



**BERNAS**

PADIBERAS NASIONAL BERHAD

(295514-U)

ANNUAL  
REPORT 2002

PADIBERAS NASIONAL BERHAD

ANNUAL REPORT 2002



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## History

Padiberas Nasional Berhad (BERNAS) came into full force existence with the taking over of Lembaga Padi dan Beras Negara's (LPN) role as the custodian of Malaysian paddy and rice when the latter was privatised in January 1996. From this juncture, BERNAS continued to perform an important role in the national paddy and rice industry, assuming 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. BERNAS was also given the responsibility of being the sole importer of rice into Malaysia till 2010, with the option for renewal for another 5 years, subject to approval. On August 25 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 players at the international level of wholesaling, farming, processing and supplying. With this solid foundation, BERNAS has managed to overcome challenges for the last six years 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 places particular concern on 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 3,200 employees. Achievement of our objectives remains as the driving force in herding the organisation to greater heights of success and acknowledgement.

Diversification into other related business activities has led to 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 Asean Free Trade Area.

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 and services; to provide the very best of variety and excellence in its mission to attain a competitive edge in the upcoming era of regulated globalisation.



# VISION

## Vision:

As a leading force in the Malaysian rice industry, we aspire to sustain 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 shareholders emphasising on the highest standards in quality, distribution and service to our customers.



## Definition

<b>ACT</b> - Companies Act, 1965	<b>COFCO</b> - China National Cereals, Oils and Foodstuffs
<b>AFTA</b> - ASEAN Free Trade Area	<b>COSMO</b> - Cosmo Restaurant Sdn. Bhd.
<b>AGM</b> - Annual General Meeting	<b>DAYABEST</b> - Dayabest Sdn. Bhd.
<b>APC</b> - Asian Peninsula Corporation Limited	<b>DOMINALS</b> - Bernas Dominals Sdn. Bhd.
<b>BAN HENG BEE</b> - Ban Heng Bee Rice Mill (1952) Sdn. Bhd.	<b>EBC</b> - Everyday Bakery & Confectionery Sdn. Bhd.
<b>BCC</b> - Bernas China Corporation	<b>ECC</b> - Eng Chuan Chan Sdn. Bhd.
<b>BCSB</b> - Beras Corporation Sdn. Bhd.	<b>EDARAN BERAS</b> - Edaran Beras Nasional Sdn. Bhd.
<b>BEPRO</b> - Bernas Production Sdn. Bhd.	<b>ERA BAYAM KOTA</b> - Era Bayam Kota Sdn. Bhd.
<b>BERNAS</b> - Padiberas Nasional Berhad	<b>FAIZA</b> - Syarikat Faiza Sdn. Bhd.
<b>BERNAS Group</b> - BERNAS, its Subsidiaries and Associate Companies	<b>FAJAR</b> - Kilang Beras Fajar Sdn. Bhd.
<b>BET</b> - Bernas Engineering & Technology Sdn. Bhd.	<b>FAJAR JERLUN</b> - Fajar Jerlun Sdn. Bhd.
<b>BIL</b> - Bernas In-Line Agencies Sdn. Bhd.	<b>FEEDSTUFF</b> - Bernas Feedstuff Sdn. Bhd.
<b>BLSB</b> - Bernas Logistics Sdn. Bhd.	<b>FORMULA TIMUR</b> - Formula Timur Sdn. Bhd.
<b>BMA</b> - BM Agrotech Sdn. Bhd.	<b>GBSKL</b> - Gardenia Bakeries (KL) Sdn. Bhd.
<b>BMS</b> - Bernas Marditech Seed Sdn. Bhd.	<b>GSD</b> - Gardenia Sales & Distribution Sdn. Bhd.
<b>BOL</b> - Bernas Overseas (L) Limited	<b>HASKARICE</b> - Haskarice Food Sdn. Bhd.
<b>BST</b> - Ban Say Tong Sdn. Bhd.	<b>HFI</b> - Honeyco Food Industries Sdn. Bhd.
<b>BRD</b> - Bernas Realty & Development Sdn. Bhd.	<b>HOCK CHIONG</b> - Hock Chiong Foodstuff Sdn. Bhd.
<b>C. Eight</b> - Central Eight (M) Sdn. Bhd.	<b>JFC</b> - Jasmine Food Corporation Sdn. Bhd.
<b>CBUD</b> - Consolidated Bernas United Distributors Sdn. Bhd.	<b>JF (AS)</b> - Jasmine Food (Alor Setar) Sdn. Bhd.
<b>CHAFF</b> - Bernas Chaff Products Sdn. Bhd.	<b>JF (IPOH)</b> - Jasmine Food (Ipoh) Sdn. Bhd.
<b>CODE</b> - Malaysian Code Of Corporate Governance	<b>JF (JB)</b> - Jasmine Food (Johor Bahru) Sdn. Bhd.
	<b>JF (PRAI)</b> - Jasmine Food (Prai) Sdn. Bhd.



**JF (SEREMBAN)** - Jasmine Food (Seremban) Sdn. Bhd.

**JKH** - Jasmine Khidmat & Harta Sdn. Bhd.

**JRM** - Jasmine Rice Mill (Tunjang) Sdn. Bhd.

**JRP** - Jasmine Rice Products Sdn. Bhd.

**JS JASMINE** - JS Jasmine Sdn. Bhd.

**KHSB** - Keongco Holdings Sdn. Bhd.

**KLSE** - Kuala Lumpur Stock Exchange

**KMSB** - Keongco Malaysia Sdn. Bhd.

**LEE HUP** - Lee Hup & Company Sendirian Berhad

**LR KLSE** - Listing Requirement of KLSE

**MARDI** - Malaysian Agricultural Research and Development Institute

**MAPT** - Myanma Agricultural Produce Sdn. Bhd.

**MARDITECH** - Marditech Corporation Sdn. Bhd.

**OEL** - OEL Realty Holdings Sdn. Bhd.

**ORGANIGRO** - Organigro Sdn. Bhd.

**PADI GEDONG** - Padi Gedong Sdn. Bhd.

**PBCS** - P.B. Construction & Supplies Sdn. Bhd.

**QNB** - Qaiser Noman Bernas (Pvt) Limited

**RASAYANG** - Rasayang Food Industries Sdn. Bhd.

**RCL** - Ricegrowers' Cooperative Limited

**SAZARICE** - Sazarice Sdn. Bhd.

**SWSB** - Serba Wangi Sdn. Bhd.

**SW (JH)** - Serba Wangi (JH) Sdn. Bhd.

**SW (KL)** - Serba Wangi (KL) Sdn. Bhd.

**SW (ML)** - Serba Wangi (ML) Sdn. Bhd.

**SW (Perak)** - Serba Wangi (Perak) Sdn. Bhd.

**SW (PG)** - Serba Wangi (Penang) Sdn. Bhd.

**SW Transport** - Serba Wangi Transport Sdn. Bhd.

**SOBERGUI** - Societe Bernas De Guinee

**TSH** - Tong Seng Huat Trading Sdn. Bhd.

**VALORLITE** - Valorlite Resources Sdn. Bhd.

**VINAFOOD** - Vietnam Southern Food Corporation

**VOCARIMEX** - National Company for Vegetables Oils, Aromas and Cosmetics of Vietnam

**WTO** - World Trade Organisation

**YHL** - YHL Holding Sdn. Bhd.

**YHL (KL)** - YHL Trading (KL) Sdn. Bhd.

**YHL (Kuantan)** - YHL (Kuantan) Sdn. Bhd.

**YHL (Terengganu)** - YHL Trading (Terengganu) Sdn. Bhd.

**YHL (Kedah)** - YHL Trading (Kedah) Sdn. Bhd.

**YHL (Johor)** - YHL Trading (Johor) Sdn. Bhd.

**YHL (Segamat)** - YHL Trading (Segamat) Sdn. Bhd.

## Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN** that the 9<sup>th</sup> Annual General Meeting of Padiberas Nasional Berhad (“the Company”) will be held at Glenmarie Ballroom, Pan Pacific Glenmarie, 1 Jalan Usahawan U1/8, Section U1, 40250 Shah Alam, Selangor on 26 June 2003 at 10.00 am, for the following purposes:

- |  |  |
|--|--|
| 1. To receive and adopt the Audited Accounts for the financial year ended 31 December 2002 together with the Report of the Directors and Auditors thereon.   | <b>RESOLUTION 1</b>  |
| 2. To approve the payment of a sum of RM360,000 as Directors’ fees for the year ended 31 December 2002.  | <b>RESOLUTION 2</b>  |
| 3. To re-elect the following Directors who retire in accordance with the Articles of Association of the Company:<br><br><i>Article 121 (2)</i><br><br><b>Abdul Rahman Bin Datuk Haji Dahlan</b><br><br><i>Article 126</i><br><br><b>Dato’ Ahmad Zabri Bin Ibrahim</b><br><br><b>Dohat Bin Shafiee</b><br><br><b>Bukhari Bin Mohd Sawi</b>  | <b>RESOLUTION 3</b><br><br><b>RESOLUTION 4</b><br><br><b>RESOLUTION 5</b><br><br><b>RESOLUTION 6</b> |
| 4. To re-appoint Messrs Hanafiah Raslan & Mohamad as Auditors and to authorise the Directors to fix their remuneration.  | <b>RESOLUTION 7</b>  |
| 5. As special business, to consider and if thought fit, to pass the following ordinary resolution:-<br><br><b>I. Proposed Renewal of Shareholders’ Mandate For Recurrent Transactions and Approval For New Recurrent Transaction For BERNAS Group To Enter Into Recurrent Related Party Transaction of a Revenue And Trading Nature</b><br><br>THAT approval be and is hereby given to the Company and its subsidiaries to enter into and give effect to specified recurrent transactions of a revenue or trading nature and with specified classes of the related parties as stated in Section 2.2.1 of the Circular to Shareholders dated 30 May 2003 which are necessary for the Group’s day to day operations subject further to the following:-<br><br>i. the transactions are in the ordinary course of business and are on terms not more favorable to the related parties than those generally available to the public and are not detriment to the minority shareholders;<br><br>ii. disclosure is made in the annual report of the aggregate value transactions conducted pursuant to the shareholders’ mandate during the financial year;<br><br>AND THAT approval shall continue in force until:-<br><br>a) the conclusion of the next annual general meeting of the Company, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed; | <b>RESOLUTION 8</b>  |





- b) the expiration of the period within which the next annual general meeting after the date it is to be held pursuant to Section 143 (1) of the Companies Act, 1965 (“ the Act”) (but shall not extend to such extension as may be allowed pursuant to Section 143 (2) of the Act); or
- c) revoked or varied by resolution passed by the shareholders in general meeting, whichever is earlier.

AND THAT, for avoidance of doubt, all transactions to be entered into by BERNAS Group as disclosed in Section 2.2.1 of the Circular for the period from 1 July 2003 until 30 June 2004 be and are hereby approved AND THAT the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution.

## II. Authority to Directors to Issue Shares Pursuant to Section 132D of the Companies Act, 1965

## RESOLUTION 9

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.

By Order of the Board  
**AHMAD FUAD BIN ABDUL WAHAB** (LS008146)  
**AZLINA BINTI HASAN BASHRI** (LS008142)  
Company Secretaries

Petaling Jaya  
30 May 2003

### 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.
- A proxy may but need not be a member of the Company.
- Where a member appoints two or more proxies, the appointment shall be invalid unless he specifies the proportions of his holding to be represented by each proxy.
- 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 of Level 19, C.P. 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.

#### 2. Resolution 8

*This general mandate will permit the BERNAS Group to enter into specified recurrent transactions of a revenue or trading nature and with specified classes of the related parties as stated in Section 2.2.1 of the Circular to Shareholders dated 30 May 2003 and the approval shall continue in force until the conclusion of the next AGM of the Company or revoked or varied by resolution passed in general meeting.*

#### 3. Resolution 9

*This authorization will empower Directors 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 9<sup>th</sup> Annual General Meeting of the Company

- Pursuant to Article 121 (2) of the Company's Articles of Association (Appointed during the year)

\* Abdul Rahman Bin Datuk Haji Dahlan

- Pursuant to Article 126 of the Company's Articles of Association (Retirement By Rotation)

\* Dato' Ahmad Zabri Bin Ibrahim

\* Dohat Bin Shafiee

\* Bukhari Bin Mohd Sawi

\* Refer to page 10 to 12 for the Directors' Profile

### 2. Board of Directors Meeting

During the financial year ended 31 December 2002 and up to the date of this report 18 April 2003, the Board held 12 meetings of which 9 Board Meetings were held during the financial year ended 31 December 2002. The attendance of the Board Meetings in 2002 are as follow:-

Directors	Total Attendance
Dato' Seri Mohamad Noor Bin Abdul Rahim	9/9
Dato' Mohd Ibrahim Bin Mohd Nor	8/9
Yahya Bin Abu Bakar	8/9
Dato' Abi Musa Asa'ari Bin Mohamed Nor	5/9
Datuk Dr Sulaiman Bin Mahbob	6/9
Abdul Rahim Bin Mokti	5/9
Dato' Ahmad Zabri Bin Ibrahim	9/9
YB Haji Mohd Naroden Bin Haji Majais	8/9
Bukhari Bin Mohd Sawi	8/9
Dohat Bin Shafiee	9/9
Saiful Adnan Bin Abdul Majid*	7/7
Abdul Rahman Bin Datuk Haji Dahlan**	2/2
Dato' Syed Azizan Bin Syed Mohamad***	6/7
Dato' Baseri Bin Lamsah	3/9
(Alternate Director to Dato' Abi Musa Asa'ari Bin Mohamed Nor)	
Hasnan Bin Hassan	4/9
(Alternate Director to Abdul Rahim Bin Mokti)	

\* Encik Saiful Adnan was appointed on 29 March 2002.

\*\* Encik Abdul Rahman was appointed on 15 October 2002.

\*\*\* Dato' Syed Azizan Bin Syed Mohamad resigned on 15 October 2002.

#### Details of the Board meetings

Date & Time	Venue
25 January 2002, 9.30 a.m.	Petaling Jaya, Selangor
25 February 2002, 2.30 p.m.	Petaling Jaya, Selangor
5 April 2002, 9.00 a.m.	Petaling Jaya, Selangor
29 April 2002, 9.30 a.m.	Petaling Jaya, Selangor
30 May 2002, 2.30 p.m.	Petaling Jaya, Selangor
24 June 2002, 9.30 a.m.	Petaling Jaya, Selangor
28 August 2002, 9.30 a.m.	Petaling Jaya, Selangor
22 October 2002, 2.30 p.m.	Petaling Jaya, Selangor
28 November 2002, 3.30 p.m.	Petaling Jaya, Selangor



## Corporate Information

### 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

### COMPANY SECRETARIES

Ahmad Fuad Bin Abdul Wahab (LS 008146)  
Azlina Binti Hasan Bashri (LS 008142)

### AUDITOR

Messrs Hanafiah Raslan & Mohamad  
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

### STOCK EXCHANGE LISTING

Kuala Lumpur Stock Exchange (Main Board)  
Stock Name : BERNAS  
Stock Code : 6866



## Board of Directors

### Chairman

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

Age 58. Malaysian. Independent, Non-Executive Director and Chairman. Appointed to the board since July 1998, elected Chairman on July 2000 and is a member of both the Company's Executive Committee and Nomination Committee. Attended nine 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 the positions of State Secretary, Pulau Pinang, Federal Development Director (Prime Minister's Department), Kelantan, State Financial Officer of Perak, Deputy Director General/Director General, Kuala Lumpur City Hall, Under-Secretary (Supply Division) for both the 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.

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 Group Managing Director of BERNAS, the Executive Vice Chairman of Sistem Televisyen Malaysia Berhad and the Chief Operating Officer of Malakoff 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 a direct shareholding of 79,500 shares of RM1.00 each and an indirect shareholding of 8,029,357 shares of RM1.00 each in the Company by virtue of his substantial shareholding in Simpletech Sdn. Bhd., which holds 5.56% equity interest in Budaya Generasi (M) Sdn. Bhd., which in turn owns 144,829,500 ordinary shares of RM1.00 each 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.

#### **YAHYA BIN ABU BAKAR**

Age 44. Malaysian. Non-independent, Executive Director and the Senior Vice President, International Business since November 2002. Formerly he was the Group Managing Director of BERNAS. Attended eight out of nine 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. as well as Deputy Group Managing Director, Rice Business, BERNAS. He has a direct shareholding of 69,000 shares of RM1.00 each and an indirect shareholding of 24,000 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.

### Directors

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

Age 44. Malaysian. Non-independent, Non-Executive Director. He was appointed to the Board on 7 February 1996, serving as a member of the Company's Executive Committee and the Remuneration Committee. Attended eight out of nine meetings held during the financial year.



#### **ABDUL RAHIM BIN MOKTI**

Age 53. Malaysian. Non-independent, Non-Executive Director since February 2001. 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 nine 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.

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

Age 54. Malaysian. Non-independent, Non-Executive Director since April 2001. Attended five out of the nine meetings held during the financial year. A graduate of Economics from University of 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, Malaysia and Deputy Director, Budget Division, Treasury of Malaysia. Dato' Abi Musa previously sat on the Boards of FAMA, MADA, FELDA, University Hospital, AIROD and KWSP. 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.

#### **DATUK DR. SULAIMAN BIN MAHBOB**

Age 55. Malaysian. Non-independent, Non-Executive Director since January 2002. Attended six out of nine meetings held during the financial year. 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. Datuk Dr. Sulaiman served the Malaysian civil service for 32 years and during that period he served in the Economic Planning Unit and Ministry of Finance as well as the National Economic Action Council. 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 61. Malaysian. Independent, Non-Executive Director since December 1997 and serves as the Chairman of the Company's Audit Committee and a member of the Remuneration Committee and Nomination Committee. Attended all nine 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 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 and 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 DMIB Berhad. He has an indirect interest of 1,500 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 50. 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 eight out of nine meetings held during the financial year. Graduated with a Bachelor of Arts from University of New England, Australia and holds an MBA from University of Ohio, USA. 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.

#### **BUKHARI BIN MOHD. SAWI**

Age 53. Malaysian. Non-independent, Non-Executive Director since August 1996. He has attended eight out of the nine 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 BERNAS' Nomination Committee and is also 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 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 59. Malaysian. Non-independent, Non-Executive Director since February 1996 and is the member of the Company's Executive Committee and the Remuneration Committee. Attended all nine meetings held during the financial year. Currently, he is a Director of Yayasan Basmil 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 39. Malaysian. Independent, Non-Executive Director since 29 March 2002. Graduated from University of Kent, England in 1986 with a Bachelor of Economics (Hons). He was with Arthur Anderson where he qualified as a public accountant. He left to join Petronas in 1991 and later served numerous organisations as financial consultant. Attended all seven meetings held in the financial year upon his appointment in March 2002. 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 RAHMAN BIN DATUK HAJI DAHLAN**

Age 38. Independent, Non-Executive Director since October 2002. Attended all two meetings held in the financial year upon his appointment in October 2002. Graduated from California State University, USA holding a Degree in Economics and Management. Currently, he is the Political Secretary to the Chief Minister of Sabah and the Managing Director of H.R.P.M Consulting (M) Sdn. Bhd. Prior to that he was the General Manager in Ace Commercial Enterprise Sdn. Bhd., a Business Development Officer in Ace Averberg Sdn. Bhd. and also a dealer in Ace Commercial Enterprise Sdn. Bhd. 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.

#### **RESIGNATION**

**Y. Bhg. Dato' Syed Azizan Bin Syed Mohamad has resigned with effect from 15 October 2002.**



## Board Committee

### EXECUTIVE COMMITTEE

**DATO' SERI MOHAMAD NOOR BIN ABDUL RAHIM**  
**DATO' MOHD. IBRAHIM BIN MOHD. NOR**  
**DOHAT BIN SHAFIEE**

### AUDIT COMMITTEE

**DATO' AHMAD ZABRI BIN IBRAHIM**  
**YB HAJI MOHD NARODEN BIN HAJI MAJAIS**  
**ABDUL RAHIM BIN MOKTI**  
**SAIFUL ADNAN BIN ABDUL MAJID**

### NOMINATION COMMITTEE

**YB HAJI MOHD NARODEN BIN HAJI MAJAIS**  
**DATO' SERI MOHAMAD NOOR BIN ABDUL RAHIM**  
**DATO' AHMAD ZABRI BIN IBRAHIM**

### REMUNERATION COMMITTEE

**DATO' MOHD. IBRAHIM BIN MOHD. NOR**  
**DATO' AHMAD ZABRI BIN IBRAHIM**  
**BUKHARI BIN MOHD SAWI**  
**DOHAT BIN SHAFIEE**

## Senior Management

**YAHYA BIN ABU BAKAR**  
*Senior Vice President*  
*International Business*

**MAMAT BIN DAUD**  
*Senior Vice President*  
*Rice Business (Peninsular Malaysia) and Production*

**HAMIM BIN YUSUF**  
*Senior Vice President*  
*Rice Business (Sabah & Sarawak) and Import*

**AHMAD FUAD BIN ABDUL WAHAB**  
*Senior Vice President*  
*Corporate Services and Other Business*

**DR LARRY WONG CHEE YOONG**  
*Advisor*  
*International Business*

**JENNY YOW NGAN CHEE**  
*Head*  
*Group Finance*

**ABD. RAHIM BIN AHMAD**  
*Head*  
*Group Corporate Service*

**HAJI ZAINURI BIN KURMAIN**  
*Managing Director*  
*Bernas Production Sdn. Bhd.*

**HAJI MIPTAH BIN ROHSIN**  
*Managing Director*  
*Beras Corporation Sdn. Bhd.*

**MOHD HUSSIN BIN ISMAIL**  
*Managing Director*  
*Bernas Logistics Sdn. Bhd.*

# Audit Committee Report

## 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.

### 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 cooperation 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.

