

CONTENTS

History	02	Our Vision, Mission and Corporate Values	03
Notice of Annual General Meeting	04		
Notice of Dividend Entitlement and Payment	05		
Statement Accompanying Notice of Annual General Meeting	06		
Corporate Information	07	Board of Directors	08
		Board Committee	12
		Management Committee	12
		Audit Committee Report	13
Statement on Corporate Governance	16	Statement on Internal Control	19
Corporate Structure	21	Financial Highlights	22
Chairman's Statement	24		
CEO's Review	26	Calendar of Events	30
Financial Statements	32		
Analysis of Shareholding	108	List of Landed Properties	111
Corporate Directory	120	Form of Proxy	123

HISTORY

Padiberas Nasional Berhad (BERNAS) came into being with the taking over of Lembaga Padi dan Beras Negara's (LPN) role as the custodian of Malaysian paddy and rice industry when the latter was privatised in January 1996. BERNAS continued to perform an important role in the national paddy and rice industry and also assumed all social and commercial obligation 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 guaranteed minimum price and acting as the buyer of last resort. In return, BERNAS was given the responsibility to be the sole importer of rice into Malaysia till 2010, with the option for renewal for another five years, subject to approval. On 25 August 1997, BERNAS was listed on the Kuala Lumpur Stock Exchange 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 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 by-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 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 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 business, 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 era of globalisation.

OUR VISION, MISSION & CORPORATE VALUES

VISION

Our food products are consumed in every household in Malaysia. We are a Company deeply committed to nourish the nation better. We do this by providing quality food products that create value for our company, our partners and our customers.

MISSION

Value creation by increasing market share, introducing new products and acquiring complementary products. It is our goal to be a market leader in Malaysia. We will be market driven focusing on the following areas:-

- Brand Building
- Product Performance
- Customer service

We will gain competitive advantage by leveraging existing strength, resources and developing new competencies. We will be the best-cost producer and distributor.

CORPORATE VALUES

CHALLENGES

- Improving performances
- Renewing our understanding of our changing business

CONDUCT

- Integrity
- Ethics
- Probity
- Corporate governance / transparency

COMMITMENT

- Value for customers
- Leadership for community & environment
- Teamwork
- Shared purpose with regulators
- Value for shareholders

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE 11th ANNUAL GENERAL MEETING OF PADIBERAS NASIONAL BERHAD ("THE COMPANY") WILL BE HELD AT DEWAN BUNGA TANJUNG, KELAB SHAH ALAM SELANGOR, PERSIARAN ISTANA KAYANGAN, SECTION 13, 40740 SHAH ALAM, SELANGOR DARUL EHSAN ON 21 JUNE 2005 AT 10.00 AM, FOR THE FOLLOWING PURPOSES:

To receive and adopt the Audited Accounts for the financial year ended 31 December 2004 together with the Report of the Directors and Auditors thereon. *RESOLUTION 1*

To approve the payment of a final dividend of 3.5% tax exempt for the financial year ended 31 December 2004. *RESOLUTION 2*

To approve the payment of a sum of RM402,500 as Directors' fees for the financial year ended 31 December 2004. *RESOLUTION 3*

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

Article 115

Abdul Rahman Bin Datuk Haji Dahlan

RESOLUTION 4

Dohat Bin Shafie

RESOLUTION 5

Dato' Bukhari Bin Mohd Sawi

RESOLUTION 6

To re-appoint Messrs Hanafiah Raslan & Mohamad as Auditors and to authorise the Directors to fix their remuneration. *RESOLUTION 7*

As special business, to consider and if thought fit, to pass the following ordinary resolutions:-

I. Proposed Renewal of Shareholders' Mandate And Approval For New Recurrent Transactions For The BERNAS Group To Enter Into Recurrent Related Party Transactions of a Revenue or Trading Nature

THAT approval be and is hereby given to the Company and its subsidiaries to enter into and give effect to specified recurrent related party 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 27 May 2005 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 related party transactions and approval of the new recurrent related party transactions as disclosed in Section 2.2.1 of the Circular to Shareholders dated 27 May 2005, during which the shareholders' mandate shall remain in force, amongst others, based on the following information:
 - The type of recurrent related party transactions; and
 - The names of the related parties involved in each type of recurrent related party transaction entered into 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 the 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 27 May 2005 for the period from 22 June 2005 until 21 June 2006 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.

RESOLUTION 8

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

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 Bursa Malaysia Securities Berhad.

RESOLUTION 9

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

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN THAT, SUBJECT TO THE APPROVAL OF THE SHAREHOLDERS AT THE 11th ANNUAL GENERAL MEETING, A FINAL DIVIDEND OF 3.5% TAX EXEMPT WILL BE PAYABLE ON 31 JULY 2005 TO DEPOSITORS REGISTERED IN THE RECORDS OF DEPOSITORS AT THE CLOSE OF BUSINESS ON 2 JULY 2005

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

- Shares transferred into the Depositors' Securities Account before 4.00 pm on 2 July 2005 in respect of ordinary transfers.
- Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

By Order of the Board

AZLINA BINTI HASAN BASHRI (LS008142)

Company Secretary

Petaling Jaya

27 May 2005

NOTES :

1. Proxy

- *A member of the Company is entitled to appoint a proxy to attend and vote in his stead and a proxy may but need not be a member of the Company.*
- *Where a member appoints two proxies, the appointment shall be invalid unless he specifies the proportion of his holdings to be presented by each proxy.*
- *Where a member of the Company is an authorised nominee as defined under the Central Depositories Act, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to credit of the said securities account.*
- *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, CP Tower, No 11, Section 16/11, Jalan Damansara, 46350 Petaling Jaya Selangor not less than forty eight (48) hours before the time for holding the meeting or any adjournment thereof.*

2. Explanatory Note On Special Business

- *Ordinary Resolution 8 - This general mandate will permit the BERNAS Group to enter into specified recurrent related party 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 27 May 2005 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.*
- *Ordinary Resolution 9 - This authorisation 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

PURSUANT TO PARAGRAPH 8.28(2) OF THE LISTING REQUIREMENT OF BURSA MALAYSIA SECURITIES BERHAD

1. Directors standing for re-election at the 11th Annual General Meeting of the Company

Directors retiring pursuant to Article 115 of the Articles of Association:-
(Retirement by Rotation)

- i. Abdul Rahman Bin Datuk Haji Dahlan
- ii. Dohat Bin Shafiee
- iii. Dato' Bukhari Bin Mohd Sawi

The details of the Directors seeking re-election are set out on page 8 to 11 of this Annual Report.

2. Details of Board of Directors Meeting

There were eight meetings held during the financial year ended 31 December 2004 as follows:-

Date	Time	Venue
6 January 2004	9.30 am	Petaling Jaya
25 February 2004	9.30 am	Petaling Jaya
23 April 2004	3.00 pm	Petaling Jaya
25 May 2004	3.00 pm	Petaling Jaya
21 June 2004	3.00 pm	Petaling Jaya
17 August 2004	2.30 pm	Petaling Jaya
25 August 2004	9.30 am	Petaling Jaya
30 November 2004	3.00 pm	Petaling Jaya

Details of the attendance of the Directors are set out on page 16 of this Annual Report

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
Toll Free Line : 1-800-18-1128
Website: www.bernas.com.my

PRINCIPAL BANKERS

RHB Bank Berhad
Affin Bank Berhad
Standard Chartered Bank Malaysia Berhad
Malayan Banking Berhad
Bank Islam (M) Berhad
Bumiputra Commerce Bank Berhad
Bank Muamalat (M) Berhad

COMPANY SECRETARY

Azlina Binti Hasan Bashri (LS008142)

AUDITORS

Messrs Hanafiah Raslan & Mohamad
Chartered Accountants
Level 23A, Menara Milenium
Jalan Damanlela, Pusat Bandar Damansara
Bukit Damansara, 50490 Kuala Lumpur

SHARE REGISTRAR

Shareworks Sdn Bhd (229948-U)
No 23, Jalan Sri Hartamas 7
Sri Hartamas
50400 Kuala Lumpur
Tel : 03 – 6201 1120
Fax : 03 – 6201 3121

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad (Main Board)
Stock Name : BERNAS
Stock Code : 6866

BOARD OF DIRECTORS

Datuk Mohd Hashim Bin Hassan

Chairman
Independent Non-Executive Director
Chairman of Audit Committee
Member of Nomination Committee
Member of Finance Committee
Member of Tender Committee

Age	60
Nationality	Malaysian
Qualification	<ul style="list-style-type: none"> ■ B.Agr Sc (Hons), University Malaya ■ M.Sc (Food Science), Michigan State University, USA ■ MBA, Ohio University, USA
Experience	<ul style="list-style-type: none"> ■ Food Technologist, Ministry of Agriculture (1970-1975) ■ Senior Food Technologist, MARDI (1975-1979) ■ Group Manager Research & Development, FIMA (1979-1980) ■ Director & Senior Research Officer, Project Development Division, MARDI (1980-1981) ■ Director & Senior Research Officer, Food Technology Division, MARDI (1981-1985) ■ Manager, Harrison Malaysia Plantation Berhad (1985) ■ General Manager, Kumpulan FIMA Berhad (1985-1990) ■ Group Technical Director, Executive Director, Fima Metal Box Bhd (1990-1992) ■ Executive Director, Gula Padang Terap Berhad (1992-1993) ■ CEO, Kedah State Development Corporation (1993-1996) ■ Managing Director, Kulim Technology Park Corp (1994-1996) ■ Executive Chairman, Bina Darulaman Berhad (1994-1997) ■ Putrajaya Holdings Sdn Bhd: Director/CEO (1996-2002), Deputy Chairman (2002-2003), Chairman (2003-July 2004)
Other Directorships Of Public Companies	<ul style="list-style-type: none"> ■ Director, Lebar Daun Berhad ■ Director, Bank Kerjasama Rakyat Malaysia Berhad
Appointed to the Board	13 October 2003
Attendance for Board meetings	8/8

Dato' Abdul Rahim Bin Mokti

Non-Independent Non-Executive Director
Member of Audit Committee
Appointed by Special Shareholder

Age	55
Nationality	Malaysian
Qualification	<ul style="list-style-type: none"> ■ Bachelor of Economics (Hons), University Malaya
Profession	Deputy Secretary General (System & Control), Ministry of Finance
Experience	<ul style="list-style-type: none"> ■ Malaysian Trade Commissioner in Paris (1978), followed by Milan and Saudi Arabia ■ Served in Federal Treasury
Other Directorships of Public Companies	<ul style="list-style-type: none"> ■ Penerbangan Malaysia Berhad ■ Bintulu Port Holdings Berhad ■ Penang Port Holdings Berhad ■ Tenaga Nasional Berhad ■ Pengurusan Danaharta Nasional Berhad
Appointed to the Board	29 February 2001
Attendance for Board meetings	2/8

Dato' Sri Abi Musa Asa'ari Bin Mohamed Nor

Non-Independent Non-Executive Director
Appointed by Special Shareholder

Age	56
Nationality	Malaysian
Qualification	<ul style="list-style-type: none"> ■ Bachelor of Economics (Hons), University Malaya ■ MBA, University of Birmingham, UK
Profession	Secretary General, Ministry of Agriculture and Agro-Based Industry
Experience	<ul style="list-style-type: none"> ■ Deputy Director, Administration & Finance, National Bureau of Investigation (1977-1979) ■ Programme Coordinator, Public Industry, INTAN (1980-1985) ■ Deputy Director, Petroleum Development Division, Prime Minister's Department (1988-1991) ■ Deputy Director, Establishment, Public Service Department (1991-1995) ■ Deputy Director, Budget Division, Treasury of Malaysia (1995-1998) ■ Director General of FAMA (1998-2000)
Other Directorships of Public Companies	None
Appointed to the Board	10 April 2001
Attendance for Board meetings	3/8

Dato' Bukhari Bin Mohd Sawi

Non-Independent Non-Executive Director
Member of Remuneration Committee

Age	54
Nationality	Malaysian
Qualification	<ul style="list-style-type: none">■ Bachelor of Arts in History, University Malaya■ MBA, Universiti Kebangsaan Malaysia
Profession	General Manager, Pertubuhan Peladang Kebangsaan (NAFAS)
Experience	<ul style="list-style-type: none">■ Assessment Officer, Inland Revenue Department■ Senior Manager, NAFAS■ State Director, Lembaga Pertubuhan Peladang Pahang (1987)
Other Directorships of Public Companies	None
Appointed to the Board	26 April 1996
Attendance for Board meetings	7/8

Abdul Rahman Bin Datuk Haji Dahlan

Independent Non-Executive Director

Age	40
Nationality	Malaysian
Qualification	Bachelor in Economics and Management, Sonoma State University (SSU), California State University System, Rohnert Park, California, USA
Profession	<ul style="list-style-type: none">■ Secretary to UMNO Youth Malaysia■ Managing Director of H.R.P.M Consulting (M) Sdn Bhd
Experience	<ul style="list-style-type: none">■ Business Development Officer, Ace Averberg Sdn Bhd■ General Manager, Ace Commercial Enterprise Sdn Bhd
Other Directorships of Public Companies	None
Appointed to the Board	15 October 2002
Attendance for Board meetings	7/8

YB Haji Mohd Naroden Bin Haji Majais

Independent Non-Executive Director
Member of Audit Committee
Member of Nomination Committee

Age	52
Nationality	Malaysian
Qualification	<ul style="list-style-type: none">■ Bachelor of Arts, University of New England, Australia■ MBA, University of Ohio, USA
Profession	<ul style="list-style-type: none">■ Assistant Minister in the Chief Minister's Office (Bumiputera Entrepreneur Development) and Assistant Minister of Sarawak Land Development
Experience	<ul style="list-style-type: none">■ Deputy State Election Officer, State Election Commission (1980-1983)■ Chairman/Managing Director of PPES Bena Sdn Bhd (1988-1992)■ Senior Project Officer, Property Development Division, SEDC (1989-1990)■ Chairman, Borneo Development Corporation Sdn Bhd (2003-Present)
Other Directorships of Public Companies	None
Appointed to the Board	19 May 2000
Attendance for Board meetings	5/8

Dato' Syed Fahkri Barakbah Bin Tun Syed Sheh Barakbah

Independent Non-Executive Director
Chairman of Finance Committee
Member of Audit Committee

Age	58
Nationality	Malaysian
Qualification	<ul style="list-style-type: none">■ Bachelor of Economics (Hons), University Malaya■ Fellow of the Institute of Chartered Accountants in England and Wales (Qualified with Peat Marwick Mitchell & Co London)
Profession	Company Director
Experience	<ul style="list-style-type: none">■ Group Finance Director, Golden Hope Plantations Berhad (1988-1993)■ Group Finance Director, Sime Darby Berhad (1993-1998)■ Vice President (Finance) of TNB (1998-2002)■ Financial Advisor to President/CEO of TNB (2002-2004)
Other Directorships of Public Companies	<ul style="list-style-type: none">■ Tradewinds Corporation Berhad (formerly known as PERNAS International Holdings Berhad)
Appointed to the Board	13 October 2003
Attendance for Board meetings	7/8

Dohat Bin Shafiee

Independent Non-Executive Director
Member of Tender Committee

Age	61
Nationality	Malaysian
Profession	Director of Yayasan Basmi Kemiskinan Negeri Perlis
Experience	<ul style="list-style-type: none">■ Supervisor of the Primary School Unit, Perlis Education Department■ Malaysian Students Officer, Brighton, UK
Other Directorships of Public Companies	None
Appointed to the Board	29 February 1996
Attendance for Board meetings	8/8

Datuk Azizan Bin Ayob

Non-Independent Non-Executive Director
Chairman of Nomination Committee
Chairman of Remuneration Committee
Chairman of Tender Committee
Member of Finance Committee

Age	59
Nationality	Malaysian
Qualification	<ul style="list-style-type: none">■ Bachelor of Arts (Hons) in Economy, University Malaya■ Master in Public Administration, University of Southern California, USA
Profession	Managing Director, Puncak Semangat Technology Sdn Bhd and Executive Director, Commerce Dot Com Sdn Bhd
Experience	<ul style="list-style-type: none">■ Administrative & Diplomatic Officer, National Unity Dept (1971)■ Administrative Officer, Veterinary Department, Ministry of Land and Agriculture (1971)■ Principal Assistant Director, Administrative & Finance (1974); Service Division (1977), Public Services Dept■ Deputy Director, Service Division, Public Services Dept (1982)■ Deputy Director, Training & Career Development Division, Public Services Dept (1985)■ Deputy Director General, Local Government Dept, Ministry of Housing and Local Government (1991)■ Director General, National Registration Dept of Malaysia (1997-2003)

Other Directorships of Public Companies None

Appointed to the Board 30 September 2003

Attendance for Board meetings 7/8

Saiful Adnan Bin Abdul Majid

Independent Non-Executive Director

Age	41
Nationality	Malaysian
Qualification	<ul style="list-style-type: none">■ Bachelor of Economics (Hons), University of Kent, England■ Malaysian Institute of Certified Public Accountants (MICPA)
Profession	Financial Consultant
Experience	<ul style="list-style-type: none">■ Public Accountant, Arthur Anderson
Other Directorships of Public Companies	None
Appointed to the Board	29 March 2002
Attendance for Board meetings	8/8

Dato' Siti Balkish Binti Shariff

Alternate Director to Dato' Sri Abi Musa Asa'ari bin Mohamed Nor

Age	55
Nationality	Malaysian
Qualification	<ul style="list-style-type: none">■ Bachelor of Economics (Hons), University Malaya■ Master of Business Administration, American University, Washington D.C
Profession	Deputy Secretary General (Development), Ministry of Agriculture and Agro-Based Industry
Experience	<ul style="list-style-type: none">■ Assistant Director, Finance & Communication, ICU (1973-1979)■ Principal Assistant Director, Agriculture Sector, EPU (1980-1988)■ Deputy State Secretary and Director of Penang Economic Planning Unit (1990-1999)■ General Manager, Penang Development Corporation (1999-2003)■ Deputy Secretary General (Development), MoA (1 June 2003 - Present)
Other Directorships of Public Companies	None
Appointed to the Board	29 July 2003

Normi Binti Nordin

Alternate Director to Dato' Abdul Rahim bin Mokti
Member of Finance Committee

Age	47
Nationality	Malaysian
Qualification	<ul style="list-style-type: none">■ B.Soc.Sc. (Hons) Economy, Universiti Sains Malaysia■ MBA, Finance, Oklahoma City University, USA
Profession	Principal Assistant Secretary of Minister of Finance (Incorporated) Companies, Privatisation and Public Enterprises Unit, Ministry of Finance
Experience	<ul style="list-style-type: none">■ Assistant Director, Ministry of Trade and Industry■ Assistant Secretary, Ministry of Public Enterprises■ Assistant Director, Implementation and Coordination Unit, Prime Minister's Department■ Principal Assistant Secretary, Ministry of Rural Development
Other Directorships of Public Companies	None
Appointed to the Board	13 October 2003
Attendance for Board meetings	4/8

Save as disclosed, none of the Directors has:-

- 1 Any family relationship with any other Directors and/or major shareholders;
- 2 Any conflict of interest with the Company; and
- 3 Any conviction for offences within the past ten (10) years other than traffic offences.

