

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

- (a) any charge on the assets of the Group or the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
- (b) any contingent liability of the Group or the Company which has arisen since the end of the financial year.

No contingent or other liability 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 or the Company to meet their obligations when they fall due.

### **CHANGE OF CIRCUMSTANCES**

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group or the Company which would render any amount stated in the financial statements misleading.

### **ITEMS OF AN UNUSUAL NATURE**

The results of the operations of the Group and the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group or the Company for the financial year in which this report is made.

### **SIGNIFICANT EVENTS**

The significant events during the financial year are as disclosed in Note 27 to the financial statements.

### **SUBSEQUENT EVENT**

The subsequent event is as disclosed in Note 28 to the financial statements.

### **EMPLOYEES' SHARE OPTION SCHEME**

The Company's Employee's Share Option Scheme ("ESOS") was approved by the shareholders at the Extraordinary General Meeting held on 27 June 2000 and became effective on 15 September 2000.

The main features of the ESOS are as follows:

- (a) Eligible persons are employees of the Group (including executive directors) who have been confirmed in the employment of the Group and have served for at least one year before the date of the offer. The eligibility for participation in the ESOS shall be at the discretion of the Option Committee appointed by the Board of Directors.
- (b) The total number of shares to be offered shall not exceed in aggregate 10% of the issued share capital of the Company at any one time during the existence of the ESOS.
- (c) The option price shall be at a discount of not more than 10% from the five day weighted average market price of the Company's shares as shown in the daily official list issued by the Kuala Lumpur Stock Exchange immediately preceeding the offer date of the option or at the par value of the Company's shares, whichever is higher.
- (d) No offer shall be made for less than 1,000 shares and not more than 290,000 shares to any eligible employee.

- (e) An option granted under the ESOS is exercisable by the grantee by notice in writing to the Company before the expiry date of five years from the date of the offer or such shorter period as specified in such offer.
- (f) The number of shares under option or the option price or both so far as the option remain unexercised may be adjusted following any variation in the issued share capital of the Company by way of a capitalisation or rights issue or a reduction, subdivision or consolidation of the Company's shares made by the Company.
- (g) The shares under option shall remain unissued until the option is exercised and shall on allotment rank pari passu in all respects with the existing shares of the Company at the time of allotment save that they will not entitle the holders thereof to receive any rights and bonus issues announced or to any dividend or other distribution declared to the shareholders of the Company as at a date which precedes the date of the exercise of the option.
- (h) The Option Committee may at its discretion at any time and from time to time as it shall deem fit, select and make an offer in writing to any eligible employee to subscribe for shares in the Company based on the criteria for allotment and eligibility set out in By-Laws. The number of new shares which may be offered and allotted to the eligible employee shall be at the discretion of the Option Committee and shall not be less than one thousand shares and not more than two hundred and ninety thousand shares and shall always be in multiples of one thousand shares.

The movement in the options to take up unissued new ordinary shares of RM1 each and the option price are as follows:

<b>Option Price</b>	<b>At 1 January 2001</b>	<b>Granted</b>	<b>Exercised</b>	<b>At 31 December 2001</b>
RM1.76	23,397,000	-	-	23,397,000

Subsequent to the end of the financial year, a total of 407,000 options have been exercised.

## **DIRECTORS**

The directors who served since the date of the last report are:

Dato' Seri Mohamad Noor bin Abdul Rahim

Dato' Mohd. Ibrahim bin Mohd. Nor

Dato' Syed Azizan bin Syed Mohamad

Dato' Ahmad Zabri bin Ibrahim

Dohat bin Shafiee

Bukhari bin Mohd. Sawi

Abdul Rahim bin Mokti \*

YB Haji Mohd Naroden bin Haji Majais

Yahya bin Abu Bakar

Dato' Abi Musa Asa'ari bin Mohamed Nor \*

Dato' Baseri bin Lamsah (alternate director to Dato' Abi Musa Asa'ari bin Mohamed Nor)

Shaik Ahmad Soekarno bin Shaik Mohd Hussain (appointed on 15 May 2001 and resigned on 7 January 2002)

Hasnan bin Hassan (appointed as alternate director to Abdul Rahim bin Mokti on 13 June 2001)

Datu Dr Sulaiman bin Mahbob (appointed on 7 January 2002)

Saiful Adnan bin Abdul Majid (appointed on 29 March 2002)

\* Director appointed by Special Shareholder

Under Articles 121(2) and 126 of the Company's Articles of Association, Dato' Seri Mohamad Noor bin Abdul Rahim, Dato' Syed Azizan bin Syed Mohamad, Dohat bin Shafiee, Datu Dr Sulaiman bin Mahbob and Saiful Adnan bin Abdul Majid retire by rotation and being eligible offer themselves for re-appointment.

## **DIRECTORS' BENEFITS**

During and at the end of the financial year, no arrangement subsisted to which the Company or its subsidiaries is a party with 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, other than the share options granted pursuant to the ESOS.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Note 18 to the financial statements or the fixed salary of a full time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

## DIRECTORS' INTERESTS

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares of the Company or its related corporations during the financial year other than as follows:

	Number of Ordinary Shares of RM1 Each			
	1.1.2001	Bought	Sold	31.12.2001
<b>The Company</b>				
<b>Direct</b>				
Yahya bin Abu Bakar	46,000	-	-	46,000
<b>Indirect</b>				
Dato' Ahmad Zabri bin Ibrahim	1,000	-	-	1,000
Yahya bin Abu Bakar	9,000	-	-	9,000

	Number of Options over Ordinary Shares of RM1 Each			
	1.1.2001	Granted	Exercised	31.12.2001
<b>The Company</b>				
Yahya bin Abu Bakar	36,000	-	-	36,000
Dato' Mohd. Ibrahim bin Mohd. Nor	134,000	-	-	134,000

**AUDITORS**

Arthur Andersen & Co. retire and have indicated their willingness to accept re-appointment.

Signed on behalf of the Board in accordance with a resolution of the directors



**DATO' SERI MOHAMAD NOOR BIN ABDUL RAHIM**



**YAHYA BIN ABU BAKAR**

Petaling Jaya

Dated: 29 April 2002

## Statement by Directors

We, DATO' SERI MOHAMAD NOOR BIN ABDUL RAHIM and YAHYA BIN ABU BAKAR, being two of the directors of PADIBERAS NASIONAL BERHAD, do hereby state that, in the opinion of the directors, the financial statements set out on pages 65 to 101 give a true and fair view of the state of affairs of the Group and the Company as at 31 December 2001 and of their results and their cash flows for the year then ended and have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia.

Signed on behalf of the Board in accordance with a resolution of the directors

DATO' SERI MOHAMAD NOOR BIN ABDUL RAHIM

YAHYA BIN ABU BAKAR

Petaling Jaya

Dated: 29 April 2002

## Statutory Declaration

I, YAHYA BIN ABU BAKAR, the director primarily responsible for the financial management of PADIBERAS NASIONAL BERHAD, do solemnly and sincerely declare that the financial statements set out on pages 65 to 101 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by )  
the abovenamed **YAHYA BIN ABU BAKAR** )  
at Petaling Jaya in Selangor on )  
29 April 2002 )

  
**YAHYA BIN ABU BAKAR**

Before me:



No. 7A, Jalan Sultan 52/2,  
46200 Petaling Jaya,  
Selangor.

**SAMSUDDIN BIN ABDUL WAHAB**

B 139

Commissioner for Oaths

## Auditors' Report

To the Shareholders of **PADIBERAS NASIONAL BERHAD**

We have audited the financial statements set out on pages 65 to 101. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.


In our opinion:

- (a) the financial statements have been prepared in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia and give a true and fair view of:
  - (i) the state of affairs of the Group and the Company as at 31 December 2001 and of their results and their cash flows for the year then ended; and
  - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors as indicated in Note 4 to the financial statements, being financial statements that have been included in the consolidated financial statements.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.


The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and in respect of subsidiaries incorporated in Malaysia, did not include any comment made under subsection (3) of Section 174 of the Act.



**ARTHUR ANDERSEN & CO.**

No. AF 0103

Chartered Accountants



**ABRAHAM VERGHESE A/L T.V. ABRAHAM**

No. 1664/10/02(J)

Partner of the Firm

Dated: 29 April 2002



## Balance Sheets

as at 31 December 2001

	Note	Group		Company	
		2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
<b>NON-CURRENT ASSETS</b>					
Property, plant and equipment	3	244,037	240,757	13,836	20,113
Subsidiaries	4	–	–	335,360	334,360
Associated companies	5	89,457	23,410	59,966	2,856
Other investments		2,352	342	2,000	–
Intangible assets	6	12,424	15,543	–	–
		<b>348,270</b>	280,052	<b>411,162</b>	357,329
<b>CURRENT ASSETS</b>					
Inventories	7	367,356	292,537	18,187	19,684
Trade receivables	8	163,721	164,675	–	17,192
Other receivables	9	115,563	61,508	536,706	447,623
Cash and bank balances	10	280,959	315,000	42,171	74,903
		<b>927,599</b>	833,720	<b>597,064</b>	559,402
<b>CURRENT LIABILITIES</b>					
Short term borrowings	11	274,846	324,474	220,934	279,056
Trade payables		27,201	10,863	–	–
Other payables	12	144,553	98,814	109,273	87,746
Taxation		49,159	30,366	46,641	16,942
		<b>495,759</b>	464,517	<b>376,848</b>	383,744
<b>NET CURRENT ASSETS</b>					
		<b>431,840</b>	369,203	<b>220,216</b>	175,658
		<b>780,110</b>	649,255	<b>631,378</b>	532,987
<b>FINANCED BY:</b>					
Share capital	13	292,630	292,630	292,630	292,630
Reserves	14	325,937	251,371	259,815	206,228
Shareholders' equity		<b>618,567</b>	544,001	<b>552,445</b>	498,858
Minority interests		55,242	48,748	–	–
		<b>673,809</b>	592,749	<b>552,445</b>	498,858
Loans	15	58,476	16,976	54,800	12,223
Deferred liabilities	16	47,825	39,530	24,133	21,906
Non-current liabilities		<b>106,301</b>	56,506	<b>78,933</b>	34,129
		<b>780,110</b>	649,255	<b>631,378</b>	532,987

The accompanying notes are an integral part of these balance sheets.

## Income Statements

for the year ended 31 December 2001

	Note	Group		Company	
		2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Revenue	17	<b>1,679,863</b>	1,791,799	<b>881,043</b>	917,064
Cost of sales		<b>(1,300,363)</b>	(1,434,681)	<b>(605,654)</b>	(752,345)
Gross profit		<b>379,500</b>	357,118	<b>275,389</b>	164,719
Other operating income		<b>18,728</b>	19,158	<b>4,196</b>	12,397
Administration and other operating expenses		<b>(271,305)</b>	(275,534)	<b>(173,598)</b>	(108,212)
Profit from operations	18	<b>126,923</b>	100,742	<b>105,987</b>	68,904
Finance costs, net	19	<b>(7,239)</b>	(9,198)	<b>(7,487)</b>	(6,674)
Share of profits of associated companies		<b>8,561</b>	3,428	-	-
Profit before taxation		<b>128,245</b>	94,972	<b>98,500</b>	62,230
Taxation	20	<b>(34,276)</b>	(30,136)	<b>(30,278)</b>	(17,496)
Profit after taxation		<b>93,969</b>	64,836	<b>68,222</b>	44,734
Minority interests		<b>(6,382)</b>	(6,674)	-	-
Net profit for the year		<b>87,587</b>	58,162	<b>68,222</b>	44,734
Basic earnings per share (sen)	21	<b>29.93</b>	19.88		
Fully diluted earnings per share (sen)	21	<b>28.23</b>	19.57		

The accompanying notes are an integral part of these statements.

## Statements of Recognised Gains and Losses

for the year ended 31 December 2001

	Note	Group		Company	
		2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Surplus on translation of financial statements of foreign subsidiaries	14(e)	<b>4,383</b>	2,932	-	-
(Deficit)/surplus on government stockpile	14(b)	<b>(2,769)</b>	8,924	-	-
Net gains not recognised in the income statement		<b>1,614</b>	11,856	-	-
Net profit for the year		<b>87,587</b>	58,162	<b>68,222</b>	44,734
Total recognised gains		<b>89,201</b>	70,018	<b>68,222</b>	44,734

The accompanying notes are an integral part of these statements.