### **ATTENDANCE AT MEETINGS**

During the financial year ended 31 December 2002, the Audit Committee held a total of 7 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 follow:-

<b>Name Of Directors</b>	<b>No. Of Meetings Attended</b>
Dato' Ahmad Zabri Bin Ibrahim	7/7
YB Haji Mohd Naroden Bin Haji Majais	7/7
Abdul Rahim Bin Mokti	2/7
Saiful Adnan Bin Abdul Majid*	6/6

\* *Encik Saiful Adnan was appointed on 29 March 2002.*

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

1. Assist the Board in discharging its statutory duties and responsibilities relating to accounting and reporting practice of the Company and companies within the Group in accordance with the Generally Accepted Accounting Practice.
2. Reviewed the external audit term of engagement, the audit strategy, the proposed audit fee and the achievement of the agreed reporting timeframes for the audit of the financial statements.
3. Kept under review the effectiveness of internal control system within the group and determine the state of Internal Control and Corporate Governance within the group.
4. Reviewed the management reports and external audit reports and discuss any problems and reservations arising thereon.
5. Reviewed the internal audit plan, methodology, functions and resources and advise on the appointment of internal audit services.
6. Reviewed major findings on internal audit reports and management response and promote coordination between internal auditors and all relevant parties for effective and efficient audit.
7. Reviewing the degree of assistance and cooperation given by Company officers to the external and internal auditors.
8. Reviewed any related party transactions that may arise within the Company and the Group.



## INTERNAL AUDIT FUNCTION

The Board and the Audit Committee are assisted by the Internal Audit Division in maintaining a sound system of internal controls to provide reasonable assurance against any irregularities arising from the daily operational activities.

The Internal Audit responsibilities are to give an independent, objective assurance and consulting activity designed to add value and improve the organisation's operations. It helps the Company and Group to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management and governance process via the following:

1. Conducts reviews and evaluations of management practices and procedures within the Group and the reviews will include but are not limited to:
  - i. Evaluations of internal control systems to determine their adequacy for the protection of company assets and resources, the production of accurate and reliable information, and the assurance on the compliance of policies, procedures and guideline.
  - ii. Determinations as to whether Group resources are being utilized in an economical and efficient manner, including the underlying causes of any inefficiencies or wasteful practices.
  - iii. Determinations as to whether desired results or benefits are being achieved from approved programs.
  - iv. Formulating recommendations to management for improvement in, or correction of, inefficient practices and procedures.
2. Conducts special studies of procedural or problem areas as requested or directed by Audit Committee and Management.
3. Reviews the existing systems to ensure that they are adequately defined, properly justified, and include the necessary internal controls.
4. Prepares formal reports on the results of completed reviews, discusses these reports with appropriate levels of management, as deemed appropriate.
5. Conducts follow-up on prior recommendations to determine whether management has corrected the previously reported conditions or whether such conditions still exist.
6. Operates independently to assure complete objectivity when conducting reviews and evaluations.

The Internal Audit Division undertakes the internal audit function based on the audit plan which is continuously reviewed and updated taking into account the changing nature of the Group operations. The internal audit reports prepared by the Division are deliberated by the Audit Committee of the Board and recommendations made are acted upon by the Management.



# Statement On Corporate Governance

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

The Board is pleased to report compliance of the Group with the Best Practices of the Code that were in place throughout the financial year except otherwise stated.

## A. DIRECTORS

### Composition of the Board

The Board consists of twelve members altogether; an Executive Director, four Independent Non-Executive Directors (including the Chairman) and seven Non-Executive Directors. A brief profile of each Director is presented on pages 10 to 12 of this Annual Report.

During the financial year from January to October, the Chief Executive Officer's role was performed by the Executive Director. In November, the Company appointed the Executive Vice Chairman to assume the above responsibility. Subsequently, upon the resignation of the Executive Vice Chairman in February 2003, the Executive Director reassume the office.

The Chairman is primarily responsible for the orderly conduct and working of the Board whilst the Executive Director in consultation with the Executive Committee, is responsible with the overall operation of business on a day-to-day basis assisted by the Senior Vice Presidents and the Senior Management team.

Given the current composition of the Board, in particular the strong and independent element and the separation of the roles of Chairman and the Executive Director, the Board does not consider it necessary to nominate a recognised Senior Independent Non-Executive Director.

The Board is in view that the current composition of the Board fairly reflects the investment of the shareholders of the Company.

### Board Responsibilities

The Board retains full and effective control of the Company. The Board is responsible for the Company's objective, policies and stewardship of the Company's resources. The Senior Management Meeting which is attended by the Senior Vice Presidents and the Senior Management provides the report and advising the Board in the operational matters.

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 2002, the Board met on nine occasions, where it deliberated upon and considered 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 an Audit Committee, Executive Committee, Nomination Committee and Remuneration Committee in order to enhance business and operational efficiency.

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

### **Supply of information**

The 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 in sufficient time to enable the Directors to obtain further explanation, where necessary, in order to be properly briefed before the meeting. The Senior Management are invited, if necessary to provide the Board further explanation and clarification on the matters tabled in the meeting.

Directors have direct access to the advice and services of the Company Secretaries and professional advice at the company's expense where required in carrying out their duties.

### **Appointments of the Board**

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

The Committee met twice during the financial year. The Committee had appointed Saiful Adnan Bin Abdul Majid and Abdul Rahman Bin Datuk Haji Dahlan to the Board of BERNAS, in accordance with the selection criteria denominated in the Directors Nomination Form.

### **Directors' Training**

During the financial year, all of the Directors have attended the Mandatory Accreditation Programme (MAP) conducted by the Research Institute of Investment Analysis Malaysia (RIIAM) save and except for Datuk Dr. Sulaiman Bin Mahbob and Abdul Rahman Bin Datuk Haji Dahlan.

Apart from the MAP, site visits are conducted for the new members of the Board.

### **Re-election**

In accordance with the Company's Articles of Association, one third of the Board including the Managing Director shall be subject to retirement by rotation at each Annual General Meeting. In any case, each Director shall retire from office at least once every three years.

These retiring Directors shall be eligible for re-election. Newly appointed Directors shall hold office until the conclusion of the next Annual General Meeting and shall be eligible for re-election.



## B. DIRECTORS' REMUNERATION

The Remuneration Committee consists exclusively of Non-Executive Directors. 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 Directors is proposed and determined by the Remuneration Committee which later adopted by the Board. The Company reimburses reasonable expenses incurred by the Directors in the course of their duties as directors.

Details of the Directors' remuneration for the financial year ended 31 December 2002, distinguishing between the Executive Director and Non-Executive Director in aggregate and analysed into bands as set out below:-

Category	Fees (RM)	Salaries & Bonuses (RM)	Benefits-in-kind (RM)
Executive-Director	-	341,060	6,500
Non-Executive Directors	360,000	-	-
Total	360,000	341,060	-

Amount of Remuneration	Number of Directors
<b>Executive Directors</b>	
Below RM50,000 *	1
RM300,001 and 350,000	1
<b>Non-Executive Directors:</b>	
Below RM50,000 *	10
RM50,001 and 100,000	1

\* A certain director of the Company was a non-executive director from January 2002 to October 2002 and subsequently made an executive director in November 2002.

## **C. SHAREHOLDERS**

The Company acknowledges the importance of communicating with its shareholders and the need for the shareholders to be informed on the material business matters as well as the Group business development. Besides the various corporate announcements made during the financial year, the Board ensures the timely release of the financial results on a quarterly basis in order for the shareholders to overview the Group's performance and operation. In addition, the Annual Report covers all salient aspects of operations including but not limited to corporate information, corporate structure, operation, product range and corporate events of the Group.

The AGM is the platform for shareholders to voice their concerns. At the AGM, the shareholders are encouraged to ask questions both about the resolutions being proposed or about the Group's operations in general. A press conference is normally held immediately after the AGM for the Board to clarify and explain any issues raised.

## **D. ACCOUNTABILITY & AUDIT**

### **Financial Reporting**

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 cash flow for the period then ended. The Board receives the recommendation to adopt the financial statements from the Audit Committee which assesses the financial statement with the assistance of the external auditors. The Directors' Responsibility Statement is enclosed on page 40 of this Annual Report.

### **Internal Control Statement**

The Internal Control Statement is enclosed in page 21 of this Annual Report.

### **Relationship with the Auditors**

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 made in accordance with the resolution of the Board of Directors dated 29 April 2003.**



## Statement On Internal Control

The Board acknowledges its responsibility for maintaining a sound system of internal control to safeguard shareholders' investments and the assets of the Group. The system of internal control covers not only financial controls, but operational and compliance controls and risk management.

The main elements of the Group's internal control system include:

- Clearly defined lines and delegation of responsibilities to the Board Committees, the management and the business units of the Group. Clearly defined limits of authority are in place for all aspects of the operating units. These delegation of responsibilities and authority limits are subject to continuous review throughout the year as to their requirement, ease of implementation and continuing suitability;
- Policies and procedures for key business processes are formalised for each of its significant operating units;
- Regular and comprehensive information is provided to the Board, covering financial performances, operational data, and key business indicators;
- Detailed budgetary process where each of the operating units make an estimate for the coming year, and subsequent quarterly review to reflect best estimates of their performance; and
- Internal audit exercises are systematically organised periodically, to verify and monitor compliance with procedures and assess the integrity of financial and operational information provided.

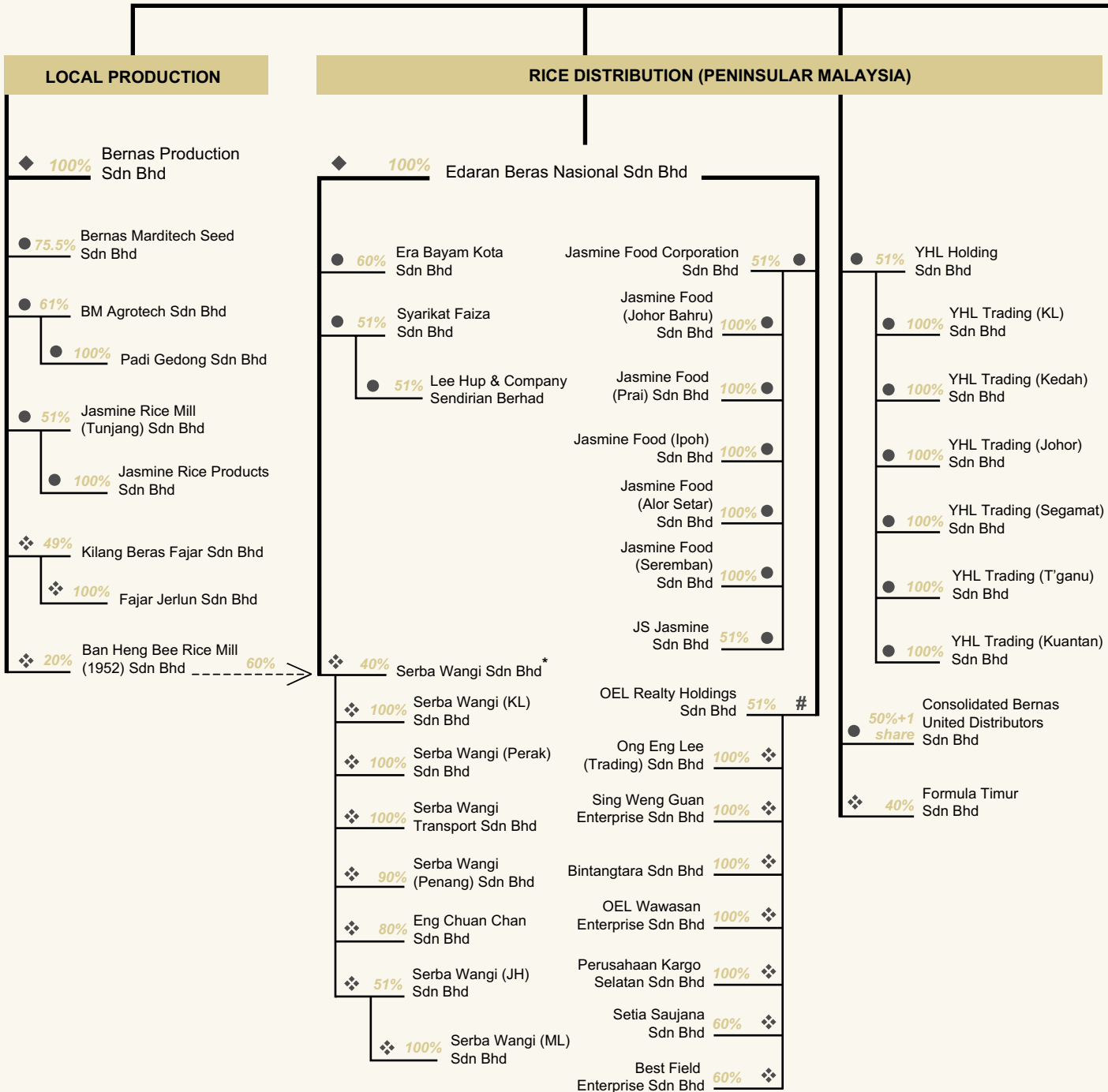
Due care has been exercised in the development and maintenance of the system of internal control. Nevertheless, because of the inherent limitations in any system of internal control, this system is designed to manage, rather than eliminate the risk. Accordingly, it can only provide reasonable assurance of the effective operations and compliance with laws and regulations, but not absolute assurance against material misstatement or loss.

The Board confirms that there is a continuous process of identifying, assessing and managing significant risks faces by the Group. The Group is currently in the process of implementing the Enterprise Risk Management framework in all its key business units. This will enhance the Group's current risk management practices into formalised processes across the Group.

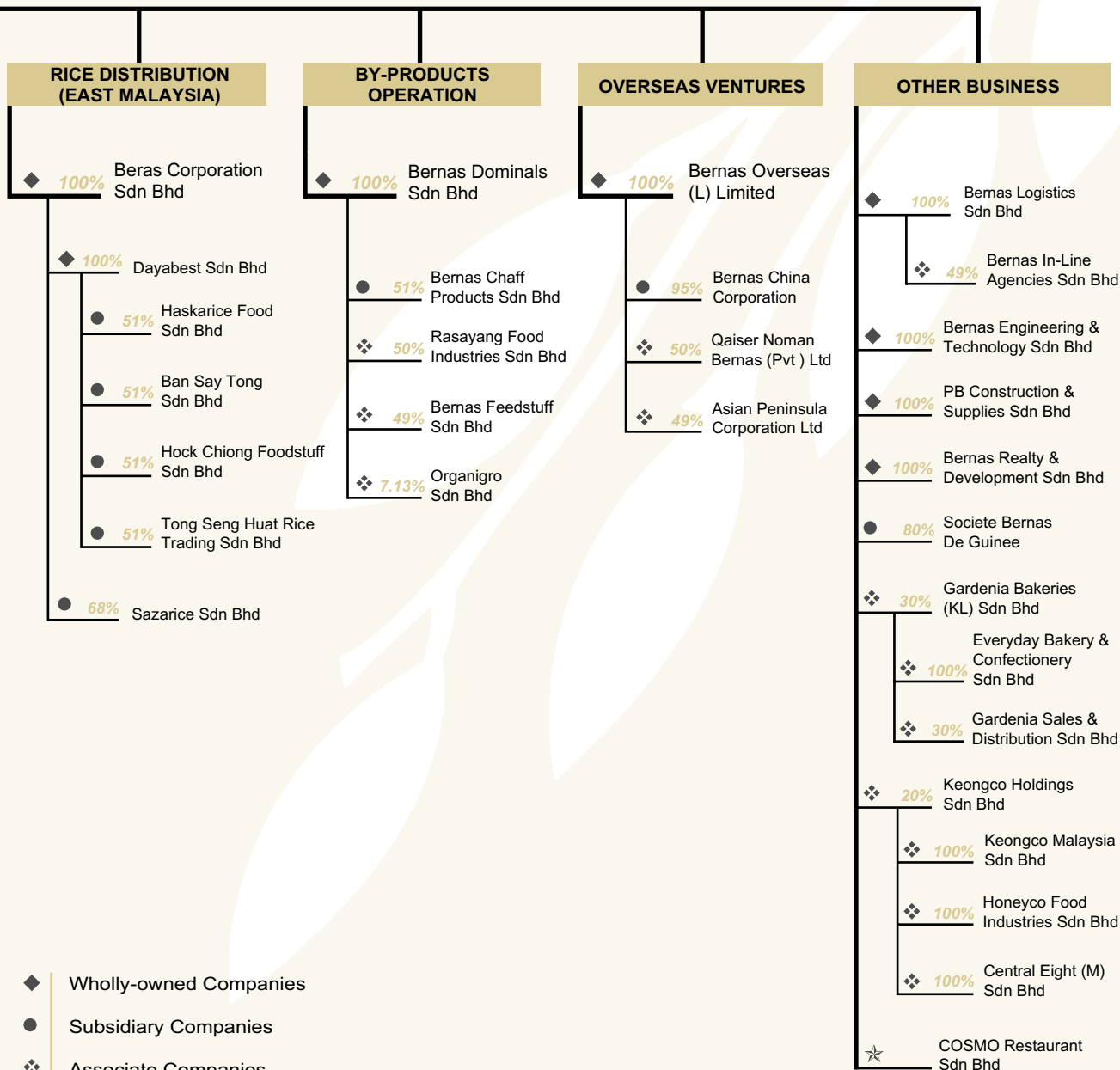
This statement is made in accordance with a resolution given by the Board of Directors dated 29 April 2003.



# Corporate Structure







◆ Wholly-owned Companies

● Subsidiary Companies

❖ Associate Companies

☆ Interest in the company is in preference shares only

# As at 18 April 2003, the acquisition of OEL Realty Holdings Sdn Bhd by EDARAN has not been completed

\* BERNAS has effective shareholding in Serba Wangi Sdn Bhd of 52% via its direct and indirect shareholding



## Financial Highlights

	2002 RM'000	2001 RM'000	2000 RM'000	1999 RM'000	1998 RM'000
<b>TURNOVER</b>					
Group	1,763,800	1,679,863	1,791,799	1,902,191	1,634,727
Company	697,894	881,043	917,064	1,164,229	1,317,754
<b>PROFIT BEFORE TAXATION</b>					
Group	59,043	128,245	94,972	120,467	9,183
Company	36,999	98,500	62,230	89,823	7,507
<b>TOTAL TANGIBLE ASSETS</b>					
Group	1,150,557	1,259,062	1,098,229	1,057,731	954,966
Company	931,207	1,008,226	916,731	941,000	825,645
<b>SHAREHOLDERS' FUND / NET TANGIBLE ASSET</b>					
Group	598,371	597,540	544,001	480,227	399,278
Company	557,715	535,801	498,858	459,391	401,241
<b>OTHERS - GROUP</b>					
	Cents	Cents	Cents	Cents	Cents
EPS	5.06	16.10	19.88	37.94	1.14
Net dividend	-	10.00	7.50	10.00	5.00

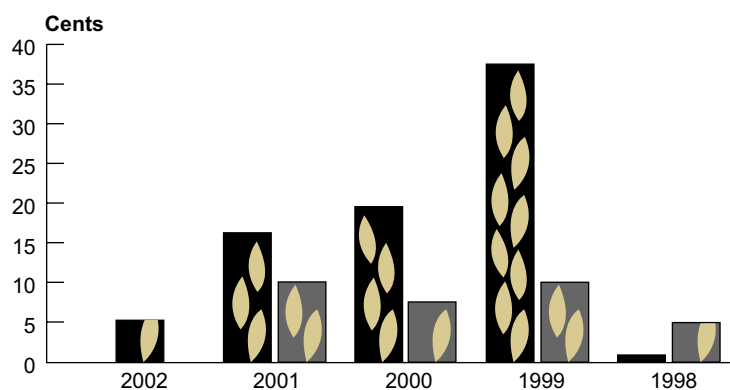
### OTHERS - GROUP



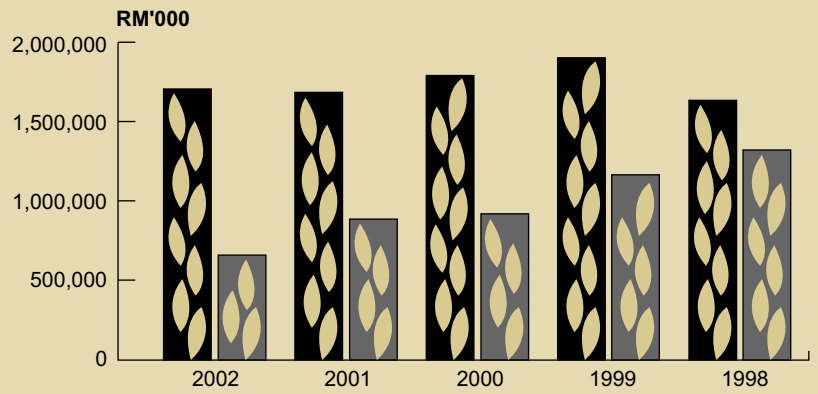
EPS



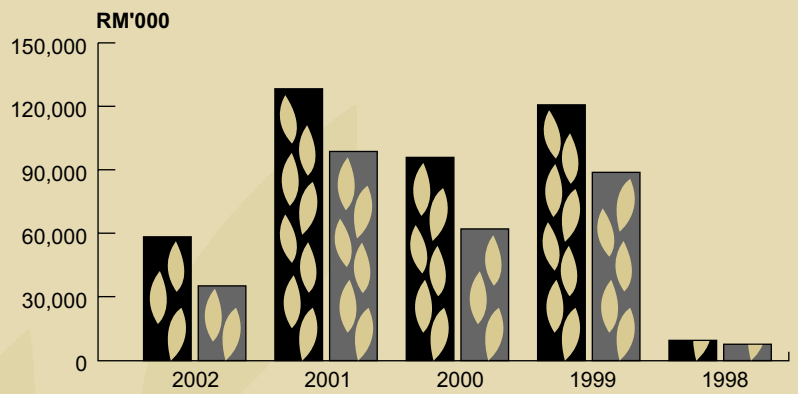
Net Dividend



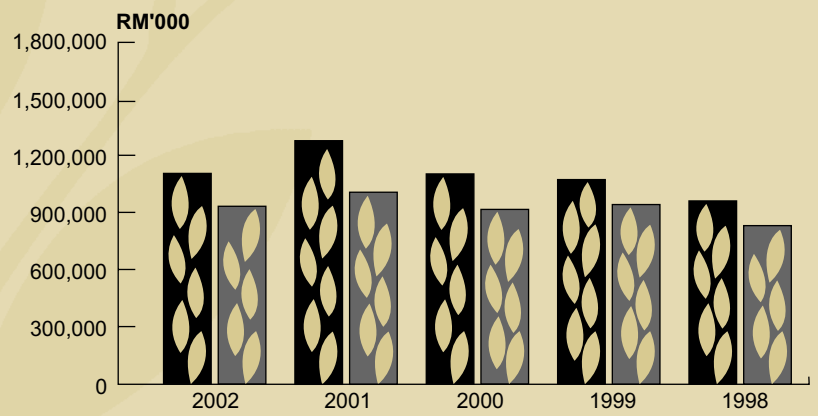
## TURNOVER



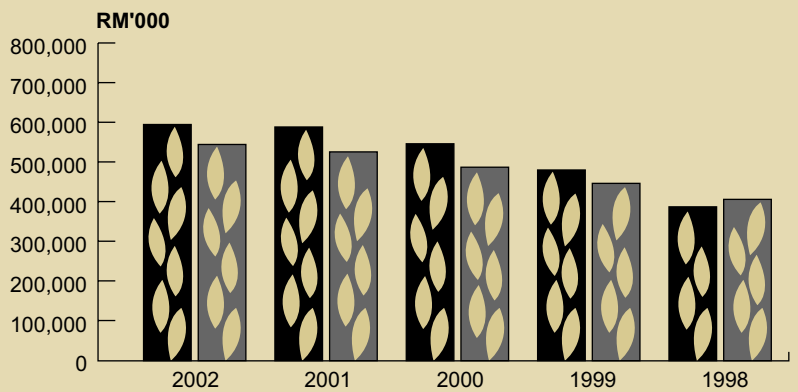
## PROFIT BEFORE TAXATION



## TOTAL TANGIBLE ASSETS



## SHAREHOLDERS' FUND/ NET TANGIBLE ASSET



Group



Company

## Chairman's Review



Dear Shareholders,  
On behalf of the Board of Directors,  
I would like to present the Annual  
Report and Financial Statements of the  
BERNAS Group for the financial year  
ended 31 December 2002.