RESIGNATION:

Datuk Dr.Sulaiman Bin Mahbob resigned on 20 August 2004

BOARD COMMITTEE

Audit Committee

Chairman: Datuk Mohd Hashim Bin Hassan
Members: YB Haji Mohd Naroden Bin Haji Majais
Dato' Syed Fakhri Barakbah Bin Tun Syed Sheh Barakbah
Dato' Abdul Rahim Bin Mokti

Nomination Committee

Chairman: Datuk Azizan Bin Ayob
Members: Datuk Mohd Hashim Bin Hassan
YB Haji Mohd Naroden Bin Haji Majais

Remuneration Committee

Chairman: Datuk Azizan Bin Ayob
Members: Dato' Bukhari Bin Mohd Sawi

Finance Committee

Chairman: Dato' Syed Fakhri Barakbah Bin Tun Syed Sheh Barakbah
Members: Datuk Mohd Hashim Bin Hassan
Datuk Azizan Bin Ayob
Normi Binti Nordin

Tender Committee

Chairman: Datuk Azizan Bin Ayob
Members: Datuk Mohd Hashim Bin Hassan
Dohat Bin Shafiee

MANAGEMENT COMMITTEE

Ahmad Fuad Bin Abdul Wahab
Chief Executive Officer

Hamim Bin Yusuf
Chief Operating Officer

Mohd Nazri Bin Md Shariff
Chief Financial Officer

Haji Zainuri Bin Kurmain
Head, Domestic Rice Operation Division (Production)

Jenny Yow Ngan Chee
Head, Finance Division

Abd Rahim Bin Ahmad
Head, Human Resource & Administration Division

Wan Razif Bin Wan Musa
Head, Marketing & Distribution Division

Mohd Khusaini Bin Haji Harumaini
Head, Risk Management Department

Mohd Roslan Bin Bani Amin
Head, Entrepreneur Development Department

Haji Abdul Kadir Bin Haji Abdullah
Regional General Manager, Sabah

Mohammed Kamaluddin Bin Mohd Effendie
Regional General Manager, Sarawak

Asiah Binti Alimuda
Head, Domestic Rice Operation Division
(Financial Management & Scheme)

Normala Binti Hassan
Head, Internal Audit Department

Azlina Binti Hasan Bashri
Company Secretary

AUDIT COMMITTEE REPORT

MEMBERSHIP

The present members of the Audit Committee (the "Committee") comprise:

Datuk Mohd Hashim Bin Hassan

(Chairman, Independent Non-Executive Director)

Dato' Syed Fahkri Barakbah Bin Tun Syed Sheh Barakbah

(Independent Non-Executive Director)

YB Haji Mohd Naroden Bin Haji Majais

(Independent Non-Executive Director)

Dato' Abdul Rahim Bin Mokti

(Non-Independent Non-Executive Director)

TERMS OF REFERENCE

Objective of the Audit Committee

The primary objective of the Audit Committee is to assist the Board of Directors in fulfilling the following oversight objectives on the Group activities:

- Oversee the financial reporting and associated announcements
- Evaluate the internal and external audit processes
- Assess the adequacy and effectiveness of the Group's control environment and risk management processes in compliance with The Combined Code of Principles of Good Governance and Code of Best Practice.

Composition

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

Quorum and Committee's Procedures

Meetings shall be conducted at least four (4) times annually, each meeting planned to coincide with key dates in the Company's financial reporting cycle, or more frequently as circumstances dictate.

The Company Secretary shall be appointed as Secretary of the Committee. The Secretary, in conjunction with the Chairman, shall draw up an agenda, which shall be circulated together with the relevant support papers, at least one (1) week prior to each meeting to the members of the Committee.

The Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Head of Internal Audit and a representative of the external auditors shall normally attend meetings. The Committee may, as and when deemed necessary, invite other senior management members to attend the meetings.

The Committee shall regulate the manner of proceedings of its meetings, having regard to normal conventions on such matter.

Authority

The Committee is authorised to seek any information it requires from any employee of the Group and all employees are directed to cooperate with any request made by the Committee.

The Committee shall have full and unlimited access to any information pertaining to the Group.

The Committee shall have direct communication channels with the internal and external auditors, and with the management of the Group, and shall be able to convene meetings with the external auditors whenever deemed necessary.

The Committee shall have the resources that are required to perform its duties. The Committee can obtain, at the expense of the Company, external legal or other independent professional advice it considers necessary.

Responsibilities and Duties

In fulfilling its primary objectives, the Committee shall undertake the following responsibilities and duties:

Risk management and internal control

- Review the adequacy and effectiveness of risk management, internal control and governance system of the Group.
- Review and recommend to the Board of Directors the Corporate Governance Statement and Statement on Internal Control in relation to internal control and the management of the risk included in the Annual Report.

Financial Reporting

- Review and discuss with management and the independent auditors the quarterly results and the year end financial statements of the Company and consolidated financial statements of the Group including disclosure made in the accounts and the auditors' review of the statement prior to the approval by the Board, focusing particularly on:
 - Change in or implementation of major accounting policies and practices
 - Significant adjustments or unusual events
 - Compliance with accounting standards and other legal requirements
- Review the financial reporting procedures in place to ensure that the Group is in compliance with the Companies Act 1965, Bursa Malaysia Listing Requirements and other legislative and reporting requirements.

Audit Process

- Review the adequacy of the functions and resources of the Internal Audit Department; and approve on the internal audit scope and plan of work with the necessary authority to carry out its duties.
- Review on annual basis the performance of the internal audit function.
- Oversee all matters relating to external audit including the appointment, performance, audit fee and dismissals before making recommendation to the Board.
- Review the internal and external audit reports to evaluate the findings of their work and to ensure that the appropriate and prompt remedial action is taken by management on major deficiencies in controls or procedures that are identified.
- Review the assistance and cooperation given by the Company's officers to the external and internal auditors.

Other Responsibilities and Duties

- Review any related party transaction that may arise within the Company or the Group; and
- Undertake such other responsibilities as the Committee and the Board may think appropriate.

ATTENDANCE AT MEETINGS

During the financial year ended 31 December 2004, the Audit Committee held a total of seven (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 follows:-

<i>Name Of Directors</i>	<i>No. Of Meetings Attended</i>
Datuk Mohd Hashim Bin Hassan [^]	5/5
Dato' Syed Fahkri Barakbah Bin Tun Syed Sheh Barakbah [^]	5/5
YB Haji Mohd Naroden Bin Haji Majais	4/7
Dato' Abdul Rahim Bin Mokti *	1/7
Saiful Adnan Bin Abdul Majid**	2/2

[^] Datuk Mohd Hashim was appointed as Chairman of the Audit Committee on 24 May 2004 and Dato' Syed Fahkri was appointed as a member on the same date.

* Director appointed by Special Shareholder.

** Saiful Adnan resigned as member on 24 May 2004.

SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR

The main activities undertaken by the Committee during the financial year were as follows:

1. Assisted 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 time frames for the audit of the financial statements.
3. Kept under review the effectiveness of internal control system within the group and determined the state of Internal Control and Corporate Governance within the group.
4. Reviewed the management reports and external audit reports and discussed any problems and reservations arising thereon.
5. Reviewed the internal audit plan, methodology, functions and resources and advised on the appointment of internal audit services.
6. Reviewed major findings on internal audit reports and management response and promoted coordination between internal auditors and all relevant parties for effective and efficient audit.
7. Reviewed 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 Department in maintaining a sound system of internal controls to provide reasonable assurance against any irregularities arising from the daily operational activities.

The Internal Audit Department responsibilities are to give an independent, objective assurance and consulting activity designed to add value and improve the organisation's operations. Internal audit reviews the internal controls within the key activities of the Group's businesses on the basis of an internal audit strategy and detailed annual internal audit plan presented to the Audit Committee for approval.

The internal audit function adopts a risk-based approach and prepares its audit strategy and plan based on the risk profiles of the business units of the Group. It helps the Company and the 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's 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's resources are being utilised 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 programmes.
 - 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 the 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 Department undertakes the internal audit function based on the approved audit plan, which is continuously reviewed and updated upon the changing nature of the Group's operations. The internal audit reports prepared by the Department are deliberated by the Audit Committee of the Board and recommendations made are acted upon by the Management.

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors of Padiberas Nasional Berhad ("the Board") is committed in ensuring that the Group practices a good corporate governance in conducting the Group affairs with full transparency, integrity and professionalism towards enhancing business prosperity and corporate accountability with the ultimate objective to safeguard the interest of all stakeholders.

The Board is pleased to provide the following statement, which outlines the report on the compliance of the Group that was in place throughout the financial year.

A. DIRECTORS

The Board retains full and effective control of the Company. The Board is responsible on the Company's overall objective, policies and stewardship of the Company's resources. Key matters such as annual and quarterly results, material acquisition and disposals, as well as major capital expenditure and budgets are reserved for the Board.

The roles of Chairman and Chief Executive Officer are clearly defined in their individual position description. The Chairman is primarily responsible for the orderly conduct and working of the Board.

The Chief Executive Officer is responsible with the overall operation of business on a day-to-day basis as well as the implementation of Company's policies and procedures. The Management Committee Meeting, which is attended by the divisions' heads and senior management, provides an avenue for the Chief Executive Officer to keep abreast of operational matters.

As at date of this statement, the Board consists of ten (10) members; comprising six (6) Independent Non-Executive Directors (including the Chairman) and four (4) Non-Executive Directors. The profiles of each Director is presented on page 8 to 11 of this Annual Report.

The Board ordinarily meets at least four (4) times a year at quarterly intervals with additional meetings convened when important decisions need to be made between the scheduled meetings. During the financial year ended 31 December 2004, the Board met on eight (8) occasions, where it deliberated upon and considered variety of matters such as the Group's financial results, material acquisition and disposal and the five (5) years business plan and direction of the Company.

Details of each Director's meeting attendance during the financial year are as follows:-

Directors	No of Meetings Attended
Datuk Mohd Hashim Bin Hassan	8/8
Datuk Azizan Bin Ayob	7/8
Dato' Syed Fakhri Barakbah Bin Tun Syed Sheh Barakbah	7/8
Dato' Sri Abi Musa Asa'ari Bin Mohamed Nor*	3/8
Dato' Abdul Rahim Bin Mokti*	2/8
YB Haji Mohd Naroden Bin Haji Majais	5/8
Abdul Rahman Bin Datuk Haji Dahlan	7/8
Saiful Adnan Bin Abdul Majid	8/8
Dohat Bin Shafiee	8/8
Dato' Bukhari Bin Mohd Sawi	7/8
Normi Binti Nordin (<i>Alternate Director to Dato' Abdul Rahim Bin Mokti</i>)	4/8
Dato' Seri Mohamad Noor Bin Abdul Rahim (<i>Resigned as Chairman on 1 March 2004</i>)	2/2
Datuk Dr. Sulaiman Bin Mahbob (<i>Resigned as Director on 20 August 2004</i>)	4/6

* Appointed by Special Shareholder

The Board is satisfied that the current Board composition fairly reflects the interest of minority shareholders in the Company.

Supply of Information

All Directors have unrestricted access to any information pertaining to the Company.

The Directors are provided with an agenda and a full set of Board papers in advance of each Board meeting. This ensures that the Directors have sufficient time to understand and appreciate each issue to be deliberated at the Board meeting and expedites decision-making process.

In discharging their duties, Directors have unhindered access to the advice and services of the Company Secretary.

Board Committees

The Board has delegated certain responsibilities to the Board Committees, which operate within clearly defined terms of reference. The Committees deliberate the proposals in depth before any recommendation being put up to the Board. The Board Committees are:-

- i. Audit Committee (refer to page 13 to 15 of this Annual Report for the full report);
- ii. Nomination Committee;
- iii. Remuneration Committee;
- iv. Finance Committee; and
- v. Tender Committee.

Directors' Training

All of the Directors have attended and completed the Mandatory Accreditation Programme (MAP) conducted by Bursa Malaysia Securities Berhad. The Directors also attended the Continuing Education Programme to keep abreast with corporate regulatory affairs.

Apart from training, site visits and presentation are also conducted as and when required.

Re-election

In accordance with the Company's Articles of Association, one third of the Board or if their member is not a multiple of three (3), the number nearest to, but not exceeding one third 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 (3) years.

These retiring Directors shall be eligible for re-election. Newly appointed Directors shall hold office until the next Annual General Meeting and shall be eligible for re-election. The election of each Director is voted separately.

B. DIRECTORS' REMUNERATION

The Remuneration Committee is responsible for recommending to the Board the remuneration framework for Directors as well as the remuneration packages of Directors, which include the Directors' fees and meeting attendance fees.

In addition, the Company reimburses reasonable expenses incurred by the Directors in the course of their duties as directors. Non-Executive Directors are paid attendance fees for each Board or Committee meeting they attended.

Details of the Directors' remuneration which include Directors' fees and meeting attendance fees for the financial year ended 31 December 2004 are as follows:-

Directors	Remuneration (RM)
Non-Executive	
Datuk Mohd Hashim Bin Hassan	126,000
Datuk Azizan Bin Ayob	45,400
Dato' Syed Fakhri Barakbah Bin Tun Syed Sheh Barakbah	47,500
Dato' Sri Abi Musa Asa'ari Bin Mohamed Nor*	32,000
Dato' Abdul Rahim Bin Mokti*	32,500
YB Haji Mohd Naroden Bin Haji Majais	38,100
Abdul Rahman Bin Datuk Haji Dahlan	34,000
Saiful Adnan Bin Abdul Majid	35,700
Dohat Bin Shafiee	36,500
Dato' Bukhari Bin Mohd Sawi	34,000
Normi Binti Nordin (<i>Alternate Director to Dato' Abdul Rahim Bin Mokti</i>)	13,600
Dato' Seri Mohamad Noor Bin Abdul Rahim (<i>Resigned as Chairman on 1 March 2004</i>)	11,600
Datuk Dr. Sulaiman Bin Mahbob (<i>Resigned as Director on 20 August 2004</i>)	19,500
	<hr/>
	506,400

* *Appointed by Special Shareholder*

C. SHAREHOLDERS

The Company acknowledges the importance of communication channel between the Board, shareholders and other stakeholders. The annual reports, quarterly financial results, press release and corporate announcements are the primary modes of disseminating information on the Group's performance and operation.

It has been the Company's practice to send the Notice of Annual General Meeting ("AGM") and related papers to shareholders at least twenty-one (21) days before the meeting. 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 aims to provide and present a balanced and meaningful assessment of the Group's financial performance and prospects, primarily through the annual financial statements, quarterly announcement of results to shareholders as well as the Chairman's statement and review of operations in the annual report. The Board is assisted by the Audit Committee and Finance Committee to oversee the Group's financial reporting processes and the quality of its financial reporting to ensure accuracy, adequacy and completeness.

Directors' Responsibility Statement in Respect of the Preparation of the Audited Financial Statements

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

Statement on Internal Controls

The Statement on Internal Controls is enclosed in page 19 to 20 of this Annual Report.

Relationship with the Auditors

The Board through the establishment of Audit Committee maintains a formal and transparent arrangement with the Company's Auditors. The external auditors independently report their conclusions and recommendation to the Audit Committee and from time to time, bring to the attention, of any significant deficiency in the Group's system of control.

Additional Compliance Information

Apart from the overview of the state of corporate governance in the Company, the following additional information is provided:

- (i) **Utilisation Of Proceeds Raised From Any Corporate Proposal**
There were no utilisation of proceeds raised from any corporate proposal announced at the date of this report.
- (ii) **Share Buyback**
During the financial year, there were no share buybacks by the Company.
- (iii) **Options, Warrants or Convertible Securities**
A total of 19,107,500 options were exercised during the financial year in respect of Company's ESOS Scheme.
- (iv) **American Depository Receipt (ADR) or Global Depository Receipt (GDR) programme**
During the financial year, no such programme sponsored by the Company.
- (v) **Imposition of sanctions/penalties**
There was no imposition of sanctions/penalties imposed on the Company and its subsidiaries, Directors or Management by the regulatory bodies during the financial year.
- (vi) **Non-audit fees**
During the financial year, non-audit fees paid to Auditors by the Company and its subsidiaries amounted to RM271,000.00.
- (vii) **Profit estimate, forecast or projection**
The Company did not release any profit estimate, forecast or projection during the financial year.
- (viii) **Profit Guarantee**
No profit guarantee given by the Company in respect of the financial year.
- (ix) **Material Contracts**
There were no material contracts entered into by the Group involving the Directors' and major shareholders' interest.
- (x) **Contracts relating to loan**
There were no contracts relating to a loan by the Company and its subsidiaries in respect of the preceding item.
- (xi) **Revaluation of landed properties**
There was no revaluation of landed properties undertaken by the Company during the financial year.