## Cash Flow Statements

for the year ended 31 December 2001

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
<b>CASH FLOWS FROM</b>				
<b>OPERATING ACTIVITIES</b>				
Profit before taxation	<b>128,245</b>	94,972	<b>98,500</b>	62,230
Adjustments for:				
Share of profits of associated companies	<b>(8,561)</b>	(3,428)	–	–
Depreciation and amortisation	<b>23,895</b>	18,556	<b>4,566</b>	3,089
Net (gain)/loss on disposal of property, plant and equipment	<b>(80)</b>	430	<b>(52)</b>	(24)
Provision for doubtful debts and bad debts written off	<b>18,399</b>	25,540	<b>38,905</b>	19,851
Intangible assets written off	<b>20</b>	828	–	–
Provision for/(write back) retirement benefits	<b>7,990</b>	(3,412)	<b>2,598</b>	(8,687)
Property, plant and equipment written off	<b>1,469</b>	960	<b>245</b>	18
Interest expenses	<b>13,052</b>	16,830	<b>9,083</b>	8,496
Interest income	<b>(5,813)</b>	(7,632)	<b>(1,596)</b>	(1,822)
Provision for diminution in investment	–	–	–	500
Provision for impairment of property, plant and equipment	–	7,325	–	–
Inventories written off	<b>268</b>	–	–	–
Write back of voluntary separation scheme compensation	<b>(4,000)</b>	(11,975)	<b>(4,000)</b>	(11,975)
Insurance claims written off	<b>1,282</b>	–	<b>1,282</b>	–
Operating profit before working capital changes	<b>176,166</b>	138,994	<b>149,531</b>	71,676

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
(Increase)/decrease in receivables	(70,275)	(8,728)	(111,079)	54,302
(Increase)/decrease in inventories	(73,944)	(86,877)	1,497	(15,004)
Increase/(decrease) in payables	62,978	(8,718)	25,409	(20,088)
Net cash generated from operations	94,925	34,671	65,358	90,886
Taxation paid	(14,737)	(2,464)	(578)	(2,554)
Interest paid	(13,052)	(15,957)	(9,083)	(8,496)
Retirement benefits paid	(468)	(2,613)	(254)	(2,300)
Net cash generated from operating activities	66,668	13,637	55,443	77,536
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Net cash used for acquisition of a subsidiary (Note A) *	(404)	-	-	-
Interest income received	5,813	7,632	1,596	1,822
Purchase of investment	(61,613)	(2,856)	(61,110)	(72,522)
Purchase of property, plant and equipment	(28,021)	(29,699)	(2,786)	(6,488)
Transfer of property, plant and equipment to related companies	-	-	4,049	-
Proceeds from sale of property, plant and equipment	2,092	1,073	256	282
Net cash used in investing activities	(82,133)	(23,850)	(57,995)	(76,906)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Net repayment borrowings	(8,134)	(20,253)	(15,545)	(20,996)
Dividend paid	(14,635)	(19,899)	(14,635)	(19,899)
Net cash used in financing activities	(22,769)	(40,152)	(30,180)	(40,895)

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(38,234)</b>	(50,365)	<b>(32,732)</b>	(40,265)
<b>EFFECTS OF EXCHANGE RATE CHANGES</b>	<b>4,383</b>	4,530	-	-
<b>CASH AND CASH EQUIVALENTS AT 1 JANUARY</b>	<b>308,435</b>	354,270	<b>74,903</b>	115,168
<b>CASH AND CASH EQUIVALENTS AT 31 DECEMBER</b>	<b>274,584</b>	308,435	<b>42,171</b>	74,903
Cash and cash equivalents comprise:				
Cash and bank balances	<b>280,959</b>	315,000	<b>42,171</b>	74,903
Bank overdraft	<b>(6,375)</b>	(6,565)	-	-
	<b>274,584</b>	308,435	<b>42,171</b>	74,903

#### Note A

#### \* ANALYSIS OF ACQUISITION OF A SUBSIDIARY

	2001 RM'000
Trade and other receivables	2,507
Inventories	1,144
Property, plant and equipment	876
Investments	10
Cash and cash equivalents	(21)
Short term borrowings	(198)
Trade and other payables	(3,203)
Taxation	(22)
Deferred taxation	(54)
Minority interest	(509)
Share of net assets acquired	530
Goodwill on consolidation	(147)
	383
Less: Cash and cash equivalents of subsidiary acquired	21
Net cash used for acquisition of a subsidiary	404

The accompanying notes are an integral part of these statements.

# Notes To The Financial Statements

31 December 2001

## 1. PRINCIPAL ACTIVITIES AND GENERAL INFORMATION

The principal activities of the Company are procuring and processing of paddy as well as importing, buying and selling of rice. The Company is also responsible to maintain the national rice stockpile and managing the "Guaranteed Minimum Price" of paddy and the distribution of subsidies to paddy farmers on behalf of the Government.

The principal activities of the subsidiaries are described in Note 4.

There have been no significant changes in these activities during the financial year.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Board of the Kuala Lumpur Stock Exchange. The principal place of business of the Company is located at Level 19, CP Tower, No. 11 Section 16/11, Jalan Damansara, 46350 Petaling Jaya, Selangor Darul Ehsan.

The number of employees of the Group and the Company at the end of the financial year were 4,409 (2000: 5,036) and 349 (2000: 464) respectively.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### (a) Basis of Accounting

The financial statements of the Group and the Company have been prepared under the historical cost convention unless otherwise indicated in the accounting policies below and comply with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia.

### (b) Basis of Consolidation

Consolidated financial statements include the financial statements of the Company and all its subsidiaries. Subsidiaries are those companies which the Company holds, directly or indirectly, more than 50% of their respective issued voting share capital as long term investments and the Group has power to exercise control over the financial and operating policies so as to obtain benefits therefrom. Companies acquired or disposed are included in the consolidated financial statements from the date of acquisition or to the date of disposal. Subsidiaries are consolidated using the acquisition method of accounting.

Intragroup transactions, balances and resulting unrealised gains are eliminated on consolidation and the consolidated financial statements reflect external transactions only. Unrealised losses are eliminated on consolidation unless costs cannot be recorded.

The differences between the cost of an acquisition over the fair value of the Group's share of the net assets of the acquired subsidiary at the date of acquisition is included in the consolidated balance sheet as goodwill or reserve arising on consolidation and is amortised or credited to income statement over 10 years. Goodwill on consolidation is reviewed at each balance sheet date and will be written down for impairment where it is considered necessary.

The gain or loss on disposal of a subsidiary is the difference between net disposal proceeds and the Group's share of its net assets together with any unamortised balance of goodwill and exchange differences which were not previously recognised in the consolidated income statements.

### (c) Revenue Recognition

Sales are recognised net of discounts when transfer of risks and rewards has been completed.

**(d) Property, Plant and Equipment and Depreciation**

Property, plant and equipment are stated at cost less accumulated depreciation and impairment loss. Freehold land and construction work-in-progress are not depreciated. Depreciation of other property, plant and equipment is provided on a straight line basis calculated to write off the cost of each asset over its estimated useful life. The principal annual rates of depreciation are:

Leasehold land	1.67%
Buildings	2%
Renovation	10%
Plant and machinery	4%
Furniture, fittings and office equipment	10%
Roads and related ancillary facilities	10%
Motor vehicles	20%

The property, plant and equipment transferred from Lembaga Padi dan Beras Negara ("LPN") on 7 July 1994 (transfer date) are depreciated over the remainder of the useful life of these assets as at the transfer date.

The carrying values of assets are reviewed for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts.

An impairment loss is charged to the income statement immediately, unless the asset is carried at revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of previously recognised revaluation surplus for the same asset.

Subsequent increase in the recoverable amount of an asset is treated as reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the income statement immediately, unless the asset is carried at revalued amount. A reversal of an impairment loss on a revalued asset is credited directly to revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the income statement, a reversal of that impairment loss is recognised as income in the income statement.

**(e) Inventories**

Inventories are stated at the lower of cost (determined on weighted average basis) and net realisable value. Cost includes direct materials, direct labour and appropriate production overheads. The Company is vested with the duty to maintain and manage the Government Stockpile. The inventories of paddy and rice of the Company and the Group are disclosed net of the Government Stockpile. Surplus arising from the valuation of inventories attributable to the Government Stockpile is dealt with in the Stockpile Fluctuation Reserve Account. Deficit fluctuations in excess of the amount in reserve are charged to income statements.

**(f) Associated Companies**

The Group treats as associated companies those companies in which the Group has a long term equity interest of between 20 and 50 percent and where it exercises significant influence over the financial and operating policies.



Investments in associated companies are accounted for in the consolidated financial statements by the equity method of accounting based on the audited or management financial statements of the associated companies. The Group's share of post-acquisition profits less losses of associated companies is included in the consolidated income statement and the Group's interest in associated companies is stated at cost plus the Group's share of post-acquisition retained profits or accumulated losses and reserves.

Unrealised gains on transactions between the Group and the associated companies are eliminated to the extent of the Group's interest in the associated companies. Unrealised losses are eliminated unless cost cannot be recovered.

The difference between the purchase consideration and the fair value of net assets acquired is reflected as goodwill or reserve on acquisition and is amortised or credited to income statement over 10 years. Goodwill on consolidation is reviewed at each balance sheet date and will be written down for impairment where it is considered necessary.

**(g) Investments**

Investments in subsidiaries, associated companies and other non-current investments are stated at cost, less permanent diminution in value, if any.

Such provision is made when there is a decline other than temporary in the value of investments and is recognised as an expense in the period in which the decline occurred. On disposal of an investment, the difference between net disposal proceeds and its carrying amount is charged or credited to the income statement.

**(h) Currency Conversion and Translation**

Transactions in foreign currencies are converted into Ringgit Malaysia at rates of exchange ruling at the transaction dates. Foreign currency monetary assets and liabilities at the balance sheet date are translated into Ringgit Malaysia at rates of exchange ruling at that date. All exchange gains or losses are dealt with in the income statement.

The principal exchange rates for every unit of foreign currency ruling at balance sheet date used are as follows:

	2001 RM	2000 RM
United States Dollar	3.80	3.80
Thai Baht	0.0896	0.1176
Pakistan Rupee	0.0672	0.0662
Guinee Franc	0.0005	0.0006

**(i) Deferred Taxation**

Deferred taxation is provided under the liability method for all material timing differences except where there is reasonable evidence that these timing differences will not reverse in the foreseeable future.

**(j) Provision for Retirement Benefits**

The Group has an unfunded defined benefit scheme for eligible employees. The cost of retirement benefits under this scheme is determined based on a triennial actuarial valuation using the Projected Unit Credit Method. The last actuarial valuation was dated 6 April 2001. Current service costs in respect of the Group's retirement benefit scheme are dealt with through the income statement systematically over the expected remaining service lives of eligible employees. Surplus or deficit in the amount provided for retirement benefits arising from periodic actuarial valuations are recognised in the income statement as they arise.

**(k) Trade and Other Receivables**

Trade and other receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on review of all outstanding amounts as at the balance sheet date.

**(l) Cash and Cash Equivalents**

Cash and cash equivalents include cash in hand and at bank and deposits at call and short term highly liquid investments, which have an insignificant risk of changes in value, net of outstanding bank overdrafts

**(m) Borrowings**

Borrowings are reported at their face values. Interest incurred on borrowings is charged to the income statement as expense as and when incurred.

**(n) Finance Lease and Hire Purchase**

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership.

The Group recognises finance leases as assets and liabilities in the balance sheets at amounts equal at the inception of the lease to the fair value of the leased property or, if lower, at the present value of the minimum lease payments. In calculating the present value of the minimum lease payments the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Company's incremental borrowing rate is used. Initial direct costs incurred are included as part of the asset. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to periods during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

A finance lease gives rise to depreciation expense for the asset as well as a finance expense for each accounting period. The depreciation policy for leased asset is consistent with that for depreciable property, plant and equipment as described in Note 2(d).

**(o) Intangible Assets**

The cost of trademarks acquired is capitalised as intangible assets and amortised over its estimated useful life of ten years.

Goodwill/reserve arising on consolidation are amortised over ten years.

### 3. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold	Long	Plant and	Construction	Others *	Total
	land and	term		work-in-		
	buildings	leasehold	machinery	progress		
	RM'000	land and	RM'000	RM'000	RM'000	RM'000
		buildings				
		RM'000				
<b>Cost</b>						
At 1.1.2001	18,586	29,097	185,106	5,506	73,989	312,284
Additions	1,615	7,522	7,019	5,418	6,447	28,021
Acquisition of a subsidiary	143	–	284	–	1,111	1,538
Disposals	–	–	(1,436)	–	(1,073)	(2,509)
Reclassification	256	(34)	1,162	(2,412)	1,028	–
Write-off	–	(533)	(694)	–	(1,125)	(2,352)
At 31.12.2001	<b>20,600</b>	<b>36,052</b>	<b>191,441</b>	<b>8,512</b>	<b>80,377</b>	<b>336,982</b>
<b>Accumulated</b>						
<b>Depreciation</b>						
<b>and Impairment</b>						
<b>Losses</b>						
At 1.1.2001	1,042	2,717	37,445	–	30,323	71,527
Charge for the year	235	1,635	8,653	–	11,613	22,136
Acquisition of a subsidiary	52	–	100	–	510	662
Disposals	–	–	(52)	–	(445)	(497)
Reclassification	52	8	(52)	–	(8)	–
Write-off	–	(142)	(197)	–	(544)	(883)
At 31.12.2001	<b>1,381</b>	<b>4,218</b>	<b>45,897</b>	<b>–</b>	<b>41,449</b>	<b>92,945</b>
<b>Net Book Value</b>						
At 31.12.2001	<b>19,219</b>	<b>31,834</b>	<b>145,544</b>	<b>8,512</b>	<b>38,928</b>	<b>244,037</b>
At 31.12.2000	17,544	26,380	147,661	5,506	43,666	240,757
<b>Depreciation</b>						
<b>charge for 2000</b>						
	351	907	6,971	–	8,568	16,797

<b>Company</b>	<b>Long term leasehold land and buildings RM'000</b>	<b>Plant and machinery RM'000</b>	<b>Construction work-in- progress RM'000</b>	<b>Others *</b> RM'000	<b>Total RM'000</b>
<b>Cost</b>					
At 1.1.2001	3,242	3,383	1,308	20,969	28,902
Additions	–	–	618	2,168	2,786
Reclassification	–	–	(1,125)	1,125	–
Transfer	(178)	(2,795)	–	(2,152)	(5,125)
Disposal	–	–	–	(517)	(517)
Write-off	–	(113)	–	(203)	(316)
At 31.12.2001	<b>3,064</b>	<b>475</b>	<b>801</b>	<b>21,390</b>	<b>25,730</b>
<b>Accumulated Depreciation and Impairment Losses</b>					
At 1.1.2001	429	472	–	7,888	8,789
Charge for the year	74	22	–	4,470	4,566
Transfers	(118)	(316)	–	(643)	(1,077)
Disposals	–	–	–	(313)	(313)
Write-off	–	(41)	–	(30)	(71)
At 31.12.2001	<b>385</b>	<b>137</b>	<b>–</b>	<b>11,372</b>	<b>11,894</b>
<b>Net Book Value</b>					
At 31.12.2001	<b>2,679</b>	<b>338</b>	<b>801</b>	<b>10,018</b>	<b>13,836</b>
At 31.12.2000	2,813	2,911	1,308	13,081	20,113
<b>Depreciation charge for 2000</b>					
	271	314	–	2,504	3,089

\* Other fixed assets include furniture and fittings, office equipment, renovation, motor vehicles, and computer equipment and software.

(a) Included in the land, buildings and machinery of the Group are assets with net book value of RM9,113,937 (2000: RM9,057,096) pledged as security for credit facilities granted.

(b) Included in property, plant and equipment of the Group are assets held under hire purchase and finance lease arrangements with net book values as follows:

	2001 RM'000	2000 RM'000
Motor vehicles	5,769	6,716
Plant and machinery	687	1,945

(c) During the year, the Group acquired property, plant and equipment with an aggregate cost of RM28,021,000 (2000: RM33,336,000) of which RM2,914,000 (2000: RM3,637,000) were acquired by means of finance lease arrangements.