### **FINANCIAL HIGHLIGHTS**

For the financial year ended 31 December 2002, the BERNAS Group registered a total revenue of RM1.75 billion, a marginal increase of 4% as compared to RM1.68 billion recorded in the previous financial year. Despite recording a higher revenue, the BERNAS Group's profit before taxation declined by 55% to RM57.40 million, from RM128.25 million in the previous year.

The sharp profit decline for the year was attributable to lower profit margin registered by the BERNAS Group due to heightened competition from illegal source of rice. The increase of smuggled rice has caused our import of rice to gradually decline through the years by 21% from year 2000 to 2002. The impact was also quite apparent in the continued downward movement of local rice prices, whereby BERNAS had to intervene in order to stabilise the local rice industry. No dividend has been declared in respect of the year ended 31 December 2002.

### **BERNAS GROUP OPERATIONS REVIEW**

#### **Rice Business**

##### ***Local Production***

All milling operations were consolidated under BEPRO since the beginning of 2002. Apart from this, BEPRO also undertakes all the social functions namely 'Skim Pusat Belian', 'Skim Subsidi Harga Padi' and 'Buyer of Last Resort'. One of BEPRO's main functions is to intervene in



the local rice industry to provide price stability. BEPRO will continuously improve its operation such that it will be able to perform its functions effectively and efficiently in future.

#### ***Distribution***

The BERNAS Group managed to maintain a 50% market share at pre-wholesaling level and capture 36% in terms of packed rice at wholesaling level. Our brands namely, Jati, Sunwhite, Sunflower, Bird of Paradise, Berasku, Budi, Taj Mahal, Beras Era, Juara and Anggur, have continued to be the market-leading brands.

#### **Other Businesses**

##### ***Logistics***

BLSB focused on enhancing its logistic services for the BERNAS Group and external customers. It continued to provide full shipping; handling 478,000 metric tonnes of rice from various destinations. The company increased its transportation facility with 20 new prime movers and trailers of 20-tonne capacity. During the first quarter of the year, BLSB took over the management of three BERNAS warehouses located in Port Klang, Prai and Pasir Gudang with the view of converting these assets into distribution centres in the future.

##### ***Non-Rice Products***

GBSKL and KHSB have contributed positively to the BERNAS Group's financial performance for the year. Efforts to horizontally integrate its business have shown profit improvements; in line with the BERNAS Group's aim to reduce dependency on its highly competitive rice business and to widen its earnings base.

The BERNAS Group also plans to extend its product range and capture new market segments through strategic alliances, improvements in operational infrastructure and on-going inter-connectivity efforts with international players.

#### **Overseas Ventures**

The BERNAS Group's effort to establish its presence overseas through ventures with APC, QNB and BCC had proven fruitful. Through this international venture network, the BERNAS Group was able to soften the impact of international rice price fluctuations. These ventures have always focused and placed emphasis on quality whereby QNB was awarded the ISO 9002 and Hazard Analysis Critical Control Point ('HACCP') whilst APC is in the process of obtaining Good Manufacturing Practise ('GMP'), HACCP and ISI 2020 certifications.

#### **Challenges and prospects**

The supply chain built over the past seven (7) years has been severely tested in 2002. The marked increase of illegal supply of rice from neighbouring countries has had multiple impacts on various levels of the supply chain, namely millers are forced to sell their rice at a much lower price due to uncompetitive prices whilst farmers have suffered the decline in paddy prices. Being the 'Buyer of Last Resort', the BERNAS Group had to intervene in the local rice industry in order to maintain local rice stability, which had led to lower profits for the BERNAS Group.





Further, margins at wholesaling arms were greatly reduced to maintain the precious market share we have built over the years. Collectively, the challenges we faced in 2002 were unlike the 1997 financial crisis, which the BERNAS Group had to address then.

We anticipated full liberalisation under a globalisation regime to come in at a much later date. However, the trend has set-in much earlier.

Moving forward, we plan to push forth our action plans and we expect the full impact of these plans by the end of year 2003. We have adopted a two (2)-prong strategy; firstly we plan to re-engineer the business process to improve efficiency, which will include optimum sizing of the resources and re-organisation of the BERNAS Group's strategic assets. In addition, BERNAS, in maintaining its market share will strive to increase its competitiveness in preparation for market liberalisation.

Secondly, the BERNAS Group will continue to seek the views of and implement actions with all stakeholders in the rice industry including and not limited to the Malaysian Government, farming community, millers, wholesalers, retailers, consumers and other related agencies in an effort to address the fundamental issues faced by the rice industry.

We strongly believe that what we are facing now is an economic quagmire; smuggling and all of its vagaries are borne out of this economic inequality. We are convinced that the local rice industry and its stakeholders have the strength to undertake the necessary transformation and progress to improve its competitiveness whilst preserving the strategic importance of the local rice as national food security and at the same time giving due consideration to social and political realities.

BERNAS, on behalf of the industry, would like to thank all parties involved in curbing smuggling activities namely the Government and authorities (special task force) at the Malaysia-Thailand border such as the Enforcement Division of the Ministry of Domestic Trade and Consumer Affairs, the Immigration Department, the Royal Customs and

Excise Department and the Domestic Trade and Consumer Affairs Ministry, Kawalselia Padi Section of Ministry of Agriculture and the Royal Malaysian Police of the Ministry of Home Affairs.

#### **ACKNOWLEDGEMENTS**

On behalf of the Board, I would like to express our appreciation to Dato' Syed Azizan Bin Syed Mohamad, who resigned as a Director during the year, for his invaluable contributions to the BERNAS Group. I would also like to welcome on board, Encik Abdul Rahman Bin Dato' Hj Dahlan, whose vast experience I believe will be beneficial to the BERNAS Group.

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

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

Thank you.

**Dato' Seri Mohamad Noor Abdul Rahim**

Petaling Jaya  
May 2003






## Corporate Relations

As a significant business entity in the country's corporate perspective, BERNAS makes every effort to ensure that its social obligations are fulfilled. BERNAS takes pride in acknowledging and fulfilling its obligations to the community, shareholders and employees nationwide with care and efficiency. The year 2002 saw BERNAS engaged in numerous activities for the ultimate benefit of these three parties.

### COMMUNITY

In 2002, financial contributions and support to promote academic excellence, local sports advancement, environmental conservation, and welfare of the needy and less fortunate were made by BERNAS.

- BERNAS donated 1,000kg of rice to the flood victims in Kuantan, on 27 January 2002.
- BERNAS contributed 1,000kg of rice to the German-Malaysian Institute who organised a Charity Run at Dataran Merdeka on 31 March 2002 in conjunction with the institute's 10<sup>th</sup> anniversary. The event was in aid of the National Cancer Council, Orphans and Poor Children Welfare Association of Selangor and Poverty Eradication Foundation. It was flagged off by Minister of Entrepreneur Development, YB Datuk Seri Mohamed Nazri Abdul Aziz.
- Puan Zainab Sohanie, a single mother of seven children, received RM1,189.20 from BERNAS' staff on 17 April 2002. The donation was collected to ease the burden of the family who lived in a dilapidated house in Kampung Padang Balang, Sentul, Kuala Lumpur.
- Pertubuhan Kebajikan Anak Yatim Perlis (PEYATIM) received RM9,600 in cash and 5,000 bottles of mineral water from BERNAS to help them organise the 10<sup>th</sup> "Tilawah Al-Quran Anak-Anak Yatim" at national level, held in Perlis from 9 until 13 September 2002.
- BERNAS and the National Blood Centre Mobile Unit jointly organised a blood donation drive on 1 August 2002 at CP Tower in Petaling Jaya. More than 50 donors comprising BERNAS staff contributed towards this good cause. 
- BERNAS donated more than RM7,000 worth of rice to Rumah Anak Yatim, Kompleks Penyayang Dr. Siti Hasmah, Jejawi, Perlis. BERNAS has been providing rice to the orphanage every year since 1997, for an unlimited period of time. BERNAS also sponsored 40kg of rice monthly for a period of one year, to Pusat Kanak-Kanak Terencat Akal Bahagia, Kelebang Kecil, Melaka.
- BERNAS brought joy to the residence of Rumah Anak Yatim Damai in Kuang, Selangor by taking 47 of them for a Hari Raya shopping spree on 17 November 2002. This sponsorship was part of BERNAS' social activities to help the less fortunate, especially during the festive season. 
- BERNAS fully sympathised with the plight of the Palestinians, a valiant people dispossessed of their homeland. As an expression of our support and solidarity, a sum of RM10,000 was donated to *Tabung Rakyat Palestine*.
- In addition to the provision of food, shelter and security, saving lives would depend on the presence of health workers and sufficient medical supplies. BERNAS supported their effort by supplying 1 tonne of rice to MOVA Medical Squad of Malaysia who was in Pakistan in January 2002, to alleviate the suffering of the Afghan refugees.
- Members of the local press and orphans had the chance to mingle during a *buka puasa* hosted by BERNAS at Hilton Petaling Jaya on 19 November 2002. The annual event was part of BERNAS' way of showing gratitude to the media for their support and at the same time sharing their *buka puasa* with 60 children of Kampung Sungai Pinang Orphanage, Kelang. The children also received gifts and pocket money for Hari Raya. 
- In support of the local sports advancement, BERNAS, through its wholly-owned subsidiary, BCSB, made a contribution of both rice and cash totaling RM498,300 towards the SUKMA IX (Sukan Malaysia, Sabah 2002). The sponsorship presentation ceremony was held on 30 June 2002 at Magellan Sutera, Kota Kinabalu.
- In November 1999, BERNAS launched its education fund, *Dana Pendidikan Anak Pesawah Cemertlang* – a community relations programme that recognises the support and contribution of paddy farmers by awarding their children who excel academically. Since then, a total of 265 students have been selected to receive financial assistance from the fund. This year, a total of RM158,000 

has been disbursed as scholarships to 149 worthy students; and another RM85,000 was given out in the form of education award and gratuity including 150 units of bicycles presented by the Prime Minister, YAB Dato' Seri Dr. Mahathir Mohamad, to students of Sek Keb Sungai Baru, Alor Star, Kedah on 15 July 2002.

- BERNAS along with its subsidiaries simultaneously launched the "Fly Jalur Gemilang Campaign 2002" on 29 August 2002. The ceremony was made official by Minister of Culture, Arts and Tourism, YB Datuk Paduka Abdul Kadir Haji Sheikh Fadzir, at the Jalan Duta Toll Plaza, Kuala Lumpur. 10,000 Jalur Gemilang flags were distributed to the public on that day, along with BERNAS products at Kesas Highway Toll Plaza in Selangor, Air Hitam Toll Plaza in Johor and Alor Star Toll Plaza in Kedah. This annual event was held to reinforce the spirit of patriotism among the staff of BERNAS and the public.
- In addition, BERNAS sponsored another RM5,000 for "Jelajah Merdeka 2002" programme, organised by Persatuan Wartawan Melayu Malaysia (PWM), in conjunction with the 45<sup>th</sup> anniversary of independence. The seven-day programme took more than 600 participants, including media representatives, on a tour of peninsula Malaysia riding 445 super bikes.



- The winners of Anugerah Kecemerlangan BERNAS for the Year 2002 were presented with their trophies and cash prizes in a glittering ceremony held at the Grand Ballroom, Concorde Hotel Shah Alam on 6 July 2002. The award falls under two categories which include Anugerah Kecemerlangan 5S and Anugerah Kemerlangan Operasi.



This annual award giving ceremony, serves as a source of inspiration for the management and staff of every BERNAS plant in their effort to become more efficient and profitable. The winners of the awards are selected after a meticulous adjudication process based on sustainable implementation of the 5S system.

5S, abbreviated from the Japanese words now commonly known as sort, set in order, shine, standardise and sustain, is a set of Japanese techniques of good housekeeping and workplace organisation. For the system to work, it needs to become habitual and ingrained into the culture of the organisation. Implementing the 5S system as a standard approach to housekeeping within BERNAS plants has improved the levels of quality and safety, reduced the lead-time and cost, and thus, increased each plant's productivity.

#### **OCCUPATIONAL SAFETY & HEALTH**

BERNAS makes every effort to ensure that its milling, warehousing and wholesaling operations comply with applicable legislation pertaining to environmental management, safety and health. BERNAS' commitment to workplace safety is reflected by a host of safety programmes and activities carried out throughout the year for the staff nationwide.

A total of seven in-house courses on occupational safety and health were conducted in a few phases benefiting 258 staff from BERNAS complexes and head office. Topics included in the Regulation 15(1) and 15(2) of the Occupational Safety and Health Act 1994 were covered, including hazard identification, control and monitoring as well as emergency equipment and procedures.

We also believe that the most effective way to prevent accidents at work is by increasing the awareness and safety level among the workers themselves. Every year, since year 2000, BERNAS launched its Occupational Safety and Health Campaign. This year's campaign carries the theme "Bersama Utamakan Keselamatan dan Kesihatan di Tempat Kerja".

## **EMPLOYEE**

The effective execution of our growth strategy relies on experienced and well-trained management and employees at all levels. BERNAS will continue to build employee excellence and instill values we believe will drive us towards operational efficiency.

#### **STAFF DEVELOPMENT**

- To ensure that the staff is equipped with the latest skills relevant to their jobs, on-going training programmes involving on-the-job training, courses and seminars are conducted. A total of 327 courses involving 3,198 participants were successfully conducted throughout the year.
- BERNAS also provided educational workshops and motivational courses aimed to assist children of BERNAS' staff to excel in public examinations. More than 430 participants who were sitting for the UPSR, PMR and SPM examinations this year attended the annual motivational courses conducted at several locations. The courses were carried out with the cooperation of the relevant learning agencies such as Majlis Amanah Rakyat (MARA) and Accelerated Learning Consultancy.





BERNAS continues to update its operational manuals – a series of guidelines for safe working in its 33 complexes around Malaysia, issued in July 2000, to further encourage safety at work. The guidelines entitled “Manual & Standard Operasi BERNAS” outlined the minimum standards a rice complex must practise. Another manual “Manual Mencegah Kebakaran” was issued in July 2002 as part of the ongoing plan to set up a standard company guideline of safety at work. This would ensure that workers in any level of work in BERNAS would have a minimum standard of safety to adhere to which may help reduce accidents.

### INFORMATION & COMMUNICATION TECHNOLOGY

In tandem with the vision to become a company at the forefront of utilising technology to enhance staff productivity, BERNAS is consistently enhancing its ICT programmes and activities to meet the challenges of knowledge economy.

This year BERNAS successfully trained 327 staff by organising 17 training programmes in the fields of computer and IT application. The objective of these programmes is to enhance ICT knowledge and E-learning through guidance, training, courses and assistance.

#### Electronic Rice Resource Centre

A major ICT undertaking in 2002 would be the development of a Rice Information Portal – to be known as RiceMalaysia. It is envisaged that this portal will serve as an Information Hub to foster interconnectivity between stakeholders of the Malaysian rice industry and as a catalyst to foster interaction and interactivity among regulatory bodies and government agencies in Malaysia.

The project involved a web based Intelligent Infrastructure utilising technologies like Internet Portal for sharing, conserving and disseminating information rapidly across the organisations and external agencies involved in the paddy and rice industry. This infrastructure is based on a complete internet/intranet application and solution that cuts through the various applications by providing users with an easy access to tap knowledge assets.

RiceMalaysia, to be launched in the third quarter of 2003, will provide useful and pertinent information to the agriculture communities. It will be a platform for various rice-centric organisations to congregate and exchange information based on knowledge and technical know-how, in line with the government’s effort to create a new agricultural economy that will transform current rice farmers to knowledge based rice farmers.

Prior to this, BERNAS has implemented an Intranet project – aimed at the dissemination of information on BERNAS head office, complexes, godowns and subsidiaries. This project, gave a wider adoption of document sharing and retrievals at all levels via the intranet.

### SHAREHOLDERS

BERNAS will endeavour to further enhance shareholders’ value and our commitment to total excellence by building our core competencies and exploring every avenue in expanding our influence across the borderless economy.

### Agreements and Undertakings

- A signing ceremony held on 5 May 2002 between Bernas Production Sdn Bhd and OrganiGro Sdn Bhd marked the realisation of both parties’ commitment towards preserving the environment. The agreement sees supply of rice husk for a period of five years to OrganiGro, to the tune of up to 16,000 tonnes of grounded rice husk annually amounting to about 40 per cent of the rice husk produced in Perlis. OrganiGro produces eco-friendly organic fertilisers using advanced biotechnology in Chuping, Perlis.

OrganiGro also signed a subscription agreement with Bernas Dominals Sdn Bhd that gives an option to Dominals to subscribe up to 333,333 additional shares of RM1 each in OrganiGro, increasing its interest in OrganiGro to 13.9 per cent from 7.13 per cent.

- On 9 May 2002, Edaran Beras Nasional Sdn Bhd signed an agreement to acquire 51 percent equity interest worth RM3.5 million in OEL Realty Sdn Bhd. The acquisition increased the Group’s market share in the local rice distribution business.



- BERNAS held its 8<sup>th</sup> Annual General Meeting at the Tropicana Golf & Country Club, Petaling Jaya, Selangor on 27 June 2002. Approximately 500 shareholders attended.



- 31 July 2002 – BCSB signed an agreement with Rastamas Corporation Sdn Bhd to build two high-tech poultry broiler farms in Sabah, using Belikat Sdn Bhd as a JV vehicle.

- 19 August 2002 - BERNAS signed three supply chain agreements with Myanma Agricultural Produce Training (MAPT) of the Myanmar Ministry of Commerce in Yangon. Under the first two agreements, MAPT will supply super quality rice and agricultural produce to BERNAS, and in return, BERNAS will supply machinery, rice bran oil mills spare parts as well as insecticides worth RM4.18 million to MAPT. The third agreement, signed on the 21 August 2002 was a tripartite supply agreement between BERNAS, MAPT and Myanma Agricultural Service (MAS). YB Datuk Seri Paduka Rafidah Aziz, Minister of International Trade and Industry witnessed the signing ceremony.



- Minister of Agriculture, YB Datuk (Dr.) Mohd. Effendi bin Norwawi launched 'Puteri Rice', the first national high quality rice, at Nikko Hotel, Kuala Lumpur on 2 September 2002. The first commercial



- On 10 September 2002, BERNAS implemented its bonus issue exercise involving an issuance of up to 158,013,503 ordinary shares of RM1.00 each on the basis of one (1) new share for every two (2) existing ordinary shares held in BERNAS. The shareholders of the company had on 27 June 2002 approved the bonus issue.

- 8 November 2002 – A memorandum of understanding (MoU) was sealed in Jakarta for BERNAS and PT Indofood Sukses Makmur TBK (Indofood) to forge a strategic alliance to enhance each other's business strengths. Indofood will be a vehicle for BERNAS to implement its five-year plan to venture into flour milling and manufacturing of biscuits and confectionery.

- 27 November 2002 – BERNAS signed a Memorandum of Understanding (MoU) with Vietnam Southern Food Corporation (VINAFOOD), a government owned company in Vietnam. The MoU would further strengthen the joint venture and co-operation of the Group with other rice producing nations in the region. The MoU would also see the two parties extending their co-operation in exploring the numerous investment opportunities relating to the food industries and to form a strategic alliance by participating jointly in the distribution and logistics business.

- BCSB signed a deal with Guan On Rice Mill Sdn Bhd (GOR), on 21 December 2002, to jointly carry out rice farming and rice milling activities in Sabah. This joint venture into farming and milling will complete BERNAS' rice supply chain in Sabah and strengthen its position as a dominant rice player. BCSB will hold a 51 per cent stake in joint venture company Bernas Agrogreen Sdn Bhd.



- BERNAS signed a Memorandum of Understanding with Edaran Beras Semenanjung Sdn Bhd (EBS), for the purpose of supplying rice from BERNAS sources to the bumiputera rice wholesalers association in the East Coast. Minister of Agriculture, YB Datuk (Dr.) Mohd. Effendi bin Norwawi witnessed the signing ceremony, held at his ministry on 31 January 2003.