This statement is made in accordance with the resolution of the Board of Directors dated 19 April 2005.

STATEMENT ON INTERNAL CONTROLS

Introduction

The Bursa Malaysia requires the Board of Directors of public listed companies to include in its annual report a “statement about the state of internal controls of the listed issuer as a group”. The Board of Directors is committed to having a sound system of internal controls in the Group and is pleased to provide the following statement, which outlines the nature and scope of internal controls of the Group during the financial year ended 31 December 2004.

Responsibility of the Board

The Board is ultimately responsible for the Group’s system of internal controls that includes the establishment of an appropriate control environment and framework as well as reviewing its adequacy and integrity.

The Board has established an ongoing process for identifying, evaluating and managing significant risks faced by the Group. It has delegated to the executive management the implementation of a system of risk management and internal controls within an established framework. This framework encompasses the Company and its subsidiary companies and will be expanded to include material associate companies in the future.

Nevertheless, because of the inherent limitations in any system of internal controls, this system is designed to manage rather than eliminate the risk of failure in achieving corporate objectives. Accordingly, it can only provide reasonable but not absolute assurance against material misstatement or loss.

Risk Management Framework

The Management is responsible for the management of the system of internal controls and providing assurance to the Board that it has done so in accordance with the policies adopted by the Board.

The following key elements of the Group’s risk management framework have been put in place as part and parcel of having a sound internal controls system:

- Establishment of a formal policy;
- Establishment of a risk management structure which outlines the lines of reporting and responsibility at the Board, Audit Committee, Risk Management Department and management levels;
- Establishment of Risk Management Department to ensure that there is direction and coordination of the group-wide application of risk management;
- Determination of risk appetite (qualitative and quantitative) for the Group and individual business units;
- Implementation by the management of a group-wide risk assessment process which include the identification of key risks facing each business, the potential impact and likelihood of those risks occurring, the control effectiveness and the action plans to manage those risks to the desired level;
- Continuous review of the existing risk management framework to enhance risk awareness within BERNAS and to facilitate re-affirmation of risk prioritisation and aggregation exercises with various divisions, subsidiaries and departments;
- Ongoing formal and informal risk management education and training at management and staff levels.

Internal Audit Function

The Internal Audit Department provides the Board with much of the assurance it requires regarding the adequacy and effectiveness of internal controls. Internal audit independently reviews the internal controls processes in the key activities of the Group's businesses by adopting a risk-based approach and reports directly to the Audit Committee on a quarterly basis or as appropriate. Internal audit also reviews the internal controls on the basis of an internal audit strategy and detailed annual internal audit plan presented to the Audit Committee for approval. Reports on the internal audit findings together with recommendations for management actions are reviewed by the Audit Committee and reported to the Board by the Audit Committee on a quarterly basis or as appropriate.

Other Risk and Control Processes

Apart from risk management and internal audit, other key elements of the Group's internal controls system are as described below:

- Clearly defined delegation of responsibilities by the Board to the management of the Group including authority limits for all aspects of the business;
- Key Business processes of the major business units are governed by formalised and documented policies and procedures; the process is reviewed by Internal Audit, which provides a degree of assurance as to operations and validity of the system of internal controls;
- The management and the Board are provided with regular and comprehensive financial information, which includes a review over the Group's financial performance and assets and liabilities positions. This is done through the use of key performance and risk indicators;
- Detailed and systematic budgeting process in which respective heads of departments and divisions prepare budgets for the coming financial year and subsequent financial quarters; continuous monitoring of results against planned activities and variances are followed up and management actions taken, where necessary; and
- The Chief Executive Officer reports to the Board on significant changes in the business and the external environment.

Conclusion

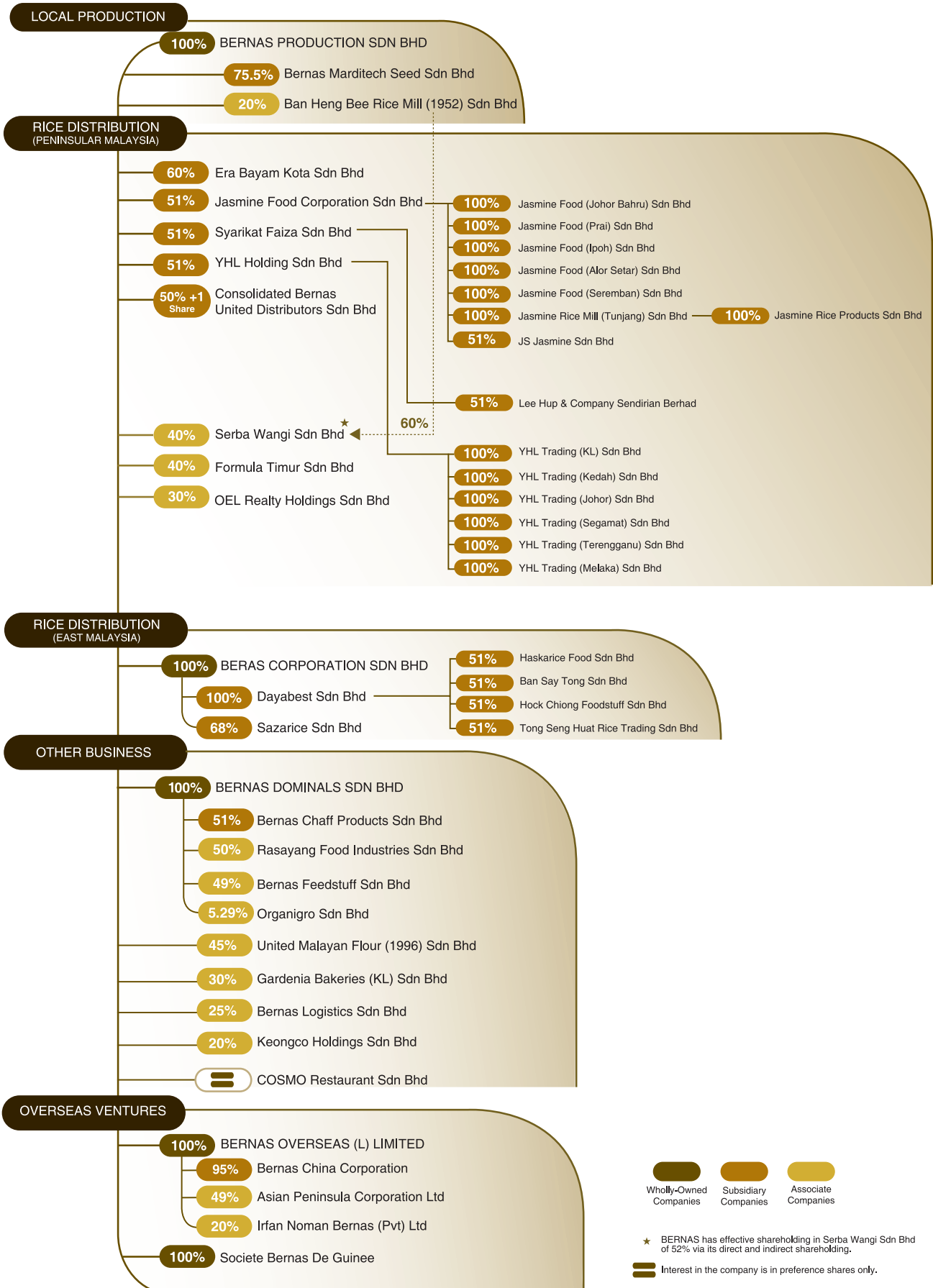
The Board is of the view that the existing system of the internal controls is adequate. However, continuous effort is being made to further enhance these controls to ensure a more effective and efficient system of internal controls.

This statement is made in accordance with the resolution of the Board of Directors dated 19 April 2005.



BERNAS

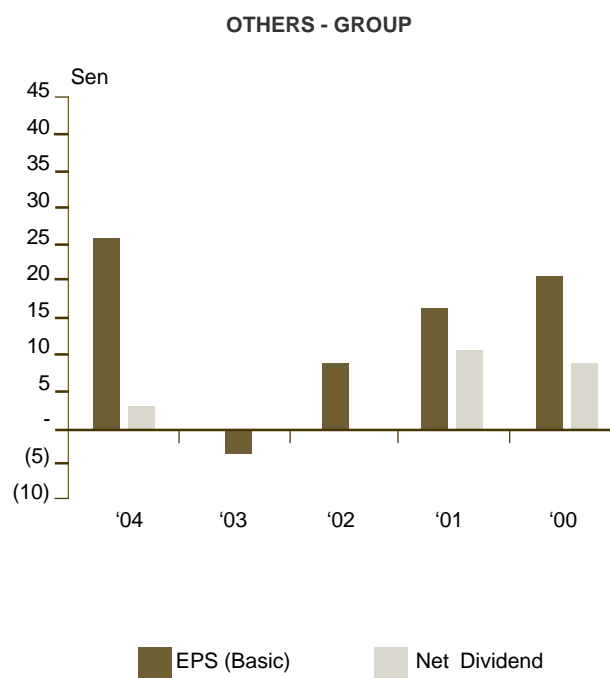
CORPORATE STRUCTURE



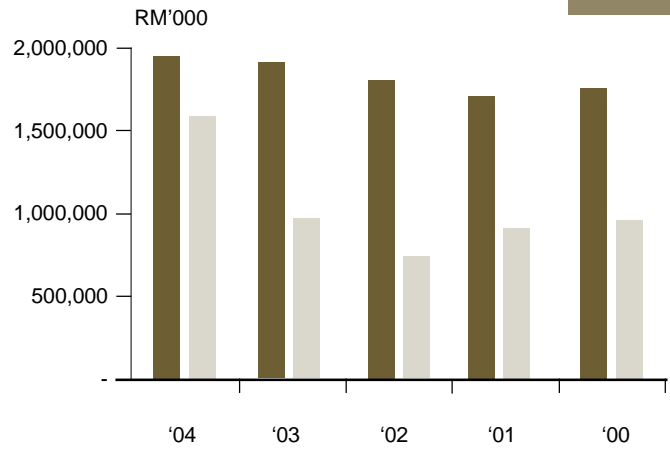
FINANCIAL HIGHLIGHTS

	2004 RM'000	2003 RM'000	2002 RM'000	2001 RM'000	2000 RM'000
TURNOVER					
Group	1,964,975	1,824,738	1,763,800	1,679,863	1,791,799
Company	1,644,824	935,585	697,894	881,043	917,064
PROFIT BEFORE TAXATION					
Group	159,396	(3,438)	58,989	128,245	94,972
Company	102,376	(11,782)	36,999	98,500	62,230
TOTAL TANGIBLE ASSETS					
Group	1,251,337	1,310,406	1,177,619	1,263,445	1,098,229
Company	1,203,323	1,100,623	958,269	1,008,226	916,731
NET TANGIBLE ASSETS					
Group	726,550	609,269	615,227	618,567	544,001
Company	653,225	576,690	584,777	552,445	498,858

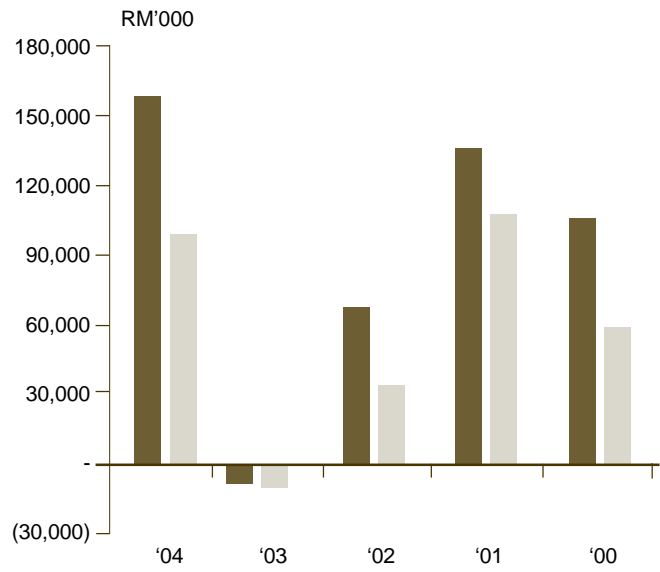
	Sen	Sen	Sen	Sen	Sen
OTHERS - GROUP					
EPS (Basic)	26.11	(4.30)	8.20	16.10	19.88
Net dividend	4.50	-	-	10.00	7.50



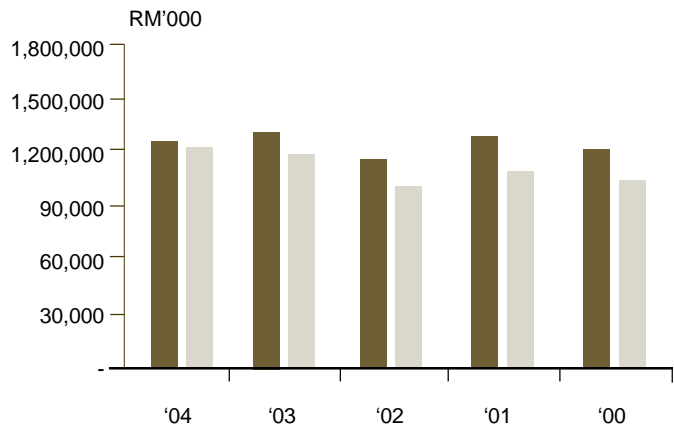
TURNOVER



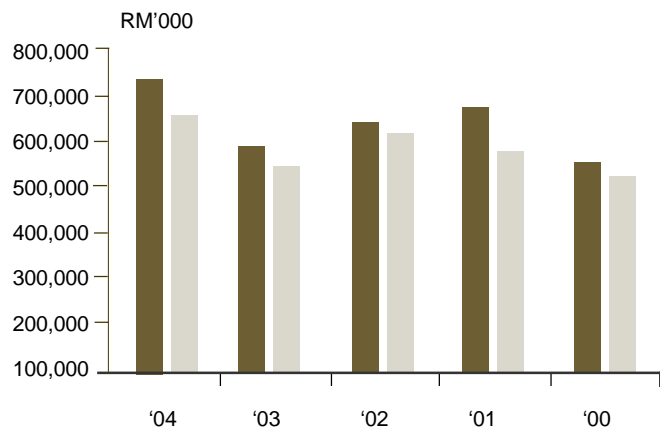
PROFIT BEFORE TAXATION



TOTAL TANGIBLE ASSETS



NET TANGIBLE ASSETS



■ Group ■ Company

CHAIRMAN'S STATEMENT

Dear Shareholders,

The year 2004 was a year of progress and improvement for BERNAS. We returned to profitability and registered revenue of RM1.96 billion, an increase of 8% compared to RM1.82 billion recorded in the previous year. Net profit amounted to RM117.26 million as compared to a net loss of RM18.88 million in 2003. A dividend of 3.5% tax exempt amounting to RM16.2 million is proposed subject to approval of the shareholders at the forthcoming Annual General Meeting. This, together with an interim dividend of 4.5% tax exempt paid on 30 June 2004 gives shareholders, a total dividend income of 8% tax exempt for the year 2004. It is thus my privilege, on behalf of the Board of Directors, to present this Annual Report incorporating the audited financial statements of the Group.



INTERNATIONAL YEAR OF RICE 2004

The sound financial performance achieved can be attributed to the intensive implementation of our operation rationalisation and cost reduction initiatives in 2004. We made significant progress in restructuring our costs and functions and centralising our production and distribution activities. These and other steadfast commitment of the Board, Management and employees to achieve a more productive and efficient year with leaner assets, manpower and more effective operating systems, have positioned us well to achieve higher marginal profitability, thus prepare us for any future downturns in the business cycle.

By preparing ourselves for the future, we are also realigning our efforts to keep pace with the imminent opening up of our market through the implementation of AFTA and the ongoing negotiations under WTO.

The advancement of knowledge and the increasing technology-driven economy assure us of one certainty: that change is to be embraced as a fundamental part of the way we conduct our business. The Government's decision to reinvigorate agricultural (especially food) sub-sector as the next economic engine for growth is indeed an indication that a significant transformation is to be reinforced in our day-to-day operation.

Amidst the changes, our corporate social responsibility remains a reflection of our firm belief that our actions should always represent good value to shareholders, as well as benefit our employees, community and the environment we live in. One of the key highlights during the period under review was the United Nations' declaration of year 2004 as the International Year of Rice (IYR). Never before that a food or agricultural commodity be given such honour, and BERNAS is proud to be associated with this global initiative in raising the profile of this commodity. Rice is not merely a staple food of over half of the world's population – The IYR envisioned rice as the 'focal point' through which the interdependent relationships among agriculture, food security, nutrition, agro-biodiversity, environment, culture, economics, science and employment can be clearly viewed.

In line with this and beyond 2004, BERNAS is committed in innovating a prosperous industry that strives for a balanced advantage as demonstrated by our continuous efforts to promote growth and strengthen our products and consumer base.

Appreciation

We understand that working towards adapting our business to new developments and changes will pose significant challenges in the years to come. In this respect, BERNAS will always ensure that its business strategy is matched with efficient and effective execution. On this note, I would like to express my deep appreciation to the Management for their unrelenting commitment in achieving our stated goals. BERNAS' success is built on its people and I would like to extend my appreciation to all our employees for their continued hard work and dedication.

I am also grateful and appreciative of the vision and resolute dedication of our Board. YBhg Datuk Dr Sulaiman Mahbob resigned as a non-executive board member on 20 August 2004. I would like to extend my appreciation to him for his invaluable contributions and wise counsel.