(d) Included in property, plant and equipment of the Group and the Company are fully depreciated assets which are still in use costing approximately RM3,680,000 (2000: RM2,998,000).

#### 4. SUBSIDIARIES

	Company	
	2001 RM'000	2000 RM'000
Unquoted shares, at cost	335,860	334,860
Provision for diminution in value	(500)	(500)
	335,360	334,360

Details of subsidiaries are as follows:

Name of Company	Effective Interest		Principal Activities
	2001	2000	
<b>Incorporated in Malaysia</b>			
Edaran Beras Nasional Sdn Bhd (formerly known as Bernas Mart Sdn Bhd)	100%	100%	Trader, distributor and supplier of rice

Name of Company	Effective Interest		Principal Activities
	2001	2000	
<b>Incorporated in Malaysia</b>			
Era Bayam Kota Sdn Bhd	60%	60%	Trader, distributor and supplier of rice
Syarikat Faiza Sdn Bhd	51%	51%	Trader, distributor and supplier of rice
Lee Hup & Company Sendirian Berhad	25.5%	–	Processing and trading of rice and other groceries
Bernas Food Catering Sdn Bhd	100%	100%	Dormant
YHL Holding Sdn Bhd	51%	51%	Investment holding
YHL Trading (KL) Sdn Bhd (formerly known as Yew Heng Leong (KL) Sdn Bhd)	51%	51%	Trader, distributor and supplier of rice
YHL Trading (Johor) Sdn Bhd (formerly known as Sinsan Tien Seng (Johor) Sdn Bhd)	51%	51%	Trader, distributor and supplier of rice
YHL Trading (Segamat) Sdn Bhd (formerly known as Xeng Heng (M) Sdn Bhd)	51%	51%	Trader, distributor and supplier of rice
YHL Trading (Kedah) Sdn Bhd (formerly known as Sin Hock Soon Trading (Kedah) Sdn Bhd)	51%	51%	Trader, distributor and supplier of rice
YHL Trading (Melaka) Sdn Bhd	51%	51%	Dormant
YHL Trading (Terengganu) Sdn Bhd	51%	51%	Dormant
YHL (Kuantan) Sdn Bhd	51%	51%	Dormant

Name of Company	Effective Interest		Principal Activities
	2001	2000	
<b>Incorporated in Malaysia</b>			
Jasmine Food Corporation Sdn Bhd	51%	51%	Trader, distributor and supplier of rice
Jasmine Food (Ipoh) Sdn Bhd	51%	51%	Trader, distributor and supplier of rice
Jasmine Food (Alor Setar) Sdn Bhd	51%	51%	Trader, distributor and supplier of rice
Jasmine Khidmat & Harta Sdn Bhd	51%	51%	Letting of properties
JS Jasmine Sdn Bhd	25.5%	25.5%	Trader, distributor and supplier of rice
Jasmine Food (Seremban) Sdn Bhd	51%	51%	Trader, distributor and supplier of rice
Jasmine Food (Prai) Sdn Bhd	51%	51%	Trader, distributor and supplier of rice
Bernas Production Sdn Bhd (formerly known as Era Rangkaian Setia Sdn Bhd)	100%	100%	Processing and trading of rice
Jasmine Rice Mill (Tunjang) Sdn Bhd	51%	51%	Rice miller and rice trader
Jasmine Rice Product Sdn Bhd	51%	51%	Manufacturing and sale of vermicelli
Bernas Marditech Seed Sdn Bhd	75.5%	75.5%	Paddy seed production
BM Agrotech Sdn Bhd	61%	61%	Investment holding
Padi Gedong Sdn Bhd	61%	61%	Letting of machinery

Name of Company	Effective Interest		Principal Activities
	2001	2000	
<b>Incorporated in Malaysia</b>			
Beras Corporation Sdn Bhd	100%	100%	Processing and trading of rice
Sazarice Sdn Bhd	51%	51%	Trader, distributor and supplier of rice
Dayabest Sdn Bhd	100%	100%	Trader, distributor and supplier of rice
Haskarice Sdn Bhd	51%	51%	Trader, distributor and supplier of rice
Hock Chiong Foodstuff Sdn Bhd	51%	51%	Trader, distributor and supplier of rice
Ban Say Tong Sdn Bhd	51%	51%	Trader, distributor and supplier of rice
Tong Seng Huat Rice Trading Sdn Bhd	51%	51%	Trader, distributor and supplier of rice
Bernas Dominals Sdn Bhd	100%	100%	Manufacturing and trading of rice by-products
Bernas Chaff Products Sdn Bhd	51%	51%	Manufacturing and trading of horse food
Bernas Logistics Sdn Bhd	100%	100%	Provision of logistics services
Bernas Engineering & Technology Sdn Bhd	100%	100%	Provision of engineering services
PB Construction & Supplies Sdn Bhd	100%	100%	Provision of construction services



Name of Company	Effective Interest		Principal Activities
	2001	2000	
<b>Incorporated in Malaysia</b>			
Bernas Realty & Development Sdn Bhd	100%	100%	Maintenance of business premises and consultancy
Valorlite Resources Sdn Bhd	100%	100%	Trading of plastic packaging materials
Bernas Overseas (L) Limited	100%	100%	Offshore investment holding company
Consolidated Bernas United Distributors Sdn Bhd *	50%+ 1 share	50%+ 1 share	Rice trading
Bernas Utama Sdn Bhd	100%	100%	Processing and trading of rice. Ceased operation during the year
Bernas Perdana Sdn Bhd	100%	100%	Processing and trading of rice. Ceased operation during the year
Belikmat Corporation Sdn Bhd	100%	100%	Dormant
Bernas (Sabah) Sdn Bhd	100%	100%	Dormant
Bernas (Sarawak) Sdn Bhd	100%	100%	Dormant
Bernas Shipping Agencies Sdn Bhd	100%	100%	Dormant
Bernas Organic Soil (M) Sdn Bhd	100%	100%	Dormant
Rib Beef Sdn Bhd	100%	100%	Dormant
Bernas Fisheries Sdn Bhd	100%	100%	Dormant
Bernas-KME Sdn Bhd	100%	100%	Dormant
Bernas Agrogreen Sdn Bhd	100%	100%	Dormant

Name of Company	Effective Interest		Principal Activities
	2001	2000	
<b>Incorporated in the British Virgin Islands</b>			
Selsun Ltd	100%	100%	Dormant
Silver Glen International Ltd	51%	51%	Dormant
Bernas China Corporation *	95%	95%	Rice trading
<b>Incorporated in the Republic of Guinea</b>			
Societe Bernas De Guinee *	80%	80%	Paddy cultivation, processing, trading and poultry

\* Audited by a firm of auditors other than Arthur Andersen & Co.

## 5. ASSOCIATED COMPANIES

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Unquoted shares in Malaysia				
At cost	70,518	10,949	59,966	2,856
Share of post acquisition reserves less losses	10,131	3,738	-	-
	80,649	14,687	59,966	2,856
Unquoted shares outside Malaysia				
At cost	3,427	3,382	-	-
Share of post acquisition reserves less losses	5,381	5,341	-	-
	8,808	8,723	-	-
	89,457	23,410	59,966	2,856
Represented by:				
Share of net tangible assets	89,024	22,977		
Goodwill on acquisition	433	433		
	89,457	23,410		

The associated companies are:

Name of Company	Effective Interest		Financial Year End	Principal Activities
	2001	2000		
<b>Incorporated in Malaysia</b>				
Gardenia Bakeries (KL) Sdn Bhd	30%	–	31 December	Bread manufacturing
Bernas Feedstuff Sdn Bhd	49%	49%	31 December	Manufacture, trading of animal feed
Bernas In Line Agencies Sdn Bhd	49%	49%	31 December	Provision of freight services
Kilang Beras Fajar Sdn Bhd	49%	49%	31 December	Rice miller
Fajar Jerlun Sdn Bhd	49%	49%	31 December	Trader, distributor and supplier of rice
Fajar Jerlun (Negeri Sembilan) Sdn Bhd	49%	49%	31 December	Dormant
Formula Timur Sdn Bhd	40.00005%	–	30 April	Rice distributor
Ban Heng Bee (1952) Rice Mill Sdn Bhd	20%	20%	31 December	Rice miller
Serba Wangi Sdn Bhd	52%	52%	31 December	Trader, distributor and supplier of rice
Serba Wangi JH Sdn Bhd	26.5%	26.5%	31 December	Trader, distributor and supplier of rice
Serba Wangi (KL) Sdn Bhd	52%	52%	31 December	Trader, distributor and supplier of rice
Serba Wangi (PG) Sdn Bhd	46.8%	46.8%	31 December	Trader, distributor and supplier of rice
Serba Wangi (Perak) Sdn Bhd	52%	52%	31 December	Trader, distributor and supplier of rice
Eng Chuang Chan Sdn Bhd	41.6%	–	31 December	Trader, distributor and supplier of rice

Name of Company	Effective Interest		Financial Year End	Principal Activities
	2001	2000		
<b>Incorporated in Malaysia</b>				
Serba Wangi ML Sdn Bhd	26.5%	–	31 December	Trader, distributor and supplier of rice
SW Transport Sdn Bhd	52%	–	31 December	Provision of transport services
Rasayang Food Industries Sdn Bhd	50%	–	31 December	Vermicelli manufacturer
Keongco Holdings Sdn Bhd	20%	20%	31 December	Investment holding
Keongco Malaysia Sdn Bhd	20%	20%	31 December	Investment holding and importing, wholesaling and exporting commodities consisting of garlic, onion, dried chillies, ginger, beans and rice
Honeyco Food Industries Sdn Bhd	20%	20%	31 December	Processing and sale of fried onions
Central Eight (M) Sdn Bhd	20%	20%	31 December	Letting of properties
<b>Incorporated in Thailand</b>				
Asian Peninsula Corporation Ltd	49%	49%	31 December	Rice trading
<b>Incorporated in Pakistan</b>				
Qaiser Noman Bernas Limited	50%	50%	30 June	Rice trading

## 6. INTANGIBLE ASSETS

	Group	
	2001 RM'000	2000 RM'000
Goodwill		
As at 1 January	15,151	1,622
Transfer from reserve on consolidation (Note 14)	(1,564)	(977)
Arising from acquisition of additional interest in existing subsidiaries	204	16,215
Amortisation	(1,709)	(1,709)
As at 31 December	12,082	15,151
Trade marks		
As at 1 January	392	442
Amortisation	(50)	(50)
As at 31 December	342	392
	12,424	15,543

## 7. INVENTORIES

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
At cost:				
Paddy and rice	350,960	174,636	18,187	19,684
Spares and consumables	6,785	6,803	-	-
Raw materials	4,204	23	-	-
Finished goods	5,407	6,265	-	-
Paddy and rice by-products	-	500	-	-
	367,356	188,227	18,187	19,684
At net realisable value:				
Paddy and rice	-	104,310	-	-
	367,356	292,537	18,187	19,684

## 8. TRADE RECEIVABLES

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Trade receivables	209,836	199,807	-	17,192
Provision for doubtful debts	(46,115)	(35,132)	-	-
	<b>163,721</b>	164,675	-	17,192

The Group has no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors. The Group's normal trade credit term ranges from 45 to 90 days. Other credit terms are assessed and approved on a case-by-case basis.

## 9. OTHER RECEIVABLES

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Advances to farmers	4,721	6,004	-	-
Outstanding proceeds from disposal of subsidiaries	9,470	22,341	-	2,919
Insurance claims recoverable	12,608	16,995	12,608	9,837
Due from subsidiaries	-	-	546,619	450,256
Due from associate companies	72,630	12,127	-	-
Sundry receivables	45,410	26,928	38,697	6,924
	<b>144,839</b>	84,395	<b>597,924</b>	469,936
Provision for doubtful debts	(29,276)	(22,887)	(61,218)	(22,313)
	<b>115,563</b>	61,508	<b>536,706</b>	447,623

## 10. CASH AND BANK BALANCES

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Cash at bank and in hand	138,633	161,283	1,171	14,103
Deposits with:				
Licensed commercial banks	139,676	149,617	41,000	60,800
Other financial institutions	2,650	4,100	-	-
	<b>280,959</b>	315,000	<b>42,171</b>	74,903

Deposits of the Group with licensed banks of RM1,244,296 (2000: RM4,977,953) are on lien for banking facilities granted to subsidiaries.

Included in the deposits of the Group placed with licensed banks is RM1,095,734 (2000: RM472,069) which has been pledged as security for bank guarantees from the licensed bank and an amount of RM54,698 (2000: RM94,343) pledged as security in respect of performance guarantee in favour of a customer.

## 11. SHORT TERM BORROWINGS

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Secured:				
Bank overdraft	6,362	6,565	–	–
Revolving credit facility	1,943	1,500	–	–
Term loans (Note 15)	1,730	2,027	–	–
Unsecured:				
Bank overdraft	13	–	–	–
US Dollar revolving credit facility	10,292	18,082	–	–
Bankers acceptances	242,283	284,077	208,711	266,833
Government loan (Note 15)	12,223	12,223	12,223	12,223
	<b>274,846</b>	324,474	<b>220,934</b>	279,056

The secured bank overdrafts are secured by legal charges over a subsidiary's freehold land and buildings and a debenture incorporating a fixed and floating charge over the freehold land and building of the subsidiary with net book value of RM8,835,000 (2000: RM9,059,000). The secured bank overdrafts bear interest of between 7.65% and 8.40% (2000: 5.0% to 9.3%) per annum.

The revolving credit facility granted to a subsidiary is secured by proportionate corporate guarantee of the Company and fixed deposit placed with the bank and bears interest of 10% (2000: 10%) per annum.

The US Dollar revolving credit facility of the Group bears interest of between 2.9% and 8.0% (2000: 7.5% to 8.0%) per annum. The US Dollar revolving credit facility is granted to subsidiary secured by a corporate guarantee of the Company.

The bankers acceptances bear interest of between 3.20% and 3.80% (2000: 3.85% to 4.35%) per annum.

## 12. OTHER PAYABLES

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Due to associate companies	34,973	–	34,973	15,232
Finance lease and hire purchase (Note 16)	3,270	2,522	–	–
Provision for voluntary separation scheme	15,000	19,000	15,000	19,000
Advances and retentions	–	1,541	–	1,471
Provision for staff bonus	6,096	6,286	6,096	6,286
Provision for rebates	30,000	31,370	30,000	31,370
Accruals and sundry payables	55,214	38,095	23,204	14,387
	<b>144,553</b>	<b>98,814</b>	<b>109,273</b>	<b>87,746</b>

Provision for rebates has been set aside for anticipated sales incentives and promotional discounts in relation to the Group's inventory for the purpose of enhancing and strengthening the Group's market share in the distribution channel. This is in light of continued intervention cost incurred to stabilise the local industry as part of the Company's role.