- On 5 February 2003, Budaya Generasi (M) Sdn Bhd (BGSB), a substantial shareholder of BERNAS, entered into a conditional Share Sale Agreement in respect of the sale of all of their shares totalling 1,100,010 ordinary shares of RM1.00 each equivalent to 55 percent equity interest in BGSB to Gandingan Bersepadu Sdn Bhd for a total consideration of RM100 million.

### Awards and Recognition

In 2002, a few of BERNAS' complexes were honoured with the prestigious MS ISO 9002 accreditations. In March and July this year, Kompleks BERNAS Paya Keladi and Kompleks BERNAS Seri Tiram Jaya received the MS ISO 9002:1994 certification for its Quality Systems under the "model for quality assurance in production, installation and servicing" from the Standards Institute of Research and Industry Malaysia (SIRIM) QAS Sdn Bhd. This was followed by the certification of MS ISO 9001:2000 for Quality Management System, awarded to YHL Trading (Johor) Sdn Bhd, in August 2002.

In April 2002, the Malaysian Superbrands Council awarded Jasmine Food Corporation Sdn Bhd the exclusive Superbrand status. The brand *Jasmine* was featured as a cover of the book *Superbrands: An Insight Into More Than 80 of Malaysia's Greatest Brands*, which was distributed nationwide.




Apart from Jasmine, BERNAS' associate company, Gardenia Bakeries also received the same status on top of the prestigious MS ISO 9001:2000 certification after successfully commissioning a new RM80 million state-of-the-art factory line in Bukit Kemuning in May 2002.

Earlier this year, Qaiser Noman Bernas Private Ltd (QNB) was accorded the first company in Pakistan to acquire the Hazard Analysis Critical Control Point (H.A.C.C.P) Certification from U.R.S. of United Kingdom. H.A.C.C.P is an internationally accepted preventive methodology to reduce and manage risks associated with food processing.



These recognitions and awards continue to spur BERNAS to greater heights in our commitment to quality and meeting future challenges. They serve as a source of inspiration for the management and employees of BERNAS in their relentless effort to remain sustainable in the increasingly borderless economy.





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# FINANCIAL STATEMENTS

# Directors' Report

The directors have pleasure in presenting their report together with the audited financial statements of the Group and the Company for the financial year ended 31 December 2002.

## PRINCIPAL ACTIVITIES

The principal activities of the Company are that of investment holding and the 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 34(A) to the financial statements.

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

## RESULTS

	<b>Group RM</b>	<b>Company RM</b>
Profit before taxation	59,043	36,999
Taxation	(37,279)	-
Profit after taxation	21,764	36,999
Minority interests	642	-
Net profit for the year	<u>22,406</u>	<u>36,999</u>

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the statements of changes in equity.

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

## DIVIDENDS

Since the end of the previous financial year, the Company paid a first and final dividend of 10% on 295,340,000 ordinary shares less 28% taxation amounting to RM21,265,000 in respect of the financial year ended 31 December 2001 as proposed in the Directors' Report of that year.

The directors do not recommend the payment of any dividend in respect of the current financial year.



## **DIRECTORS**

The names of the directors of the Company in office since the date of the last report and at the date of this report are:

Dato' Seri Mohamad Noor bin Abdul Rahim  
Dato' Mohd. Ibrahim bin Mohd. Nor  
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  
Datuk Dr Sulaiman bin Mahbob  
Saiful Adnan bin Abdul Majid  
Dato' Abi Musa Asa'ari bin Mohamed Nor\*  
Hasnan bin Hassan (alternate director to Abdul Rahim bin Mokti)  
Dato' Baseri bin Lamsah (alternate director to Dato' Abi Musa Asa'ari bin Mohamed Nor)  
Abdul Rahman bin Datuk Haji Dahlan (appointed on 15 October 2002)  
Dato' Syed Azizan bin Syed Mohamad (resigned on 15 October 2002)

\* Director appointed by Special Shareholder

## **DIRECTORS' BENEFITS**

Neither at the end of the financial year, nor at anytime during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, other than as may arise from the share options to be 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 23 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 any 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, the interests of directors in office at the end of the financial year in the shares in the Company and its related corporations during the financial year were as follows:

	Number of Ordinary Shares of RM1 Each					31 December 2002
	1 January 2002	Bought	ESOS exercised	Bonus Issue	Sold	
<b>The Company</b>						
<b>Direct Interest</b>						
Dato' Mohd. Ibrahim bin Mohd. Nor	-	-	53,000	26,500	-	79,500
Yahya bin Abu Bakar	46,000	-	-	23,000	-	69,000
<b>Indirect Interest</b>						
Dato' Mohd. Ibrahim bin Mohd. Nor	5,352,905	-	-	2,676,452	-	8,029,357
Dato' Ahmad Zabri bin Ibrahim	1,000	-	-	500	-	1,500
Yahya bin Abu Bakar	9,000	-	7,000	8,000	-	24,000
Dohat bin Shafiee	42,255,216	-	-	21,127,608	-	63,382,824

	Number of Options Over Ordinary Shares of RM1 Each			31 December 2002
	1 January 2002	Granted	Exercised	
<b>The Company</b>				
Dato' Mohd. Ibrahim bin Mohd. Nor	134,000	40,500	(53,000)	121,500
Yahya bin Abu Bakar	36,000	18,000	-	54,000

None of the other directors at the end of the financial year had any interest in shares or options over ordinary shares in the Company during the financial year.

## ISSUE OF SHARES

During the financial year, the Company increased its issued and paid up share capital from RM292,630,001 to RM444,213,001 by way of the issuance of :

- 3,439,000 ordinary shares of RM 1.00 each resulting from the exercise and allotment of employee share options for cash at an option price of RM 1.76 per share.
- 109,500 ordinary shares of RM 1.00 each resulting from the exercise of employee share options for cash at an option price of RM 1.17 per share.
- 148,034,500 ordinary shares of RM 1.00 each through a bonus issue on the basis of 1 new ordinary share for every 2 existing ordinary shares held in the Company. The bonus issue is by way of capitalising retained profits.



## EMPLOYEE SHARE OPTION SCHEME

The Company's Employee Share Option Scheme ("ESOS") is governed by the By-Laws which 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 preceding 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 1,000 shares and not more than 290,000 shares and shall always be in multiples of 1,000 shares.

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

Option Price*	1 January 2002	Granted	Exercised	Cancelled	31 December 2002
RM1.76/RM1.17	23,397,000	9,965,000	(3,548,500)	(28,000)	29,785,500

\* During the financial year, the Company increased its issued and paid up share capital through a bonus issue of 1 share for every 2 shares held in the Company. As a consequence, adjustments to the number of options and the option price were made. The option price of the ESOS was revised from RM 1.76 to RM 1.17 and an additional 9,965,000 options were granted.

Subsequent to the end of the financial year, a total of 22,000 options have been exercised.

## OTHER STATUTORY INFORMATION

- (a) Before the balance sheets and income statements of the Group and of the Company were made out, the directors took reasonable steps:
- (i) to ascertain that proper 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; and
  - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render:
- (i) the amount written off for bad debts or the provision for doubtful debts of the Group and of the Company inadequate to any substantial extent; and
  - (ii) the values attributed to current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
- (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - (ii) any contingent liability in respect of the Group or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the directors:
- (i) 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 will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
  - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.





#### **OTHER SIGNIFICANT AND SUBSEQUENT EVENTS**

The other significant and subsequent events in relation to the financial year are as disclosed in Note 33 to the financial statements.

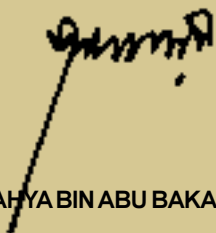
#### **AUDITORS**

The auditors, Hanafiah Raslan & Mohamad, have expressed their willingness to continue in office.

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, Selangor Darul Ehsan  
Date: 29 April 2003



# Statement by Directors

Pursuant to Section 169(15) of the Companies act, 1965

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 accompanying financial statements set out on pages 42 to 87 are drawn up in accordance with applicable Approved Accounting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2002 and of the results and the cash flows of the Group and of the Company for the year then ended.

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, Selangor Darul Ehsan  
Date: 29 April 2003

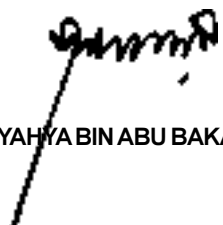
# Statutory Declaration

Pursuant to Section 169(16) of the Companies act, 1965

I, YAHYA BIN ABU BAKAR, being the director primarily responsible for the financial management of PADIBERAS NASIONAL BERHAD, do solemnly and sincerely declare that the accompanying financial statements set out on pages 42 to 87 are in my opinion, 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 Darul Ehsan  
on 29 April 2003

)  
)  
)  
) **YAHYA BIN ABU BAKAR**



Before me,



**SAMSUDDIN BIN ABDUL WAHAB**  
B 139  
Commissioner for Oaths



# Report of the Auditors

## to the members of Padiberas Nasional Berhad

We have audited the financial statements set out on pages 42 to 87. 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 conducted our audit in accordance with applicable 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 presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Approved Accounting Standards in Malaysia so as to give a true and fair view of:
  - (i) the financial position of the Group and of the Company as at 31 December 2002 and of the results and the cash flows of the Group and of the Company 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 by 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 thereon of the subsidiaries of which we have not acted as auditors, as indicated in Note 34(A) 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 of the Company 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 material to the consolidated financial statements and did not include any comment required to be made under Section 174(3) of the Act.

In forming our opinion, we have considered the adequacy of the disclosure made in Note 25 to the financial statements concerning the uncertainty in respect of the tax deductibility of the cost of financial assistance given by the Company to a wholly-owned subsidiary, Bernas Production Sdn. Bhd. In view of the significance of the matter, we consider that this disclosure should be brought to your attention. Our opinion is not qualified in this respect.



**HANAFIAH RASLAN & MOHAMAD**

AF: 0002

Chartered Accountants



**ABDUL RAUF BIN RASHID**

2305/05/04(J)

Partner

Kuala Lumpur, Malaysia

Date: 29 April 2003

# Balance Sheets

as at 31 December 2002

	Note	Group		Company	
		2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
<b>NON-CURRENT ASSETS</b>					
Property, plant and equipment	3	265,255	244,037	13,069	13,836
Investment in subsidiaries	4	-	-	314,712	335,512
Investment in associates	5	93,319	87,957	58,466	58,466
Other investments	6	6,352	2,352	6,000	2,000
Intangible assets	7	8,777	12,424	-	-
		<b>373,703</b>	<b>346,770</b>	<b>392,247</b>	<b>409,814</b>
<b>CURRENT ASSETS</b>					
Inventories	8	281,651	367,356	4,536	18,187
Trade receivables	9	163,917	163,721	-	-
Other receivables	10	148,385	106,860	508,656	532,234
Cash and bank balances	11	191,678	286,779	25,768	47,991
		<b>785,631</b>	<b>924,716</b>	<b>538,960</b>	<b>598,412</b>
<b>CURRENT LIABILITIES</b>					
Retirement benefits	12	739	228	404	117
Short term borrowings	13	319,581	278,116	193,142	220,934
Trade payables		17,291	27,201	48	-
Other payables	15	51,652	141,055	99,635	109,156
Tax payable		-	65,803	-	63,285
		<b>389,263</b>	<b>512,403</b>	<b>293,229</b>	<b>393,492</b>
<b>NET CURRENT ASSETS</b>					
		<b>396,368</b>	<b>412,313</b>	<b>245,731</b>	<b>204,920</b>
		<b>770,071</b>	<b>759,083</b>	<b>637,978</b>	<b>614,734</b>
<b>FINANCED BY:</b>					
Share capital	16	444,213	292,630	444,213	292,630
Reserves		154,158	304,910	113,502	243,171
		<b>598,371</b>	<b>597,540</b>	<b>557,715</b>	<b>535,801</b>
Shareholders' equity		<b>598,371</b>	<b>597,540</b>	<b>557,715</b>	<b>535,801</b>
Minority interests		55,939	55,242	-	-
		<b>654,310</b>	<b>652,782</b>	<b>557,715</b>	<b>535,801</b>
Retirement benefits	12	46,824	39,860	25,463	24,133
Long term borrowings	13	61,074	61,926	54,800	54,800
Deferred taxation	18	7,863	4,515	-	-
		<b>115,761</b>	<b>106,301</b>	<b>80,263</b>	<b>78,933</b>
Non-current liabilities		<b>115,761</b>	<b>106,301</b>	<b>80,263</b>	<b>78,933</b>
		<b>770,071</b>	<b>759,083</b>	<b>637,978</b>	<b>614,734</b>

The accompanying Notes form an integral part of the Financial Statements.



# Income Statements

for the year ended 31 December 2002

	Note	Group		Company	
		2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Revenue	19	<b>1,763,800</b>	1,679,863	<b>697,894</b>	881,043
Cost of sales	20	<b>(1,428,251)</b>	(1,314,780)	<b>(541,386)</b>	(605,654)
Gross profit		<b>335,549</b>	365,083	<b>156,508</b>	275,389
Other operating income		<b>11,554</b>	18,728	<b>21,800</b>	4,196
Administration and other operating expenses		<b>(290,633)</b>	(256,888)	<b>(131,230)</b>	(173,598)
Profit from operations	21	<b>56,470</b>	126,923	<b>47,078</b>	105,987
Finance costs, net	24	<b>(11,217)</b>	(7,239)	<b>(10,079)</b>	(7,487)
Share of results of associates		<b>13,790</b>	8,561	-	-
Profit before taxation		<b>59,043</b>	128,245	<b>36,999</b>	98,500
Taxation	25	<b>(37,279)</b>	(50,920)	-	(46,922)
Profit after taxation		<b>21,764</b>	77,325	<b>36,999</b>	51,578
Minority interests		<b>642</b>	(6,382)	-	-
Net profit for the year		<b>22,406</b>	70,943	<b>36,999</b>	51,578
Earnings per share (sen)					
Basic	26	<b>5.06</b>	16.10		
Diluted	26	<b>5.04</b>	15.64		

The accompanying Notes form an integral part of the Financial Statements.

# Consolidated Statement of Changes in Equity

for the year ended 31 December 2002

	Share capital RM'000	Non- Distributable Reserves (Note 17) RM'000	Distributable Retained profits RM'000	Total RM'000
<b>At 1 January 2001</b>	292,630	21,452	229,919	544,001
Transfer to Government Stockpile, representing net loss not recognised in the income statement	-	(2,769)	-	(2,769)
Capitalisation of distributable profits of a subsidiary for bonus issue	-	11,150	(11,150)	-
Net profit for the year	-	-	70,943	70,943
Dividends (Note 27)	-	-	(14,635)	(14,635)
<b>At 31 December 2001</b>	<b>292,630</b>	<b>29,833</b>	<b>275,077</b>	<b>597,540</b>
<b>At 1 January 2002</b>				
As previously stated	292,630	29,833	291,721	614,184
Prior year adjustment (Note 29)	-	-	(16,644)	(16,644)
<b>At 1 January 2002 (restated)</b>	<b>292,630</b>	<b>29,833</b>	<b>275,077</b>	<b>597,540</b>
<b>At 1 January 2002</b>	<b>292,630</b>	<b>29,833</b>	<b>275,077</b>	<b>597,540</b>
Transfer to Government Stockpile	-	(6,292)	-	(6,292)
Currency exchange translation differences	-	(198)	-	(198)
Net loss not recognised in the income statement	-	(6,490)	-	(6,490)
Issuance of share capital via exercise of ESOS (Note 16)	3,548	2,632	-	6,180
Bonus issue (Note 16)	148,035	-	(148,035)	-
Net profit for the year	-	-	22,406	22,406
Dividends (Note 27)	-	-	(21,265)	(21,265)
<b>At 31 December 2002</b>	<b>444,213</b>	<b>25,975</b>	<b>128,183</b>	<b>598,371</b>

The accompanying Notes form an integral part of the Financial Statements.



# Statement of Changes in Equity

for the year ended 31 December 2002

		Share capital RM'000	Non- Distributable Reserves (Note 17) RM'000	Distributable Retained profits RM'000	Total RM'000
<b>At 1 January 2001</b>		292,630	8,481	197,747	498,858
Net profit for the year		-	-	51,578	51,578
Dividends	(Note 27)	-	-	(14,635)	(14,635)
<b>At 31 December 2001</b>		292,630	8,481	234,690	535,801
<b>At 1 January 2002</b>		292,630	8,481	251,334	552,445
As previously stated		292,630	8,481	251,334	552,445
Prior year adjustment	(Note 29)	-	-	(16,644)	(16,644)
<b>At 1 January 2002 (restated)</b>		292,630	8,481	234,690	535,801
<b>At 1 January 2002</b>		292,630	8,481	234,690	535,801
Issuance of share capital via exercise of ESOS	(Note 16)	3,548	2,632	-	6,180
Bonus issue	(Note 16)	148,035	-	(148,035)	-
Net profit for the year		-	-	36,999	36,999
Dividends	(Note 27)	-	-	(21,265)	(21,265)
<b>At 31 December 2002</b>		<b>444,213</b>	<b>11,113</b>	<b>102,389</b>	<b>557,715</b>

The accompanying Notes form an integral part of the Financial Statements.

# Cash Flow Statements

for the year ended 31 December 2002

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before taxation	59,043	128,245	36,999	98,500
Adjustments for :				
Provision for doubtful debts	7,573	17,372	2,996	38,905
Bad debts written off	61	1,027	-	-
Write back of provision for doubtful debts	(38)	-	-	-
Provision for retirement benefits	8,338	7,990	1,746	2,598
Provision for impairment loss on investments	-	-	20,800	-
Depreciation	27,045	22,136	4,827	4,566
Amortisation of intangible assets	1,800	1,759	-	-
Intangible assets written off	-	20	-	-
Inventories written down	6,905	268	-	-
Net loss/(gain) on disposal of property, plant and equipment	93	(80)	33	(52)
Property, plant and equipment written off	811	1,469	63	245
Interest expense	16,272	13,052	11,246	9,083
Interest income	(5,313)	(5,813)	(1,167)	(1,596)
Gross dividend income	-	-	(21,496)	-
Overprovision for voluntary separation scheme	(15,000)	(4,000)	(15,000)	(4,000)
Insurance claims written off	19	1,282	19	1,282
Share of results of associates	(13,790)	(8,561)	-	-
Operating profit before working capital changes	93,819	176,166	41,066	149,531
(Increase)/decrease in receivables	(17,976)	(60,072)	43,580	(105,259)
Decrease/(increase) in inventories	72,508	(73,944)	13,651	1,497
(Decrease)/increase in payables	(84,321)	62,978	5,527	29,458
Cash generated from operations	64,030	105,128	103,824	75,227
Taxation paid	(125,210)	(14,737)	(83,854)	(578)
Interest paid	(16,272)	(13,052)	(11,246)	(9,083)
Retirement benefits paid	(863)	(468)	(201)	(254)
Net cash (used in)/generated from operating activities	(78,315)	76,871	8,523	65,312
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Net cash used for acquisition of a subsidiary (Note A)	(6,409)	(404)	-	-
Interest income received	5,313	5,813	1,167	1,596
Net dividend received from:				
- subsidiaries	-	-	17,331	-
- associates	3,696	-	2,998	-
Purchase of investments	(4,000)	(61,613)	(4,000)	(61,110)
Purchase of property, plant and equipment	(39,426)	(25,107)	(5,468)	(2,786)
Proceeds from sale of property, plant and equipment	171	2,092	103	256
Net cash (used in)/generated from investing activities	(40,655)	(79,219)	12,131	(62,044)





	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Net drawdown/(repayment) of borrowings	39,748	(11,048)	(27,792)	(15,545)
Proceeds from the issuance of shares via the exercise of ESOS	6,180	-	6,180	-
Placement in sinking fund account	(11,640)	(5,820)	(11,640)	(5,820)
Dividend paid	(21,265)	(14,635)	(21,265)	(14,635)
Net cash generated from/ (used in) financing activities	13,023	(31,503)	(54,517)	(36,000)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>				
	(105,947)	(33,851)	(33,863)	(32,732)
<b>EFFECTS OF EXCHANGE RATE CHANGES</b>	(198)	-	-	-
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR</b>	274,584	308,435	42,171	74,903
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR</b>	168,439	274,584	8,308	42,171
Cash and cash equivalents comprise:				
Cash and bank balances	191,678	286,779	25,768	47,991
Sinking fund placements	(17,460)	(5,820)	(17,460)	(5,820)
Bank overdrafts	(5,779)	(6,375)	-	-
	168,439	274,584	8,308	42,171

**NOTE A  
ANALYSIS OF ACQUISITION OF A SUBSIDIARY**

	2002 RM'000	2001 RM'000
Trade and other receivables	19	2,507
Inventories	-	1,144
Property, plant and equipment	9,583	876
Investments	-	10
Cash and cash equivalents	-	(21)
Short term borrowings	-	(198)
Trade and other payables	(8)	(3,203)
Taxation	-	(22)
Deferred taxation	-	(54)
Minority interest	(1,338)	(509)
Share of net assets acquired	8,256	530
Negative goodwill on consolidation	(1,847)	(147)
	6,409	383
Less: Cash and cash equivalents of subsidiary acquired	-	21
Net cash used for acquisition of a subsidiary	6,409	404

The accompanying Notes form an integral part of the Financial Statements.

# Notes to the Financial Statements

31 December 2002

## 1. CORPORATE INFORMATION

The principal activities of the Company are that of investment holding and the 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 34(A).

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 registered office 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 in the Group and in the Company at the end of the financial year were 4,925 (2001 : 4,450) and 343 (2001 : 390) respectively.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 29 April 2003.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### (a) Basis of Preparation

The financial statements of the Group and of the Company have been prepared under the historical cost convention.

The financial statements comply with the provisions of the Companies Act, 1965 and applicable Approved Accounting Standards in Malaysia.

### (b) Basis of Consolidation

#### (i) Subsidiaries

The consolidated financial statements include the financial statements of the Company and all its subsidiaries. Subsidiaries are those companies in which the Group has a long term equity interest and where it has power to exercise control over the financial and operating policies so as to obtain benefits therefrom.

Subsidiaries are consolidated using the acquisition method of accounting. Under the acquisition method of accounting, the results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. The assets and liabilities of a subsidiary are measured at their fair values at the date of acquisition and these values are reflected in the consolidated balance sheet. The difference between the cost of an acquisition and 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 negative goodwill arising on consolidation and is amortised to the 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.