I would also take this opportunity to thank the authorities for their guidance and assistance, and the support and confidence of our customers, business partners and valued shareholders, without which we could not have performed as well in the past year.

Prospects

The overall improvement in our results can be ascribed to the pursuit of clear strategies of the Board and Management, which include cost cutting and restructuring for efficiency and operating excellence. BERNAS is well positioned to explore the many opportunities established in the period under review. We are confident that we are on firmer ground financially and are effectively executing our business plans for continued growth. I look forward to reporting to shareholders on our continual progress in the next financial year.

DATUK MOHD HASHIM BIN HASSAN
Chairman

CEO'S REVIEW

السلام عليكم ورحمة الله

**and Greetings
to Our Fellow Shareholders and Employees,**

OVERVIEW

Forces of change reinforced by global political, economic and financial developments have had pronounced implications on the economic and financial environment we operate in. They have not only dramatically changed our economic and financial landscapes but have also brought about new uncertainties, risks and challenges. In this time of imminent changes, it is important for BERNAS to reshape its perception and set the stage for the impending impact of these changes and challenges.

Since globalisation is about integrating closely with the rest of the world, BERNAS has not been spared from dealing with the myriad facets of change. BERNAS is presently operating in a dynamic environment influenced not only by internal variables (policies pertaining to the domestic paddy and rice industry) but also by the overall policy and industrial scenario of the region and the world. Thus, a renewed insight of our changing business is indeed vital, particularly in achieving 'balance' especially for an entity such as BERNAS.

2004 PERFORMANCE

The Group's commendable financial performance has proven that its elected 'cut cost to survive and innovate to prosper' measures have worked well. For the financial year ended 31 December 2004, the Group registered revenue of RM1.96 billion, an increase of 8% as compared to RM1.82 billion recorded in the previous financial year. The higher revenue for the year together with the absence of the exceptional item cost borne by the Group in 2003 has enabled the Group to achieve a net profit of RM117.26 million as compared to a net loss of RM18.88 million for the previous year.

Overall, the Group's strong performance was attributed to a higher import volume of 698,000 metric tonnes in 2004, compared to 508,000 metric tonnes in 2003; higher sales volume resulting from competitive pricing policies; better margins and lower operating expenditure. Reduction in the Group's operating expenditure was a result of lower staff costs following the completion of a Voluntary Separation Scheme in 2003 and prudent cost management. In addition, the Group's profits also benefited from the higher dividend income received from associate companies as well as profit from the disposal of 75% equity of its wholly owned subsidiary, Bernas Logistics Sdn Bhd (BLSB).

MANAGING CHANGE: PRE AND POST PRIVATISATION

Prior to privatisation, LPN was responsible to manage the social and regulatory functions as well as development and policy of paddy and rice industry. Since its privatisation in 1996, BERNAS has continued to perform all social and commercial functions and responsibilities, only to differ in terms of the 'market' approach that it has opted in undertaking these functions. BERNAS has taken pains to build an efficient rice supply chain and established smart partnerships at all levels – sourcing of imported rice, domestic rice processing and distribution network. The Group has consistently strived to maintain industrial harmony by stabilising the market and ensuring the application of our duties to the majorities. The elected market approach is a win-win situation for BERNAS and the Government as it enables BERNAS to balance its social and commercial responsibilities better. The privatised BERNAS does not have the luxury of having an annual operating grant of approximately RM70-80 million, which was made available to LPN. Consequently, this huge sum becomes cost savings to the Government. Moreover, profit derived from BERNAS' rice business provides substantial tax revenue to the Government.

Striking a Balance

In a highly subsidised and protected sector, BERNAS has a weightier role in achieving balance amongst the stakeholders. This can at times be a daunting task indeed. For example, farmers want the best prices for their paddy while consumers demand the best quality of rice at the lowest prices. BERNAS plays a balancing act here to ensure that both stakeholders get a fair share. On top of that, as a public-listed company, BERNAS has an obligation to increase shareholders' value by continuously seeking ways to promote growth and add value.

Striking a balance is vital in order to achieve and maintain harmony. A difficult task indeed as it is almost impossible to fully satisfy stakeholders, namely farmers and consumers whose demands differ at the very extremes of the matrix. To the farmers, BERNAS is obligated to be a buyer of last resort of paddy produced by local farmers at the Guaranteed Minimum Price and to the consumers, BERNAS is responsible for a fair and stable rice price as well as guaranteeing a sufficient supply whilst adhering to excellence in terms of quality and standards. At one end, we are criticised when our high profits are said to deprive certain group of stakeholders of their share. On the other hand, we receive the brunt of shareholders' frustration when our profits are low.

In pursuing its commercial function, BERNAS has always been consistent in studying the impact it would have on farmers and consumers. To protect the farmers, BERNAS' import volume merely covers the shortfall of demand after ensuring that 65% of local rice production finds its way to the market. These days, BERNAS prices its rice at a small premium to the international price. This reduces the incentive of smugglers. Mitigating rice smuggling with pricing is befitting because extensive smuggling depresses prices and increases BERNAS' price support activities to protect local paddy farmers. However, if rice smuggling continues to be rampant, it poses a hurdle for BERNAS to strike a balance between farmers and consumers.

Social Responsibilities

As inked in the privatisation agreement, BERNAS was bestowed the responsibilities of being the country's sole importer of rice in return for it to fulfil these national duties and obligations:

Duties:

- 1) Ensure sufficient rice supply available;
- 2) Ensure fair and stable price of rice; and
- 3) Ensure quality and standard of rice is maintained.

Social obligations:

- 1) Manage the national stockpile;
- 2) Disburse Government subsidies to farmers;
- 3) Manage the Bumiputra Millers' Scheme; and
- 4) Buyer of Last Resort at Guaranteed Minimum Price.

BERNAS has since clearly defined its multiple roles as a guardian of the national rice needs and a profit-oriented corporation. In meeting the national objectives, BERNAS has allocated between RM30 – RM35 million a year on social costs and other eventualities. The costs of the first three obligations can be managed at a predictable level. The fourth however, carries more uncertainty. Nevertheless, it can still be managed to some extent.

REVIEW OF OPERATIONS

RICE OPERATIONS

We have restructured our internal rice operations and divided it into two divisions, namely the Marketing and Distribution Division and the Domestic Operation Division. The Domestic Operation Division will undertake the local sourcing and processing operation whilst the Marketing and Distribution Division will handle the distribution, import sourcing and wholesaling operations.

Marketing and Distribution Division

The year 2004 has seen an improvement in distribution costs made possible by improving the inventory management and enhancing distribution network, channels and means of transportation and increase coordination with distribution arms. Beyond this, continuous deployment of multi sourcing and competitive pricing strategies coupled with our efficient procurement and logistics arrangements have enabled us to supply rice to the masses at a much lower price. On a selected grade-to-grade basis at the wholesale level enjoyed a 10% price reduction. This indirectly addressed the gap between our cargoes and illegal sources and has translated into 37% increase in import volume for the Group to 698,000 metric tonnes, which contributes to 50% of rice market share in the country. All this is done without sacrificing the local rice supply.

Domestic Operation Division

Year 2004 was a base year for turning Bernas Production Sdn Bhd (BEPRO) into a full-fledged contract processing company. Social functions such as the management of

Paddy Price Subsidy (SSHP), Bumiputera Millers Scheme (SPB) and the function of 'buyer of last resort' were separated from the processing function (drying and milling operations) or commercial functions, which was handled by BEPRO.

The separation of functions is certainly propitious in our effort to improve the overall efficiency of our local rice operation. However, we are unable to gain the full advantage of the effort due to heightened competition in the domestic paddy prices following the surge in international rice prices in 2004. As a result, the Group paddy purchase market share fell to 25% from 30% in 2003.

Social functions were fulfilled with greater efficiency and cost effectiveness. We managed to spend less without compromising the quality of our services (i.e. cost savings of approximately 40% for SSHP and 65% for SPB). In 2005, BERNAS entered into a commercial arrangement with some of the SPB mills, whereby BERNAS will purchase and market the rice produced by these mills. This will pave the way for BERNAS to have a more dominant position in the local rice scene as well as to target a larger market share.

INFORMATION COMMUNICATION TECHNOLOGY

Realising the need to improve our capabilities further, the Group has embarked on the implementation of eBERNAS, i.e., a comprehensive and integrated information system to enable BERNAS to cope with growing needs of the business. We expect to commence in Q4, this year and shall complete within the next 24 months. Needless to say, Information Communication Technology should perhaps not be taken as a panacea for all ills but more so as an enabler.

THE BRAND CHALLENGE

In the market today, consumers are getting confused on how to distinguish one product brand from another. Consumers' tastes are becoming increasingly diverse, as more competing brands are made available compounded by product innovations and the influx of advertising bombarding consumers everyday.

Therefore, in our effort to improve our rice market share and consumer loyalty, the Group has embarked on a brand endorsement program called PILIHAN BERNAS. PILIHAN BERNAS signifies the assurance of quality and best choice to consumers. The program aims to educate consumers on the quality of rice as rice is often viewed as commodities and we will attest to our PILIHAN BERNAS' endorsed brands

that consumers are assured they will get what they want when choosing our rice brands. Through this we believe we can create value and satisfaction to consumers by meeting their needs and expectations. Ultimately, the Group will benefit through enhanced consumer confidence, trust, long term relationship and loyalty.

THE PERCEPTION CHALLENGE

As the successor to LPN, BERNAS is trapped in the market and public perception that it handles all paddy related issues. In view of this, BERNAS has moved towards enhancing its corporate image to underscore its commercial standpoint and break away from the perception that it is a Government agency. As market liberalisation under AFTA and WTO approaches, the transformation from a simple and static business environment into a dynamic one becomes inevitable. In responding to these changes, it is quintessential that we learn from our past and formulate our blue print of the future. The focus before privatisation was on social responsibilities but now BERNAS is definitely market-oriented.

More importantly, in responding to changes, merely strengthening the internal structure of operations will not garner the desired results without ensuring that the pertinent component of entrepreneurship spirit coupled with virtuous values of integrity and honesty is truly nurtured and embedded within the hearts and minds of our employees at all levels. Transforming BERNAS into a responsible entrepreneur is a challenging task, as it requires a delicate balance between having the right speed, taking calculated risks and engaging the right amount of control when responding to changes in a dynamic environment.

As we continue to face changes, we believe the initiatives outlined in the restructuring of the Group's rice operations will make a difference. We also recognise that an entrepreneurship spirit must be embraced internally in order to equip ourselves for the unpredictable, for providing speedy response, for effective risk management and in braving new challenges.

PROSPECTS / MOVING FORWARD

The implementation of AFTA will have no immediate bearing on the local rice industry, as the commodity is being temporarily excluded and placed under the Highly Sensitive List. The list gives member countries the right to nominate certain non-processed agricultural products (i.e. rice) to remain being protected up to 2010. Notwithstanding this five-year reprieve, BERNAS is moving full steam ahead to ensure that its earnings flow is geared to absorb the effects of eventual liberalisation of the local rice industry to its bottom line.

Local rice production will remain one of our top priorities. This, we plan to increase by expanding in terms of capacity and technology. Our mills are very old and we need to upgrade them or in some cases, build new ones. To some, this emphasis on domestic rice supply may seem curious considering that most of BERNAS' profits flow from its rice imports. The idea is for BERNAS to strengthen itself in other areas and rely less on profits from imports. For one thing, the cost savings is expected to have a lasting and stable impact on earnings, whereas gains from imports fluctuate in tandem with market forces.

In strengthening our brand position, the PILIHAN BERNAS program will consolidate the Group's many brands whilst educating consumers on making the best rice choice for their household consumption. PILIHAN BERNAS is also a strategic tool to strengthen market share at the wholesaling level, in anticipation of the forthcoming trade liberalisation. The long-term returns of these efforts can be tremendous. Currently, BERNAS has 36% market share at retail level. We are working closely with UPM on Research & Development in both upstream and downstream operations to further improve and innovate our rice and rice-based products to ultimately achieve a 50% market share under PILIHAN BERNAS program.

BERNAS' chief asset remains its distribution network that has been built and strengthened over the last several years. We are convinced that it can expand significantly by feeding other dry goods through its supply chain that reaches 'the distribution last mile' in the country with rice being the driver. BERNAS' acquisition of United Malayan Flour (1996) Sdn Bhd (UMFlour) in January 2005 is testimony to this and manifests the Group's long time interest in acquiring a stake in the flour business. Prior to this, BERNAS bought a 30% stake in a flour user company, Gardenia Bakeries (KL) Sdn Bhd (GBSKL).

While the Group tackles the more pressing issues of the industry, it has not lost sight of its aspiration to be a major food player. With investments in GBSKL and UMFlour, BERNAS is ready to go on an expansion drive to reduce reliance on rice business. The Group has always been consistent and will continually look into new investments if there are synergies and if the ventures enhance the value of its investment and trading. Whereas BERNAS was previously more supply-driven, the various food players in BERNAS' supply chain have taught it to be more market and consumer-driven. We now know how to distribute our rice and food products for best effects and will be able to maximise the pure potential of our distribution network. Moving forward, BERNAS will continue to seek essentials that fit its distribution pattern and psychology, as BERNAS is foremost a distribution player.

CLOSING REMARKS

My pledge to you is that BERNAS will continue to move forward and strengthen the Group's overall operations by consolidating ourselves towards achieving higher efficiency in our processing, marketing and distribution of rice. BERNAS continuously calls upon the unwavering support and commitment of all stakeholders at various level of the supply chain to stand united and remain resilient amid challenges of differing difficulty levels that comes with globalisation. Collectively, Insyah Allah, we shall persevere in our relentless drive in moving the nation's food industry in general, and paddy and rice industry in particular, towards a progressive level of excellence.

APPRECIATION

On behalf of the Management, I wish to sincerely thank all members of the past and present Board of Directors for their valuable contribution and cooperation during their term. The continued strength of the Group has been due to the commitment, perseverance and enthusiasm of the employees in facing challenges, changing of mindset and diligence. I am indeed grateful to them for their contributions. To our valued joint-venture partners who have been with us through thick and thin, business associates, stakeholders in the paddy and rice industry, farmers, customers and consumers, my sincere thanks for your continued support and loyalty. Lastly, I would like to express my utmost appreciation for the ongoing support we have received from various relevant Government authorities and agencies.

I am confident that we can expect the best from BERNAS in our endeavour to tirelessly meet the challenges of the future by being more efficient and reliable in ensuring our quality products reach the Malaysian population, InsyahAllah.

Thank you.

AHMAD FUAD BIN ABDUL WAHAB
Chief Executive Officer

CALENDAR OF EVENTS

24 June 2004

BERNAS' 10th Annual General Meeting was held at Dewan Bunga Tanjung, Kelab Shah Alam Selangor.

25 June 2004

Bernas Overseas (L) Limited, a wholly-owned subsidiary of BERNAS, entered into a Share Sale Agreement with Other Shareholders of Qaiser Noman Bernas (Pvt) Ltd (QNB) for the purpose of divestment of its 900,000 ordinary shares of PKR10.00 each representing 30% equity interest in QNB for a total cash consideration of PKR33,000,000. QNB was later known as Irfan Noman Bernas (Pvt) Ltd.

2 July 2004

BERNAS signed a Share Sale Agreement with Johor Port Berhad (Johor Port) for the divestment of 12,000,000 ordinary shares of RM1.00 each in Bernas Logistics Sdn Bhd for a total cash consideration of RM21 million.

7 July 2004

BERNAS' 10th Anniversary was held at Eastin Hotel, Petaling Jaya. Also present was Istana Negara's religious officer YBhg Dato' Abu Hassan Din Al-Hafiz who delivered a talk entitled "Work As A Form of Ibadah".

10 September 2004

BERNAS entered into a Share Sale Agreement to acquire 16,200,000 ordinary shares of RM1.00 each representing 45% equity interest in United Malayan Flour (1996) Sdn Bhd (UMFlour) from Tradewinds Corporation Berhad (formerly known as Pemas International Holdings Berhad) for a total cash consideration of RM25 million.

30 September 2004

BERNAS entered into a Memorandum of Understanding with Universiti Putra Malaysia (UPM) to establish a strategic studies, research and development (R&D). The MoU stipulates BERNAS' intention to venture into the research and development of the agricultural sector particularly in the areas of paddy and rice, rice-related and rice-based products and agricultural engineering.

5-10 October 2004

BERNAS participated in the Malaysian Agriculture, Horticulture and Agrotourism Show (MAHA 2004) at the Mines International Exhibition and Convention Center (MIECC), Mines Resort City, Kuala Lumpur.

12 October 2004

Minister of Domestic Trade and Consumer Affairs, YB Dato' Shafiee Apdal graced the Launching Ceremony of PILIHAN BERNAS and Prize Giving Ceremony of Peraduan Makan-Makan Beras Tempatan at Marriot Hotel, Putrajaya. Pilihan BERNAS is a brand building strategy, aimed at educating and helping consumers in choosing the best quality rice in the market.

5 November 2004

BERNAS celebrated media representatives and orphans as well as the hearing-impaired children in "Majlis Berbuka Puasa dan Makan Malam Bersama Media" held at Hilton Kuala Lumpur, KL Sentral.

5 December 2004

BERNAS' Chief Financial Officer, Encik Mohd Nazri Shariff presented business zakat of RM645,828.57 to DYMM Sultan Kedah at Istana Anak Bukit, Kedah. BERNAS paid RM2 million zakat in total to a few states throughout the country in 2004.

8 December 2004

BERNAS hosted Aidilfitri Open House for its staff, media and business partners at Tropicana Golf and Country Club, Petaling Jaya.

26 December 2004

BERNAS contributed 120 hampers to be distributed among poor families under the "Puteri Menyusur Akar" Program organised by Puteri UMNO Malaysia.