## 13. SHARE CAPITAL

	Number of Shares Of RM1 Each		Amount	
	2001	2000	2001 RM	2000 RM
Authorised:				
Special Rights Redeemable Preference Share (“Special Share”) of RM1 *	1	1	1	1
Ordinary shares of RM1 each	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000
	<b>1,000,000,001</b>	<b>1,000,000,001</b>	<b>1,000,000,001</b>	<b>1,000,000,001</b>
Issued and fully paid:				
Special Share of RM1 *	1	1	1	1
Ordinary shares of RM1 each	292,630,000	292,630,000	292,630,000	292,630,000
	<b>292,630,001</b>	<b>292,630,001</b>	<b>292,630,001</b>	<b>292,630,001</b>



\* Special Share:

- (a) The Special Share may be held only by or transferred only to the Minister of Finance (Incorporated) or its successor or any Minister, representatives or any person acting on behalf of the Government of Malaysia.
- (b) The Special Shareholder has the right to receive notice of, and to attend and speak at, all general meetings or any other meeting of any class of shareholders of the Company, but the Special Share shall carry no right to vote nor any other rights at any such meeting.
- (c) The Special Shareholder has the right to require the Company to redeem the Special Share at par at any time by serving written notice upon the Company and delivering the relevant share certificate.
- (d) Certain matters which vary the rights attached to the Special Share can only be effective with the consent in writing of the Special Shareholder, in particular matters relating to the amendment or removal or alteration of the effect of the Special Share, the creation and issue of additional shares which carry different voting rights, the dissolution of the Company, substantial disposal of assets, amalgamation, merger and take over.
- (e) The Special Shareholder has the right to review all policies, programmes, projects and commercial activities undertaken or proposed to be undertaken by the Company, the right to veto any resolution proposed to be passed by the Board of Directors or the shareholders of the Company if the Government considers that it is necessary to do so in the national interest and security of Malaysia.
- (f) The Special Shareholder has the right to veto any resolution proposed to be passed by the Board of Directors and/or the shareholders of the Company purporting to amend the provision of the Memorandum and Articles of Association of the Company which affects the rights or any matter relating to the Special Share or the rights attaching to the Special Share.

**Employees' Share Option Scheme ("ESOS")**

As at 31 December, 2001, the balance of the shares under option remaining unexercised is 23,397,000 (2000: 23,397,000) ordinary shares of RM1 each. A total of 407,000 options have been exercised up to 29 April 2002.

## 14. RESERVES

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
<b>Non-distributable</b>				
Capital reserve (Note (a))	614	614	600	600
Stockpile fluctuation reserve (Note (b))	10,558	13,327	511	511
Reserves arising on consolidation (Note (c))	–	–	–	–
Capital redemption reserve (Note (d))	18,520	7,370	7,370	7,370
Exchange equalisation reserve (Note (e))	4,524	141	–	–
<b>Distributable</b>				
Retained profits (Note (f))	291,721	229,919	251,334	197,747
	<b>325,937</b>	251,371	<b>259,815</b>	206,228
(a) Capital reserve				
As at 1 January/31 December	614	614	600	600
(b) Stockpile fluctuation reserve				
As at 1 January	13,327	4,403	511	511
Transfer (to)/from Government Stockpile	(2,769)	8,924	–	–
As at 31 December	10,558	13,327	511	511
(c) Reserves arising on consolidation				
As at 1 January	–	977	–	–
Reserves arising during the year	1,564	–	–	–
Transfer to goodwill (Note 6)	(1,564)	(977)	–	–
As at 31 December	–	–	–	–

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
(d) Capital redemption reserve				
As at 1 January	<b>7,370</b>	7,370	<b>7,370</b>	7,370
Capitalisation of distributable profit of a subsidiary for bonus issue	<b>11,150</b>	-	-	-
As at 31 December	<b>18,520</b>	7,370	<b>7,370</b>	7,370
(e) Exchange equalisation reserve				
As at 1 January	<b>141</b>	(2,791)	-	-
Arising during the year	<b>4,383</b>	2,932	-	-
As at 31 December	<b>4,524</b>	141	-	-
(f) Retained profits				
As at 1 January	<b>229,919</b>	177,024	<b>197,747</b>	158,280
Net profit for the year	<b>87,587</b>	58,162	<b>68,222</b>	44,734
Transfer to capital redemption reserve	<b>(11,150)</b>	-	-	-
Profits available for appropriation	<b>306,356</b>	235,186	<b>265,969</b>	203,014
Dividends (Note 22)	<b>(14,635)</b>	(5,267)	<b>(14,635)</b>	(5,267)
As at 31 December	<b>291,721</b>	229,919	<b>251,334</b>	197,747

## 15. LOANS

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Government loans	12,223	24,446	12,223	24,446
Amount repayable within 12 months included in short term borrowings (Note 11)	(12,223)	(12,223)	(12,223)	(12,223)
	-	12,223	-	12,223
Term loans				
- secured	60,206	6,780	54,800	-
Amount repayable within 12 months included in short term borrowings (Note 11)	(1,730)	(2,027)	-	-
	58,476	4,753	54,800	-
	58,476	16,976	54,800	12,223

The government loans brought forward from Lembaga Padi dan Beras Negara are unsecured and interest free. The Government has approved the repayment of the balance of the loan by way of 3 annual instalments commencing July 2000.

The secured term loans of the Group mature as follows:

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Within one year	1,730	2,027	-	-
Within 1 to 2 years	1,635	1,433	-	-
Within 2 to 5 years	56,841	2,294	54,800	-
More than 5 years	-	1,026	-	-
	60,206	6,780	54,800	-

The term loans bear interest at between 5% and 10% (2000: 4% and 10%) per annum.

The secured term loans are secured on the following:

- Fixed deposits of the Group amounting to RM1,244,296 (2000: RM4,977,953).
- Land and buildings of subsidiary companies with a net book value of RM8,945,271 (2000: RM8,893,668).
- Plant and machinery of a subsidiary with a net book value of RM168,666 (2000: RM165,251).
- Shares in an associated company of 54,800,000 ordinary shares of RM1 each totalling RM54,800,000.

## 16. DEFERRED LIABILITIES

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Hire purchase and finance lease creditors (Note (a))	3,450	3,018	–	–
Deferred taxation (Note (b))	4,515	3,754	–	–
Provision for retirement benefits	39,860	32,582	24,133	21,906
Land premium payable	–	176	–	–
	<b>47,825</b>	<b>39,530</b>	<b>24,133</b>	<b>21,906</b>

	Group	
	2001 RM'000	2000 RM'000
(a) Hire purchase and finance lease creditors		
Future minimum lease payment are as follows:		
Payable with one year	5,872	2,930
Payable within one to five years	1,837	3,735
	<b>7,709</b>	<b>6,665</b>
Less: Interest suspense	(989)	(1,125)
	<b>6,720</b>	<b>5,540</b>
Representing hire purchase and lease liabilities		
Due within twelve months (Note 12)	3,270	2,522
Due after twelve months	3,450	3,018
	<b>6,720</b>	<b>5,540</b>

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
(b) Deferred taxation				
At 1 January	3,754	4,988	–	2,000
Transfer from/(to) income statement (Note 20)	761	(1,234)	–	(2,000)
At 31 December	<b>4,515</b>	<b>3,754</b>	<b>–</b>	<b>–</b>

The deferred taxation liability of the Group principally relates to timing differences due to excess of capital allowances over book depreciation in certain subsidiaries amounting to RM16,125,000 (2000: RM13,407,000).

## 17. REVENUE

Revenue of the Company and the Group represents the invoiced value of goods sold, net of returns and discounts.

## 18. PROFIT FROM OPERATIONS

Profit from operations is stated after charging/(crediting):

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Auditors' remuneration:				
Statutory audits	493	490	80	80
Other services	177	112	177	112
Amortisation of trade mark	50	50	-	-
Amortisation of goodwill	1,709	1,709	-	-
Depreciation	22,136	16,797	4,566	3,089
Directors' remuneration *	279	292	279	292
Directors' fees	335	278	335	278
Loss on disposal of property, plant and equipment	45	633	-	-
Provision for doubtful debts	17,372	25,540	38,905	19,851
Provision for diminution in investment	-	-	-	500
Property, plant and equipment written-off	1,469	960	245	18
Bad debts written off	1,027	-	-	-
Inventories written off	268	-	-	-
Provision for impairment of property, plant and equipment	-	7,325	-	-
Intangible assets written off	19	828	-	-
Rental expense	19,509	15,411	3,183	2,557
Insurance claims written off	1,282	-	1,282	-
Write back provision for doubtful debts	(795)	-	-	-
Rental income	(12)	(52)	-	-
Gain on disposal of property, plant and equipment	(125)	(203)	(52)	(24)
Realised gain on foreign exchange	(3,302)	(22)	(3,264)	(1,118)
Staff costs	123,129	117,069	30,984	31,156
Provision for/(write back of) retirement benefits	7,990	(3,412)	2,598	(8,687)
Write back of voluntary separation scheme compensation	(4,000)	(11,975)	(4,000)	(11,975)

\* The estimated monetary value of non-cash benefits received by the directors not included in directors remuneration is RM6,500 (2000: RM11,954).

## 19. FINANCE COSTS, NET

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Finance costs include:				
Interest expenses	<b>(13,052)</b>	(16,830)	<b>(9,083)</b>	(8,496)
Interest income	<b>5,813</b>	7,632	<b>1,596</b>	1,822

## 20. TAXATION

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Current year's provision	<b>31,313</b>	28,112	<b>30,278</b>	16,942
Share of tax of associated companies	<b>2,128</b>	733	-	-
Underprovision in respect of prior year	<b>74</b>	2,525	-	2,554
Transfer to/(from) deferred taxation (Note 16(b))	<b>761</b>	(1,234)	-	(2,000)
	<b>34,276</b>	30,136	<b>30,278</b>	17,496

The effective tax rate on the Group's profit in the current financial year is lower than the statutory tax rate due to the utilisation of capital allowances and tax losses brought forward by certain subsidiaries during the year. The effective tax rate of the Company is higher than the statutory tax rate in the current financial year principally due to certain expenses which are disallowed for taxation purposes.

The current year's provision has been computed on the basis that the cost of financial assistance ("grant") provided by the Company to a subsidiary is a tax deductible cost. The Company is in the process of submitting an application to the Minister of Finance ("MoF") requesting MoF to make rules as empowered under Section 154(1)(b) of the Income Tax Act, 1967 to allow the grant as a deductible expense so as to assist the subsidiary's social obligation cost incurred for maintaining the guaranteed minimum paddy price to farmers, the distribution of subsidy for local farmers as well as the maintenance of government stockpile. Should the grant be not allowable for tax purposes, the additional charge would be approximately RM8,400,000 (2000: Nil).

The effective tax rate in the prior year on the Group profit is higher than the statutory tax rate due to losses of subsidiaries that are not available for set off against taxable income of other subsidiaries. The effective tax rate in the prior year of the Company was lower than the statutory tax rate due to reversal of disallowed expenses recognised in previous year.

The Company has sufficient tax credit under section 108 of the Income Tax Act, 1967 and balances in tax exempt accounts to frank the payment of dividend amounting to RM224,838,000 (2000: RM161,616,000) out of its retained profits. If the balance of the retained profits were to be distributed as dividends, the Company would have a Section 108 shortfall of approximately RM7,419,000 (2000: RM10,117,000).

## 21. EARNINGS PER SHARE - GROUP

The basic earnings per share is calculated by dividing the consolidated profit after tax and minority interests of RM87,587,000 (2000: RM58,162,000) by the number of ordinary shares in issue during the year of 292,630,000 (2000: 292,630,000) shares of RM1.

The fully diluted earnings per share is calculated by dividing the adjusted Group earnings of RM89,217,000 by the weighted average number of ordinary shares of 316,027,000 that would have been in issue as at 1 January 2001 had all the ESOS been exercised at that date. The adjusted Group earnings was arrived at after adding on the notional interest savings from retirement of borrowings at an average interest rate of 5.5% net of taxation.

## 22. DIVIDENDS

	Group and Company		Dividend per Share	
	2001	2000	2001	2000
	RM'000	RM'000	Sen	Sen
Final tax exempt dividend of 5% in respect of financial year ended 31 December 2000 paid in 2001	14,635	-	5.0	-

At the forthcoming Annual General Meeting, a final dividend in respect of the current financial year ended 31 December 2001 of 10% on 292,630,000 ordinary shares less 28% taxation amounting to a total dividend of RM21,069,360 (7.2 sen per share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in the shareholders' equity as an appropriation of retained profits in the next financial year ending 31 December 2002.



### 23. PADDY PRICE SUBSIDY ACCOUNT

The Company is vested with the responsibility to administer the Government's Paddy Price Subsidy Scheme.

The movement of the paddy price subsidy account which represents the paddy price subsidy to be distributed to the registered paddy farmers on behalf of the Government are as follows:

	2001 RM'000	2000 RM'000
Balance as at January	48,856	41,210
Add: Government subsidy fund received	400,000	438,000
Interest income	1,704	1,100
Less: Payments during the year	(419,907)	(431,454)
Balance as at 31 December	30,653	48,856

The above amounts are not included in the assets and liabilities of the Company.

Pursuant to the Corporatisation Agreement dated 12 January 1996, the Government shall deposit the subsidy fund into such bank accounts of licensed banks or financial institutions and operated by the Company for the sole purpose of disbursements of subsidies. The unutilised portion of the funds under the Paddy Price Subsidy Scheme given by the Government is to be placed into such fixed deposit accounts with such licensed banks or financial institutions approved by the Government.