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 recovered.

The gain or loss on disposal of a subsidiary company 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 statement.

Minority interest is measured at the minorities' share of the post acquisition fair values of the identifiable assets and liabilities of the acquiree.



## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (b) Basis of Consolidation (Cont'd)

#### (ii) Associates

The Group treats as associates 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 associates are accounted for in the consolidated financial statements by the equity method of accounting based on the audited or management financial statements of the associates. Under the equity method of accounting, the Group's share of profits less losses of associates during the year is included in the consolidated income statement. The Group's interest in associates is carried in the consolidated balance sheet at cost plus the Group's share of post-acquisition retained profits or accumulated losses and other reserves as well as goodwill on acquisition.

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

### (c) Investments

The Company's investments in subsidiaries, associates and other non current investments are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(l).

On disposal of such investments, the difference between net disposal proceeds and its carrying amount is charged or credited to the income statement.

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

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(l).

Freehold land and construction work-in-progress are not depreciated. Leasehold land is depreciated over the period of the lease which ranges from 50 to 99 years. Depreciation of other property, plant and equipment is provided for on a straight line basis to write off the cost of each asset to its residual value over the estimated useful life at the following annual rates:

Buildings and infrastructure	2% to 20%
Renovation	10% to 20%
Plant and machinery	4% to 20%
Furniture, fittings and office equipment	10% to 40%
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.

Upon the disposal of an item of property, plant or equipment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the income statement.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (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, other direct costs and appropriate production overheads. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

The Company is vested with the duty to maintain and manage the Government Stockpile of rice of 92,000 metric tonnes. The inventories of paddy and rice of the Group and the Company 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 the income statement.

### (f) Cash and Cash Equivalents

For the purposes of the cash flow statements, cash and cash equivalents include cash in hand and at banks and deposits at call, which have an insignificant risk of changes in value, net of outstanding bank overdrafts and amounts placed in the sinking fund account for repayment of bank borrowings.

### (g) 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. All other leases are classified as operating leases.

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the balance sheet as borrowings. 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.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are charged to the income statement over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for leased assets is consistent with that for depreciable property, plant and equipment as described in Note 3(d).

### (h) Deferred Taxation

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

### (i) 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.



## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (j) Revenue Recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably.

#### (i) Sale of goods

Revenue from the sale of goods is recognised net of sales taxes, discounts and returns upon transfer of risks and rewards.

#### (ii) Engineering, maintenance and construction services

Revenue from the provision of engineering, maintenance and construction services is recognised by reference to the stage of completion of the projects.

#### (iii) Transport services

Revenue from the provision of transportation services is recognised net of discounts as and when the services are performed.

### (k) Foreign Currencies

#### (i) Foreign currency transactions

Transactions in foreign currencies are initially converted into Ringgit Malaysia at rates of exchange ruling at the transaction dates. At each balance sheet date, foreign currency monetary items are translated into Ringgit Malaysia at exchange rates ruling at that date. Non-monetary items which are carried at historical cost are translated using the historical rate as of the date of acquisition and non-monetary items which are carried at fair value are translated using the exchange rate that existed when the values were determined.

All exchange rate differences are taken to the income statement.

#### (ii) Foreign entities

Financial statements of foreign consolidated subsidiaries are translated at year-end exchange rates with respect to the assets and liabilities, and at exchange rates at the dates of the transactions with respect to the income statement. All resulting translation differences are included in the Exchange Equalisation Reserve in shareholders' equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the Company and translated at the exchange rate ruling at the date of the transaction.

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

	2002 RM	2001 RM
United States Dollar	3.8000	3.8000
Thai Baht	0.0901	0.0896
Pakistan Rupee	0.0665	0.0672
Guinee Franc	0.0019	0.0019

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (l) Impairment of Assets

At each balance sheet date, the Group reviews the carrying amounts of its assets, other than inventories and financial assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, impairment is measured by comparing the carrying values of the assets with their recoverable amounts. Recoverable amount is the higher of net selling price and value in use, which is measured by reference to discounted future cash flows. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

An impairment loss is charged to the income statement immediately.

Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the asset no longer exist or have decreased. The reversal 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.

### (m) Provision for Liabilities

Provisions for liabilities are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

### (n) Trademarks

Trademarks are recognised as intangible assets if it is probable that the future economic benefits that are attributable to such assets will flow to the enterprise and the costs of such assets can be measured reliably.

Trademarks are stated at cost less accumulated amortisation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(l). Amortisation of trademark is charged to the income statement based on a straight line basis over the estimated useful life of 10 years.

### (o) Financial Instruments

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.



## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (o) Financial Instruments (Cont'd)

#### (i) Receivables

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

#### (ii) Payables

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

#### (iii) Interest-Bearing Borrowings

Interest-bearing bank loans and overdrafts are recorded at the amount of proceeds received, net of transaction costs.

Borrowing costs directly attributable to the acquisition and construction of property, plant and equipment are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use. All other borrowing costs are charged to the income statement as an expense in the period in which they are incurred.

#### (iv) Equity Instruments

Ordinary shares are classified as equity.

The transaction costs of an equity transaction, other than in the context of a business combination, are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided. Costs of issuing equity securities in connection with a business combination are included in the cost of acquisition.

Dividends on ordinary shares are recognised in equity in the period in which they are declared.



### 3. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM'000	Leasehold land RM'000	Buildings and infrastructure RM'000	Plant and machinery RM'000	Work-in-Progress RM'000	Others* RM'000	Total RM'000
<b>Cost</b>							
At 1 January 2002	5,067	3,369	48,216	191,441	8,512	80,377	336,982
Acquisition of a subsidiary	9,583	-	-	-	-	-	9,583
Additions	-	2,022	7,026	3,706	10,097	18,036	40,887
Disposals	-	-	-	(162)	-	(533)	(695)
Reclassification	-	-	-	-	(1,780)	648	(1,132)
Write-off	-	-	(139)	(489)	-	(813)	(1,441)
At 31 December 2002	<b>14,650</b>	<b>5,391</b>	<b>55,103</b>	<b>194,496</b>	<b>16,829</b>	<b>97,715</b>	<b>384,184</b>
<b>Accumulated depreciation and impairment losses</b>							
At 1 January 2002	-	456	5,143	45,897	-	41,449	92,945
Charge for the year	-	77	2,252	9,204	-	15,512	27,045
Disposals	-	-	-	(88)	-	(343)	(431)
Write-off	-	-	(5)	(118)	-	(507)	(630)
At 31 December 2002	-	<b>533</b>	<b>7,390</b>	<b>54,895</b>	-	<b>56,111</b>	<b>118,929</b>
<b>Net Book Value</b>							
At 31 December 2002	<b>14,650</b>	<b>4,858</b>	<b>47,713</b>	<b>139,601</b>	<b>16,829</b>	<b>41,604</b>	<b>265,255</b>
At 31 December 2001	5,067	2,913	43,073	145,544	8,512	38,928	244,037
<b>Depreciation charge for 2001</b>							
	-	56	1,814	8,653	-	11,613	22,136





### 3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

* Others	Furniture, fittings and office equipment RM'000	Renovation RM'000	Motor vehicles RM'000	Total RM'000
Group				
<b>Cost</b>				
At 1 January 2002	44,827	1,936	33,614	80,377
Additions	8,315	641	9,080	18,036
Disposals	(11)	(9)	(513)	(533)
Reclassification	648	-	-	648
Write-off	(740)	-	(73)	(813)
At 31 December 2002	<b>53,039</b>	<b>2,568</b>	<b>42,108</b>	<b>97,715</b>
<b>Accumulated depreciation and impairment losses</b>				
At 1 January 2002	23,927	348	17,174	41,449
Charge for the year	9,504	208	5,800	15,512
Disposals	(3)	(1)	(339)	(343)
Write-off	(414)	-	(93)	(507)
At 31 December 2002	<b>33,014</b>	<b>555</b>	<b>22,542</b>	<b>56,111</b>
<b>Net Book Value</b>				
At 31 December 2002	<b>20,025</b>	<b>2,013</b>	<b>19,566</b>	<b>41,604</b>
At 31 December 2001	20,900	1,588	16,440	38,928
<b>Depreciation charge for 2001</b>	<b>6,235</b>	<b>259</b>	<b>5,119</b>	<b>11,613</b>

### 3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	Long term leasehold land RM'000	Building and infrastructure RM'000	Plant and machinery RM'000	Work-in-Progress RM'000	Others* RM'000	Total RM'000
<b>Cost</b>						
At 1 January 2002	1,022	2,042	475	801	21,390	25,730
Additions	-	-	-	331	5,137	5,468
Disposals	-	-	-	-	(388)	(388)
Reclassification	-	-	-	(1,132)	-	(1,132)
Transfers	-	(4)	-	-	(387)	(391)
Write-off	-	-	-	-	(278)	(278)
At 31 December 2002	<b>1,022</b>	<b>2,038</b>	<b>475</b>	-	<b>25,474</b>	<b>29,009</b>
<b>Accumulated depreciation and impairment losses</b>						
At 1 January 2002	128	257	137	-	11,372	11,894
Charge for the year	17	44	55	-	4,711	4,827
Disposals	-	-	-	-	(252)	(252)
Transfers	-	(1)	-	-	(313)	(314)
Write-off	-	-	-	-	(215)	(215)
At 31 December 2002	<b>145</b>	<b>300</b>	<b>192</b>	-	<b>15,303</b>	<b>15,940</b>
<b>Net Book Value</b>						
At 31 December 2002	<b>877</b>	<b>1,738</b>	<b>283</b>	-	<b>10,171</b>	<b>13,069</b>
At 31 December 2001	894	1,785	338	801	10,018	13,836
<b>Depreciation charge for 2001</b>						
	25	49	22	-	4,470	4,566



### 3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

* Others	Furniture, fittings and office equipment RM'000	Renovation RM'000	Motor vehicles RM'000	Total RM'000
Company				
<b>Cost</b>				
At 1 January 2002	15,575	578	5,237	21,390
Additions	3,435	61	1,641	5,137
Disposals	-	-	(388)	(388)
Transfers	(283)	(5)	(99)	(387)
Write-off	(278)	-	-	(278)
	<b>18,449</b>	<b>634</b>	<b>6,391</b>	<b>25,474</b>
<b>Accumulated depreciation and impairment losses</b>				
At 1 January 2002	7,562	159	3,651	11,372
Charge for the year	3,969	38	704	4,711
Disposals	-	-	(252)	(252)
Transfers	(214)	(1)	(98)	(313)
Write-off	(215)	-	-	(215)
	<b>11,102</b>	<b>196</b>	<b>4,005</b>	<b>15,303</b>
<b>Net Book Value</b>				
At 31 December 2002	<b>7,347</b>	<b>438</b>	<b>2,386</b>	<b>10,171</b>
At 31 December 2001	8,013	419	1,586	10,018
<b>Depreciation charge for 2001</b>	<b>3,256</b>	<b>121</b>	<b>1,093</b>	<b>4,470</b>

### 3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

- (a) Net book values of property, plant and equipment of the Group held under hire purchase and finance lease arrangements are as follows:

	Group	
	2002 RM'000	2001 RM'000
Motor vehicles	6,159	5,769
Plant and machinery	1,951	687
	<b>8,110</b>	<b>6,456</b>

- (b) During the year, the Group acquired property, plant and equipment with an aggregate cost of approximately RM40,887,000 (2001:RM28,021,000) of which RM1,460,810 (2001:RM2,914,000) were acquired by means of hire purchase and finance lease arrangements.

- (c) The net book values of property, plant and equipment of the Group pledged to financial institutions for bank borrowings as referred to in Note 13 are as follows:

	Group	
	2002 RM'000	2001 RM'000
Freehold land and buildings	8,546	8,755
Plant and machinery	8,275	4,570
	<b>16,821</b>	<b>13,325</b>

- (d) Included in property, plant and equipment of the Group and the Company are fully depreciated assets which are still in use costing approximately RM20,993,000 (2001 : RM7,444,000) and RM3,678,000 (2001:RM3,680,000) respectively.

### 4. INVESTMENT IN SUBSIDIARIES

	Company	
	2002 RM'000	2001 RM'000
Unquoted shares, at cost	336,012	336,012
Less: Accumulated impairment losses	(21,300)	(500)
	<b>314,712</b>	<b>335,512</b>

Details of the subsidiaries, are shown on Note 34(A) to the financial statements.

During the current financial year, the Group acquired 86% equity interest in Machind Realty Sdn. Bhd., a company incorporated in Malaysia, for a cash consideration of RM6,408,885. The acquisition was completed on 24 September 2002.



#### 4. INVESTMENT IN SUBSIDIARIES (CONT'D)

The effect of the acquisition on the financial results of the Group from the date of acquisition to 31 December 2002 is as follows:

	<b>RM'000</b>
Revenue	-
Administrative expenses	(7)
	<hr/>
Profit before taxation	(7)
Income tax expense	-
	<hr/>
Profit after taxation	(7)
Minority interests	1
	<hr/>
Decrease in Group profit attributable to shareholders	<u>(6)</u>

The effect of the acquisition on the financial position of the Group as at 31 December 2002 is as follows:

	<b>RM'000</b>
Property, plant and equipment	9,583
Other receivables and prepaid expenses	19
Other payables and accrued expenses	(8)
Minority interests	(1,338)
	<hr/>
Net assets acquired	8,256
Negative goodwill on consolidation	(1,847)
Less: Cash and bank balances acquired	-
	<hr/>
Net cash outflow on acquisition of subsidiary company	<u>6,409</u>

The fair value of the assets acquired and liabilities assumed from the acquisition is as follows:

	<b>24.9.2002 RM'000</b>
Net assets acquired:	
Property, plant and equipment	9,583
Other receivables and prepaid expenses	19
Other payables and accrued expenses	(8)
	<hr/>
Fair value of total net assets	9,594
Minority interests	(1,338)
	<hr/>
Group's share of net assets	8,256
Negative goodwill on consolidation	(1,847)
	<hr/>
Total consideration	<u>6,409</u>
Satisfied by cash payment, representing net cash outflow arising from acquisition	<u>(6,409)</u>

## 5. INVESTMENT IN ASSOCIATES

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
In Malaysia:				
Unquoted shares, at cost	70,518	70,518	59,966	59,966
Share of post-acquisition reserves	14,606	10,131	-	-
Less: Accumulated impairment losses	(1,500)	(1,500)	(1,500)	(1,500)
	<b>83,624</b>	79,149	<b>58,466</b>	58,466
Outside Malaysia:				
Unquoted shares, at cost	3,427	3,427	-	-
Share of post-acquisition reserves	6,268	5,381	-	-
	<b>9,695</b>	8,808	-	-
	<b>93,319</b>	87,957	<b>58,466</b>	58,466
Represented by:				
Share of net assets	92,886	87,524		
Goodwill on acquisition	433	433		
	<b>93,319</b>	87,957		

Details of the associates, are shown on Note 34(B) to the financial statements.

The Group is unable to determine the amount of unrecognised losses of an associate, Kilang Beras Fajar Sdn. Bhd. and its subsidiary companies. This is due to the fact that they have ceased operations and the latest financial statements were not made available to the Group. However, the carrying value of this investment of RM1,500,000 has been fully provided for.

## 6. OTHER INVESTMENTS

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Unquoted shares, at cost	6,300	2,300	6,000	2,000
Quoted shares in Malaysia, at cost	23	23	-	-
Golf club membership	29	29	-	-
	<b>6,352</b>	2,352	<b>6,000</b>	2,000
Market value of quoted shares	<b>27</b>	30		



## 7. INTANGIBLE ASSETS

	Group	
	2002 RM'000	2001 RM'000
<b>Goodwill on consolidation</b>		
At 1 January	12,082	15,151
Negative goodwill arising from acquisition of subsidiary	(1,847)	(1,564)
Arising from acquisition of additional interest in existing subsidiaries	-	204
	<b>10,235</b>	<b>13,791</b>
Less:		
Amortisation for the year	(1,750)	(1,709)
At 31 December	<b>8,485</b>	<b>12,082</b>
<b>Trademarks</b>		
At 1 January	342	392
Less:		
Amortisation for the year	(50)	(50)
At 31 December	<b>292</b>	<b>342</b>
	<b>8,777</b>	<b>12,424</b>

## 8. INVENTORIES

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
At cost:				
Paddy and rice	237,486	350,960	4,536	18,187
Spares and consumables	18,857	6,785	-	-
Raw materials	8,395	4,204	-	-
Finished goods	2,630	5,407	-	-
	<b>267,368</b>	<b>367,356</b>	<b>4,536</b>	<b>18,187</b>
At net realisable value:				
Paddy and rice	14,283	-	-	-
	<b>281,651</b>	<b>367,356</b>	<b>4,536</b>	<b>18,187</b>

The cost of inventories recognised as an expense during the financial year in the Group and in the Company respectively amounted to approximately RM1,404,961,000 (2001: RM1,293,340,000) and RM541,386,000 (2001: RM605,654,000) respectively.

## 9. TRADE RECEIVABLES

	Group	
	2002 RM'000	2001 RM'000
Trade receivables	213,546	209,836
Less: Provision for doubtful debts	(49,629)	(46,115)
	<b>163,917</b>	<b>163,721</b>

## 10. OTHER RECEIVABLES

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Due from subsidiaries	-	-	490,213	546,467
Due from associates	79,283	72,630	13,513	-
Advances to farmers	4,251	4,721	-	-
Outstanding proceeds from disposal of subsidiaries	-	9,470	-	-
Insurance claims recoverable	13,758	12,608	13,758	12,608
Sundry receivables	45,879	35,207	13,528	32,877
Tax recoverable	30,208	-	21,735	-
Less: Provision for doubtful debts	(24,994)	(27,776)	(44,091)	(59,718)
	<b>148,385</b>	<b>106,860</b>	<b>508,656</b>	<b>532,234</b>

The amounts due from subsidiaries and associates are unsecured, interest-free and have no fixed terms of repayment.

## 11. CASH AND BANK BALANCES

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Cash in hand and at banks	138,765	138,633	8,308	1,171
Deposits with:				
Licensed banks	31,153	139,676	-	41,000
Other financial institutions	21,760	8,470	17,460	5,820
	<b>191,678</b>	<b>286,779</b>	<b>25,768</b>	<b>47,991</b>

Included in cash and bank balances of the Group and Company are:

	Group and Company	
	2002 RM'000	2001 RM'000
Amounts maintained in the sinking fund account for certain long term loans granted to the Company	17,460	5,820





## 11. CASH AND BANK BALANCES (CONT'D)

Deposits with licensed banks of the Group have been pledged to the banks for the following facilities:

	Group	
	2002 RM'000	2001 RM'000
(i) Credit facility granted to certain subsidiaries as referred to in Note 13	5,921	1,244
(ii) Bank Guarantee from licensed banks	1,101	1,096
(iii) Performance guarantee in favour of a customer	-	55
	7,022	2,395

The weighted average interest rates during the financial year and the average maturities of deposits as at 31 December 2002 were as follows:

	Weighted Average Interest Rates %	Average Maturity Days
Licensed banks	2.8	30
Other financial institutions	3.8	10

Other financial institutions are licensed finance companies and merchant banks in Malaysia and other foreign banks.

## 12. RETIREMENT BENEFITS

	Group RM'000	Company RM'000
At 1 January 2002	40,088	24,250
Additional provision during the year	8,338	1,746
Utilisation of provision during the year	(863)	(201)
Transfer from subsidiary	-	72
	47,563	25,867
At 31 December 2002:		
Current	739	404
Non-current:		
Later than 1 year but not later than 2 years	3,389	615
Later than 2 years but not later than 5 years	12,167	2,382
Later than 5 years	31,268	22,466
	46,824	25,463
	47,563	25,867

## 12. RETIREMENT BENEFITS (CONT'D)

	Group RM'000	Company RM'000
At 31 December 2001:		
Current	228	117
Non-current:		
Later than 1 year but not later than 2 years	1,611	178
Later than 2 years but not later than 5 years	5,294	1,525
Later than 5 years	32,955	22,430
	<hr/> 39,860	<hr/> 24,133
	<hr/> <b>40,088</b>	<hr/> <b>24,250</b>

The Group operates an unfunded defined benefit scheme for eligible employees. The Group's obligations under this scheme are determined based on triennial actuarial valuations using the Projected Unit Credit Method.

The retirement benefits scheme was last revalued on 6 April 2001. As at that date, the valuation showed that the Group's provision for retirement benefits was sufficient to meet the actuarially determined value of vested benefits.

## 13. BORROWINGS

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
<b>Short term borrowings</b>				
Secured:				
Bank overdrafts	5,584	6,362	-	-
Revolving credits	1,600	1,943	-	-
US Dollar revolving credits	10,292	10,292	-	-
Term loans	2,164	1,730	-	-
Hire purchase and finance lease payables (Note 14)	2,594	3,270	-	-
	<hr/> <b>22,234</b>	<hr/> <b>23,597</b>	<hr/> -	<hr/> -
Unsecured:				
Bank overdrafts	195	13	-	-
Bankers' acceptances	284,929	242,283	180,919	208,711
Interest free Government loan	12,223	12,223	12,223	12,223
	<hr/> <b>297,347</b>	<hr/> <b>254,519</b>	<hr/> <b>193,142</b>	<hr/> <b>220,934</b>
	<hr/> <b>319,581</b>	<hr/> <b>278,116</b>	<hr/> <b>193,142</b>	<hr/> <b>220,934</b>



### 13. BORROWINGS (CONT'D)

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
<b>Long term borrowings</b>				
Secured:				
Term loans	58,838	58,476	54,800	54,800
Hire purchase and finance lease payables (Note 14)	2,236	3,450	-	-
	<b>61,074</b>	<b>61,926</b>	<b>54,800</b>	<b>54,800</b>
<b>Total Borrowings</b>				
Bank overdrafts	5,779	6,375	-	-
Revolving credits	1,600	1,943	-	-
US Dollars revolving credits	10,292	10,292	-	-
Bankers' acceptances	284,929	242,283	180,919	208,711
Interest free Government loan	12,223	12,223	12,223	12,223
Term loan	61,002	60,206	54,800	54,800
Hire purchase and finance lease payables (Note 14)	4,830	6,720	-	-
	<b>380,655</b>	<b>340,042</b>	<b>247,942</b>	<b>275,734</b>
Maturity of borrowings (excluding hire purchase and finance lease):				
Within one year	316,987	274,846	193,142	220,934
More than 1 year and less than 2 years	1,718	1,635	-	-
More than 2 years and less than 5 years	56,990	56,841	54,800	54,800
5 years or more	130	-	-	-
	<b>375,825</b>	<b>333,322</b>	<b>247,942</b>	<b>275,734</b>

The ranges of interest rates during the financial year for the above borrowings, excluding hire purchase are as follows:

	Group		Company	
	2002 %	2001 %	2002 %	2001 %
Bank overdrafts	6.9 - 8.4	6.9 - 8.3	-	-
Revolving credits	3.4 - 10.0	5.5 - 10.0	-	-
Bankers' acceptances	3.2 - 4.9	3.2 - 4.2	3.2 - 3.9	3.2 - 3.9
Term loans	4.0 - 10.0	4.0 - 10.0	5.0 - 6.1	5.0 - 6.1

The secured borrowings are secured by a corporate guarantee from the Company and by certain assets of the Group as disclosed in Notes 3 and 11.