30 December 2004

BERNAS' Chief Executive Officer, Encik Ahmad Fuad Abdul Wahab presented a mock cheque of RM200,000.00 to Utusan's Group Executive Chairman, YBhg Tan Sri Mohd Hashim Ahmad Makaruddin for 'Tabung Bencana Tsunami Utusan' at CP Tower, Petaling Jaya. Apart from cash contribution, BERNAS also donated some rice products to the tsunami victims in Kedah, Pulau Pinang and Perlis.

12 January 2005

BERNAS' Chief Financial Officer, Encik Mohd Nazri Shariff handed over food supplies worth RM500,000.00 to the Deputy Prime Minister, YAB Dato' Seri Najib Razak at the Ministry of Defence, Jalan Padang Tembak, Kuala Lumpur. From the amount, RM200,000.00 was contributed by BERNAS and RM300,000.00 was donated by Albukhary Foundation. Over 15,000 boxes loaded with food products and mineral water were handed over to the Government to be distributed among tsunami victims in Banda Aceh, Indonesia.

28-30 January 2005

In conjunction with the PILIHAN BERNAS Campaign, Fiesta PILIHAN BERNAS was held at Giant hypermarket in Shah Alam with several interesting and fun activities including outdoor broadcasting by Radio Era, cooking demo by Chef Jaafar Onn, games as well as stage performances. Fiesta PILIHAN BERNAS was also held at the Carrefour hypermarket in Wangsa Maju and Giant hypermarkets in Puchong, Klang and Senawang.

7 February 2005

BERNAS' Chief Executive Officer, Encik Ahmad Fuad Abdul Wahab presented a mock cheque of RM100,000.00 as a contribution from BERNAS to the Prime Minister of Malaysia, YAB Dato' Seri Abdullah Ahmad Badawi at the Opening Ceremony of "Konsert Simfoni Tani" organised by the Ministry of Agriculture and Agro-Based Industry at Istana Budaya, Kuala Lumpur. The contribution was meant to help tsunami victims in Kedah, Penang and Perlis.

12 February 2005

YB Dato' Hajjah Rohani Karim, Parliamentary Secretary, Ministry of Agriculture and Agro-Based Industry visited BERNAS' Padi Project in Gedong, Sarawak. The project involves 60 hectares of land with an average production of 3.2 metric tonne per hectare for season 2004/2005.

9 April 2005

YB Dato' Abd Rahim Ismail, Minister of Agriculture and Food Industry of Sabah represented YAB Chief Minister of Sabah in officiating the closing ceremony of the International Year of Rice 2004 at Kampung Taun Gusi, Kota Belud, Sabah.

FINANCIAL STATEMENTS

Directors' Report	33	Statement by Directors	38
Statutory Declaration	38	Report of the Auditors	39
Income Statements	40	Balance Sheets	41
Consolidated Statement of Changes in Equity	43		
Statement of Changes in Equity	44	Cash Flow Statements	45
Notes to the Financial Statements	49		

DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2004.

PRINCIPAL ACTIVITIES

The principal activities of the Company are those of the importation of rice, activities in relation to the distribution of rice and investment holding. Pursuant to the Privatisation Agreement between the Company and the Government of Malaysia dated 12 January 1996 ("the Privatisation Agreement"), the Company shall also ensure the maintenance of the sufficient supply of rice at reasonably fair and stable prices. The Company's obligations under the Privatisation Agreement also include the maintenance of the rice stockpile, the distribution of paddy price subsidies to farmers on behalf of the Government, the management of the Bumiputra Rice Millers Scheme and acting as a buyer of last resort at the Guaranteed Minimum Price of paddy.

The principal activities of the subsidiaries are described in Note 35(A) to the financial statements.

There have been no significant changes in the nature of the principal activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
Profit after taxation	121,326	75,565
Minority interests	(4,067)	-
Profit for the year	<u>117,259</u>	<u>75,565</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

The amount of dividend paid by the Company since the end of the previous financial year, was as follows:

RM'000

In respect of the financial year ended 31 December 2004:

Interim dividend of 4.5% tax exempt, paid on 25 June 2004

19,996

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 December 2004 of 3.5% tax exempt on 463,360,501 ordinary shares, amounting to a dividend payable of RM16,217,618 (3.5 sen net per ordinary share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in the shareholders' equity as an appropriation of retained profits in the financial year ending 31 December 2005.

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:

Datuk Mohd Hashim bin Hassan

Dato' Syed Fahkri Barakbah bin Tun Syed Sheh Barakbah

Dohat bin Shafiee

Dato' Bukhari bin Mohd Sawi

Dato' Abdul Rahim bin Mokti*

YB Haji Mohd Naroden bin Haji Majais

Saiful Adnan bin Abdul Majid

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

Abdul Rahman bin Datuk Haji Dahlan

Datuk Azizan bin Ayob

Dato' Siti Balkish binti Mohd Shariff (alternate director to Dato' Sri Abi Musa Asa'ari bin Mohamed Nor)

Normi binti Nordin (alternate director to Dato' Abdul Rahim bin Mokti)

Datuk Dr Sulaiman bin Mahbob (resigned on 20 August 2004)

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 Employee Share Options Scheme.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Note 7 to the financial statements) 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, none of the directors in office at the end of the financial year had any interest in shares or options over ordinary shares in the Company or its related corporations during the financial year.

ISSUE OF SHARES

During the financial year, the Company increased its issued and paid up share capital from RM444,253,001 to RM463,360,501 by way of the issuance of 19,107,500 ordinary shares of RM1.00 each resulting from the exercise of employee share options for cash at the option price of RM1.17 per share.

EMPLOYEE SHARE OPTION SCHEME

The Company's Employee Share Option Scheme ("ESOS") which was governed by the By-Laws 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 Bursa Malaysia Securities Berhad 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.

EMPLOYEE SHARE OPTION SCHEME (CONTD.)

The movement in the options to take up unissued new ordinary shares of RM1.00 each and the option price were as follows:

Option Price	1 January 2004	Granted	Exercised	Cancelled	31 December 2004
RM1.17	29,745,500	-	(19,107,500)	(11,000)	10,627,000

The ESOS holders who had opted for the VSS as elaborated in Note 5(i) to the financial statements, have until September 2005 to exercise their options.

Subsequent to the financial year end, a total of 2,911,000 options have been exercised.

The Company has been granted an exemption by the Companies Commission of Malaysia from having to disclose the names of option holders of less than 100,000 shares. As at the date of this report, there are no option holders who hold more than 100,000 shares in respect of the ESOS.

OTHER STATUTORY INFORMATION

- (a) Before the income statements and balance sheets 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 the financial statements of the Group and of the Company which would render:
- (i) the amount written off for bad debts or the amount of 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 the 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 or 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 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 or of the Company for the financial year in which this report is made.



SIGNIFICANT AND/OR SUBSEQUENT EVENTS

The significant and subsequent events are as disclosed in Note 34 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

Datuk Mohd Hashim bin Hassan

**Dato' Syed Fakhri Barakbah
bin Tun Syed Sheh Barakbah**

Petaling Jaya, Selangor Darul Ehsan
19 April 2005

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

We, Datuk Mohd Hashim bin Hassan and Dato' Syed Fakhri Barakbah bin Tun Syed Sheh Barakbah, 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 40 to 107 are drawn up in accordance with applicable MASB 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 2004 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

Datuk Mohd Hashim bin Hassan

**Dato' Syed Fakhri Barakbah
bin Tun Syed Sheh Barakbah**

Petaling Jaya, Selangor Darul Ehsan
19 April 2005

STATUTORY DECLARATION

PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, Mohd Nazri bin Md Shariff, being the officer primarily responsible for the financial management of Padiberas Nasional Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 40 to 107 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 Mohd Nazri bin Md Shariff
at Petaling Jaya in Selangor Darul Ehsan
on 19 April 2005

Mohd Nazri bin Md Shariff

Before me,

Selvarajah A/L Sivalingam
B103
Commissioner for Oaths

REPORT OF THE AUDITORS

TO THE MEMBERS OF PADIBERAS NASIONAL BERHAD (Incorporated in Malaysia)

We have audited the financial statements set out on pages 40 to 107. These financial statements are the responsibility of the Company's directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

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 MASB 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 2004 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 35(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 and did not include any comment required to be made under Section 174(3) of the Act.

Hanafiah Raslan & Mohamad
AF: 0002
Chartered Accountants

Abdul Rauf bin Rashid
No. 2305/05/06(J)
Partner

Kuala Lumpur, Malaysia
19 April 2005

INCOME STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2004

	Note	Group		Company	
		2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Revenue	3	1,964,975	1,824,738	1,644,824	935,585
Cost of sales	4	(1,550,955)	(1,514,595)	(1,419,823)	(739,232)
Gross profit		414,020	310,143	225,001	196,353
Other operating income		24,791	8,649	54,043	1,165
Administration and other operating expenses		(284,309)	(328,512)	(171,944)	(205,017)
Profit from operations	5	154,502	(9,720)	107,100	(7,499)
Finance costs, net	8	(7,812)	(8,716)	(4,724)	(4,283)
Share of results of associates		12,706	14,998	-	-
Profit/(loss) from ordinary activities before taxation		159,396	(3,438)	102,376	(11,782)
Taxation	9	(38,070)	(14,022)	(26,811)	(5,111)
Profit/(loss) after taxation		121,326	(17,460)	75,565	(16,893)
Minority interests		(4,067)	(1,422)	-	-
Net profit/(loss) for the year		117,259	(18,882)	75,565	(16,893)
Earnings/(loss) per share (sen)					
Basic	10	26.1	(4.3)		
Diluted	10	26.0	n/a		

The accompanying notes form an integral part of the financial statements.

BALANCE SHEETS

AS AT 31 DECEMBER 2004

	Note	Group		Company	
		2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
NON-CURRENT ASSETS					
Property, plant and equipment	12	224,700	264,648	28,650	17,039
Investment in subsidiaries	13	-	-	322,794	317,510
Investment in associates	14	116,543	105,418	67,694	60,944
Other investments	15	6,352	6,352	6,000	6,000
Intangible assets	16	189	8,433	-	-
Deferred tax assets	17	70,327	56,730	31,047	25,379
		<u>418,111</u>	<u>441,581</u>	<u>456,185</u>	<u>426,872</u>
CURRENT ASSETS					
Tax recoverable		10,644	62,663	6,300	43,529
Inventories	18	211,604	219,193	90,514	95,550
Trade receivables	19	243,486	257,332	248,771	272,495
Other receivables	20	33,454	45,308	146,108	81,654
Cash and bank balances	21	334,227	292,762	255,445	180,523
		<u>833,415</u>	<u>877,258</u>	<u>747,138</u>	<u>673,751</u>
CURRENT LIABILITIES					
Retirement benefit obligations	22	6,916	2,764	5,178	1,370
Short term borrowings	23	238,685	421,451	127,759	277,242
Trade payables	25	23,651	68,524	7,867	50,752
Other payables	26	103,768	52,207	384,617	156,672
Tax payable		5,245	116	-	-
		<u>378,265</u>	<u>545,062</u>	<u>525,421</u>	<u>486,036</u>
NET CURRENT ASSETS		<u>455,150</u>	<u>332,196</u>	<u>221,717</u>	<u>187,715</u>
		<u>873,261</u>	<u>773,777</u>	<u>677,902</u>	<u>614,587</u>

BALANCE SHEETS

AS AT 31 DECEMBER 2004 (CONTD)

	Note	Group		Company	
		2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
FINANCED BY:					
Share capital	27	463,361	444,253	463,361	444,253
Reserves		263,378	173,449	189,864	132,437
Shareholders' equity		726,739	617,702	653,225	576,690
Minority interests		59,279	55,281	-	-
		786,018	672,983	653,225	576,690
Retirement benefit obligations	22	32,141	31,652	22,300	15,583
Long term borrowings	23	9,501	30,708	-	20,000
Deferred tax liabilities	17	45,601	38,434	2,377	2,314
Non-current liabilities		87,243	100,794	24,677	37,897
		873,261	773,777	677,902	614,587

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2004

	Share capital RM'000	Non- distributable reserves (Note 28) RM'000	Distributable retained profit (Note 29) RM'000	Total RM'000
At 1 January 2003	444,213	25,975	155,333	625,521
Transfer from Government Stockpile	-	10,223	-	10,223
Currency exchange translation differences	-	793	-	793
Net gain not recognised in the income statement	-	11,016	-	11,016
Issuance of share capital via exercise of ESOS (Note 27)	40	7	-	47
Capitalisation of distributable profits of a subsidiary for bonus issue	-	3,000	(3,000)	-
Net loss for the year	-	-	(18,882)	(18,882)
At 31 December 2003	444,253	39,998	133,451	617,702
At 1 January 2004	444,253	39,998	133,451	617,702
Transfer to Government Stockpile	-	(9,847)	-	(9,847)
Currency exchange translation differences	-	(736)	-	(736)
Net loss not recognised in the income statement	-	(10,583)	-	(10,583)
Issuance of share capital via exercise of ESOS (Note 27)	19,108	3,249	-	22,357
Realisation of capital reserve upon disposal of a subsidiary (Note 28)	-	(6,750)	6,750	-
Net profit for the year	-	-	117,259	117,259
Dividends	-	-	(19,996)	(19,996)
At 31 December 2004	463,361	25,914	237,464	726,739

The accompanying notes form an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2004

	Share capital RM'000	Non- distributable reserves (Note 28) RM'000	Distributable retained profit (Note 29) RM'000	Total RM'000
At 1 January 2003	444,213	11,113	129,451	584,777
Transfer from Government Stockpile	-	8,759	-	8,759
Net gain not recognised in the income statement	-	8,759	-	8,759
Net loss for the year	-	-	(16,893)	(16,893)
Issuance of share capital via the exercise of ESOS (Note 27)	40	7	-	47
At 31 December 2003	444,253	19,879	112,558	576,690
At 1 January 2004	444,253	19,879	112,558	576,690
Transfer from Government Stockpile	-	(1,391)	-	(1,391)
Net loss not recognised in the income statement	-	(1,391)	-	(1,391)
Net profit for the year	-	-	75,565	75,565
Issuance of share capital via the exercise of ESOS (Note 27)	19,108	3,249	-	22,357
Dividends	-	-	(19,996)	(19,996)
At 31 December 2004	463,361	21,737	168,127	653,225

The accompanying notes form an integral part of the financial statements.

CASH FLOW STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2004

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(loss) before taxation	159,396	(3,438)	102,376	(11,782)
Adjustments for:				
Provision for doubtful debts	6,463	12,204	12,850	19,948
Bad debts written off	1,013	38	-	1,394
Provision for retirement benefits	6,516	8,301	4,564	2,048
Provision for impairment loss on investments	-	800	35,262	2,855
Depreciation	25,036	26,223	5,797	4,610
Amortisation of intangible assets	1,473	1,861	-	-
Intangible assets written off	6,721	-	-	-
Reserve on acquisition written off	(14)	-	-	-
Inventories written off	338	5,186	-	4,429
(Gain) /loss on disposal of Property, plant and equipment	(2,408)	3,586	(1,623)	(191)
Property, plant and equipment written off	19,896	6,094	7,707	1,889
Interest expense	12,972	14,533	8,968	8,256
Interest income	(5,787)	(5,854)	(4,857)	(3,978)
Gross dividend income	-	-	(30,930)	(57)
Gain on deregistration of subsidiaries	-	(77)	-	-
Gain on disposal of a subsidiary	(7,552)	-	(15,750)	-
Loss on disposal of associates	740	-	-	-

CASH FLOW STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2004 (CONTD.)

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES (CONTD.)				
Share of results of associates	(12,706)	(14,998)	-	-
Voluntary Separation Scheme ("VSS") compensation costs	18,000	99,171	18,000	81,589
Write back of retirement benefit obligations	-	(20,216)	-	(14,001)
Operating profit before working capital changes	230,097	133,414	142,364	97,009
Decrease/(increase) in receivables	55,213	(33,511)	(79,290)	111,430
Decrease/(increase) in inventories	7,251	67,495	5,036	(86,684)
(Decrease)/increase in payables	(38,903)	48,233	114,050	97,995
Cash generated from operations	253,658	215,631	182,160	219,750
Taxation paid	(30,372)	(44,125)	(17,697)	(22,892)
Interest paid	(12,972)	(14,533)	(8,968)	(8,256)
VSS compensation costs paid	-	(95,537)	-	(77,955)
Retirement benefits paid	(1,875)	(1,232)	(1,619)	(722)
Tax refunded	36,750	-	36,750	-
Net cash generated from operating activities	245,189	60,204	190,626	109,925

CASH FLOW STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2004 (CONTD.)

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest income received	5,787	5,854	4,857	3,978
Net dividend received from:				
- subsidiaries	-	-	21,000	-
- associates	2,414	57	2,414	41
Purchase of investments	-	(2,079)	-	(8,131)
Purchase of property, plant and equipment	(7,443)	(36,287)	(449)	(599)
Proceeds from disposal of property, plant and equipment	4,326	4,841	2,596	194
Proceeds from disposal of a subsidiary	20,086	-	21,000	-
Proceeds from disposal of associate companies	2,251	-	-	-
Net cash generated from/ (used in) investing activities	27,421	(27,614)	51,418	(4,517)
CASH FLOWS FROM FINANCING ACTIVITIES				
Drawdown of borrowings	452,025	781,695	357,422	452,220
Repayment of borrowings	(666,196)	(715,752)	(526,905)	(402,920)
Proceeds from the issuance of shares via the exercise of ESOS	22,356	47	22,357	47
Dividend paid	(39,992)	-	(19,996)	-
Net cash (used in)/generated from financing activities	(231,807)	65,990	(167,122)	49,347

CASH FLOW STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2004 (CONTD.)