### 24. SIGNIFICANT RELATED COMPANY TRANSACTIONS

	Company	
	2001 RM'000	2000 RM'000
(a) Purchases from and services rendered by subsidiaries	61,596	155,044
(b) Sales to subsidiaries	881,899	917,064

	Group	
	2001 RM'000	2000 RM'000
(c) Sales to associated companies		
- Bernas Feedstuff Sdn Bhd	15,070	12,083
- Kilang Beras Fajar Sdn Bhd and its subsidiaries	3,222	11,783
- Serba Wangi Sdn Bhd and its subsidiaries	94,239	92,868

	Company	
	2001 RM'000	2000 RM'000
(d) Purchases from associated companies		
- Qaiser Noman Bernas Limited	31,211	54,343
- Asian Peninsula Corporation Ltd	284,675	304,862
(e) Transactions with subsidiaries' director related companies and other related parties		
(i) Syarikat Faiza Sdn Bhd		
Sales to Melia Best Sdn Bhd, a company formerly owned by the daughter of a director of Syarikat Faiza Sdn Bhd, Faiza Bawumi Bt. Syed Ahmad	18,866	12,692
(ii) Jasmine Food Corporation Sdn Bhd Group		
Purchases from Jasmine Rice Mill (Kerpan) Sdn Bhd, a company in which a director of Jasmine Food Corporation Sdn Bhd, Lim Kiam Lai @ Lim Kean Lai is a substantial shareholder	2,521	3,761
Purchases from N-Inspirasi Sdn Bhd, a company in which a director of JS Jasmine Sdn Bhd, Tee Sin Joo has substantial financial interest	1,992	1,066
Sales to Joo Seng Enterprise, a company in which directors of JS Jasmine Sdn Bhd, Tee Sin Joo and Tee Sin Kong have substantial financial interest	-	1,258
Purchases from Joo Seng Edar Sdn Bhd, a corporate shareholder of JS Jasmine Sdn Bhd	-	1,370
(iii) Consolidated Bernas United Distributors Sdn Bhd		
Sales of trading merchandise to Yeoang Trading, a company in which an alternate director of Consolidated Bernas United Distributors Sdn Bhd, Yeo Sa Kaw has substantial financial interest	6,935	1,114
Sales to Rostaha Sdn Bhd, a company in which an alternate director of Consolidated Bernas United Distributors Sdn Bhd, Yeo Sa Kaw has substantial financial interest	5,127	1,188

	2001 RM'000	2000 RM'000
(iv) YHL Holding Sdn Bhd Group		
Sales to Recent Giant Sdn Bhd, a company in which the directors of YHL Holding Sdn Bhd are connected by virtue of their family relationships with the directors of Recent Giant Sdn Bhd	7,404	9,597
Transport charges paid to Sin Hock Soon Transport Sdn Bhd, a company in which the directors of YHL Holding Sdn Bhd are connected by virtue of their family relationships with the directors of Sin Hock Soon Transport Sdn Bhd	3,953	3,929
Rental of premises paid to Southern Edipro Packaging Sdn Bhd, a company in which the directors of YHL Holding Sdn Bhd are connected by virtue of their family relationships with the directors of Southern Edipro Packaging Sdn Bhd	1,935	1,800
Rental of central processing plant paid to Yew Poe Hai and Yew Chor Kooi; the former is an alternate director in YHL Holding Sdn Bhd and the latter is connected by virtue of his family relationship with the directors of YHL Holding Sdn Bhd	2,880	1,680
Rental of premises paid to Eternal Promenade Sdn Bhd, a company in which the directors of YHL Holding Sdn Bhd are connected by virtue of their family relationships with the directors of Eternal Promenade Sdn Bhd	2,612	411
Hire of plant and machinery/motor vehicles paid to:		
- Southern Edipro Packaging Sdn Bhd	-	1,133
- Dayangbina Engineering Sdn Bhd	2,775	-
The above are companies in which the directors of YHL Holding Sdn Bhd are connected by virtue of their family relationships with the directors of Southern Edipro Packaging Sdn Bhd and of Dayangbina Engineering Sdn Bhd		
Purchases of packing material from Fragstar Corporation Sdn Bhd a company in which the directors of YHL Holding Sdn Bhd are connected by virtue of their family relationships with the directors of Fragstar Corporation Sdn Bhd	5,528	-

The directors are of the opinion that all the transactions above have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from that obtainable in transactions with unrelated parties.

## 25. CAPITAL COMMITMENTS

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Capital expenditure authorised and contracted for	5,681	1,947	-	-
Capital expenditure authorised but not contracted for	1,613	6,409	-	-
	<b>7,294</b>	8,356	-	-

## 26. CONTINGENT LIABILITIES

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Corporate guarantee for bank facilities of certain subsidiaries (unsecured)	135	-	57,970	215,565
Corporate guarantee for bank facilities of associated companies (unsecured)				
- Active Agri Company Limited	15,200	15,200	-	-
- Bernas Feedstuff Sdn Bhd	3,400	3,400	3,400	3,400

Active Agri Company Limited is an associated company of Keongco Holdings Sdn Bhd, an associated company of the Company.

## 27. SIGNIFICANT EVENTS

- (a) On 16 July 2001, a joint-venture agreement was entered into between Bernas Dominals Sdn Bhd and several companies for the manufacturing, trading and distribution of organic fertilisers through Organigro Sdn Bhd. Bernas Dominals' interest will be 10%.
- (b) On 1 October 2001, the Company announced the completion of the acquisition of 51% of the issued share capital of Lee Hup & Company Sendirian Berhad with a total purchase consideration of RM382,500 by a subsidiary of the Company, Syarikat Faiza Sdn Bhd.
- (c) On 9 November 2001, a joint-venture agreement between the Company and Konsortium Pemborong Beras Melayu (Kelantan) Sdn Bhd and Konsortium Perdagangan Pantai Timur Sdn Bhd to set up a joint venture (through Formula Timur Sdn Bhd) for the purpose of carrying on the business in the development of a food distribution network particularly in rice. The Company will own 40% of the joint venture.
- (d) On 13 December 2001, the Company entered into an agreement to subscribe for RM14 million 6% Redeemable Convertible Cumulative Preference Shares ("RCCPS") in Cosmo Restaurants Sdn Bhd ("Burger King") which would eventually give the Company 49% stake in Burger King.

## 28. SUBSEQUENT EVENT

On 31 January 2002, BCSB increased its equity shareholding in Sazarice Sdn Bhd from 51% to 68%.

## 29. SEGMENTAL REPORTING

The activities of the Group during the current and previous financial years substantially relate to the procurement, importing, buying, processing and selling of rice and paddy and were predominantly conducted in Malaysia.

## List of Landed Properties

as at 31 December 2001

Location	Existing Use	Tenure & Expiry Date	Year of Buildings	Land Area Hectare (ACRE)	Net Book Value as at 31 Dec 2001	Date Revaluation/ Date of Acquisition
<b>PERLIS</b>						
HS (M) 682, PT242 Mukim Sanglang Daerah Perlis	Rice mill complex	Lease 6/7/2024	1974	4.05 (10.00)	1.00	1996
HS (D) 1203 PT 136, Mukim Kuala Perlis, Daerah Perlis	Rice mill complex	Lease 6/7/2024	1985	4.34 (10.72)	1.00	1996
GM1514, Lot 2074, Mukim Utah Aji, Daerah Perlis	Rice mill complex	Lease 6/7/2024	1971	1.98 (4.89)	1.00	1996
PT 1265, Mukim Sanglang Daerah Perlis	Vacant land	Lease 6/7/2054	–	8.55 (21.12)	1.00	1996
Lot 1628, Mukim Arau Daerah Perlis	Drying complex/ Warehouse	Lease 6/7/2054	1931/1971	0.83 (2.04)	1.00	1996
GK 1/1341, Mukim Arau Daerah Perlis	Drying complex/ Warehouse	Lease 6/7/2024	1931/1971	1.74 (4.29)	1.00	1996
<b>KEDAH</b>						
HS (M) 23/1984, PT 570 Mukim Putat Daerah Kubang Pasu	Rice mill complex	Lease 6/7/2054	1975	0.71 (1.75)	1.00	1996
HS (M) 111/1975, PT 437 Mukim Putat Daerah Kubang Pasu	Rice mill complex	Lease 6/7/2024	1975	3.49 (8.61)	1.00	1996
HS (M) 6/1977 PT 30, Mukim Bukit Raya Daerah Pendang	Rice mill complex	Lease 6/7/2054	1973	2.02 (5.00)	1.00	1996
HS (M) 1/1979 PT 28, Mukim Bukit Raya Daerah Pendang	Rice mill complex	Lease 6/7/2024	1973	0.66 (1.64)	1.00	1996
GM 42, Lot 3, Sek.1 Bandar Guar Chempedak Daerah Yan	Rice mill complex	Lease 6/7/2054	1975	0.50 (1.24)	1.00	1996
HS (M) 46, Mukim Yan Daerah Yan	Rice mill complex	Lease 6/7/2054	1975	0.91 (2.24)	1.00	1996

Location	Existing Use	Tenure & Expiry Date	Year of Buildings	Land Area Hectare (ACRE)	Net Book Value as at 31 Dec 2001	Date Revaluation/ Date of Acquisition
GM 186, Lot 4728 Mukim Yan, Daerah Yan	Rice mill complex	Lease 6/7/2054	1975	2.53 (6.25)	1.00	1996
PM 2, Lot 5440 Mukim Yan, Daerah Yan	Rice mill complex	Lease 6/7/2054	1975	1.72 (4.24)	1.00	1996
GM 83, Lot 615 Mukim Sungai Baru Daerah Kota Setar	Rice mill complex	Lease 6/7/2024	1972	1.95 (5.00)	1.00	1996
PM 1, Lot 000653 Mukim Sungai Baru Daerah Kota Setar	Rice mill complex	Lease 6/7/2054	1972	1.65 (4.09)	1.00	1996
HS (M) 1/1993, PT 70 Mukim Kubang Rotan Daerah Kota Setar	Rice mill complex	Lease 6/7/2054	1972	0.81 (2.00)	1.00	1996
HS (M) 2/1993, PT 71 Mukim Kubang Rotan Daerah Kota Setar	Rice mill complex	Lease 6/7/2054	1972	0.42 (1.04)	1.00	1996
HS (M) 1/1979, PT 2 Mukim Kangkong Daerah Kota Setar	Rice mill complex	Lease 6/7/2024	1972	2.13 (5.25)	1.00	1996
HS (M) 2/1995, PT 740 Mukim Kangkong Daerah Kota Setar	Rice mill complex	Lease 6/7/2054	1982	2.02 (5.00)	1.00	1996
GM 148, Lot 3724 Mukim Sungai Daun Daerah Yan	Rice mill complex	Lease 6/7/2024	1972	2.08 (5.14)	1.00	1996
PM 1, Lot 4030 Mukim Sungai Daun Daerah Yan	Rice mill complex	Lease 6/7/2054	1982	1.61 (3.98)	1.00	1996
GM 868, Lot 4049 Mukim Jerlun Daerah Kubang Pasu	Rice mill complex	Lease 6/7/2024	1975	3.86 (9.53)	1.00	1996
GM 1841, Lot 4424 Mukim Jerlun Daerah Kubang Pasu	Rice mill complex	Lease 6/7/2054	1975	3.20 (7.90)	1.00	1996

Location	Existing Use	Tenure & Expiry Date	Year of Buildings	Land Area Hectare (ACRE)	Net Book Value as at 31 Dec 2001	Date Revaluation/ Date of Acquisition
HS (M) 1/1982, PT 9 Mukim Telok Kechai Daerah Kota Setar	Rice mill complex	Lease 6/7/2054	1975	1.03 (2.50)	1.00	1996
GM 79, Lot 625 Mukim Telok Kechai Daerah Kota Setar	Rice mill complex	Lease 6/7/2024	1975	2.38 (5.40)	1.00	1996
HS (M) 3/1992, PT 1535 Mukim Telok Kechai Daerah Kota Setar	Rice mill complex	Lease 6/7/2054	1975	1.79 (4.41)	1.00	1996
HS (M) 2/1974, PT 3 Mukim Telok Kechai Daerah Kota Setar	Rice mill complex	Lease 6/7/2054	1975	1.56 (3.84)	1.00	1996
HS (D) 2/93, PT 1934 Mukim Pering Daerah Kubang Pasu	Rice mill complex	Lease 6/7/2054	1988	4.64 (11.45)	1.00	1996
HS (M) 6/1987 PT 1228, Mukim Kepelu Daerah Kubang Pasu	Rice mill complex	Lease 6/7/2054	1988	0.13 (0.32)	1.00	1996
HS (M) 117, PT 668 Mukim Pering Daerah Kubang Pasu	Rice mill complex	Lease 6/7/2024	1988	4.63 (11.45)	1.00	1996
GM 843, Lot 3346 Mukim Kepelu Daerah Kubang Pasu	Drying complex	Lease 6/7/2054	1972	2.00 (4.93)	1.00	1996
HS (M) 9/1995, PT 1652 Mukim Kepelu Daerah Kubang Pasu	Drying complex	Lease 6/7/2054	1972	0.67 (1.66)	1.00	1996
GM 344, Lot 2190 Mukim Jitra Daerah Kubang Pasu	Drying complex	Lease 6/7/2054	1972	1.84 (4.55)	1.00	1996
Lot 958 & Lot 1036 Mukim Anak Bukit Daerah Kota Setar	Regional office and workshop	Lease 24/2/2001 (Expired)	1931/ 1980	15.79 (39.00)	1.00	1996
GM 473, Lot 3050 Mukim Tualang Daerah Pokok Sena	Rice mill complex	Lease 6/7/2024	1972	2.02 (5.00)	1.00	1996