#### 14. HIRE PURCHASE AND FINANCE LEASE PAYABLES

	Group	
	2002 RM'000	2001 RM'000
<b>Minimum lease payments:</b>		
Not later than 1 year	2,984	3,570
Later than 1 year and not later than 2 years	1,323	2,096
Later than 2 years and not later than 5 years	1,236	2,043
	<b>5,543</b>	<b>7,709</b>
Less: Future finance charges	(713)	(989)
Present value of finance lease liabilities	<b>4,830</b>	<b>6,720</b>
<b>Present value of finance lease liabilities:</b>		
Not later than 1 year	2,594	3,270
Later than 1 year and not later than 2 years	1,216	1,567
Later than 2 years and not later than 5 years	1,020	1,883
	<b>4,830</b>	<b>6,720</b>
<b>Analysed as:</b>		
Due within 12 months (Note 13)	2,594	3,270
Due after 12 months (Note 13)	2,236	3,450
	<b>4,830</b>	<b>6,720</b>

The hire purchase and lease liabilities bore interest at rates ranging from 3.90% to 11.67% (2001:3.90% to 11.67%) per annum.

#### 15. OTHER PAYABLES

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Due to subsidiaries	-	-	85,048	-
Due to associates	2,613	34,973	2,612	34,973
Provision for voluntary separation scheme	-	15,000	-	15,000
Accruals for staff bonus	-	6,096	-	6,096
Accruals for rebates	-	30,000	-	30,000
Other accruals and sundry payables	49,039	54,986	11,975	23,087
	<b>51,652</b>	<b>141,055</b>	<b>99,635</b>	<b>109,156</b>

The amounts due to subsidiaries and associates are unsecured, interest-free and have no fixed terms of repayment.



## 16. SHARE CAPITAL

	Number of Shares of RM1		Amount	
	2002	2001	2002	2001
Authorised:				
At 1 January				
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
At 31 December	<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:				
At 1 January				
Special Share of RM1 (note a)	1	1	1	1
Ordinary shares of RM1 each	292,630,000	292,630,000	292,630,000	292,630,000
Issued during the year in respect of:				
- bonus issue (note b)	148,034,500	-	148,034,500	-
- exercise of ESOS (note b)	3,548,500	-	3,548,500	-
At 31 December	<b>444,213,001</b>	<b>292,630,001</b>	<b>444,213,001</b>	<b>292,630,001</b>

(a) The main features of the Special Share are as follows:

- (i) The Special Share may only be held by or transferred to the Minister of Finance (Incorporated) or its successor or any Minister, representatives or any person acting on behalf of the Government of Malaysia.
- (ii) 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.
- (iii) 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.
- (iv) 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.
- (v) 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.
- (vi) 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 provisions 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.

## 16. SHARE CAPITAL (CONT'D)

(b) During the financial year, the Company increased its issued and paid up share capital by way of the issuance of:

- (i) 3,439,000 ordinary shares of RM1.00 each resulting from the exercise and allotment of employee share options for cash at an option price of RM1.76 per share; and
- (ii) 109,500 ordinary shares of RM1.00 each resulting from the exercise of employee share options for cash at an option price of RM1.17 per share.
- (iii) 148,034,500 ordinary shares of RM1.00 each through a bonus issue on the basis of one new ordinary share for every 2 existing ordinary shares held in the Company. The bonus issue is by way of capitalising retained profits.

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

As at 31 December 2002, the balance of shares under option which remains unexercised was 29,785,500 (2001: 23,397,000). A total of 22,000 options have been exercised subsequent to the year end up to 15 April 2003.

## 17. NON-DISTRIBUTABLE RESERVES

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
<b>(a) Capital reserve</b>				
Balance at 1 January/31 December	<b>614</b>	614	<b>600</b>	600
<b>(b) Stockpile fluctuation reserve</b>				
Balance at 1 January	<b>10,558</b>	13,327	<b>511</b>	511
Transfer to Government Stockpile	<b>(6,292)</b>	(2,769)	-	-
Balance at 31 December	<b>4,266</b>	10,558	<b>511</b>	511
<b>(c) Capital redemption reserve</b>				
Balance at 1 January	<b>18,520</b>	7,370	<b>7,370</b>	7,370
Capitalisation of distributable profit of a subsidiary for bonus issue	-	11,150	-	-
Balance at 31 December	<b>18,520</b>	18,520	<b>7,370</b>	7,370
<b>(d) Exchange equalisation reserve</b>				
Balance at 1 January	<b>141</b>	141	-	-
Arising during the year	<b>(198)</b>	-	-	-
Balance at 31 December	<b>(57)</b>	141	-	-
<b>(e) Share premium</b>				
Balance at 1 January	-	-	-	-
Arising from the exercise of ESOS	<b>2,632</b>	-	<b>2,632</b>	-
Balance at 31 December	<b>2,632</b>	-	<b>2,632</b>	-
	<b>25,975</b>	29,833	<b>11,113</b>	8,481



## 18. DEFERRED TAXATION

	Group	
	2002 RM'000	2001 RM'000
At 1 January	4,515	3,754
Transfer from income statement (Note 25)	3,348	761
At 31 December	<u>7,863</u>	<u>4,515</u>

The deferred taxation liability of the Group principally relates to timing differences due to the excess of capital allowances over book depreciation in certain subsidiaries amounting to RM28,082,000 (2001 : RM16,125,000).

## 19. REVENUE

Revenue of the Group and of the Company consists of the following:

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Sales of rice	1,752,127	1,666,521	697,894	881,043
Engineering and construction services	5,240	5,992	-	-
Sale of poultry products	3,654	2,602	-	-
Transport services	2,545	4,614	-	-
Others	234	134	-	-
	<u>1,763,800</u>	<u>1,679,863</u>	<u>697,894</u>	<u>881,043</u>

## 20. COST OF SALES

Cost of sales represents cost of inventories sold, cost of services provided and contract costs recognised as an expense. Cost of local rice sold includes overhead costs of paddy complexes.

## 21. PROFIT FROM OPERATIONS

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

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Staff costs (Note 22)	124,766	123,129	24,983	30,984
Non-executive directors' remuneration (Note 23)	523	460	360	350
Auditors' remuneration:				
Statutory audits	650	493	90	80
Other services	85	177	75	177
Bad debts written off	61	1,027	-	-
Provision for doubtful debts	7,573	17,372	2,996	38,905
Amortisation of intangible assets	1,800	1,759	-	-
Depreciation	27,045	22,136	4,827	4,566
Inventories written down	6,905	268	-	-
Rental of land and building	26,746	19,497	3,126	3,183
Realised gain on foreign exchange	(241)	-	-	-
Loss/(gain) on disposal of property, plant and equipment	93	(80)	33	(52)
Property, plant and equipment written off	811	1,469	63	245
Provision for impairment loss on investments	-	-	20,800	-
Intangible assets written off	-	20	-	-
Insurance claims written off	19	1,282	19	1,282
Provision for retirement benefits	8,338	7,990	1,746	2,598
Overprovision for voluntary separation scheme	(15,000)	(4,000)	(15,000)	(4,000)
Bad debts recovered	(150)	-	-	-
Write back of provision for doubtful debts	(38)	-	-	-
Rental income	(130)	-	-	-
Gross dividend from associate	-	-	(4,165)	-
Tax exempt dividends from subsidiaries	-	-	(17,331)	-
Rental of plant and machinery	8,749	-	-	-

## 22. STAFF COSTS

Included in staff costs of the Group and of the Company are executive directors' remuneration amounting to RM3,934,000 (2001:RM3,600,000) and RM341,000 (2001:RM308,000) respectively as further disclosed in Note 23.





## 23. DIRECTORS' REMUNERATION

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
<b>Directors of the Company</b>				
Executive:				
Salaries, bonus and other emoluments	341	308	341	308
Fees	-	-	-	-
Benefits-in-kind	6	6	6	6
	<b>347</b>	<b>314</b>	<b>347</b>	<b>314</b>
Non-Executive:				
Fees	423	350	360	350
<b>Other Directors</b>				
Executive:				
Salaries, bonus and other emoluments	3,389	3,088	-	-
Fees	204	204	-	-
Benefits-in-kind	16	9	-	-
	<b>3,609</b>	<b>3,301</b>	<b>-</b>	<b>-</b>
Non-Executive:				
Fees	100	110	-	-
<b>Total</b>	<b>4,479</b>	<b>4,075</b>	<b>707</b>	<b>664</b>
Analysis excluding benefits-in-kind:				
Total executive directors' remuneration excluding benefits-in-kind (Note 22)	3,934	3,600	341	308
Total non-executive directors' remuneration excluding benefits-in-kind (Note 21)	523	460	360	350
Total directors' remuneration excluding benefits-in-kind	<b>4,457</b>	<b>4,060</b>	<b>701</b>	<b>658</b>

The number of directors of the Company whose total remuneration during the year fell within the following bands is analysed below:

	Number of Directors	
	2002	2001
Executive directors:		
Below RM50,000*	1	-
RM300,001 - RM350,000	1	1
Non-Executive directors:		
Below RM50,000*	10	10
RM50,001-RM100,000	1	1

\*A certain director of the Company was a non-executive director from January 2002 to October 2002 and subsequently made an executive director in November 2002.

## 24. FINANCE COSTS, NET

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Interest expense on borrowings	16,272	13,052	11,246	9,083
Bank charges	258	-	-	-
Interest income from deposits	(5,313)	(5,813)	(1,167)	(1,596)
	<b>11,217</b>	<b>7,239</b>	<b>10,079</b>	<b>7,487</b>

## 25. TAXATION

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Tax expense for the year:				
- Malaysian income tax	29,951	47,957	-	46,922
- Transfer to deferred taxation (Note 18)	3,348	761	-	-
Share of tax of associates	4,732	2,128	-	-
(Over)/underprovision in respect of prior year:				
- Malaysian Income tax	(752)	74	-	-
	<b>37,279</b>	<b>50,920</b>	<b>-</b>	<b>46,922</b>

The effective tax rate of the Group is higher than the statutory tax rate principally due to losses of certain subsidiary companies which cannot be set off against taxable profits made by other subsidiary companies as no Group relief is available. There is no taxation for the Company for the current year due to reversal of certain provisions during the year which were disallowed for taxation purposes in the previous years.

As at 31 December 2002, the Company has unabsorbed tax losses and unutilised capital allowances of approximately RM44,828,000 (2001:Nil) and RM5,105,000 (2001:Nil) respectively which can be used to offset future taxable profits subject to agreement with the Inland Revenue Board.

As at 31 December 2002, the Company has tax exempt profits available for distribution of approximately RM81,768,000 (2001:RM81,768,000), subject to agreement with the Inland Revenue Board.

The Company has sufficient tax credit under Section 108 of the Income Tax Act, 1967 and balances in the tax exempt accounts to declare its entire retained profits as dividends without incurring additional liabilities.

As at 31 December 2002, the Company has a potential deferred tax benefit of approximately RM37,820,000 (2001:RM30,536,000), arising principally from unabsorbed tax losses, unutilised capital allowances and provisions, the effects of which are not included in the financial statements as there is no assurance beyond reasonable doubt that future taxable income will be sufficient to allow the benefit to be realised.



## 25. TAXATION (CONT'D)

The Company's tax expense for the years ended 31 December 2001 and 2002 have been computed on the basis that the cost of financial assistance ("grant"), provided by the Company to a wholly owned subsidiary, Bernas Production Sdn. Bhd. ("BPSB"), is a tax deductible expense. The Company has appealed 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. The directors are of the opinion that their appeal will be successful as the grant given was to assist BPSB's social obligation to maintain the guaranteed minimum paddy price to farmers, for the distribution of subsidies for local farmers as well as for the maintenance of the Government's stockpile. Should the grant be disallowed for tax purposes, the additional tax charge to the Company would be approximately RM18,480,000 for the year ended 31 December 2002 (2001: RM8,400,000). The resulting net profit for the Group and the Company for the year ended 31 December 2002, should the additional tax charge be required would be approximately RM3,926,000 (2001 : RM62,543,000) and RM18,519,000 (2001 : RM43,178,000), respectively. At present, MoF has not made a decision on the appeal and therefore, the outcome remains uncertain.

## 26. EARNINGS PER SHARE - GROUP

### (a) Basic

Basic earnings per share is calculated by dividing the net profit for the year by the weighted average number of ordinary shares in issue during the financial year as follows:

	Group	
	2002	2001
Net profit for the year (RM'000)	<u>22,406</u>	70,943
Weighted average number of ordinary shares in issue ('000)	<u>442,389</u>	440,665
Basic earnings per share (sen)	<u>5.06</u>	16.10

Comparative basic earnings per share has been restated to take into account the effects of the prior year adjustment on the estimate of tax expense on net profit for the prior year as elaborated in Note 29 and the bonus issue.

### (b) Diluted

For the purpose of calculating diluted earnings per share, the net profit for the year and the weighted average number of ordinary shares in issue during the financial year have been adjusted for the effects of dilutive potential ordinary shares from the conversion of the unexercised ESOS. The amount of net profit for the year is adjusted by the after-tax effect of interest expense recognised during the financial year which would have been saved on conversion of the unexercised ESOS into ordinary shares.

The adjusted weighted average number of ordinary shares is the weighted average number of ordinary shares in issue during the financial year plus the weighted average number of ordinary shares which would be issued on the conversion of the unexercised ESOS into ordinary shares. The unexercised ESOS are deemed to have been converted into ordinary shares at 1 January 2002.

## 26. EARNINGS PER SHARE - GROUP (CONT'D)

### (b) Diluted (Cont'd)

	2002	2001
Net profit for the year (RM'000)	22,406	70,943
Adjustment for after-tax effects of notional interest savings (RM'000)	1,382	1,631
Adjusted net profit for the year (RM'000)	23,788	72,574
Weighted average number of ordinary shares in issue ('000)	442,389	440,665
Adjustment for assumed exercise of ESOS ('000)	29,785	23,397
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	472,174	464,062
Diluted earnings per share (sen)	5.04	15.64

Comparative diluted earnings per share has been restated to take into account the effects of the prior year adjustment on the estimate of tax expense on net profit for the prior year as elaborated in Note 29 and the bonus issue.

## 27. DIVIDENDS

	Amount		Net Dividends per Share	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Final tax exempt dividend of 5% in respect of financial year ended 31 December 2000 paid in 2001	-	14,635	-	5.0
First and final dividend of 10% less 28% taxation in respect of financial year ended 31 December 2001 paid in 2002	21,265	-	7.2	-

The directors do not recommend the payment of any dividends in respect of the current financial year.

## 28. 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:

	Group	
	2002 RM'000	2001 RM'000
Balance at 1 January	30,653	48,856
Add: Government subsidy funds received	438,000	400,000
Interest income	3,541	1,704
Less: Payments during the year	(417,421)	(419,907)
Balance at 31 December	54,773	30,653

The amounts were not included in the assets and liabilities of the Group.



## 28. PADDY PRICE SUBSIDY ACCOUNT (CONT'D)

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.

## 29. PRIOR YEAR ADJUSTMENT

The prior year adjustment represents the effect of an underprovision in the tax expense arising from expenses which were previously allowed for tax provision computation in the financial statements of the Company for the year ended 31 December 2001. The effects on the financial statements of the Group and the Company are as follows:

	As Previously Stated RM'000	Adjustments RM'000	As Restated RM'000
<b>Group</b>			
For the year ended 31 December 2001:			
Tax expense	34,276	16,644	50,920
Net profit for the year	87,587	(16,644)	70,943
Tax payable as at 31 December 2001	49,159	16,644	65,803
Retained profits as at 31 December 2001	291,721	(16,644)	275,077
<b>Company</b>			
For the year ended 31 December 2001:			
Tax expense	30,278	16,644	46,922
Net profit for the year	68,222	(16,644)	51,578
Tax payable as at 31 December 2001	46,641	16,644	63,285
Retained profits as at 31 December 2001	251,334	(16,644)	234,690

## 30. COMMITMENTS

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Capital expenditure:				
Approved and contracted for:				
Property, plant and equipment	17,011	-	-	-
Investments	32,343	-	8,000	-
Others	-	5,681	-	-
	49,354	5,681	8,000	-
Approved but not contracted for:				
Property, plant and equipment	12,761	-	-	-
Others	1,271	1,613	1,271	-
	14,032	1,613	1,271	-
	63,386	7,294	9,271	-

### 31. CONTINGENT LIABILITIES

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
<b>Unsecured</b>				
Corporate guarantee for bank facilities of certain subsidiaries	102,198	135	102,198	57,970
Corporate guarantee for bank facilities of associates				
- Active Agri Company Limited *	7,600	15,200	-	-
- Bernas Feedstuff Sdn Bhd	3,400	3,400	3,400	3,400
- Serba Wangi Sdn Bhd	10,000	-	10,000	-
- Keongco (M) Sdn Bhd	2,000	-	2,000	-
Corporate guarantee for bank facilities granted to a company in which the Group has interest	2,315	-	-	-

\* Active Agri Company Limited is an associate of Keongco Holdings Sdn. Bhd, an associate of the Company.

### 32. SIGNIFICANT RELATED PARTY TRANSACTIONS

	Company	
	2002 RM'000	2001 RM'000
(a) Purchases from and services rendered by subsidiaries	72,843	61,596
(b) Sales to subsidiaries	697,894	881,899
(c) Financial assistance ("grant") given to Bernas Production Sdn. Bhd.	66,000	30,000
	Group	
	2002 RM'000	2001 RM'000
(d) Sales to associates		
- Bernas Feedstuff Sdn. Bhd.	27,671	15,070
- Kilang Beras Fajar Sdn. Bhd. and its subsidiaries	-	3,222
- Serba Wangi Sdn. Bhd. and its subsidiaries	189,296	94,239
	Company	
	2002 RM'000	2001 RM'000
(e) Purchases from associates		
- Qaiser Noman Bernas (Pvt) Limited	37,774	31,211
- Asian Peninsula Corporation Ltd	268,178	284,675



### 32. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

	Group	
	2002 RM'000	2001 RM'000
(f) Transactions with subsidiaries' director related companies and other related parties		
(i) Syarikat Faiza Sdn. Bhd. ("SFBSB")		
Transport charges paid to Iman Cargo and Freight Services Sdn. Bhd., a company owned by the son of a director of SFBSB, Faiza Bawumi Sayed Ahmad	<b>727</b>	<b>621</b>
(ii) Jasmine Food Corporation Sdn. Bhd. Group ("JFC")		
Purchases from Jasmine Rice Mill (Kerpan) Sdn. Bhd., a company in which a director of JFC, Lim KiamLai @ Lim Kean Lai is a substantial shareholder	<b>3,053</b>	2,521
Purchases from N-Inspirasi Sdn. Bhd., a company in which a director of JS Jasmine Sdn. Bhd., Tee Sin Joo has a substantial financial interest	-	1,992
Sales to Joo Seng Enterprise, an entity in which directors of JS Jasmine Sdn. Bhd., Tee Sin Joo and Tee Sin Kong have substantial financial interest	<b>2,160</b>	975
Rental of premises paid to Asian Net Sdn. Bhd., a company in which the directors of JFC and its subsidiaries have substantial financial interest	<b>648</b>	648
Sales to Joo Seng Hup Kee, an entity in which a director of JS Jasmine Sdn. Bhd., Tee Sin Joo has a substantial financial interest	<b>952</b>	975
Sales to Aroma Beras Edar, an entity in which directors of JS Jasmine Sdn. Bhd., Tee Sin Joo and Tee Sin Kong, have substantial financial interest	<b>551</b>	928
Transport charges paid to Nagoya Agency, an entity owned by a person connected to certain directors and shareholders of Jasmine Rice Mill (Tunjang) Sdn. Bhd. and Jasmine Rice Products Sdn. Bhd.	<b>1,930</b>	2,068
(iii) Consolidated Bernas United Distributors Sdn. Bhd. ("CBUD")		
Sales to Yeoang Trading, a company in which an alternate director of CBUD, Yeo Sa Kaw has substantial financial interest	<b>4,821</b>	6,935
Sales to Rostaha Sdn. Bhd., a company in which an alternate director of CBUD, Yeo Sa Kaw has substantial financial interest	<b>5,764</b>	5,127
Sales to United Rice Wholesalers Enterprise Sdn. Bhd. ("URWE"), a company in which certain directors of CBUD namely Lim Eng Tat, Chew Keng Kuang and Ng Chin @ Ng Chee Len have financial interest	<b>534</b>	267

### 32. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

	Group	
	2002 RM'000	2001 RM'000
(f) Transactions with subsidiaries' director related companies and other related parties		
(iv) YHL Holding Sdn. Bhd. Group ("YHLH")		
Sales to Recent Giant Sdn. Bhd. ("RGSB"), a company in which certain directors of YHLH are connected by virtue of their family relationships with the directors of RGSB	4,369	7,404
Transport charges paid to Sin Hock Soon Transport Sdn. Bhd ("SHST"), a company in which certain directors of YHLH are connected by virtue of their family relationships with the directors of SHST	4,083	3,953
Rental of premises paid to Southern Edipro Packaging Sdn. Bhd. ("SEPSB"), a company in which certain directors of YHLH are connected by virtue of their family relationships with the directors of SEPSB	1,980	1,935
Upkeep and maintenance charges paid to SHS Engineering Sdn. Bhd. ("SHSE"), a company in which certain directors of YHLH are connected by virtue of their family relationships with the director of SHSE	988	1,011
Rental of premises paid to Yew Chye Seng Holdings Sdn. Bhd. ("YCSH"), a company in which certain directors of YHLH are connected by virtue of their family relationship with the directors of YCSH	598	594
Rental of premises paid to Yew Chye Seng, a director of YHLH	587	594
Rental of central processing plant paid to Yew Poe Hai and Yew Chor Kooi; the former is an alternate director in YHLH and the latter is connected by virtue of his family relationship with certain directors of YHLH	2,880	2,880
Rental of premises paid to Eternal Promenade Sdn. Bhd. ("EPSB"), a company in which certain directors of YHLH are connected by virtue of their family relationships with the directors of EPSB	2,612	2,612
Hire of motor vehicles paid to Dayangbin Engineering Sdn. Bhd. ("DESB"), a company in which certain directors of YHLH are connected by virtue of their family relationships with the directors of DESB	4,183	2,775
Purchases of packing material from Fragstar Corporation Sdn. Bhd. ("FCSB"), a company in which certain directors of YHLH are connected by virtue of their family with the directors of FCSB	4,864	5,528





### 32. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

	Group	
	2002 RM'000	2001 RM'000
(f) Transactions with subsidiaries' director related companies and other related parties		
(v) Sazarice Sdn. Bhd.		
Transport charges paid to Tan Kien Chong Sdn. Bhd., a company in which a director of Sazarice Sdn. Bhd., Tan Kien Chong, is a substantial shareholder	<u>1,595</u>	1,295
(vi) Ban Say Tong Sdn. Bhd. ("BST")		
Sales to Ban Say Tong, and entity owned by Kueh Peng Ho, a director and substantial shareholder of BST	<u>2,330</u>	1,167

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 those obtainable in transactions with unrelated parties.