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
NET INCREASE IN CASH				
AND CASH EQUIVALENTS	40,803	98,580	74,922	154,755
EFFECTS OF EXCHANGE				
RATE CHANGES	-	793	-	-
CASH AND CASH				
EQUIVALENTS AT				
BEGINNING OF				
FINANCIAL YEAR	285,272	185,899	180,523	25,768
CASH AND CASH				
EQUIVALENTS AT END				
OF FINANCIAL YEAR	326,075	285,272	255,445	180,523
Cash and cash equivalents comprise:				
Cash and bank balances				
(Note 21)	334,227	292,762	255,445	180,523
Bank overdrafts (Note 23)	(8,152)	(7,490)	-	-
	326,075	285,272	255,445	180,523

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2004

1. CORPORATE INFORMATION

The principal activities of the Company are those of the importation of rice, activities in relation to the distribution of rice and investment holding. Pursuant to the Privatisation Agreement between the Company and the Government of Malaysia dated 12 January 1996 ("the Privatisation Agreement"), the Company shall also ensure the maintenance of the sufficient supply of rice at reasonably fair and stable prices. The Company's obligations under the Privatisation Agreement also include the maintenance of the rice stockpile, the distribution of paddy price subsidies to farmers on behalf of the Government, the management of the Bumiputra Rice Millers Scheme and acting as a buyer of last resort at the Guaranteed Minimum Price of paddy.

The principal activities of the subsidiaries are described in Note 35(A).

There have been no significant changes in the nature of the principal 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 Bursa Malaysia Securities Berhad. 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 was 3,090 (2003: 4,485) and 1,003 (2003: 231) respectively.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 19 April 2005.

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 MASB 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 an 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.

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 (CONTD.)

(b) Basis of Consolidation (Contd.)

(ii) Associates

Associates are those companies in which the Group has an equity interest 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) Investment in Subsidiaries and Associates

The Company's investments in subsidiaries and associates 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 the net disposal proceeds and its carrying amount is recognised in 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 lives 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 net carrying amount is recognised in the income statement.

(e) Inventories

Inventories are stated at the lower of cost (determined on weighted average basis) and net realisable value. Cost includes direct materials, direct labour, 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 of 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

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 incident 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 recognised in 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 2(d).

(h) Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or negative goodwill.

(i) Employee Benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plan

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the income statement as incurred.

(iii) Defined benefit plans

In addition to contributions to the EPF, the Group operates an unfunded, defined benefit Retirement Benefit Scheme ("the Scheme") for its eligible employees. The Group's obligations under the Scheme are determined based on a triennial actuarial valuation where the amount of benefit that employees have earned in return for their service in the current and prior years is estimated. That benefit is discounted using the Projected Unit Credit Method in order to determine its present value. Actuarial gains and losses are recognised as income or expense in the income statement immediately.

The amount recognised in the balance sheet represents the present value of the defined benefit obligations.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(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 relating to 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) Logistics services

Revenue from the provision of logistics 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 recorded in Ringgit Malaysia at rates of exchange ruling at the date of transaction. At each balance sheet date, foreign currency monetary items are translated into Ringgit Malaysia at exchange rates ruling at that date. Non-monetary items initially denominated in foreign currencies 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 foreign exchange reserve in share holders' 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 the balance sheet date used are as follows:

	2004 RM	2003 RM
United States Dollar	3.8000	3.8000
Guinee Franc	0.0013	0.0018

(l) Impairment of Assets

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication of impairment. 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.

An impairment loss is recognised as an expense in the income statement immediately. Reversal of impairment losses recognised in prior years is recorded when the impairment losses recognised for the asset no longer exist or have decreased.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(m) Provisions 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) Goodwill

Goodwill represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary or associate at the date of acquisition.

Goodwill is 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). Goodwill arising on the acquisition of subsidiaries is presented separately in the balance sheet while goodwill arising on the acquisition of associates is included within the carrying amount of investments in associates.

Goodwill is amortised on a straight-line basis over its estimated useful life of 10 years.

Negative goodwill represents the excess of the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary, associate or jointly controlled entity at the date of acquisition over the cost of acquisition.

Negative goodwill, not exceeding the fair values of the non-monetary assets acquired, is recognised in the income statement over the weighted average useful life of those assets. Negative goodwill in excess of the fair values of the non-monetary assets acquired is recognised immediately in the income statement.

To the extent that negative goodwill relates to expectation of future losses and expenses that are identified in the plan of acquisition and can be measured reliably, but which are not identifiable liabilities at the date of acquisition, that portion of negative goodwill is recognised in the income statement when the future losses and expenses are recognised.

(o) 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.

(p) 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.

(i) Other Non-Current Investments

Non-current investments other than investments in subsidiaries and associates 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 an investment, the difference between the net disposal proceeds and its carrying amount is recognised in the income statement.

(ii) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(p) Financial Instruments (Contd.)

(iii) 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.

(iv) 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 recognised as an expense in the income statement in the period in which they are incurred.

(v) Equity Instruments

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

The transaction costs of an equity transaction 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.

3. REVENUE

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

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Sales of rice	1,962,217	1,809,819	1,644,824	935,585
Engineering and construction services	-	351	-	-
Sale of poultry products	2,758	4,489	-	-
Transport services	-	9,806	-	-
Others	-	273	-	-
	<u>1,964,975</u>	<u>1,824,738</u>	<u>1,644,824</u>	<u>935,585</u>

4. 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.

5. PROFIT FROM OPERATIONS

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

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Staff costs (Note 6)	123,007	138,697	63,162	23,052
Non-executive directors' remuneration (Note 7)	646	469	507	386
Auditors' remuneration:				
Statutory audits	561	576	157	95
Other services	271	28	185	-
Bad debts written off	1,013	38	-	1,394
Provision for doubtful debts	6,463	12,204	12,850	19,948
Bad debts recovered	(1,017)	(36)	(1,000)	-
Amortisation of intangible assets	1,473	1,861	-	-
Intangible assets written off	6,721	-	-	-
Reserve on acquisition written off	(14)	-	-	-
Depreciation	25,036	26,223	5,797	4,610
Inventories written off	338	5,186	-	4,429
Rental of land and building	16,668	17,896	5,789	3,880
Realised gain on foreign exchange	(36)	(311)	(36)	(311)
(Gain)/loss on disposal of property, plant and equipment	(2,408)	3,586	(1,623)	(191)
Property, plant and equipment written off	19,896	6,094	7,707	1,889
Provision for impairment loss on investments	-	800	35,262	2,855
Provision for staff retirement benefits	6,516	8,301	4,564	2,048
Rental income	(1,282)	(66)	(1,093)	(66)

5. PROFIT FROM OPERATIONS (CONTD.)

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

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Gain on disposal of a subsidiary	(7,552)	-	(15,750)	-
Loss on disposal of associates	740	-	-	-
Gain on deregistration of subsidiaries	-	(77)	-	-
Gross dividends from a subsidiary	-	-	(23,490)	-
Gross dividends from an associate	-	-	(3,353)	-
Tax exempt dividends from a subsidiary	-	-	(4,087)	-
Tax exempt dividends from an associate	-	-	-	(57)
Rental of plant and machinery	1,515	1,440	-	-
Voluntary Separation Scheme ("VSS") (Note 5(i))	18,000	78,955	18,000	67,588

5. (i) Voluntary Separation Scheme ("VSS"):

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
VSS compensation costs	18,000	99,171	18,000	81,589
Write back of retirement benefit obligations (Note 22)	-	(20,216)	-	(14,001)
	18,000	78,955	18,000	67,588

6. STAFF COSTS

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Wages and salaries	102,658	112,325	53,987	17,626
Termination benefits	310	-	-	-
Social security costs	849	1,125	339	140
Short term accumulating compensated absences	47	402	-	402
Pension costs - defined contribution plan	8,510	12,049	3,836	1,956
Pension costs - defined benefit plan (Note 22)	6,516	8,301	4,564	2,048
Other staff related expenses	4,117	4,495	436	880
	<u>123,007</u>	<u>138,697</u>	<u>63,162</u>	<u>23,052</u>

Included in staff costs of the Group and of the Company are executive directors' remuneration amounting to RM4,234,000 (2003:RM4,499,000) and RMNil (2003: RM169,000) respectively as further disclosed in Note 7.

7. DIRECTORS' REMUNERATION

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Directors of the Company				
Executive:				
Salaries, bonus and other emoluments	-	154	-	154
VSS compensation costs	-	788	-	788
Pension costs - defined contribution plan	-	15	-	15
Benefits-in-kind	-	6	-	6
	<u>-</u>	<u>963</u>	<u>-</u>	<u>963</u>
Non-Executive:				
Fees	507	386	507	386

7. DIRECTORS' REMUNERATION (CONTD.)

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Directors of subsidiaries				
Executive:				
Salaries, bonus and other emoluments	3,814	3,897	-	-
Pension costs - defined contribution plan	420	433	-	-
Benefits-in-kind	9	176	-	-
	<u>4,243</u>	<u>4,506</u>	<u>-</u>	<u>-</u>
Non-Executive:				
Fees	139	83	-	-
Total	<u>4,889</u>	<u>5,938</u>	<u>507</u>	<u>1,349</u>
Analysis excluding benefits				
-in-kind:				
Total executive directors' remuneration excluding benefits-in-kind (Note 6)	4,234	4,499	-	169
Total executive directors' remuneration excluding benefits-in-kind	-	788	-	788
Total non-executive directors' remuneration excluding benefits-in-kind (Note 5)	646	469	507	386
Total directors' remuneration excluding benefits-in-kind	<u>4,880</u>	<u>5,756</u>	<u>507</u>	<u>1,343</u>

7. DIRECTORS' REMUNERATION (CONTD.)

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

	Number of directors	
	2004	2003
Executive directors:		
Below RM 50,000	-	1
RM900,001-RM950,00	-	1
Non-Executive directors:		
Below RM50,000	12	15
RM50,001-RM100,000	-	1
Above RM100,000	1	-

8. FINANCE COSTS, NET

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Interest expense on borrowings	12,972	14,533	8,968	8,256
Bank charges	627	37	613	5
Interest income from deposits	(5,787)	(5,854)	(4,857)	(3,978)
	<u>7,812</u>	<u>8,716</u>	<u>4,724</u>	<u>4,283</u>

9. TAXATION

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Income tax:				
Malaysian income tax	40,237	12,394	32,416	1,114
Overprovision in prior years	(273)	(607)	-	-
	<u>39,964</u>	<u>11,787</u>	<u>32,416</u>	<u>1,114</u>

9. TAXATION (CONTD.)

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Deferred tax (Note 17):				
Relating to origination and reversal of temporary differences	(965)	(5,741)	(1,400)	3,997
(Over)/underprovision in prior years	(4,335)	3,843	(4,205)	-
	<u>(5,300)</u>	<u>(1,898)</u>	<u>(5,605)</u>	<u>3,997</u>
Share of taxation in:				
Associates	3,406	4,133	-	-
	<u>38,070</u>	<u>14,022</u>	<u>26,811</u>	<u>5,111</u>

Domestic income tax is calculated at the Malaysian statutory tax rate of 28% (2003: 28%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

With effect from Year of Assessment 2004, the corporate tax rate for subsidiaries with paid-up capital of RM2.5 million and below at the beginning of the basis period for the Year of Assessment are as follows:

Chargeable Income	Rate
First RM500,000 (2003: RM100,000)	20%
Amount exceeding RM500,000 (2003: RM100,000)	28%

9. TAXATION (CONTD.)

A reconciliation of income tax expense applicable to profit/(loss) before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company are as follows:

	2004 RM'000	2003 RM'000
Group		
Profit/(loss) before taxation	159,396	(3,438)
Taxation at Malaysian statutory tax rate of 28% (2003: 28%)	44,631	(963)
Effect of different tax rate in other country	(45)	(328)
Tax incentive obtained from differential tax rate of 20%	(202)	(59)
Effect of expenses not deductible for tax purposes	7,941	29,546
Effect of expenses eligible for double deduction	-	(16)
Utilisation of unutilised tax losses and capital allowances brought forward from previous years	(904)	(2,457)
Deferred tax assets not recognised on unutilised tax losses and unabsorbed capital allowances	2,542	2,442
Utilisation of current year unutilised capital allowance	(3)	-
Utilisation of current year reinvestment allowance	(313)	-
Effect of income not subject to tax	(10,969)	(17,379)
(Over)/underprovision of deferred tax in prior years	(4,335)	3,843
Overprovision of income tax in prior years	(273)	(607)
Tax expense for the year	38,070	14,022
Company		
Profit/(loss) before taxation	102,376	(11,782)
Taxation at Malaysian tax rate of 28% (2003: 28%)	28,665	(3,299)
Income not subjected to tax	(1,145)	(16,800)
Effect of expenses not deductible for tax purposes	3,496	25,210
Overprovision of deferred tax in prior year	(4,205)	-
Tax charge for the year	26,811	5,111

9. TAXATION (CONTD.)

Tax losses are analysed as follows:

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Tax savings recognised				
during the year arising				
from:				
Utilisation of tax losses				
brought forward from				
previous years	18,540	3,978	18,295	2,958
Unutilised capital allowances				
brought forward	6,499	1,733	-	1,613

The Company's tax expense for the years ended 31 December 2001, 2002 and 2003 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. Should the grant be disallowed for tax purposes, the cumulative additional tax charge to the Company as at 31 December 2003 would be approximately RM43,680,000.

On 20 January 2004, the Ministry of Finance granted the Company a tax exemption on income equivalent to the amount of grants given to BPSB under Section 127(3) of the Income Tax Act, 1967. This income tax exemption is pending formalisation via a Ministerial Order.

10. EARNINGS/(LOSS) PER SHARE

(a) Basic

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

	Group	
	2004	2003
Net profit/(loss) for the year (RM'000)	117,259	(18,882)
Weighted average number of ordinary shares in issue ('000)	449,148	444,239
Basic earnings/(loss) per share	26.1	(4.3)

10. EARNINGS/(LOSS) PER SHARE (CONTD.)

(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 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.

	2004
Net profit for the year (RM'000)	<u>117,259</u>
Weighted average number of ordinary shares in issue ('000)	<u>450,622</u>
Diluted earnings per share (sen)	<u>26.0</u>

The effects on the basic earnings per share for the previous financial year arising from the assumed conversion of the ESOS is anti-dilutive as the average market price of the Company's shares is lower than the exercise price of the ESOS. Accordingly, diluted earnings per share for the previous financial year has not been presented.

11. DIVIDENDS

Group and Company

	Amount		Net Dividends per Share	
	2004 RM'000	2003 RM'000	2004 Sen	2003 Sen
Interim dividend of				
4.5% tax exempt	<u>19,996</u>	-	<u>4.5</u>	-

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 December 2004 of 3.5% tax exempt on 463,360,501 ordinary shares, amounting to a dividend payable of RM16,217,618 (3.5 sen net per ordinary share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in the shareholders' equity as an appropriation of retained profits in the financial year ending 31 December 2005.

12. 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
Cost							
At 1 January 2004	16,728	5,555	63,142	210,576	9,563	96,689	402,253
Additions	-	1,030	546	7,883	2,348	2,001	13,808
Disposals	-	-	-	(290)	-	(6,757)	(7,047)
Write-off	-	-	(822)	(30,405)	(139)	(12,919)	(44,285)
Disposal of a subsidiary	-	-	-	(2,748)	-	(11,684)	(14,432)
Reclassification	(2,040)	-	3,456	(517)	(821)	(78)	-
Exchange differences	-	-	(314)	(212)	-	(104)	(630)
At 31 December 2004	14,688	6,585	66,008	184,287	10,951	67,148	349,667
Accumulated depreciation and impairment losses							
At 1 January 2004	-	844	7,770	63,686	-	65,305	137,605
Charge for the year	-	208	2,003	11,103	-	11,722	25,036
Disposals	-	-	-	(677)	-	(5,515)	(6,192)
Write-off	-	-	(231)	(12,621)	-	(11,537)	(24,389)
Disposal of a subsidiary	-	-	-	(1,022)	-	(5,733)	(6,755)
Reclassification	-	-	121	260	-	(381)	-
Exchange differences	-	-	(66)	(183)	-	(89)	(338)
At 31 December 2004	-	1,052	9,597	60,546	-	53,772	124,967
Net Book Value							
At 31 December 2004	14,688	5,533	56,411	123,741	10,951	13,376	224,700
At 31 December 2003	16,728	4,711	55,372	146,890	9,563	31,384	264,648
Depreciation charge for 2003							
	-	311	980	9,707	-	15,225	26,223

12. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

* Others	Furniture, fittings and office equipment RM'000	Renovation RM'000	Motor vehicles RM'000	Total RM'000
Group				
Cost				
At 1 January 2004	49,010	3,586	44,093	96,689
Additions	1,225	166	610	2,001
Disposals	(33)	-	(6,724)	(6,757)
Write-off	(10,195)	(1,090)	(1,634)	(12,919)
Disposal of a subsidiary	(215)	(628)	(10,841)	(11,684)
Reclassification	458	(186)	(350)	(78)
Exchange differences	(52)	-	(52)	(104)
At 31 December 2004	<u>40,198</u>	<u>1,848</u>	<u>25,102</u>	<u>67,148</u>
Accumulated depreciation and impairment losses				
At 1 January 2004	38,224	602	26,479	65,305
Charge for the year	6,480	355	4,887	11,722
Disposals	(14)	-	(5,501)	(5,515)
Write-off	(9,756)	(83)	(1,698)	(11,537)
Disposal of a subsidiary	(139)	(98)	(5,496)	(5,733)
Reclassification	(23)	38	(396)	(381)
Exchange differences	(37)	-	(52)	(89)
At 31 December 2004	<u>34,735</u>	<u>814</u>	<u>18,223</u>	<u>53,772</u>
Net Book Value				
At 31 December 2004	<u>5,463</u>	<u>1,034</u>	<u>6,879</u>	<u>13,376</u>
At 31 December 2003	<u>10,786</u>	<u>2,984</u>	<u>17,614</u>	<u>31,384</u>
Depreciation charge for 2003				
	<u>9,618</u>	<u>299</u>	<u>5,308</u>	<u>15,225</u>

12. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

Company	Long term leasehold land RM'000	Building and infrastructure RM'000	Plant and machinery RM'000	Others* RM'000	Total RM'000
Cost					
At 1 January 2004	1,022	7,699	3,657	28,769	41,147
Additions	-	-		449	449
Disposals	-	-		(4,408)	(4,408)
Transfer from a subsidiary	-	1,571	32,467	7,485	41,523
Write-off	-	(710)	(10,610)	(9,999)	(21,319)
At 31 December 2004	1,022	8,560	25,514	22,296	57,392
Accumulated depreciation and impairment losses					
At 1 January 2004	162	1,300	1,210	21,436	24,108
Charge for the year	17	401	1,410	3,969	5,797
Disposals	-	-	-	(3,433)	(3,433)
Transfer from a subsidiary	-	703	10,845	4,334	15,882
Write-off	-	(218)	(4,603)	(8,791)	(13,612)
At 31 December 2004	179	2,186	8,862	17,515	28,742
Net Book Value					
At 31 December 2004	843	6,374	16,652	4,781	28,650
At 31 December 2003	860	6,399	2,447	7,333	17,039
Depreciation charge for 2003					
	17	95	55	4,443	4,610

12. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

* Others	Furniture, fittings and office equipment RM'000	Renovation RM'000	Motor vehicles RM'000	Total RM'000
Group				
Cost				
At 1 January 2004	21,772	364	6,633	28,769
Additions	363	-	86	449
Disposals	(13)	-	(4,395)	(4,408)
Transfer from a subsidiary	4,358	1,080	2,047	7,485
Write-off	(8,813)	(1,072)	(114)	(9,999)
At 31 December 2004	17,667	372	4,257	22,296
Accumulated depreciation and impairment losses				
At 1 January 2004	16,566	65	4,805	21,436
Charge for the year	3,085	27	857	3,969
Disposals	(6)	-	(3,427)	(3,433)
Transfer from a subsidiary	2,982	76	1,276	4,334
Write-off	(8,510)	(73)	(208)	(8,791)
At 31 December 2004	14,117	95	3,303	17,515
Net Book Value				
At 31 December 2004	3,550	277	954	4,781
At 31 December 2003	5,206	299	1,828	7,333
Depreciation charge for 2003	3,722	21	700	4,443

12. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

- (a) During the year, the Group acquired property, plant and equipment with an aggregate cost of approximately RM13,808,000 (2003: RM40,137,000) of which RM7,458,000 (2003: RM3,850,000) were acquired by means of hire purchase and finance lease arrangements.

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

	Group	
	2004 RM'000	2003 RM'000
Motor vehicles	2,673	4,049
Office equipment	32	-
Forklift	37	-
Plant and machinery	9,844	3,059
	12,586	7,108

The Company acquired property, plant and equipment entirely by cash in the current and previous financial years.

- (b) The net book values of property, plant and equipment of the Group pledged to financial institutions for bank borrowings as referred to in Note 23 are as follows:

	Group	
	2004 RM'000	2003 RM'000
Freehold land	5,079	7,107
Leasehold land	659	679
Building and infrastructure	7,977	13,520
Plant and machinery	10,323	8,629
	24,038	29,935

- (c) During the year, the Group and Company had written off obsolete property, plant and equipment at net book value of RM19,896,000 and RM7,707,000 respectively.

13. INVESTMENT IN SUBSIDIARIES

	Company	
	2004 RM'000	2003 RM'000
Unquoted shares, at cost	391,883	340,865
Less: Accumulated impairment losses	(69,089)	(23,355)
	322,794	317,510

Details of the subsidiaries are shown on Note 35(A).

- (a) The Group disposed off 75% equity interest in Bernas Logistics Sdn Bhd on 30 September 2004 for a total consideration of RM21,000,000.

The disposal had the following effect on the Group's financial results for the year:

	2004 RM'000
Revenue	74,961
Profit from operations	6,103
Net profit for the year	4,346
	85,410

The disposal had the following effect on the financial position of the Group as at the end of the year:

	2004 RM'000
Property, plant and equipment	5,758
Trade and other receivables	23,754
Cash and bank balances	914
Trade and other payables	(13,368)
Tax payable	(2,763)
Deferred taxation	(847)
Net assets disposed	13,448
Total disposal proceeds	(21,000)
Gain on disposal to the Group	(7,552)
Disposal proceeds settled by:	
Cash	21,000
Cash inflow arising on disposal:	
Cash consideration, representing cash inflow of the Company	21,000
Cash and cash equivalents of subsidiaries disposed	(914)
Net cash inflow of the Group	20,086

13. INVESTMENT IN SUBSIDIARIES (CONTD.)

The disposal of the subsidiary had the following effect on the financial results of the Company as at the end of the year:

	2004 RM '000
Total disposal proceeds	21,000
Less: Cost of investment in subsidiary	(5,250)
Gain on disposal of subsidiary	<u>15,750</u>

14. INVESTMENT IN ASSOCIATES

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
In Malaysia:				
Unquoted shares, at cost	74,016	72,597	69,994	63,244
Share of post-acquisition reserves	38,376	26,061	-	-
Less: Accumulated impairment losses	(2,300)	(2,300)	(2,300)	(2,300)
	<u>110,092</u>	<u>96,358</u>	<u>67,694</u>	<u>60,944</u>
Outside Malaysia:				
Unquoted shares, at cost	3,011	3,427	-	-
Share of post-acquisition reserves	3,440	5,633	-	-
	<u>6,451</u>	<u>9,060</u>	<u>-</u>	<u>-</u>
	<u>116,543</u>	<u>105,418</u>	<u>67,694</u>	<u>60,944</u>

	Group	
	2004 RM'000	2003 RM'000
Represented by:		
Share of net assets	116,543	105,432
Reserve on acquisition	-	(14)
	<u>116,543</u>	<u>105,418</u>

14. INVESTMENT IN ASSOCIATES (CONTD.)

Details of the associates, are shown on Note 35(B) to the financial statements.

- (a) On 30 April 2004, the Group disposed off its 49% equity interest in Bernas In-Line Agencies Sdn Bhd, a company incorporated in Malaysia for cash consideration of RM117,600.
- (b) On 21 October 2004, a 30% associate of the Company, OEL Realty Holdings Sdn Bhd acquired 100% equity interest in OEL Food Manufacturing Sdn Bhd, a company incorporated in Malaysia for cash consideration of RM2.00. On the same date, the paid up share capital of OEL Food Manufacturing Sdn Bhd was increased from RM2.00 to RM200,000.
- (c) On 2 September 2004, the Group disposed off 30% equity interest in Irfan Noman Bernas (Pvt) Limited (formally known as Kaiser Noman Bernas (Pvt) Limited), a company incorporated in Pakistan for cash consideration of RM2,132,645.

15. OTHER INVESTMENTS

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Unquoted shares,				
at cost	6,450	6,450	6,000	6,000
Quoted shares in Malaysia,				
at cost	23	23	-	-
Golf club membership	29	29	-	-
Less: Accumulated				
impairment loss	(150)	(150)	-	-
	<u>6,352</u>	<u>6,352</u>	<u>6,000</u>	<u>6,000</u>
Market value of quoted				
shares	<u>21</u>	<u>25</u>		

16. INTANGIBLE ASSETS

	Group	
	2004 RM'000	2003 RM'000
Goodwill on consolidation		
At 1 January	8,194	10,005
Less: Amortisation for the year	(1,473)	(1,811)
Less: Written off for the year	(6,721)	-
At 31 December	<u>-</u>	<u>8,194</u>
Trademarks		
At 1 January	239	289
Less: Amortisation for the year	(50)	(50)
At 31 December	<u>189</u>	<u>239</u>
	<u>189</u>	<u>8,433</u>

17. DEFERRED TAXATION

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
At 1 January	18,296	16,398	23,065	27,062
Disposal of a subsidiary	1,130	-	-	-
Recognised in the income statement (Note 9)	5,300	1,898	5,605	(3,997)
At 31 December	24,726	18,296	28,670	23,065
Presented after appropriate offsetting as follows:				
Deferred tax assets	70,327	56,730	31,047	25,379
Deferred tax liabilities	(45,601)	(38,434)	(2,377)	(2,314)
	24,726	18,296	28,670	23,065

The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

Deferred Tax Assets of the Group:

	Retirement Benefit Obligations RM'000	Provision for Doubtful Debts RM'000	Tax Losses and Unabsorbed Capital Allowances RM'000	Others RM'000	Total RM'000
At 1 January					
2004	9,636	3,393	35,529	8,172	56,730
Recognised in the income statement	3,078	22	(8,357)	19,122	13,865
Disposal of a subsidiary	-	-	-	(268)	(268)
At 31 December					
2004	12,714	3,415	27,172	27,026	70,327

17. DEFERRED TAXATION (CONTD.)

Deferred Tax Liabilities of the Group:

	Accelerated Capital Allowances RM'000	Others RM'000	Total RM'000
At 1 January 2004	(34,597)	(3,837)	(38,434)
Recognised in the income statement	(8,268)	(297)	(8,565)
Disposal of a subsidiary	1,398	-	1,398
At 31 December 2004	(41,467)	(4,134)	(45,601)

Deferred Tax Assets of the Company:

	Retirement Benefit Obligations RM'000	Provision for Doubtful Debts RM'000	Accruals RM'000	Tax Losses and Unabsorbed Capital Allowances RM'000	Total RM'000
At 1 January 2004	4,747	3,226	1,017	16,389	25,379
Recognised in the income statement	2,947	-	19,110	(16,389)	5,668
At 31 December 2004	7,694	3,226	20,127	-	31,047

Deferred Tax Liabilities of the Company:

	Accelerated Capital Allowances RM'000	Total RM'000
At 1 January 2004	(2,314)	(2,314)
Recognised in the income statement	(63)	(63)
At 31 December 2004	(2,377)	(2,377)

17. DEFERRED TAXATION (CONTD.)

Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2004 RM'000	2003 RM'000
Unused tax losses	12,123	33,175
Unabsorbed capital allowances	5,127	330
	17,250	33,505

The unused tax losses and unabsorbed capital allowances are available indefinitely to offset against future taxable profits of the subsidiaries in which those items arose. Deferred tax assets have not been recognised in respect of these items as they may not be used to offset taxable profits of other subsidiaries in the Group and they may have arisen in subsidiaries that have a recent history of losses.

18. INVENTORIES

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
At cost:				
Paddy and rice	181,476	196,012	89,950	95,550
Spares and consumables	8,497	7,519	564	-
Raw materials	11,916	4,428	-	-
Finished goods	9,370	11,234	-	-
	211,259	219,193	90,514	95,550
At net realisable value:				
Paddy and rice	345	-	-	-
	211,604	219,193	90,514	95,550

The cost of inventories recognised as an expense during the financial year in the Group and in the Company amounted to approximately RM1,550,955,000 (2003: RM1,514,595,000) and RM1,419,823,000 (2003: RM739,232,000) respectively.

19. TRADE RECEIVABLES

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Due from associates	73,873	101,482	73,873	97,721
Due from subsidiaries	-	-	173,466	182,804
Other trade receivables	238,944	220,696	67,060	3,490
	312,817	322,178	314,399	284,015
Less: Provision for doubtful debts	(69,331)	(64,846)	(65,628)	(11,520)
	243,486	257,332	248,771	272,495

Included in trade receivables of the Group is an amount of RM4,283,000 (2003: RM4,754,000) due from Recent Giant Sdn Bhd, a company in which Yew Chye Seng, Ong Chye Eng and Yew Poe Hoe, directors of YHL Holding Sdn Bhd have substantial financial interest.

The amounts due from subsidiaries and associates are unsecured, interest-free and are receivable in accordance with the normal credit terms granted to customers.

The Group's and Company's credit terms range from 45 to 60 days and 30 to 90 days respectively. Other credit terms are assessed and approved on a case-by-case basis.

The Group and Company have no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors, other than the amounts due from subsidiaries and associates as stated above.

20. OTHER RECEIVABLES

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Due from subsidiaries	-	-	168,438	104,804
Due from associates	10,272	16,659	7,809	14,280
Advances to farmers	3,144	-	3,144	-
Outstanding proceeds from disposal of subsidiaries	1,779	2,529	1,779	2,529
Insurance claims recoverable	4,534	8,112	4,534	8,112
Sundry receivables	32,568	40,495	10,690	5,949
	52,297	67,795	196,394	135,674
Less: Provision for doubtful debts	(18,843)	(22,487)	(50,286)	(54,020)
	33,454	45,308	146,108	81,654

20. OTHER RECEIVABLES (CONTD.)

Included in sundry receivables of the Group is an amount of RM5,108,400 (2003: RM6,440,000) being rental deposits paid to Yew Poe Hai and Yew Chor Kooi; the former is an alternate director of YHL Holding Sdn Bhd (a subsidiary) and the latter is connected by virtue of his family relationship with certain directors of YHL Holding Sdn Bhd.

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

The Group and Company have no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors, other than the amounts due from subsidiaries and associates as stated above.

21. CASH AND BANK BALANCES

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Cash in hand and at				
banks	131,242	130,860	82,060	50,957
Deposits with:				
Licensed banks	168,155	129,277	140,555	98,941
Other financial institutions	34,830	32,625	32,830	30,625
	<u>334,227</u>	<u>292,762</u>	<u>255,445</u>	<u>180,523</u>

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

	Group and Company	
	2004 RM'000	2003 RM'000
Amounts maintained in the sinking fund account for certain borrowings granted to the Company	-	30,625

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

	Group	
	2004 RM'000	2003 RM'000
(i) Credit facility granted to certain subsidiaries as referred to in Note 23	3,207	2,860
(ii) Bank guarantee facilities from licensed banks	-	150
	<u>3,207</u>	<u>3,010</u>

21. CASH AND BANK BALANCES (CONTD.)

(c) The range of interest rates for deposits during the financial year were as follows:

	Group		Company	
	2004 % (per annum)	2003 % (per annum)	2004 % (per annum)	2003 % (per annum)
Licensed banks	2.6 - 4.9	2.8 - 4.9	2.6 - 2.7	2.8 - 2.9
Other financial institutions	2.6 - 3.0	2.7 - 2.9	2.6 - 2.7	2.8 - 2.9

(d) The average maturity of deposits at the end of the financial year were as follows:

	Group		Company	
	2004 Days	2003 Days	2004 Days	2003 Days
Licensed banks	30	30	10	30
Other financial institutions	10	10	15	7

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

22. RETIREMENT BENEFIT OBLIGATIONS

The Group operates an unfunded, defined benefit Retirement Benefit Scheme ("the Scheme") for its eligible employees.

The amounts recognised in the balance sheet are determined as follows:

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Present value of unfunded defined benefit obligations	39,057	34,416	27,478	16,953
Analysed as:				
Current:	6,916	2,764	5,178	1,370
Non-current:				
Later than 1 year but not later than 2 years	1,268	1,272	926	582
Later than 2 years but not later than 5 years	3,460	3,123	2,075	1,182
Later than 5 years	27,413	27,257	19,299	13,819
	32,141	31,652	22,300	15,583
	39,057	34,416	27,478	16,953

22. RETIREMENT BENEFIT OBLIGATIONS (CONTD.)

The amounts recognised in the income statement are as follows:

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Current service cost	4,225	5,058	2,960	288
Interest cost	2,291	3,243	1,604	1,760
Total, included in staff costs (Note 6)	6,516	8,301	4,564	2,048
Write back of retirement benefit obligations (Note 5(i))	-	(20,216)	-	(14,001)
	6,516	(11,915)	4,564	(11,953)

Movements in the net liability in the current year were as follows:

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
At 1 January	34,416	47,563	16,953	25,867
Amounts charged to the income statement (Note 5)	6,516	8,301	4,564	2,048
Amount reversed in the income statement (Note 5(i))	-	(20,216)	-	(14,001)
Transfer from subsidiaries	-	-	7,580	3,761
Contributions paid	(1,875)	(1,232)	(1,619)	(722)
At 31 December	39,057	34,416	27,478	16,953

Principal actuarial assumptions used:

	2004 %	2003 %
Discount rate	7.0	7.0
Expected rate of salary increases	5.0	5.0

23. BORROWINGS

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Short term borrowings				
Secured:				
Bank overdrafts	7,963	7,478	-	-
Term loans	1,620	38,192	-	34,800
Hire purchase and finance				
lease payables				
(Note 24)	3,763	2,145	-	-
	<u>13,346</u>	<u>47,815</u>	<u>-</u>	<u>34,800</u>
Unsecured:				
Bank overdrafts	189	12	-	-
Bankers' acceptances	225,150	361,401	127,759	230,219
Interest free Government				
loan	-	12,223	-	12,223
	<u>225,339</u>	<u>373,636</u>	<u>127,759</u>	<u>242,442</u>
	<u>238,685</u>	<u>421,451</u>	<u>127,759</u>	<u>277,242</u>
Long term borrowings				
Secured:				
Term loans	5,313	27,967	-	20,000
Hire purchase and finance				
lease payables				
(Note 24)	4,188	2,741	-	-
	<u>9,501</u>	<u>30,708</u>	<u>-</u>	<u>20,000</u>
Total Borrowings				
Bank overdrafts	8,152	7,490	-	-
Bankers' acceptances	225,150	361,401	127,759	230,219
Interest free Government				
loan	-	12,223	-	12,223
Term loans	6,933	66,159	-	54,800
Hire purchase and finance				
lease payables				
(Note 24)	7,951	4,886	-	-
	<u>248,186</u>	<u>452,159</u>	<u>127,759</u>	<u>297,242</u>

23. BORROWINGS (CONTD.)

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Maturity of borrowings (excluding hire purchase and finance lease):				
Within one year	234,922	419,306	127,759	277,242
More than 1 year and less than 2 years	1,670	22,656	-	20,000
More than 2 years and less than 5 years	2,769	3,923	-	-
5 years or more	874	1,388	-	-
	<u>240,235</u>	<u>447,273</u>	<u>127,759</u>	<u>297,242</u>

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

	Group		Company	
	2004 % (per annum)	2003 % (per annum)	2004 % (per annum)	2003 % (per annum)
Bank overdrafts	6.9 - 7.5	7.0 - 8.0	-	-
Bankers' acceptances	2.8 - 5.2	2.6 - 4.2	3.1 - 3.4	3.1 - 3.3
Term loans	2.3 - 7.7	4.0 - 10.0	-	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 12 and 21.