Location	Existing Use	Tenure & Expiry Date	Year of Buildings	Land Area Hectare (ACRE)	Net Book Value as at 31 Dec 2001	Date Revaluation/ Date of Acquisition
HS (D) 2721/89, PT 13 Mukim Pekula Daerah Kuala Muda	Vacant land	Lease 6/7/2054	–	8.42 (20.79)	1.00	1996
G 3409, Lot 2319 Mukim Tunjang Daerah Kubang Pasu	Vacant land	Lease 6/7/2054	–	4.12 (10.18)	1.00	1996
HS (M) 28-93, Lot 1894 Mukim Ulu Melaka Daerah Langkawi	Vacant land	Lease 6/7/2054	–	2.81 (6.94)	1.00	1996
GM 3043, Lot 7773 Mukim Sala Besar Daerah Yan	Rice mill complex	Lease 6/7/2024	1975	3.56 (8.79)	1.00	1996
GM 1315, Lot 3977 Mukim Jerlun Daerah Kubang Pasu	Rice mill complex	Lease 6/7/2024	1972	2.22 (4.23)	1.00	1996
HS (M) 15/1981 PT 1215, Mukim Jerlun Daerah Kubang Pasu	Rice mill complex	Lease 6/7/2054	1982	1.87 (4.62)	1.00	1996
<b>PULAU PINANG</b>						
HS (D) 3-Mk 6 PT No. 5, Mukim 6 Daerah Seberang Perai Utara	Rice mill complex	Lease 6/7/2024	1983	8.12 (20.05)	1.00	1996
HS (D) 80 PT BMA/076, Mukim 1 Daerah Seberang Perai Tengah	Warehouse	Lease 6/7/2024	1982	2.11 (5.22)	1.00	1996
HS (D) 3 PT 4, Mukim 3 Daerah Seberang Perai Tengah	Vacant land	Lease 6/7/2054	–	7.61 (18.81)	1.00	1996
<b>PERAK</b>						
PN No. 42983, Lot 3122 Mukim Parit Buntar Daerah Kerian	Rice mill complex	Lease 6/7/2054	1975	4.05 (10.00)	1.00	1996
HS (D) LP 8/83, PT 569 Mukim Labu Kubong Daerah Hilir Perak	Rice mill complex	Lease 6/7/2054	1983	6.07 (15.00)	1.00	1996

Location	Existing Use	Tenure & Expiry Date	Year of Buildings	Land Area Hectare (ACRE)	Net Book Value as at 31 Dec 2001	Date Revaluation/ Date of Acquisition
HD (D) 2804, Lot 2908 Mukim Pasir Salak Daerah Perak Tengah (Kompleks Sungai Dedap)	Rice mill complex	Lease 6/7/2054	1984	10.01 (26.70)	1.00	1996
HS (D) 2805, PT 1796 Mukim Kota Setia Daerah Perak Tengah (Kompleks Changkat Lada)	Rice mill complex	Lease 6/7/2054	1993	10.93 (27.00)	1.00	1996
HS (D) 2803, PT 1797 Mukim Kota Setia Daerah Perak Tengah (Kompleks Sungai Ranggung)	Rice mill complex	Lease 6/7/2054	1993	11.53 (26.70)	1.00	1996
EMR 9199, Lot 7232 Mukim Bagan Serai Daerah Kerian	Warehouse	Lease 6/7/2054	1968	0.10 (0.24)	1.00	1996
EMR 9200, Lot 7228 Mukim Bagan Serai Daerah Kerian	Warehouse	Lease 6/7/2054	1968	0.33 (0.81)	1.00	1996
Lot 7230, Mukim Bagan Serai, Daerah Kerian	Warehouse	Lease 6/7/2054	1968	0.13 (0.33)	1.00	1996
Lot 7851, Mukim Bagan Serai, Daerah Kerian	Warehouse	Lease 6/7/2054	1968	0.20 (0.45)	1.00	1996
Lot 12589, Mukim Bagan Serai, Daerah Kerian	Warehouse	Lease 6/7/2054	1968	3.82 (9.43)	1.00	1996
Lot 2870, Mukim Durian Sebatang Daerah Hilir Perak	Rice mill complex	Lease 6/7/2054	1931	0.40 (1.00)	1.00	1996
Lot 2869, Mukim Durian Sebatang Daerah Hilir Perak	Rice mill complex	Lease 6/7/2054	1931	0.38 (0.94)	1.00	1996
Lot 10088, Mukim Durian Sebatang Daerah Hilir Perak	Rice mill complex	Lease 6/7/2054	1931	4.38 (10.78)	1.00	1996
Lot 10089, Mukim Durian Sebatang Daerah Hilir Perak	Rice mill complex	Lease 6/7/2054	1931	0.51 (1.27)	1.00	1996

Location	Existing Use	Tenure & Expiry Date	Year of Buildings	Land Area Hectare (ACRE)	Net Book Value as at 31 Dec 2001	Date Revaluation/ Date of Acquisition
Lot 10090, Mukim Durian Sebatang Daerah Hilir Perak	Rice mill complex	Lease 6/7/2054	1931	0.20 (0.48)	1.00	1996
CT 10130, Lot 1945 Mukim Parit Buntar Daerah Kerian	Warehouse	Lease 6/7/2054	1931	0.69 (1.70)	1.00	1996
CT 9473, Lot 130 Mukim Parit Buntar Daerah Kerian	Warehouse	Lease 6/7/2054	1931	0.73 (1.80)	1.00	1996
CT 3334, Lot 1768 Mukim Parit Buntar Daerah Kerian	Warehouse	Lease 6/7/2054	1931	0.01 (0.01)	1.00	1996
CT 6884, Lot 1944 Mukim Parit Buntar Daerah Kerian	Warehouse	Lease 6/7/2054	1931	0.13 (0.31)	1.00	1996
CT 6885, Lot 1943 Mukim Parit Buntar Daerah Kerian	Warehouse	Lease 6/7/2054	1931	0.04 (0.09)	1.00	1996
CT 6246, Lot 1925 Mukim Parit Buntar Daerah Kerian	Warehouse	Lease 6/7/2054	1931	0.51 (1.27)	1.00	1996

## SELANGOR

LM 473, Lot 19947 Mukim Tanjong Karang Daerah Kuala Selangor	Rice mill complex	Lease 6/7/2024	1978	3.85 (9.50)	1.00	1996
HS (M) 3204 Lot 11822-11828 Lot 11830-11836 Mukim Tanjong Karang Daerah Sabak Bernam	Rice mill complex	Lease 6/7/2054	1978	3.44 (8.50)	1.00	1996
LM 579, Lot 10775 Mukim Panchang Bedena Daerah Sabak Bernam	Rice mill complex	Lease 6/7/2054	1970	4.16 (10.26)	1.00	1996
QT (M) 469, Lot 811 & 814 Mukim Panchang Bedena Daerah Sabak Bernam	Rice mill complex	Lease 6/7/2054	1970	4.12 (10.19)	1.00	1996

Location	Existing Use	Tenure & Expiry Date	Year of Buildings	Land Area Hectare (ACRE)	Net Book Value as at 31 Dec 2001	Date Revaluation/ Date of Acquisition
HS (D) 96, PT 810 Mukim Panchang Bedena Daerah Sabak Bernam	Rice mill complex	Lease 6/7/2054	1970	2.08 (5.13)	1.00	1996
HS (D) 380, PT 843 Mukim Sungai Panjang Daerah Sabak Bernam	Rice mill complex	Lease 6/7/2054	1990	8.10 (20.00)	1.00	1996
HS (M) 6212, PT 4178 Mukim Kapar Daerah Kelang	Warehouse	Lease 6/7/2054	1988	2.02 (4.99)	1.00	1996
<b>NEGERI SEMBILAN</b>						
HS (D) Lis 811, PT 1329 (Plot 75 A) Mukim Ampangan Daerah Seremban	Warehouse	Lease 6/7/2054	1983	1.62 (4.00)	1.00	1996
<b>MELAKA</b>						
ACT 13, Mukim Village of Bt. Berendam Daerah Melaka Tengah	Warehouse	Lease 6/7/2054	1989	0.49 (1.20)	1.00	1996
HS (M) 3209, PT 1527 Mukim Kelemak Daerah Alor Gajah	Warehouse	Lease 6/7/2054	1995	3.31 (8.18)	1.00	1996
G 10590, Lot 3240 Mukim Batu Berendam Daerah Alor Gajah	Vacant land	Lease 6/7/2054	–	3.38 (8.35)	1.00	1996
<b>JOHOR</b>						
GN 29401, Lot 6600 Mukim Teberau Daerah Johor Bahru	Warehouse	Lease 6/7/2054	1977	2.05 (5.07)	1.00	1996
HS (D) 216629 PTD 112330 Mukim Plentong Daerah Johor Bahru	Warehouse	Lease 6/7/2024	1977	1.14 (2.80)	1.00	1996
HS (D) 48624 PTD 22916 Mukim Plentong Daerah Johor Bahru	Warehouse	Lease 6/7/2054	1977	2.43 (6.00)	1.00	1996

Location	Existing Use	Tenure & Expiry Date	Year of Buildings	Land Area Hectare (ACRE)	Net Book Value as at 31 Dec 2001	Date Revaluation/ Date of Acquisition
HS (D) 17663 PTD 14679 Mukim Kluang Daerah Kluang	Vacant land	Lease 6/7/2054	–	2.02 (5.00)	1.00	1996
<b>PAHANG</b>						
HS (D) 3390 PT 1720, Mukim Pontian Daerah Rompin	Rice mill complex	Lease 6/7/2054	1984	2.60 (6.42)	1.00	1996
HS (D) 3391 PT 1832, Mukim Pontian Daerah Rompin	Rice mill complex	Lease 6/7/2054	1984	1.64 (4.06)	1.00	1996
HS (D) 2798 PT 468, (Lot 63 & 64) Mukim Songsang Daerah Temerloh	Warehouse	Lease 6/7/2054	1981	1.60 (3.95)	1.00	1996
HS (D) 3576 PT 4313 Mukim Pahang Tua Daerah Pekan	Paddy purchasing centre	Lease 6/7/2054	1986	2.73 (6.73)	1.00	1996
<b>TERENGGANU</b>						
G 8617, Lot 2432 Mukim Bukit Kenak Daerah Besut	Rice mill complex	Lease 6/7/2054	1978	3.84 (9.50)	1.00	1996
PN 2991, Lot 3593 Mukim Bukit Kenak Daerah Besut	Rice mill complex	Lease 6/7/2054	1978	1.12 (2.77)	1.00	1996
HS (M) 1194 PT 1135 K Mukim Chendering Daerah Kuala Terengganu	Warehouse	Lease 6/7/2054	1983	1.23 (3.05)	1.00	1996
HS (D) 4539 PT 2803 K Mukim Belara Daerah Kuala Terengganu	Vacant	Lease 6/7/2054	–	4.06 (10.02)	1.00	1996

Location	Existing Use	Tenure & Expiry Date	Year of Buildings	Land Area Hectare (ACRE)	Net Book Value as at 31 Dec 2001	Date Revaluation/ Date of Acquisition
<b>KELANTAN</b>						
GN 13803, Lot 2453 Mukim Peringat Daerah Peringat Jajahan Kota Bharu	Rice mill complex	Lease 6/7/2054	1970	1.73 (4.28)	1.00	1996
GN 13804, Lot 2454 Mukim Peringat Daerah Peringat Jajahan Kota Bharu	Rice mill complex	Lease 6/7/2054	1970	2.62 (6.47)	1.00	1996
GN13805, Lot 2455 Mukim Peringat Daerah Peringat Jajahan Kota Bharu	Rice mill complex	Lease 6/7/2054	1970	1.56 (3.86)	1.00	1996
Pajakan Negeri No. Pendaftaran 1840 Lot 2784, Mukim Peringat Daerah Peringat Jajahan Kota Bharu	Rice mill complex	Lease 6/7/2054	1970	1.34 (3.30)	1.00	1996
HS (D) T 1/78, PT 5 Mukim Selehong South Daerah Terbok Jajahan Tumpat	Rice mill complex	Lease 6/7/2054	1970	4.05 (10.05)	1.00	1996
HS (D) P.P. 32/ 85 PT 387 Mukim Pdg Pak Amat Daerah Pasir Puteh Jajahan Pasir Putih	Rice mill complex	Lease 6/7/2054	1978	0.16 (0.40)	1.00	1996
Pajakan Negeri No. Pendaftaran 660 Lot 1637 Mukim Pdg Pak Amat Daerah Pasir Puteh Jajahan Pasir Putih	Rice mill complex	Lease 6/7/2054	1978	4.05 (10.01)	1.00	1996
HS (D) KB. 310/76 PT 18 Mukim Padang Raja Daerah Peringat Jajahan Kota Bharu	Warehouse	Lease 6/7/2054	1978	3.35 (8.29)	1.00	1996

Location	Existing Use	Tenure & Expiry Date	Year of Buildings	Land Area Hectare (ACRE)	Net Book Value as at 31 Dec 2001	Date Revaluation/ Date of Acquisition
HS (D) KB. 311/76 PT 14, Mukim Buloh Poh Daerah Kadok Jajahan Kota Bharu	Warehouse	Lease 6/7/2054	1978	0.89 (2.20)	1.00	1996
PN 2204, Lot 2305 Mukim Langgar Daerah Kubang Kerian Jajahan Kota Bharu	Office	Lease 6/7/2054	1994	0.26 (0.63)	1.00	1996
PN 2205, Lot 2052 Mukim Lundang Daerah Kubang Kerian Jajahan Kota Bharu	Office	Lease 6/7/2054	1994	0.59 (1.46)	1.00	1996
PT 798 (sbhg drp Lot 1908, 1140 & Lot 2304) Mukim Langgar Daerah Kubang Kerian Jajahan Kota Bharu	Office	Lease 6/7/2054	1994	0.49 (1.21)	1.00	1996
PN 1831, Lot 1736 Mukim Chekli Daerah Beta Jajahan Kota Bharu	Vacant land	Lease 6/7/2054	–	5.54 (13.69)	1.00	1996
<b>SABAH</b>						
CL 015424549 Lot 85, Likas Daerah Kota Kinabalu	Warehouse and Office	Sub-lease 6/7/2054	1981	3.01 (7.42)	1.00	1996
TL 057504613 Kudat Town Daerah Kudat	Warehouse	Sub-lease 6/7/2054	1981	0.81 (2.00)	1.00	1996
TL 207524098 Lot 12, Ranca-Ranca Wilayah Persekutuan Labuan	Warehouse	Sub-lease 6/7/2054	1981	0.89 (2.20)	1.00	1996
TL 117506671 New Wharf Road Daerah Lahat Datu	Warehouse	Sub-lease 6/7/2054	1992	0.77 (1.91)	1.00	1996

Location	Existing Use	Tenure & Expiry Date	Year of Buildings	Land Area Hectare (ACRE)	Net Book Value as at 31 Dec 2001	Date Revaluation/ Date of Acquisition
TL 027500689 Lot 6628, Papar Daerah Papar	Warehouse	Sub-lease 6/7/2054	1970	0.13 (0.33)	1.00	1996
CL 105398990 Bt 3, Apas Road Daerah Tawau	Warehouse	Sub-lease 6/7/2054	1981	2.38 (5.87)	1.00	1996
TL 077552731 Batu 3 1/2, Jalan Utara Sandakan Daerah Sandakan	Warehouse	Sub-lease 6/7/2054	1981	1.14 (2.82)	1.00	1996
TL 037500799 Lot 2259 Kota Belud Daerah Kota Belud	Warehouse	Sub-lease 6/7/2054	1970	0.82 (2.02)	1.00	1996
LA 85040440 (sbhg drp PL 13904 & NT 12046) Tuaran Daerah Tuaran	Paddy purchasing centre	Sub-lease 6/7/2054	1992	8.10 (18.64)	1.00	1996

## SARAWAK

State Lease Code No. 323/26/1019 Lot 1019 Blok No. 26 Kimena Land District Bintulu Division	Warehouse	Sub-lease 6/7/2054	1995	1.70 (4.18)	1.00	1996
State Lease GN No. 499/2, Lot 478 Blok No. 19 Seduan Land District Sibu Division	Warehouse	Sub-lease 6/7/2054	1983	2.67 (6.59)	1.00	1996
State Lease Code No. 122/66/853 Lot 853, Section 66 Kuching Town Land District Kuching Division	Warehouse and office	Sub-lease 6/7/2054	1979	1.84 (4.54)	1.00	1996



## Substantial Shareholders

as at 19 April 2002

Name	No. of Shares Held		% of Issued Capital
	Direct	Indirect	
1. Budaya Generasi (M) Sdn Bhd	80,928,000	*15,625,000	32.99
2. Serba Etika Sdn Bhd	27,929,000	-	9.54
3. Wang Tak Company Limited	2,349,000	**14,810,000	5.86
4. Lembaga Tabung Angkatan Tentera	15,710,000	-	5.37

### Notes

\* By virtue of shares held through Mayban Nominees (Tempatan) Sdn Bhd

\*\* By virtue of shares held through Cartaban Nominees (Asing) Sdn Bhd

## Shareholders Statistical Report

as at 19 April 2002

Authorised Capital: RM1,000,000,001.00

Issued & Fully Paid Up Capital: RM292,630,001.00 consisting of 292,630,000 ordinary shares of RM1.00 each and 1 Special Share of RM1.00.