### 33. OTHER SIGNIFICANT AND SUBSEQUENT EVENTS

- (a) On 12 December 2001, the Company entered into an agreement with Cosmo Restaurants Sdn. Bhd. ("Cosmo") and its shareholders to subscribe for RM14,000,000 6% Redeemable Convertible Cumulative Preference Shares ("RCCPS") in Cosmo.

On 16 January 2002, the Foreign Investment Committee had approved the above proposed subscription. The subscription of the RCCPS shall be in stages over 5 years from 12 December 2001. As at 31 December 2002, the Company had subscribed for RM6,000,000 RCCPS in Cosmo. The RCCPS can be converted to ordinary shares of RM1.00 each or be redeemed at par after 5 years from 12 November 2001.

Cosmo is principally involved in the business of developing, operating, promoting and managing Burger King Restaurants in Malaysia.

- (b) On 2 May 2002, the Company's wholly-owned subsidiary, Bernas Dominals Sdn. Bhd. ("Dominals") signed a subscription agreement with Organigro Sdn. Bhd. ("Organigro"). The agreement gives an option to Dominals to subscribe up to 333,333 additional shares in Organigro, exercisable before 13 July 2004. Dominals has not exercised this option to date.

Dominals currently holds 300,000 ordinary shares of RM1.00 each or 10% of Organigro's issued and paid up capital. The principal activities of Organigro are those of manufacturing, trading and distribution of organic fertilisers.

- (c) On 9 May 2002, the Company's wholly-owned subsidiary, Edaran Beras Nasional Sdn. Bhd. ("EBNSB"), entered into a share sale agreement with the shareholders of OEL Realty Holdings Sdn. Bhd. ("OEL") for the purpose of the acquisition of 620,772 ordinary shares of RM1.00 each, equivalent to 51% interest in OEL. OEL is an investment holding company with subsidiaries principally engaged as wholesalers of rice and bran.

### 33. OTHER SIGNIFICANT AND SUBSEQUENT EVENTS (CONT'D)

- (c) The completion of the share sale agreement is conditional upon the fulfillment of all conditions precedent which include:
- (i) Approval from the shareholders and Board of Directors of OEL;
  - (ii) Approval from the shareholders and Board of Directors of EBNSB; and
  - (iii) Approval from the Foreign Investment Committee ("FIC").
- (d) On 19 July 2002, the Company's wholly-owned subsidiary, Bernas Logistics Sdn. Bhd. ("BLSB"), entered into a conditional Asset Sale Agreement with Chong Fui Shipping & Forwarding Sdn. Bhd. ("CFS") and Inter Fairway Sdn. Bhd. ("Inter Fairway"). The agreement was for the purpose of establishing a joint venture between BLSB and CSF through Inter Fairway .

The Asset Sale Agreement stipulates that CFS will among other assets, sell six vessels and a number of containers to Inter Fairway for a total of RM36,000,000. In consideration, Inter Fairway shall allot and issue 22,000,000 new ordinary shares of RM1.00 each to CFS and shall obtain a financing facility for the amount of RM14,000,000 to be granted in the favour of CFS.

Pursuant to the above, CFS shall renounce its rights over 15,400,000 new ordinary shares in Inter Fairway in favour of BLSB and in consideration BLSB shall pay the amount of RM12,400,000 in cash to CFS and allot and issue 1,071,249 ordinary shares of RM1.00 each in the share capital of BLSB at an issue price of RM2.80 to CFS.

The above exercise would result in BLSB having a 70% interest in Inter Fairway with CFS having the remaining 30% interest. CFS is principally involved in shipping and provision of land transportation and ancillary services and the venture through Inter Fairway was for the purpose of expanding and diversifying BLSB's logistics capabilities.

The Asset Sale Agreement expired on 18 September 2002 and after further discussions and negotiations between BLSB and CFS, the parties mutually agreed to terminate the Asset Sale Agreement.

- (e) On 30 July 2002, the Company's wholly-owned subsidiary, Beras Corporation Sdn. Bhd. ("BCSB") entered into a Memorandum of Agreement ("MoA") with Rastamas Corporation Sdn. Bhd. ("Rastamas") for the purpose of developing two high-tech poultry broiler farms by using Belikmat Sdn. Bhd. ("Belikmat") as the joint venture vehicle.

BCSB will be required to invest RM11,800,000 to start off the above venture. The MoA stipulates that BCSB shall procure the allotment and issue of 1,200,000 new ordinary shares of RM1.00 each in Belikmat to Rastamas in consideration of Rastamas agreeing to provide to Belikmat its expertise, consultation and management of the venture. Concurrently, BCSB shall subscribe for 2,799,998 new ordinary shares of RM1.00 each in Belikmat. This will result in BCSB having 70% effective interest in Belikmat with Rastamas having the remaining 30% interest.

- (f) On 30 July 2002, BCSB entered into a Memorandum of Agreement ("MoA") with Guan On Rice Mill Sdn. Bhd. ("Guan On") for the purpose of carrying on activities involving paddy farming, farm mechanisation services and rice milling by using Bernas Agrogreen Sdn. Bhd. ("Agrogreen") as the joint venture vehicle.

The venture involves the sale of certain assets by Guan On to Agrogreen and the sale of non-related assets and other business by Guan On to BCSB. In consideration of Guan On transferring certain assets to Agrogreen, Agrogreen shall allot and issue 2,450,000 new ordinary shares of RM1.00 each to Guan On.



### 33. OTHER SIGNIFICANT AND SUBSEQUENT EVENTS (CONT'D)

- (f) In consideration of Guan On transferring the other assets and business to BCSB, BCSB shall pay Guan On an amount of RM2,740,000 as cash.

On 27 December 2002, BCSB and Guan On signed a Conditional Business Acquisition Agreement and a Shareholders' Agreement. BCSB's proposed equity interest in Agrogreen is 51% with Guan On having the remaining 49%.

On 25 March 2003, the Foreign Investment Committee had approved the Business Acquisition Agreement between BCSB, Agrogreen and Guan On subject to the condition that Agrogreen maintains at least 30% Bumiputra equity at all times.

- (g) On 24 September 2002, the Company's subsidiary, Consolidated Bernas United Distributors Sdn. Bhd. ("CBUD") acquired 115,043 ordinary shares of RM1.00 each in Machind Realty Sdn. Bhd. ("MRSB") representing 86% equity interest in MRSB for a consideration of approximately RM6,409,000. MRSB is the beneficial owner of a piece of land in Shah Alam ("the said land"). CBUD intends to use the said land for the purposes of building an office cum factory for its activities in the future.

### 34. SUBSIDIARIES AND ASSOCIATES

#### (A) SUBSIDIARIES

Name of Subsidiaries	Effective Interest (%)		Principal Activities
	2002	2001	
<b>Incorporated in Malaysia</b>			
Edaran Beras Nasional Sdn Bhd	100	100	Trader, distributor and supplier of rice
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	25.5	Processing and trading of rice and other groceries
Bernas Food Catering Sdn Bhd	100	100	Dormant
Consolidated Bernas United Distributors Sdn Bhd*	50% + 1 share	50% + 1 share	Rice trading
Machind Realty Sdn. Bhd.*	86	-	Dormant
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 Food (Johor Bahru) Sdn Bhd	51	51	Trader, distributor and supplier of rice
Jasmine Khidmat & Harta Sdn Bhd	51	51	Letting of properties

### 34. SUBSIDIARIES AND ASSOCIATES (CONT'D)

#### (A) SUBSIDIARIES (CONT'D)

Name of Subsidiaries	Effective Interest (%)		Principal Activities
	2002	2001	
<b>Incorporated in Malaysia</b>			
JS Jasmine Sdn Bhd	26	26	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
YHL Holding Sdn Bhd	51	51	Investment holding
YHL Trading (KL) Sdn Bhd	51	51	Trader, distributor and supplier of rice
YHL Trading (Johor) Sdn Bhd	51	51	Trader, distributor and supplier of rice
YHL Trading (Segamat) Sdn. Bhd.	51	51	Trader, distributor and supplier of rice
YHL Trading (Kedah) Sdn Bhd	51	51	Trader, distributor and supplier of rice
YHL Trading (Melaka) Sdn Bhd	51	51	Trader, distributor and supplier of rice
YHL Trading (Terengganu) Sdn Bhd	51	51	Trader, distributor and supplier of rice
YHL (Kuantan) Sdn Bhd	51	51	Dormant
Bernas Production Sdn Bhd	100	100	Processing and trading of rice
Jasmine Rice Mill (Tunjang) Sdn Bhd	51	51	Rice miller and rice trader
Jasmine Rice Products 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
Beras Corporation Sdn Bhd	100	100	Processing and trading of rice
Sazarice Sdn Bhd	68	68	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



### 34. SUBSIDIARIES AND ASSOCIATES (CONT'D)

#### (A) SUBSIDIARIES (CONT'D)

Name of Subsidiaries	Effective Interest (%)		Principal Activities
	2002	2001	
<b>Incorporated in Malaysia</b>			
Bernas Dominals Sdn Bhd	100	100	Investment holding
Bernas Chaff Products Sdn Bhd	51	51	Manufacturing and trading of horse feed
Bernas Logistics Sdn Bhd	100	100	Provision of logistics services
Bernas Engineering & Technology Sdn Bhd	100	100	Provision of engineering and construction services
P.B. Construction & Supplies Sdn Bhd	100	100	Provision of civil and mechanical engineering services
Bernas Realty & Development Sdn Bhd	100	100	Maintenance of business premises and provision of consultancy services
Bernas Overseas (L) Limited	100	100	Offshore investment holding company
Valorlite Resources Sdn Bhd	100	100	Dormant
Bernas Utama Sdn Bhd	100	100	Dormant
Bernas Perdana Sdn Bhd	100	100	Dormant
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
Bernas Agroproduce 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
Bernas Marditech Project Development Sdn Bhd	61	61	Dormant

### 34. SUBSIDIARIES AND ASSOCIATES (CONT'D)

#### (A) SUBSIDIARIES (CONT'D)

Name of Subsidiaries	Effective Interest (%)		Principal Activities
	2002	2001	
<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 Hanafiah Raslan & Mohamad.

#### (B) ASSOCIATES

Name of Associates	Effective Interest (%)		Financial Year End	Principal Activities
	2002	2001		
<b>Incorporated in Malaysia</b>				
Gardenia Bakeries (KL) Sdn Bhd	30	30	31 December	Bread manufacturing and bakery
Bernas Feedstuff Sdn Bhd	49	49	31 December	Manufacturing, and 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	-	30 April	Rice distributor
Ban Heng Bee (1952) Rice Mill Sdn Bhd	20	20	31 December	Rice miller



### 34. SUBSIDIARIES AND ASSOCIATES (CONT'D)

#### (B) ASSOCIATES (CONT'D)

Name of Associates	Effective Interest (%)		Financial Year End	Principal Activities
	2002	2001		
<b>Incorporated in Malaysia</b>				
Serba Wangi Sdn Bhd	52	52	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 JH Sdn Bhd	26.5	26.5	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 Chuan Chan Sdn Bhd	41.6	41.6	31 December	Trader, distributor and supplier of rice
Serba Wangi ML Sdn Bhd	26.5	26.5	31 December	Trader, distributor and supplier of rice
SW Transport Sdn Bhd	52	52	31 December	Provision of transport services
Rasayang Food Industries Sdn Bhd.	50	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 (Pvt) Limited	50	50	30 June	Rice trading

## 35. COMPARATIVES

The presentation and classification of items in the current year have been consistent with the previous financial year except that certain comparative amounts have been adjusted to take into account the effect of the prior year adjustment on the underprovision of tax expense in the previous year as disclosed in Note 29.

## 36. FINANCIAL INSTRUMENTS

### (a) Financial Risk Management Objectives and Policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate, foreign exchange, liquidity and credit risks. The Group operates within clearly defined guidelines that are approved by the Board of Directors and the Group's policy is to not engage in speculative transactions.

### (b) Interest Rate Risk

The Group's primary interest rate risk relates to interest-bearing debt, as the Group had no substantial long-term interest-bearing assets as at 31 December 2002. The investment in financial assets are mainly short term in nature and they are not held for speculative purposes.

The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. The Group actively reviews its debt portfolio, taking into account the investment holding period and nature of its assets. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes.

The information on maturity dates and effective interest rates of financial assets and liabilities are disclosed in their respective notes.

### (c) Foreign Exchange Risk

The Group operates internationally and is exposed to various currencies, mainly United States Dollar, Thai Baht, Pakistan Rupee and Guinee Franc. Foreign currency denominated assets and liabilities together with expected cash flows from highly probable purchases and sales give rise to foreign exchange exposures.

Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

### (d) Liquidity Risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities of a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from financial institutions and prudently balances its portfolio with some short term funding so as to achieve overall cost effectiveness.





## **36. FINANCIAL INSTRUMENTS (CONT'D)**

### **(e) Credit Risk**

Credit risks, or the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored via strictly limiting the Group's associations to business partners with high creditworthiness. Trade receivables are monitored on an ongoing basis via Group management reporting procedures.

The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instruments.

### **(f) Fair Values**

The carrying amounts of cash and bank balances, amounts owing by/to related companies, receivables and payables approximate their fair values.

The nominal/notional amount and net fair value of contingent liabilities (as disclosed in Note 31) are not recognised in the balance sheet as at 31 December 2002 as it is not practicable to make a reliable estimate due to uncertainties of timing, costs and eventual outcome.

## **37. SEGMENT INFORMATION**

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

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



# Analysis of Shareholding

as at 18 April 2003

Authorised Capital : RM1,000,000,001.00  
Issued & Fully Paid Up Capital : RM444,235,001.00 consisting of 444,235,000 ordinary shares of RM1.00 each and 1 Special Rights Redeemable Preference Share of RM1.00.

## Distributions schedules of equity

as at 18 April 2003

Holdings	No. of holders	No. of shares	%
Less than 1,000	254	150,314	0.03
1,000 – 10,000	17,131	52,574,936	11.83
10,001 – 100,000	2,270	56,541,750	12.72
100,001 < 5% of issued shares	186	114,122,001	25.69
5% & above of issued shares	5	220,846,000	49.91

## Category of shareholders of each class

as at 18 April 2003

Category	No. of holders	No. of shares	%
Individual	17,416	98,033,865	22.07
Bank/ Finance Companies	70	23,628,000	5.31
Trusts/Foundation/Charity	113	3,620,000	0.81
Private/Limited Company	315	193,011,750	43.45
Government Agencies/Institution	4	23,851,501	5.37
Nominees	1928	102,089,885	22.98

## Substantial shareholders

as at 18 April 2003

Name	No. of Shares Held		% of Issued Capital
	Direct	Indirect	
1. Budaya Generasi (M) Sdn. Bhd.	121,392,000	*23,437,500	32.61
2. Serba Etika Sdn. Bhd.	30,143,500	**1,465,000	7.11
3. Lembaga Tabung Angkatan Tentera	23,658,000	-	5.33
4. Wang Tak Company Limited	1,295,500	***22,215,000	5.29

### Notes

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

\*\* By virtue of shares held through MIDF Sisma Nominees (Tempatan) Sdn. Bhd.

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



**Directors' shareholding**

as at 18 April 2003

Name of Directors	Direct Holdings		Indirect Holdings	
	No.	%	No.	%
1. Dato' Seri Mohamad Noor bin Abdul Rahim	0	0.00	0	0.00
2. Yahya bin Abu Bakar	69,000	0.02	**24,000	0.00
3. Dato' Mohd Ibrahim bin Mohd Nor	79,500	0.02	* 8,029,357	1.81
4. Abdul Rahim bin Mokti	0	0.00	0	0.00
5. Dato' Abi Musa Asa'ari bin Mohamed Nor	0	0.00	0	0.00
6. Datuk Dr. Sulaiman bin Mahbob	0	0.00	0	0.00
7. Dato' Ahmad Zabri bin Ibrahim	0	0.00	**1,500	0.00
8. YB Mohd Naroden bin Haji Majais	0	0.00	0	0.00
9. Saiful Adnan bin Abdul Majid	0	0.00	0	0.00
10. Abdul Rahman Bin Datuk Haji Dahlan	0	0.00	0	0.00
11. Bukhari bin Mohd Sawi	0	0.00	0	0.00
12. Dohat bin Shafiee	0	0.00	***63,382,824	14.27

\* Held through his substantial shareholding in Simpletech Sdn. Bhd. which holds 5.5555% equity interest in Budaya Generasi (M) Sdn. Bhd. which in turn owns 144,829,500 ordinary shares in BERNAS.

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

\*\*\* Held through his shareholding in Permatang Jaya Sdn. Bhd. which holds 43.89% equity interest in Budaya Generasi (M) Sdn. Bhd. which in turn owns 144,829,500 ordinary shares in BERNAS.

**Top thirty (30) shareholders**

as at 18 April 2003

No.	Shareholders	No. of Share Held	%
1.	Budaya Generasi (M) Sdn. Bhd	121,392,000	27.32
2.	Serba Etika Sdn. Bhd.	30,143,500	6.79
3.	Lembaga Tabung Angkatan Tentera	23,658,000	5.33
4.	Mayban Nominees (Tempatan ) Sdn Bhd Pledged Securities A/c for Budaya Generasi (M) Sdn Bhd	23,437,500	5.28
5.	Cartaban Nominees (Asing) Sdn. Bhd. Credit Suisse Singapore - Wang Tak Company Limited	22,215,000	5.00
6.	Perbadanan Nasional Berhad	16,456,500	3.70
7.	Employees Provident Fund Board	10,984,500	2.47
8.	Lembaga Tabung Haji	3,547,500	0.80
9.	DB (Malaysia) Nominee (Asing) Sdn. Bhd. BNP Paribas Nominees Singapore Pte Ltd for Contend Investments Ltd	3,279,000	0.74
10.	Lembaga Tabung Haji	3,000,000	0.68



No.	Shareholders	No. of Share Held	%
11.	AMMB Nominees (Tempatan) Sdn Bhd Assar Asset Management Sdn Bhd for Tabung Baitulmal	2,895,000	0.65
12.	Universal Trustee (Malaysia) Berhad	2,400,000	0.54
13.	Alliance Group Nominees (Tempatan) Sdn Bhd PHEIM Asset Management Sdn Bhd For Employees Provident Fund	2,379,000	0.54
14.	Yayasan Pok Rafeah Berdaftar	2,250,000	0.51
15.	AMMB Nominees (Tempatan) Sdn Bhd MIDF Aberdeen Asset Management Sdn Bhd for Employees Provident Fund	2,176,500	0.49
16.	PRB Nominees (Tempatan) Sdn Bhd Rubber Industry Smallholders Development Authority	1,977,000	0.45
17.	DB (Malaysia) Nominee (Asing) Sdn Bhd UBS AG Singapore For Pacific Investment Fund	1,680,000	0.38
18.	Amanah Raya Nominees (Tempatan) Sdn Bhd Dana Al-Aiman	1,547,500	0.35
19.	Quarry Lane Sdn. Bhd.	1,500,000	0.34
20.	Mayban Nominees (Tempatan) Sdn. Bhd. Pledged Securities for Lee Keng Hong (188 A)	1,491,000	0.34
21.	MIDF Sisma Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Serba Etika Sdn Bhd	1,465,000	0.33
22.	Lembaga Tabung Haji	1,425,000	0.32
23.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. PHEIM Asset Management Sdn. Bhd. for Employees Provident Fund	1,379,000	0.31
24.	CIMB Nominees (Tempatan) Sdn. Bhd. Economic Planning Unit Approved Investors	1,374,000	0.31
25.	Mayban Nominees (Tempatan) Sdn. Bhd. Mayban Trustees Berhad for Public Ittikal Fund	1,336,000	0.30
26.	MCIS Insurance Berhad	1,322,000	0.30
27.	Wang Tak Company Limited	1,295,500	0.29
28.	BHLB Trustee Berhad	1,218,000	0.27
29.	MCIS Insurance Berhad	1,174,500	0.26
30.	DB (Malaysia) Nominee (Asing) Sdn. Bhd. BNP Paribas Nominees Singapore Pte Ltd for Cablestar Limited	1,125,000	0.25