No of Holders	Size of Holding	Total No. of Shares	% of Total Holding
148	Less than 1,000	69,064	0.02
16,927	1,000 - 10,000	40,732,436	13.92
1,078	10,001 - 100,000	30,000,501	10.25
114	100,001 to less than 5%	66,826,000	22.84
5	5% and above if issues shares	155,002,000	52.97
<b>Total</b>	<b>18,272</b>	<b>292,630,001</b>	<b>100</b>

## Category of Shareholders of Each Class

as at 19 April 2002

Category of Shareholders by Nationality and Incorporation Type	No of Holders	No of Shares	%
1. Individual	16,075	59,749,910	20.42
2. Body Corporate			
A. Banks / Finance Companies	52	8,731,000	2.98
B. Trusts / Foundation / Charity	125	2,369,000	0.81
C. Private / Limited Company	307	136,031,500	46.49
3. Government Agencies / Institution	9	21,563,001	7.37
4. Nominees	1,704	64,185,590	21.93
<b>Total</b>	<b>18,272</b>	<b>292,630,001</b>	<b>100</b>

## List of Directors and Direct and Indirect Shareholding

as at 19 April 2002

Name of Directors	Designation	Direct Holdings		Indirect Holdings	
		No.	%	No.	%
1. Dato' Seri Mohamad Noor bin Abdul Rahim	Group Chairman	0	0.00	0	0.00
2. Yahya bin Abu Bakar	Executive Director	46,000	0.02	**9,000	0.00
3. Dato' Mohd Ibrahim bin Mohd Nor	Deputy Group Chairman	0	0.00	*5,362,721	1.83
4. Abdul Rahim bin Mokti	Non - Executive Director	0	0.00	0	0.00
5. Dato' Abi Musa Asa'ari bin Mohamed Nor	Non - Executive Director	0	0.00	0	0.00
6. Datu Dr. Sulaiman bin Mahbob	Non - Executive Director	0	0.00	0	0.00
7. Dato' Ahmad Zabri bin Ibrahim	Independent Non - Executive Director	0	0.00	**1,000	0.00
8. YB Mohd Naroden bin Haji Majais	Independent Non - Executive Director	0	0.00	0	0.00
9. Saiful Adnan bin Abdul Majid	Independent Non - Executive Director	0	0.00	0	0.00
10. Dato' Syed Azizan bin Syed Mohamed	Non - Executive Director	0	0.00	0	0.00
11. Bukhari bin Mohd Sawi	Non - Executive Director	0	0.00	0	0.00
12. Dohat bin Shafiee	Non - Executive Director	0	0.00	0	0.00
13. Dato' Baseri bin Lamsah	Alternate Director	0	0.00	0	0.00
14. Hasnan bin Hassan	Alternate Director	0	0.00	0	0.00

\* Held through substantial shareholding in Simpletech Sdn Bhd which holds 5.5555% equity interest in Budaya Generasi (M) Sdn Bhd which in turn owns 32.99% equity interest in BERNAS.

\*\* Held through their spouses' direct interest in BERNAS.

## Top Thirty (30) Shareholders

as at 19 April 2002

No.	Shareholders	Account No.	No. of Share Held	Percentage %
1.	Budaya Generasi (M) Sdn Bhd	0025743139	96,553,000	32.99
2.	Serba Etika Sdn Bhd	0032336562	27,929,000	9.54
3.	Lembaga Tabung Angkatan Tentera	0003317161	15,710,000	5.37
4.	Cartaban Nominees (Asing) Sdn Bhd Credit Suisse Singapore- Wang Tak Company Limited	0032148850	14,810,000	5.06
5.	Perbadanan Nasional Berhad	0032146052	10,971,000	3.75
6.	Employees Provident Fund Board	0004488797	6,510,000	2.22
7.	Lembaga Tabung Haji	0000325043	5,315,000	1.82
8.	Wang Tak Company Limited	0023823982	2,349,000	0.80
9.	DB (Malaysia) Nominee (Asing) Sdn Bhd BNP Paribas Nominees Singapore Pte Ltd for Contend Investments Ltd	0021870282	2,186,000	0.75
10.	Arab-Malaysian Nominees (Tempatan) Sdn Bhd Assar Asset Management Sdn Bhd for Tabung Baitumal	0032049363	1,930,000	0.66
11.	Yayasan Pok Rafeah Berdaftar	0018482398	1,500,000	0.51
12.	PRB Nominees (Tempatan) Sdn Bhd Rubber Industry Smallholders Development Authority	0021842430	1,268,000	0.43
13.	Arab-Malaysian Nominees (Tempatan) Sdn Bhd Meridian Asset Management Sdn Bhd for Malaysian Assurance Alliance Bhd	0022029532	1,174,000	0.40
14.	DB (Malaysia) Nominee (Asing) Sdn Bhd UBS AG Singapore for Pacific Investment Fund	0021692397	1,120,000	0.38
15.	Tengku Uzir bin Tengku Ubaidillah	0032671323	997,000	0.34
16.	Mayban Nominees (Tempatan) Sdn Bhd Pledged Securities for Lee Keng Hong (188 A)	0012933263	994,000	0.34
17.	CIMB Nominees (Tempatan) Sdn Bhd Economic Planning Unit Approved Investors	0021072996	916,000	0.31
18.	Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (LGF)	0028784684	916,000	0.31

<b>No.</b>	<b>Shareholders</b>	<b>Account No.</b>	<b>No. of Share Held</b>	<b>Percentage %</b>
19.	Universal Trustee (Malaysia) Berhad Malaysian Assurance Alliance Bhd	0026291047	912,000	0.31
20.	BHLB Trustee Berhad	0013547559	887,000	0.30
21.	Arab-Malaysian Nominees (Tempatan) Sdn Bhd MIDF Aberdeen Asset Management Sdn Bhd for Employees Provident Fund	0033809666	883,000	0.30
22.	Quarry Lane Sdn Bhd	0017109844	800,000	0.27
23.	MCIS Insurance Berhad	0026971671	783,000	0.27
24.	DB (Malaysia) Nominee (Asing) Sdn Bhd BNP Paribas Nominees Singapore Pte Ltd for Cablestar Limited	0027178706	750,000	0.26
25.	Permodalan Nasional Berhad	0000917468	745,000	0.25
26.	Bumiputra-Commerce Trustee Berhad Amanah Saham Darul Iman	0026036012	678,000	0.23
27.	Batu Bara Resources Corporation Sdn Bhd	0027570217	657,000	0.22
28.	Amanah Raya Nominees (Tempatan) Sdn Bhd Kuala Lumpur Smallcap Fund	0032020729	654,000	0.22
29.	Arab-Malaysian Nominees (Tempatan) Sdn Bhd KAF Fund Management Sdn Bhd (7/862-1)	0031705072	600,000	0.21
30.	Alliancegroup Nominees (Tempatan) Sdn Bhd PHEIM Asset Management Sdn Bhd for Employees Provident Fund	0033785163	594,000	0.20

## Corporate Directory

### Distribution

1. EDARAN BERAS NASIONAL BERHAD (390534 M)  
(formerly known as Bernas-Mart Sdn Bhd)  
Menara 2(B), Aras 14  
B-1301, Kelana BREM Tower II  
Jalan SS 7/15 (Jalan Stadium)  
Kelana Jaya  
47301 Petaling Jaya  
Selangor  
Tel : 03-7491 6555  
Fax : 03-7491 1841
2. YHL HOLDING SDN BHD (452413-V)  
44, Jalan Tanming Dua  
Taman Tanming Jaya  
Balakong Light Industrial Area  
43300 Seri Kembangan  
Selangor  
Tel : 03-8961 3561  
Fax : 03-8961 6299
3. YHL TRADING (KL) SDN BHD (466873-W)  
(formerly known as Yew Heng Leong (KL) Sdn Bhd)  
44, Jalan Tanming Dua  
Taman Tanming Jaya  
Balakong Light Industrial Area  
43300 Seri Kembangan  
Selangor  
Tel : 03-961 3193  
Fax : 03-961 6299
4. YHL TRADING (JOHOR) SDN BHD (466865-P)  
(formerly known as Sinsan Tien Seng (Johor) Sdn Bhd)  
PTD (56994) Lot 2756  
Jalan Kempas Lama  
Batu 8 1/2, Off Jalan Skudai  
81300 Skudai  
Johor  
Tel : 07-556 6887 / 556 6889  
Fax : 07-556 2825
5. YHL TRADING (MELAKA) SDN BHD (519458-K)  
Lot 3240, Gudang Batu Berendam  
75350 Batu Berendam  
Melaka  
Tel/Fax : 06-317 6221
6. YHL TRADING (SEGAMAT) SDN BHD (466855-X)  
(formerly known as Xeng Heng (M) Sdn Bhd)  
1-4, Jalan Perak, Taman Cempaka  
Bukit Siput  
85020 Segamat  
Johor  
Tel : 07-943 4806  
Fax : 07-943 1806
7. YHL TRADING (KEDAH) SDN BHD (466870-H)  
(formerly known as Sin Hock Soon Trading (Kedah) Sdn Bhd)  
Lot 215, Mukim Semiling  
Sungai Tok Pawang  
08100 Bedong  
Kedah  
Tel : 04-458 7609  
Fax : 04-458 0693
8. YHL TRADING (TERENGGANU) SDN BHD (519480-V)  
Gudang Chendering  
Jalan Kubang Ikan  
21080 Chendering  
Kuala Terengganu  
Terengganu  
Tel : 09-617 1544  
Fax : 09-617 5384
9. SYARIKAT FAIZA SDN BHD (247191-D)  
Lot 362, MG 107  
Kampung Peserai Pantai  
83000 Batu Pahat  
Johor  
Tel : 07-413 9487  
Fax : 07-413 9489

10. LEE HUP & CO SDN BHD (46394-M)

Gudang K.T.M  
No. 4, Jalan Stesen  
85000 Segamat  
Johor  
Tel : 07-931 1252  
Fax : 07-931 0410

11. JASMINE FOOD CORPORATION SDN BHD (162356-H)

No. 8, Jalan 25/123  
Section 25  
40000 Shah Alam  
Selangor  
Tel : 03-5122 3188  
Fax : 03-5122 3288

12. JASMINE FOOD (PRAI) SDN BHD (348277-D)

No. 3286, Jalan Mengkuang, Penanti  
14400 Bukit Mertajam  
Pulau Pinang  
Tel : 04-522 2481  
Fax : 04-522 2495

13. JASMINE FOOD (IPOH) SDN BHD (260155-M)

Lot 59589, No. 9, Block A, B, C  
Persiaran Rishah 14  
Silibin Industrial Estate  
30100 Ipoh  
Perak  
Tel : 05-527 8202 / 8204 / 8205  
Fax : 05-527 2422

14. JASMINE FOOD (JOHOR BAHRU) SDN BHD (316334-W)

26, Jalan Masyhur I  
Taman Perindustrian Cemerlang  
81800 Ulu Tiram  
Johor  
Tel : 07-863 4793  
Fax : 07-863 3368

15. JS JASMINE SDN BHD (522556-V)

Lot 339, Pasir Tuntong  
45700 Bukit Rotan  
Selangor  
Tel : 03-874 7874  
Fax : 03-874 0130

16. JASMINE FOOD (SEREMBAN) SDN BHD (530736-U)

Lot 75-A (Gudang B)  
Kawasan Perindustrian Senawang  
70450 Seremban  
Negeri Sembilan  
Tel : 06-679 2663  
Fax : 06-679 2566

17. ERA BAYAM KOTA SDN BHD (472357-P)

Lot 2634 & 2635  
Seksyen 54, Jalan Raja Perempuan Zainab II  
Kubang Kerian  
16150 Kota Bharu  
Kelantan  
Tel : 09-765 0878  
Fax : 09-764 6778

18. SERBA WANGI SDN BHD (280872-A)

Lot 2171, Jalan Bukit Raya  
Mukim Bukit Raya  
06700 Pendang  
Kedah  
Tel : 04-759 6620  
Fax : 04-759 0264

19. SERBA WANGI JH SDN BHD (340732-A)

No. 22, Jalan Idaman 1/1  
Senai Industrial Park  
Seelong Park  
81400, Senai  
Johor  
Tel : 07-599 3708  
Fax : 07-598 1241