# List of Landed Properties

as at 31 December 2002

Location	Existing Use	Tenure & Expiry Date	Age of Buildings	Land Area Hectare (ACRE)	Net Book Value as At 31 Dec 2002	Date of 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 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
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



Location	Existing Use	Tenure & Expiry Date	Age of Buildings	Land Area Hectare (ACRE)	Net Book Value as At 31 Dec 2002	Date of Revaluation / Date of Acquisition
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 6/7/2024	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
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



Location	Existing Use	Tenure & Expiry Date	Age of Buildings	Land Area Hectare (ACRE)	Net Book Value as At 31 Dec 2002	Date of Revaluation / Date of Acquisition
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	Rice mill complex	Lease 6/7/2054	1972	2.00 (4.93)	1.00	1996
HS (M) 9/1995, PT 1652 Mukim Kepelu Daerah Kubang Pasu	Rice mill complex	Lease 6/7/2054	1972	0.67 (1.66)	1.00	1996
GM 344, Lot 2190 Mukim Jitra Daerah Kubang Pasu	Rice mill complex	Lease 6/7/2054	1972	1.84 (4.55)	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
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 Langkawi	Vacant land	Lease 6/7/2054	-	2.81 (6.94)	1.00	1996
GM 3043 Lot 3977 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 (5.216)	1.00	1996



Location	Existing Use	Tenure & Expiry Date	Age of Buildings	Land Area Hectare (ACRE)	Net Book Value as At 31 Dec 2002	Date of Revaluation / Date of Acquisition
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 6/7/2017	1983	6.07 (15.00)	1.00	1996
HD (D) 2804, Lot 2908, Mukim Pasir Salak Daerah Perak Tengah (Kom. Sungai Dedap)	Rice mill complex	Lease 6/7/2054	1984	10.01 (26.70)	876,414.52	1996
HS (D) 2805, PT 1796 Mukim Kota Setia Daerah Perak Tengah (Kom. Changkat Lada)	Rice mill complex	Lease 6/7/2054	1993	10.93 (27.00)	855,797.49	1996
HS (D) 2803, PT 1797 Mukim Kota Setia Daerah Perak Tengah (Kom. Sungai Ranggungam)	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 (0.2365)	1.00	1996
EMR 9200, Lot 7228 Mukim Bagan Serai Daerah Kerian	Warehouse	Lease 6/7/2054	1968	0.33 (0.8112)	1.00	1996
Lot 7230, Mukim Bagan Serai, Daerah Kerian	Warehouse	Lease 6/7/2054	1968	0.13 (0.3289)	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 (9.4322)	1.00	1996
Lot 2870, Mukim Durian Sebatang Daerah Hilir Perak	Rice mill complex	Sub-lease 6/7/2054	1931	0.40 1.00	1.00	1996
Lot 2869, Mukim Durian Sebatang Daerah Hilir Perak	Rice mill complex	Sub-lease 6/7/2054	1931	0.38 0.94	1.00	1996
Lot 10088, Mukim Durian Sebatang Daerah Hilir Perak	Rice mill complex	Sub-lease 6/7/2054	1931	4.38 (10.78)	1.00	1996





Location	Existing Use	Tenure & Expiry Date	Age of Buildings	Land Area Hectare (ACRE)	Net Book Value as At 31 Dec 2002	Date of Revaluation / Date of Acquisition
Lot 10089, Mukim Durian Sebatang Daerah Hilir Perak	Rice mill complex	Sub-lease 6/7/2054	1931	0.51 (1.27)	1.00	1996
Lot 10090, Mukim Durian Sebatang Daerah Hilir Perak	Rice mill complex	Sub-lease 6/7/2054	1931	0.20 (0.48)	1.00	1996
CT 10130, Lot 1945 Mukim Parit Buntar Daerah Kerian	Warehouse	Sub-lease 6/7/2054	1931	0.69 (1.7001)	1.00	1996
CT 9473, Lot 130 Mukim Parit Buntar Daerah Kerian	Warehouse	Sub-lease 6/7/2054	1931	0.73 (1.7989)	1.00	1996
CT 3334, Lot 1768 Mukim Parit Buntar Daerah Kerian	Warehouse	Lease 6/7/2054	1931	3.01 (7.42)	1.00	1996
CT 6884, Lot 1944 Mukim Parit Buntar Daerah Kerian	Warehouse	Lease 6/7/2054	1931	0.13 (0.3101)	1.00	1996
CT 6885, Lot 1943 Mukim Parit Buntar Daerah Kerian	Warehouse	Lease 6/7/2054	1931	0.04 (0.0899)	1.00	1996
CT 6246, Lot 1925 Mukim Parit Buntar Daerah Kerian	Warehouse	Lease 6/7/2054	1931	0.51 (1.2701)	1.00	1996
<b>SELANGOR</b>						
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 1/8/2033	1978	3.44 (8.50)	1.00	1996
LM 579, Lot 10775 Mukim Pachang Bedena Daerah Sabak Bernam	Rice mill complex	Lease 19/8/2028	1970	4.16 (10.26)	1.00	1996
QT (M) 469, Lot 811 & 814 Mukim Panchang Bedena Daerah Sabak Bernam	Rice mill complex	Lease 19/8/2028	1970	4.12 (10.19)	1.00	1996
HS (D) 96, PT 810 Mukim Bedena Daerah Sabak Bernam	Rice mill complex	Lease 6/7/2054	1970	2.08 (5.13)	1.00	1996



Location	Existing Use	Tenure & Expiry Date	Age of Buildings	Land Area Hectare (ACRE)	Net Book Value as At 31 Dec 2002	Date of Revaluation / Date of Acquisition
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 (6.35)	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 11/3/2054	1977	2.14 (6.00)	1.00	1996
HS (D) 48624 PTD 22916 Mukim Plentong Daerah Johor Bahru	Warehouse	Lease 31/1/2041	1977	1.14 (2.807)	1.00	1996
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



Location	Existing Use	Tenure & Expiry Date	Age of Buildings	Land Area Hectare (ACRE)	Net Book Value as At 31 Dec 2002	Date of Revaluation / Date of Acquisition
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 29/10/2050	1981	1.60 (3.95)	1.00	1996
HS (D) 3576 PT 4313 Mukim Pahang Tua Daerah Pekan	Padi 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 10/6/2048	1983	1.04 (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
<b>KELANTAN</b>						
GN 13803, Lot 2453 Mukim Peringat Daerah Jajahan Kota Bharu	Rice mill complex	Lease 6/7/2054	1970	1.73 (4.2788)	1.00	1996
GN 13804, Lot 2454 Mukim Peringat Daerah Jajahan Kota Bharu	Rice mill complex	Lease 6/7/2054	1970	2.62 (6.4716)	1.00	1996
GN138205, Lot 2455 Mukim Peringat Daerah Jajahan Kota Bharu	Rice mill complex	Lease 6/7/2054	1970	1.56 (3.8634)	1.00	1996
Pajakan Negeri No. Pendaftaran 1840 Lot 2784, Mukim Peringat Daerah Jajahan Kota Bharu	Rice mill complex	Lease 6/7/2054	1970	1.34 (3.3013)	1.00	1996



Location	Existing Use	Tenure & Expiry Date	Age of Buildings	Land Area Hectare (ACRE)	Net Book Value as At 31 Dec 2002	Date of Revaluation / Date of Acquisition
HS (D) T 1/78, PT 5 Mukim Selehong South Daerah Terbok Jajahan Tumpat	Rice mill complex	Lease 6/7/2054	1970	4.05 (10.051)	1.00	1996
HS (D) P.P. 32/ 85 PT 387, Mukim Pdg Pak Amat Daerah Bt Sebutir Jajahan Pasir Putih	Rice mill complex	Lease 6/7/2054	1978	0.16 (0.4001)	1.00	1996
Pajakan Negeri No. Pendaftaran 660 Lot 1637, Mukim Pdg Pak Amat Daerah Bt. Sebutir 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
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 Jajahan Kota Bharu	Office	Sub-lease 6/7/2054	1994	0.26 (0.63)	1.00	1996
PN 2205, Lot 2052 Mukim Lundang Daerah 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 31/12/2034	1981	3.06 (7.55)	1.00	1996



Location	Existing Use	Tenure & Expiry Date	Age of Buildings	Land Area Hectare (ACRE)	Net Book Value as At 31 Dec 2002	Date of Revaluation / Date of Acquisition
TL 057504613 LA 80050271 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 6/7/2042	1981	0.89 (2.20)	1.00	1996
TL 117506671 LA 80113755 New Wharf Road Daerah Lahat Datu	Warehouse	Sub-lease 6/7/2054	1992	0.77 (1.91)	1.00	1996
TL 027500689 Lot 6628, Papar Daerah Papar	Warehouse	Sub-lease 31/10/2015	1970	0.13 (0.33)	1.00	1996
CL 105398990 LA 82100053 Bt 3 Apas Road Daerah Tawau	Warehouse	Sub-lease 6/7/2054	1981	2.38 (5.87)	1.00	1996
TL 077552731 LA 79072208 Sandakan Daerah Sandakan	Warehouse	Sub-lease 31/12/2042	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	Padi purchasing centre	Sub-lease 6/7/2054	1992	7.55 (18.64)	1.00	1996
<b>SARAWAK</b>						
State Lease Code No. 323/26/1019 Lot 1019 Blok No. 26 Kimena Land District Bintulu Division	Warehouse	Sub-lease 9/5/2051	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 14/7/2047	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 2/1/2036	1979	1.84 (4.54)	1.00	1996



# Corporate Directory

## DISTRIBUTION

- 1. EDARAN BERAS NASIONAL SDN BHD (390534-M)**  
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)**  
44, Jalan Tanming Dua  
Taman Tanming Jaya  
Balakong Light Industrial Area  
43300 Seri Kembangan  
Selangor  
Tel : 03-8961 3193  
Fax : 03-8961 6299
- 4. YHL TRADING (JOHOR) SDN BHD (466865-P)**  
PTD (56994) Lot 2756  
Jalan Kempas Lama  
Batu 8<sup>1</sup>/<sub>2</sub>, 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)**  
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)**  
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)**  
No. 13, 13A, Jalan Maju Barat  
Taman Maju, 83000  
Batu Pahat, Johor  
Tel : 07-434 4999  
Fax : 07-434 7666
- 10. LEE HUP & COMPANY SENDIRIAN BERHAD (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 : 03-3264 7874  
Fax : 03-3264 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. OEL REALTY HOLDINGS SDN BHD (395528-W)**

1, Persiaran Perusahaan Kledang U 1/2  
Kawasan Perindustrian Chandan Raya  
Menglembu  
31450, Ipoh  
Perak  
Tel : 05-282 5555  
Fax : 05-282 4322

**26. 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



**27. 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

**PRODUCTION**

**28. BERNAS PRODUCTION SDN BHD (428934-K)**

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

**29. JASMINE RICE MILL (TUNJANG) SDN BHD (19591-K)**

Batu 18<sup>1</sup>/<sub>2</sub>, Jalan Kodiang  
Mukim Padang Perahu  
Kubang Pasu  
06000 Jitra  
Kedah  
Tel : 04-929 1852  
Fax : 04-929 2708

**30. 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

**31. BERNAS MARDITECH SEED SDN BHD (378559-M)**

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

**32. 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

**EAST MALAYSIA**

**33. 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 : 088-311 510  
Fax : 088-311 522

**34. BELIKMAT SDN BHD (465391-A)**

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Wawasan Plaza  
Coastal Highway  
P.O. Box 13311  
88837 Kota Kinabalu  
Sabah  
Tel : 088-311 510  
Fax : 088-311 522

**35. BERNAS AGROGREEN SDN BHD (475975-X)**

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Wawasan Plaza  
Coastal Highway  
P.O. Box 13311  
88837 Kota Kinabalu  
Sabah  
Tel : 088-311 510  
Fax : 088-311 522

**36. SAZARICE SDN BHD (385374-U)**

Lot 5, Likas Baru  
Batu 5<sup>1</sup>/<sub>2</sub>, Jalan Tuaran  
P.O.Box 579  
88856 Likas  
Kota Kinabalu  
Sabah  
Tel : 088-433 586  
Fax : 088-433 539

**37. DAYABEST SDN BHD (205836-H)**

Lot 2-8-2, Level 7, Wisma San Hin  
Wawasan Plaza  
Coastal Highway  
P.O. Box 13311  
88837 Kota Kinabalu  
Sabah  
Tel : 088-311 510  
Fax : 088-311 522





**38. HASKARICE FOOD SDN BHD (437804-P)**

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

**39. 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

**40. HOCK CHIONG FOODSTUFF SDN BHD (443434-K)**

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

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

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

**42. PADI GEDONG SDN BHD (440504-U)**

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

**OTHER BUSINESS**

**43. BERNAS LOGISTICS SDN BHD (386337-M)**

No. 1, Jalan Magistrate U 1/26  
HICOM Glenmarie Industrial Park  
40150 Shah Alam  
Selangor  
Tel : 03-5569 5135  
Fax : 03-5569 4806

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

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

**45. 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

**46. 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

**47. 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

**48. BERNAS DOMINALS SDN BHD (378561-P)**

Level 19B, C.P Tower  
No. 11, Section 16/11  
Jalan Damansara  
46350 Petaling Jaya  
Selangor  
Tel : 03-7660 4625  
Fax : 03-7660 4658

**49. BERNAS CHAFF PRODUCTS SDN BHD (460936-P)**

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



**50. RASAYANG FOOD INDUSTRIES SDN BHD  
(463722-D)**

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

**51. 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

**52. 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

**53. 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

**54. 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

**55. COSMO RESTAURANT SDN BHD (296009-T)**

No. 2, 2nd Floor  
Jalan Bangsar Utama  
Bangsar Utama  
59000 Kuala Lumpur  
Tel : 03-2287 0800  
Fax : 03-2287 0501

**OVERSEAS OPERATION**

**56. BERNAS OVERSEAS (L) LIMITED (LL01053)**

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

**57. SOCIETE BERNAS DE GUINEE (SOBERGUI)**

Immeuble Safricom  
Carrefour, Constantin  
BP 5371 Conakry  
Republique De Guinee  
West Africa  
Tel : 00-224-464 537  
Fax : 00-224-464 537

**58. BERNAS CHINA CORPORATION (331666)**

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

**59. QAISER NOMAN BERNAS (PVT) LIMITED  
(K07127)**

QNB House, Bahria Complex-1  
Ground Floor  
M.T Khan Road  
Karachi - 74000  
Pakistan  
Tel : 00-9221-561 0132  
Fax : 00-9221-561 0226

**60. ASIAN PENINSULA CORPORATION LTD  
(1292/2540)**

18th Floor, Unit AD, Sethiwan Tower  
139, Pan Road, Silom  
Bangkok  
10500 Thailand  
Tel : 00-662-266 6025 / 266 6028  
Fax : 00-662-266 6029

**61. PENINSULA LOGISTICS COMPANY LIMITED  
(800/2544)**

9th Floor, Unit AD, Sethiwan Tower  
139, Pan Road, Silom  
Bangkok  
10500 Thailand  
Tel : 00-662-266 7250  
Fax : 00-662-266 7257



Number of shares held

## Proxy Form

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 9th Annual General Meeting of the Company to be held at Glenmarie Ballroom, Pan Pacific Glenmarie, 1 Jalan Usahawan U1/8, Section U1, 40250 Shah Alam, Selangor on 26 June 2003 at 10.00 a.m, 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 2002 together with the Reports of the Directors and Auditors thereon. <b>RESOLUTION 1</b>		
2.	To approve the payment of a sum of RM360,000 as Directors' fees for the year ended 31 December 2002. <b>RESOLUTION 2</b>		
3.	To re-elect the following Directors who retire in accordance with the Articles of Association of the Company:-  Article 121 (2) Abdul Rahman Bin Datuk Haji Dahlan <b>RESOLUTION 3</b>  Article 126 Dato' Ahmad Zabri Bin Ibrahim <b>RESOLUTION 4</b> Dohat Bin Shafiee <b>RESOLUTION 5</b> Bukhari Bin Mohd Sawi <b>RESOLUTION 6</b>		
4.	To re-appoint Messrs. Hanafiah Raslan & Mohamad as Auditors and to authorize the Directors to fix their remuneration. <b>RESOLUTION 7</b>		
5.	As special business, to consider and if thought fit, to pass the following ordinary resolution:-  I. Proposed Renewal of Shareholders' Mandate For Recurrent Transactions and Approval For New Recurrent Transactions For BERNAS Group To Enter Into Recurrent Related Party Transaction of a Revenue And Trading Nature. <b>RESOLUTION 8</b>  II. Authority to Directors to Issue Shares Pursuant To Section 132D of the Companies Act, 1965. <b>RESOLUTION 9</b>		

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

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2003.

\_\_\_\_\_  
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.
- A proxy may but need not be a member of the Company.
- Where a member appoints two or more proxies, the appointment shall be invalid unless he specifies the proportions of his holding to be represented by each proxy.
- 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 of Level 19, C.P. 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.

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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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**BERNAS**

**PADIBERAS NASIONAL BERHAD**

(Company No. 295514-U)

## **ERRATA TO THE ANNUAL REPORT 2002**

Please be informed that there are amendments to the Annual Report 2002 as follows:-

### **1. Notice of Annual General Meeting**

- a. Resolution 8 on page 6 of the Annual Report should be deleted and replaced with the following:-

***Proposed Renewal of Shareholders' Mandate For Recurrent Transactions and Approval For New Recurrent Transactions For BERNAS Group To Enter Into Recurrent Related Party Transaction of a Revenue and Trading Nature***

*THAT approval be and is hereby given to the Company and its subsidiaries to enter into and give effect to specified recurrent transactions of a revenue or trading nature and with specified classes of the related parties as stated in Section 2.2.1 of the Circular to Shareholders dated 10 June 2003 which are necessary for the Group's day to day operations subject further to the following:-*

- i. *the transactions are in the ordinary course of business and are on terms not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders;*
- ii. *disclosure shall be made in the annual report of the Company on the breakdown of the aggregate value of the transactions conducted pursuant to the proposed renewal of the shareholders' mandate for the recurrent transactions and approval of the new recurrent transactions as disclosed in Section 2.2.1 of the Circular to Shareholders dated 10 June 2003, during which the shareholders' mandate shall remain in force, amongst others, based on the following information:*
- *The type of recurrent transactions; and*
  - *The names of the related parties involved in each type of recurrent transaction made and their relationship with the Company.*

*AND THAT approval shall continue in force until:-*

- a) *the conclusion of the next annual general meeting of the Company, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;*
- b) *the expiration of the period within which the next annual general meeting after the date it is to be held pursuant to Section 143 (1) of the Companies Act, 1965 ("the Act") (but shall not extend to such extension as may be allowed pursuant to Section 143 (2) of the Act); or*
- c) *revoked or varied by resolution passed by the shareholders in general meeting,*

*whichever is earlier.*

*AND THAT, for avoidance of doubt, all transactions to be entered into by BERNAS Group as disclosed in Section 2.2.1 of the Circular to the Shareholders dated 10 June 2003 for the period from 27 June 2003 until 26 June 2004 be and are hereby approved AND THAT the Directors and/or any one of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution.*

- b. The date of Notice on page 7 of the Annual Report is changed to *10 June 2003*.
- c. The date of the Circular to Shareholders under Note 2 on page 7 of the Annual Report is changed to *10 June 2003*.

**2. Corporate Information (Page 9 of the Annual Report)**

<i>Share Registrar</i>	<i>Panama Resources Sdn Bhd No. 23, Jalan Sri Hartamas 7 Sri Hartamas 50400 Kuala Lumpur</i>
<i>Stock Exchange Listing</i>	<i>Kuala Lumpur Stock Exchange (Main Board) Stock Name : BERNAS Stock Code : 6866</i>

**3. Statement On Internal Control (Page 21 of the Annual Report)**

- a. *'and reviewing'* to be inserted after *'maintaining'* in the first line of the first paragraph.
- b. *'as elaborated in the Corporate Governance Statement from page 17 to 20'* to be inserted after *'Board Committees'* in the first line of the first item in the second paragraph.
- c. *'The reviewing process of the above elements of the Group's internal control system are continuously discussed and deliberated by the Board or its Board Committees to ensure their adequacy and integrity'* to be inserted after the second paragraph.
- d. *'for the whole financial year'* to be inserted after *'Group'* in the second line of the fifth paragraph.
- e. *'The Group's control in its associate companies is through Board of Directors representation in the respective companies'* to be inserted after the last paragraph.

**4. Chairman's Review (Page 26 of the Annual Report)**

First paragraph under the Financial Highlights section:

The BERNAS Group's total revenue for the financial year ended 31 December 2002 increased by *5% to RM1.76 billion* instead of increased by 4% to RM1.75 billion.

The BERNAS Group's profit before taxation for the financial year ended 31 December 2002 declined by *54% to RM59.04 million* instead of declined by 55% to RM57.40 million.

**5. Agreements and Undertakings (Page 32 of the Annual Report)**

The last item under the title should be deleted and replaced with the following:

*On 5 February 2003, three of Budaya Generasi (M) Sdn. Bhd (BGSB) shareholders, had entered into a conditional Share Sale Agreement with Gandingan Bersepadu Sdn. Bhd. in respect of the sale of all their shares totaling 1,100,010 ordinary shares of RM1.00 each equivalent to 55 percent equity interest in BGSB for a total consideration of RM100 million.*



**PADIBERAS NASIONAL BERHAD**  
(Company No. 295514-U)

SECOND ERRATA TO THE ANNUAL REPORT 2002

Please be informed that there are printing errors in the Annual Report 2002 on the following:-

1. **Agenda 3 - Notice of Annual General Meeting (Page 6 of the Annual Report) and Note 1 - Statement Accompanying Notice (Page 8 of the Annual Report)**

Article 121 (2) should be read as Article 110 (2) and Article 126 should be read as Article 115.

2. **Note 21 - Profit from operations (Page 70 of the Annual Report)**

The amount for rental of plant and machinery under the Group for the year 2002 and 2001 should be read as follows:-

	Group	
	2002	2001
	RM'000	RM'000
Rental of plant and machinery	<u>2,880</u>	<u>2,880</u>