20. SERBA WANGI MELAKA SDN BHD (535742-K)  
No. 5A, Jalan Sri Rama  
Taman Muzaffar Shah  
Air Keroh  
75450 Melaka.  
Tel : 06-232 6811  
Fax : 06-232 6815

21. SERBA WANGI (PG) SDN BHD (368596-M)  
Gudang 1, Lot 331, Mukim 1  
Solok Perusahaan 4  
Kawasan Perusahaan Prai  
13600 Prai, Pulau Pinang  
Tel : 04-390 6620  
Fax : 04-398 6621

22. SERBA WANGI (PERAK) SDN BHD (513703-M)  
No. 19, Jalan Johan 1/3  
Kawasan Perindustrian Pengkalan II  
31550 Pusing, Perak  
Tel : 05-366 7620  
Fax : 05-366 8264

23. SERBA WANGI TRANSPORT SDN BHD (280872-A)  
Lot 217, Jalan Bukit Raya  
Mukim Bukit Raya  
06700 Pendang  
Kedah  
Tel : 04-759 6620  
Fax : 04-759 0264

24. ENG CHUANG CHAN SDN BHD (397256-M)  
No.74, Jalan Besar Rantau  
71200 Seremban  
Negeri Sembilan  
Tel : 06-694 1282  
Fax : 06-694 1238

25. CONSOLIDATED BERNAS UNITED DISTRIBUTORS  
SDN BHD (522078-T)  
Tingkat 13A, Wisma Tun Sambanthan  
No. 2, Jalan Sulaiman  
50000 Kuala Lumpur  
Tel : 03-2711 2929  
Fax : 03-2711 2807

26. FORMULA TIMUR SDN BHD (461317-W)  
U6.1, Tingkat 6  
Menara Perbadanan  
Jalan Tengku Petra Semerak  
15000 Kota Bharu  
Kelantan  
Tel : 09-747 1555  
Fax : 09-747 3555

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#### Production

27. BERNAS PRODUCTION SDN BHD (428934-K)  
(formerly known as Era Rangkaian Setia Sdn Bhd)  
Menara 2(B), Aras 12, 13 & 14  
B-1301, Kelana BREM Tower II  
Jalan SS 7/15 (Jalan Stadium)  
Kelana Jaya  
47301 Petaling Jaya  
Selangor  
Tel : 03-7491 6555  
Fax : 03-7491 1840

28. JASMINE RICE MILL (TUNJIANG) SDN BHD (19591-K)  
Batu 18 1/2, Jalan Kodiang  
Mukim Padang Perahu  
Kubang Pasu  
06000 Jitra  
Kedah  
Tel : 04-929 1852  
Fax : 04-929 2708

29. BAN HENG BEE RICE MILL (1952) SDN BHD (2241-W)

Lot 2171, Jalan Bukit Raya  
Mukim Bukit Raya  
06700 Pendang  
Kedah  
Tel : 04-759 6620  
Fax : 04-759 0264

30. BERNAS MARDITECH SEED SDN BHD (378559-M)

Ibu Pejabat BMS  
Kompleks BERNAS Langgar  
06500 Langgar  
Kedah  
Tel : 04-787 6571  
Fax : 04-787 7116

31. KILANG BERAS FAJAR SDN BHD (195935-U)

Lot 2264, KM 17 Jerlun  
MK Jerlun  
06150 Alor Setar  
Kedah  
Tel : 04-794 0234  
Fax : 04-794 9989

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**East Malaysia**

32. BERAS CORPORATION SDN BHD (480493-H)

Lot 2-8-2, Level 7, Wisma San Hin  
Wawasan Plaza  
Coastal Highway  
P. O. Box 13311  
88837 Kota Kinabalu  
Sabah  
Tel : 088-311510  
Fax : 088-311522

33. SAZARICE SDN BHD (385374-U)

Lot 5, Likas Baru  
Batu 5 1/2, Jalan Tuaran  
P. O.Box 579  
88856 Likas  
Kota Kinabalu  
Sabah  
Tel : 088-433586  
Fax : 088-433539

34. DAYABEST SDN BHD (205836-H)

2nd Floor, Wisma Polarwood  
Sublot No. 16, Lot No. 320  
Section 5, Jalan Satok  
93400, Kuching  
Sarawak  
Tel : 082-252 241  
Fax : 082-252 519

35. HASKARICE FOOD SDN BHD (437804-P)

Lot 895, Jalan Belian  
93661 Kuching  
Sarawak  
Tel : 082-334 422  
Fax : 082-334 123

36. BAN SAY TONG SDN BHD (100912-T)

No. 2, Jalan Pedada  
P.O. Box 28  
97000 Bintulu  
Sarawak  
Tel : 086-333 106  
Fax : 086-335 002

37. HOCK CHIONG FOODSTUFF SDN BHD (443434-K)

No. 17  
Jalan Bank  
96000 Sibul  
Sarawak  
Tel : 084-330 476  
Fax : 084-330 964

38. TONG SENG HUAT RICE TRADING SDN BHD (439863-H)

58A, Merbau Road  
98000 Miri  
Sarawak  
Tel : 085-431 037  
Fax : 085-415 643



39. PADI GEDONG SDN BHD (440504-U)

Lot 895, Jalan Belian  
93661 Kuching  
Sarawak  
Tel : 082-334 422  
Fax : 082-334 123

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**Other Business**

40. BERNAS LOGISTICS SDN BHD (386337-M)

Unit 302, Block A  
Pusat Dagangan Phileo Damansara II  
No. 15, Section 16/11  
Jalan Damansara  
46350 Petaling Jaya  
Selangor  
Tel : 03-7660 7424  
Fax : 03-7660 7622

41. BERNAS IN-LINE AGENCIES SDN BHD (516284-K)

No. 22-3-2 (A)  
3rd Floor, Jalan 4/50  
Diamond Square Off Jalan Gombak  
53000 Kuala Lumpur  
Tel : 03-4023 9778  
Fax : 03-4024 9869

42. BERNAS ENGINEERING & TECHNOLOGY  
SDN BHD (386334-D)

Unit 3A02, Block A  
Pusat Dagangan Phileo Damansara II  
No. 15, Section 16/11  
Jalan Damansara  
46350 Petaling Jaya  
Selangor  
Tel : 03-7958 8980  
Fax : 03-7957 8549

43. P.B CONSTRUCTION & SUPPLIES SDN BHD (421629-V)

Unit 3A02, Block A  
Pusat Dagangan Phileo Damansara II  
No. 15, Section 16/11  
Jalan Damansara  
46350 Petaling Jaya  
Selangor  
Tel : 03-7958 8721  
Fax : 03-7958 8723

44. BERNAS REALTY & DEVELOPMENT SDN BHD (407608-H)

Unit 502, Block A  
Pusat Dagangan Phileo Damansara II  
No. 15, Section 16/11  
Jalan Damansara  
46350 Petaling Jaya  
Selangor  
Tel : 03-7956 2826  
Fax : 03-7954 6723

45. VALORLITE RESOURCES SDN BHD (413257-A)

Suite 602, Block A  
Pusat Dagangan Phileo Damansara II  
No. 15, Section 16/11  
Jalan Damansara  
46350 Petaling Jaya  
Selangor  
Tel : 03-7958 5036  
Fax : 03-7958 5024

46. BERNAS DOMINALS SDN BHD (378561-P)

567, Jalan Samudra Utara I  
Taman Samudra  
68000 Batu Caves  
Selangor  
Tel : 03-6188 8672  
Fax : 03-6189 5122 / 6188 8655

47. BERNAS CHAFF PRODUCTS SDN BHD (460936-P)

Kompleks Telok Kechai  
06600 Alor Setar  
Kedah  
Tel : 04-762 1844  
Fax : 04-762 1103

48. RASAYANG FOOD INDUSTRIES SDN BHD (463722-D)

Lot 50 & 51, Off Jalan Semeling  
08100 Bedong  
Kedah  
Tel : 04-458 5276  
Fax : 04-458 7845

49. BERNAS FEEDSTUFF SDN BHD (464527-U)

Lot 1835, 1st Floor  
Jalan Hospital, Paya Bemban  
15200 Kota Bharu  
Kelantan  
Tel : 09-743 9000  
Fax : 09-743 1122

50. ORGANIGRO SDN BHD (428308-A)

c/o Ancom Berhad  
102 & 1002, Block A  
Pusat Dagangan Phileo Damansara I  
No. 9, Jalan 16/11  
Off Jalan Damansara  
46350 Petaling Jaya  
Selangor  
Tel : 03-7660 0008  
Fax : 03-7660 0010

51. KEONGCO HOLDINGS SDN BHD (501026-U)

Lot 680, Local Industrial Estate  
Pengkalan Chepa  
16100 kota Bharu  
Kelantan  
Tel : 09-773 0294  
Fax : 09-773 0313

52. GARDENIA BAKERIES (KL) SDN BHD (139386-X)

Lot 3, Jalan Pelabur 23/1  
40300 Shah Alam  
Selangor  
Tel : 03-5542 3228  
Fax : 03-5542 3213

**Overseas**

53. BERNAS OVERSEAS (L) LIMITED (LL01053)

Level 19B, CP Tower  
No. 11, Section 16/11  
Jalan Damansara  
46350 Petaling Jaya  
Selangor  
Tel : 03-7660 4545  
Fax : 03-7660 4720

54. SOCIETE BERNAS DE GUINEE (SOBERGUI)

Immeuble Safricom  
Carrefour, Constantin  
BP 5371 Conakry  
Republique De Guinee  
West Africa  
Tel : 00-224-464537  
Fax : 00-224-464537

55. BERNAS CHINA CORPORATION (331666)

Room 1102, Office Tower B  
Soho New Town  
No. 88, Jiangli Road  
Chao Yong District  
Beijing 10022  
China  
Tel : 00-86-10-8580 0765  
Fax : 00-86-10-8580 0767

56. QAISER NOMAN BERNAS (PVT) LIMITED (K07127)

QNB House, Bahria Complex-1  
Ground Floor  
M.T Khan Road  
Karachi - 74000  
Pakistan  
Tel : 00-92300 242121  
Fax : 00-92215 610226

57. ASIAN PENINSULA CORPORATION LTD (1292/2540)

18th Floor, Sethiwan Tower  
139, Pan Road, Silom  
Bangkok  
10500 Thailand  
Tel : 00-662-2666025 / 2666028  
Fax : 00-662-2666029

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## Form of Proxy

I/We \_\_\_\_\_  
of \_\_\_\_\_ being a member of  
PADIBERAS NASIONAL BERHAD, hereby appoint \_\_\_\_\_ of \_\_\_\_\_  
or failing him, \_\_\_\_\_ of \_\_\_\_\_  
or failing him, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the 8th Annual General Meeting of the Company to be held at Ballroom 1 & 2, Tropicana Golf & Country Resort, Jalan Kelab Tropicana Off Jalan Tropicana Utama, Persiaran Tropicana, 47410 Petaling Jaya, Selangor on 27 June 2002 at 10.00am, and at any adjournment thereof. My/Our proxy is to vote as indicated below:

NO.	RESOLUTIONS	FOR	AGAINST
1.	To receive and adopt the Audited Accounts for the financial year ended 31 December 2001 together with the Reports of the Directors and Auditors thereon. .... <b>RESOLUTION 1</b>		
2.	To approve the payment of a final dividend of 10% less tax of 28% for the financial year ended 31 December 2001 ..... <b>RESOLUTION 2</b>		
3.	To approve the payment of Directors' fees of RMRM275,000 for the year ended 31 December 2001. .... <b>RESOLUTION 3</b>		
4.	To re-elect the following Directors who retire in accordance with the Articles of Association of the Company: <b>Article 121 (2)</b> Datu Dr Sulaiman Bin Mahbob ..... <b>RESOLUTION 4</b> Saiful Adnan Bin Abdul Majid. .... <b>RESOLUTION 5</b> <b>Article 126</b> Dato' Seri Mohamad Noor Bin Abdul Rahim ..... <b>RESOLUTION 6</b> Dato' Syed Azizan Bin Syed Mohamad ..... <b>RESOLUTION 7</b> Dohat Bin Shafie ..... <b>RESOLUTION 8</b>		
5.	To re-appoint Messrs. Arthur Andersen & Co. as Auditors and to authorise the Directors to fix their remuneration. .... <b>RESOLUTION 9</b>		
6.	As special business, to consider and if thought fit, to pass the following ordinary resolution: That pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby empowered to issue shares of the Company at any time until the conclusion of the next Annual General Meeting of the Company 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 issued capital of the Company for the time being and that the Directors are also empowered to obtain the approval for the listing and quotation for the additional shares so issued on the Kuala Lumpur Stock Exchange. .... <b>RESOLUTION 10</b>		

(Please indicate with "X" how you wish to cast your vote)

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2002.

Signature/Seal \_\_\_\_\_

**Notes :**

- A member of the Company entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote in his stead.
- \*Subject to Article 109 and 114, a proxy must be a member of the Company or an advocate or an approved company auditor or a person approved by the Registrar in a particular case.
- The instrument appointing a proxy must be in writing under the hand of the appointer or his attorney duly appointed under a power of attorney or if such appointer is a corporation, either under its common seal or under the hand of an officer or attorney duly appointed under a power of attorney.

- The instrument appointing a proxy or representative shall be deposited at the registered office of the Company, Level 19, CP Tower, No. 11, Section 16/11, Jalan Damansara, 46350 Petaling Jaya, Selangor not less than forty eight (48) hours before the time for holding the meeting or any adjournment thereof.

**\*Explanatory Note:**

**Article 109**

"A member who is of unsound mind and whose person or estate is liable to be dealt with in any way under the law relating to mental disorder may vote, whether on a show of hands or on a poll, by his committee or by such other person as properly has the management of his estate, and any such committee or other person may vote by proxy"

**Article 114**

"Any corporation which is a member of the Company may by resolution of the Directors of that corporation or other governing body authorise such person as it thinks fit to act as its representative at any meeting of the Company and the person so authorised shall be entitled to exercise the same powers on behalf of the corporation which he represents as that corporation could exercise if it were an individual member of the Company."

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STAMP

**Company Secretary**  
**PADIBERAS NASIONAL BERHAD**

Level 19, CP Tower  
No. 11, Section 16/11  
Jalan Damansara  
46350 Petaling Jaya  
Selangor Darul Ehsan

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