24. HIRE PURCHASE AND FINANCE LEASE PAYABLES

	Group	
	2004 RM'000	2003 RM'000
Minimum hire purchase and lease payments:		
Not later than 1 year	4,243	2,482
Later than 1 year and not later than 2 years	3,336	1,892
Later than 2 years and not later than 5 years	1,185	1,167
	8,764	5,541
Less: Future finance charges	(813)	(655)
Present value of hire purchase and finance lease liabilities	7,951	4,886
Present value of hire purchase and finance lease liabilities:		
Not later than 1 year	3,763	2,145
Later than 1 year and not later than 2 years	3,072	1,689
Later than 2 years and not later than 5 years	1,116	1,052
	7,951	4,886
Analysed as:		
Due within 12 months (Note 23)	3,763	2,145
Due after 12 months (Note 23)	4,188	2,741
	7,951	4,886

The hire purchase and lease liabilities bear interest at rates ranging from 3.4% to 11.67% (2003: 6.4% to 14.9%) per annum.

25. TRADE PAYABLES

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Due to associates	2,394	36,361	2,394	36,232
Due to subsidiaries	-	-	-	59
Other trade payables	21,257	32,163	5,473	14,461
	<u>23,651</u>	<u>68,524</u>	<u>7,867</u>	<u>50,752</u>

Included in other trade payables of the Group is an amount of RM2,362,262 (2003: RM652,871) due to Fragstar Corporation Sdn Bhd ("FCSB"), a company in which certain directors of a subsidiary, YHL Holding Sdn Bhd are connected by virtue of their family relationships with the directors of FCSB.

The amounts due to subsidiaries and associates are unsecured, interest free and are payable in accordance with normal credit terms granted by creditors.

The normal credit terms granted to the Group and the Company range from 7 to 60 days and 7 to 30 days respectively.

26. OTHER PAYABLES

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Due to subsidiaries	-	-	297,116	133,843
Due to associates	3,745	5	3,745	-
Due to corporate shareholder of related company	1,384	1,384	-	-
Other accruals and sundry payables	98,639	50,818	83,756	22,829
	<u>103,768</u>	<u>52,207</u>	<u>384,617</u>	<u>156,672</u>

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

27. SHARE CAPITAL

	Number of Shares of RM1.00 Each		Amount	
	2004	2003	2004	2003
Authorised:				
At 1 January				
Special Rights Redeemable				
Preference Share				
("Special Share")				
of RM1.00	1	1	1	1
Ordinary shares of				
RM1.00 each	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000
At 31 December	1,000,000,001	1,000,000,001	1,000,000,001	1,000,000,001
Issued and fully paid:				
At 1 January				
Special Share of				
RM1.00 (note a)	1	1	1	1
Ordinary shares of				
RM1.00 each	444,253,000	444,213,000	444,253,000	444,213,000
Issued during the year in respect of:				
- exercise of ESOS				
(note b)	19,107,500	40,000	19,107,500	40,000
At 31 December	463,360,501	444,253,001	463,360,501	444,253,001

(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.

27. SHARE CAPITAL (CONTD.)

- (b) During the financial year, the Company increased its issued and paid up share capital from RM444,253,001 to RM463,360,501 by way of the issuance of 19,107,500 ordinary shares of RM 1.00 each resulting from the exercise of employee share options for cash at the option price of RM 1.17 per share.
- (c) Employees' Share Option Scheme ("ESOS")

As at 31 December 2004, the balance of shares under option which remains unexercised was 10,627,000 (2003: 29,745,500). The ESOS holders who had opted for the VSS as elaborated in Note 5(i), have until September 2005 to exercise their options.

Subsequent to the financial year end, a total of 2,911,000 options have been exercised.

28. NON-DISTRIBUTABLE RESERVES

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
(a) Capital reserve				
Balance at 1 January	614	614	600	600
Transfer from Capital Redemption Reserve	9,000	-	-	-
Realisation of reserve upon disposal of a subsidiary	(6,750)	-	-	-
Balance at 31 December	2,864	614	600	600
(b) Stockpile fluctuation reserve				
Balance at 1 January	14,489	4,266	9,270	511
Transfer from subsidiary	-	-	1,920	-
Transfer (to)/from Government Stockpile	(9,847)	10,223	(3,311)	8,759
Balance at 31 December	4,642	14,489	7,879	9,270

28. NON-DISTRIBUTABLE RESERVES (CONTD.)

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
(c) Capital redemption reserve				
Balance at 1 January	21,520	18,520	7,370	7,370
Capitalisation of distributable profit of a subsidiary for bonus issue	-	3,000	-	-
Transfer to Capital Reserve	(9,000)	-	-	-
Balance at 31 December	12,520	21,520	7,370	7,370
(d) Foreign exchange reserve				
Balance at 1 January	736	(57)	-	-
Arising during the year	(736)	793	-	-
Balance at 31 December	-	736	-	-
(e) Share premium				
Balance at 1 January	2,639	2,632	2,639	2,632
Arising from the exercise of ESOS	3,249	7	3,249	7
Balance at 31 December	5,888	2,639	5,888	2,639
	25,914	39,998	21,737	19,879

29. RETAINED PROFITS

The Company has sufficient tax credit under Section 108 of the Income Tax Act, 1967 and balance in the tax exempt account to frank the payment of dividends out of its entire retained profits as at 31 December 2004.

As at 31 December 2004, the Company has tax exempt profits available for distribution of approximately RM83,246,000 (2003: RM99,155,000), subject to agreement of the Inland Revenue Board.

30. 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	
	2004 RM'000	2003 RM'000
Balance at 1 January	84,727	54,773
Add: Government subsidy funds received	448,000	476,000
Interest income	2,010	1,679
Less: Payments made during the year	(476,628)	(447,725)
Balance at 31 December	<u>58,109</u>	<u>84,727</u>

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

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 Group 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.

31. COMMITMENTS

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Capital expenditure:				
Approved and contracted for:				
Property, plant and equipment	6,606	14,667	-	-
Investments	33,155	22,540	33,000	8,000
	<u>39,761</u>	<u>37,207</u>	<u>33,000</u>	<u>8,000</u>
Approved but not contracted for:				
Property, plant and equipment	47,849	-	-	-
Investments	2,000	-	-	-
	<u>49,849</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>89,610</u>	<u>37,207</u>	<u>33,000</u>	<u>8,000</u>

32. CONTINGENT LIABILITIES

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Unsecured				
Corporate guarantee for bank facilities of certain subsidiaries	-	-	89,120	109,698
Corporate guarantee for bank facilities of associates				
- Active Agri Company Limited *	-	7,600	-	-
- Bernas Feedstuff Sdn. Bhd	3,400	3,400	3,400	3,400
- Serba Wangi Sdn Bhd	30,000	40,000	30,000	40,000
- Keongco (M) Sdn Bhd	2,000	2,000	2,000	2,000
	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>

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

32. CONTINGENT LIABILITIES (CONTD.)

- (a) On 12 November 2003, Malimex Company Ltd ("Malimex"), a company incorporated in Cambodia, had served a Statement of Case dated 7 November 2003 under the rules of the Singapore International Arbitration Centre to the Company's solicitors in Singapore.

The Arbitration is in respect of a dispute arising from a Supply and Procurement Agreement dated 23 July 2001 entered into between the Company and Malimex. In the said Arbitration proceeding, Malimex has claimed damages to the amount of USD4,710,395 which is equivalent to RM17,899,501. On 12 December 2003, the Company lodged its defence to the claim and the counter claim to the amount of USD11,900,950 which is equivalent to RM45,223,610.

On 17 July 2004, the Arbitral Tribunal heard the parties application as follows:

- (i) Malimex's application to withdraw/discontinue the arbitration;
- (ii) The Company's application to dismiss/stay the Malimex's claim; and
- (iii) The Company's application for security for costs.

On 10 and 13 August 2004, the Arbitral Tribunal heard the Company's counterclaim against Malimex. Pursuant to the said hearing, the Tribunal has directed the Company and Malimex to submit their respective Closing Written Submission to the Arbitral Tribunal by 7 December 2004 which was then extended to 7 January 2005.

On 7 January 2005, the Company submitted its Closing Written Submission to the Arbitral Tribunal for their final decision.

- (b) On 9 December 2004, the Company has been named First Respondent in Section 181 Petition dated 26 November 2004 ("the Petition") issued by Konsortium Pemborong Beras Melayu (Kelantan) Sdn Bhd ("the Petitioner").

The Petition is seeking, inter alia, the following relief:

- (i) A declaration that the Company is conducting itself and the affairs of Second Respondent, namely Formula Timur Sdn Bhd, a 40%-owned associate of the Company, in a manner that is oppressive, discriminatory and prejudicial to the Petitioner and/or in disregard to the interests of the Petitioner;
- (ii) A declaration that the Company's action in stopping the supply of rice to the Second Respondent and instead appointing Consolidated Bernas United Distributor Sdn Bhd, a 50%-owned subsidiary of the Company, as its "marketing arm" is contrary to the provisions of the JV Agreement; and
- (iii) Damages in the sum of RM32 million and further damages for future loss of business and earnings.

On 6 January 2005, the Company submitted an application to strike out the Petition. The striking out application was fixed for hearing on 24 March 2005 which was then postponed to 14 July 2005.

33. SIGNIFICANT RELATED PARTY TRANSACTIONS

	Company	
	2004 RM'000	2003 RM'000
(a) Purchases from and services rendered by subsidiaries	197,457	230,029
(b) Sales to subsidiaries	1,116,130	763,817
(c) Financial assistance ("grant") given to Bernas Production Sdn Bhd	-	60,000
(d) Sales to associates		
- Bernas Feedstuff Sdn Bhd	26,053	-
- Serba Wangi Sdn Bhd and its subsidiaries	248,522	121,726
- OEL Realty Holdings Sdn Bhd and its subsidiaries	87,860	32,192
(e) Purchases from associates		
- Irfan Norman Bernas (Pvt) Limited (formerly known as Qaiser Noman Bernas (Pvt) Limited)	38,852	42,577
- Asian Peninsula Corporation Ltd	376,250	356,876
(f) Transactions with subsidiaries' director related companies and other related parties		
(i) Syarikat Faiza Group ("SFSB")		
Transport charges paid to Iman Cargo and Freight Services Sdn Bhd, a company owned by the son of a director of SFSB, Faiza Bawumi Sayed Ahmad	-	251
Purchases from Faiza Marketing Sdn Bhd, an enterprise in which directors (namely Faiza Bawumi Bt Syed Ahmad and Najwa Bt Abu Bakar) have interest	378	-
Sales to Pasar Mini Enterprise, an enterprise in which certain directors (namely Faiza Bawumi Bt Syed Ahmad and Najwa Bt Abu Bakar) have interest	298	-
(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 Kiam Lai @ Lim Kean Lai is a substantial shareholder	3,436	3,854

33. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTD.)

	Company	
	2004 RM'000	2003 RM'000
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	2,712	2,005
Rental of premises paid to Asian Net Sdn Bhd, a company in which the directors of JFC and its subsidiaries have substantial financial interest	841	687
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	961	757
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	489	556
Transport charges paid Joo Seng Edar Sdn Bhd, a corporate shareholder of JS Jasmine Sdn Bhd and a company in which Tee Sin Joo and Tee Sin Kong, directors of JS Jasmine Sdn Bhd have substantial financial interests	298	310
Rental of office and warehouse paid to Joo Seng Edar Sdn Bhd, a corporate shareholder of JS Jasmine Sdn Bhd and a company in which Tee Sin Joo and Tee Sin Kong, directors of JS Jasmine Sdn Bhd have substantial financial interests	300	305
Purchase from Chop Joo Seng, a company in which Tee Sin Joo and Tee Sin Kong, directors of JS Jasmine Sdn Bhd have substantial financial interests	868	1,196
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	2,385	1,976

33. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTD.)

	Company	
	2004 RM'000	2003 RM'000
(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	52	4,030
Sales to Rostaha Sdn Bhd, a company in which an alternate director of CBUD, Yeo Sa Kaw has substantial financial interest	1,059	5,658
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	450	1,321
(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	4,283	4,754
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	2,646	4,592
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	1,452	1,452
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 directors of SHSE	391	871

33. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTD.)

	Company	
	2004 RM'000	2003 RM'000
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	542	540
Rental of premises paid to Yew Chye Seng, a director of YHLH	374	374
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	1,440	1,440
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	1,896	1,896
Hire of motor vehicles paid to Dayangbina 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	1,717	3,665
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 relationships with the directors of FCSB	5,774	6,898
Transport charges paid to Yeo Transport Sdn Bhd ("YTSB"), a company in which certain director YHLH are connected by virtue of their family relationships with the directors of YTSB	218	110

33. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTD.)

	Company	
	2004 RM'000	2003 RM'000
Rental expense paid to Sin Hock Soon Trading Sdn Bhd, a company in which certain directors of the Company, namely Yew Poh Chong and Yew Poh Aik have substantial financial interest	299	293
(v) Beras Corporation Sdn Bhd Group ("BCSB")		
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	1,591	1,632
Sales to Ban Say Tong, an entity owned by Kueh Peng Ho, a director and substantial shareholder of BST	1,194	2,364
Sales to Syarikat Welly Trading, a company in which a director has substantial financial interest	891	2,144
Sales to Hock Chiong Co Sdn Bhd, a company in which directors of Hock Chiong Foodstuff Sdn Bhd, Datuk Lau Hieng Ing and Datin Wong Puo Siong have substantial financial interest	212	388
Transport charges paid to Saza Enterprise, a company owned by a director, Sisamdin Bin Bugan	502	475
(vi) Bernas Chaff Products Sdn Bhd ("BCPSB")		
Sales to Mitavite Asia Sdn Bhd, a company in which a director of Bernas Chaff Sdn Bhd, Rodney Roy Shepherd, is a substantial shareholder	611	623

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.

34. SIGNIFICANT AND/OR SUBSEQUENT EVENTS

- (a) On 19 March 2004, the Company entered into a Memorandum of Agreement ("MOA") for the proposed disposal of up to 12,000,000 ordinary shares of RM1.00 each representing 75% equity interest in Bernas Logistics Sdn Bhd ("BLSB"), a wholly owned subsidiary of the Company to Johor Port Berhad for a total cash consideration of RM21,000,000 ("Proposed Disposal").

On 2 July 2004, the Company entered into a Share Sale Agreement ("SSA") with Johor Port Berhad in respect of the proposed disposal. In conjunction with the execution of the SSA, a Shareholders' Agreement ("SHA") was also entered into between both parties on even date.

On 30 September 2004, the Proposed Disposal was completed. Pursuant to the above completion, BLSB is now an associate of the Group.

- (b) On 25 June 2004, Bernas Overseas (L) Limited ("BOL"), a wholly-owned subsidiary of the Company, had entered into a Share Sale Agreement and Shareholders' Agreement with 4 individual shareholders of Irfan Noman Bernas (Pvt) Limited ("INB") (formally known as Qaiser Noman Bernas (Pvt) Limited) for the proposed disposal of up to 900,000 ordinary shares of Pakistan Rupee ("PKR") 10.00 each representing 30% equity interest in INB for a total cash consideration of PKR33,000,000 ("Proposed Disposal").

On 2 September 2004, the Proposed Disposal was completed and BOL now holds 20% equity interest in QNB.

- (c) On 10 September 2004, the Company entered into a conditional Share Sale Agreement with Tradewinds Corporation Berhad ("TCB") in respect of the proposed acquisition of 16,200,000 ordinary shares of RM1.00 each representing 45% equity interest in United Malayan Flour (1996) Sdn Bhd ("UMF") for a total cash consideration of RM25,000,000 ("Proposed Acquisition").

On 5 January 2005, the Proposed Acquisition was completed and pursuant to the above completion, the Company holds 45% equity interest in UMF.

- (d) On 30 September 2004, the Company entered into a Memorandum of Understanding ("MOU") with University Putra Malaysia ("UPM") to establish strategic studies, research and development ("R&D") in the agricultural sector particularly in the areas of paddy and rice, rice related and rice based products and agricultural engineering ("the Project"). The R&D is part of the Company's effort to enhance its involvement in the upstream activities as well as downstream activities of paddy and rice industry.

The salient terms of the MOU are as follows:

- The MOU shall be valid for a period of two (2) years commencing from 1 January 2005;
- Bernas shall allocate up to RM5,000,000 for the Project;
- UPM shall provide the relevant technical knowledge, skills, facilities and equipments for the Project, and
- The MOU does not constitute nor it is deemed binding, formal or legal agreement between the two parties.

- (e) On 30 November 2004, the Company undertook a Voluntary Separation Scheme ("VSS") involving 1,695 employees within the Group for a period of one year with effect from 1 December 2004 to 30 November 2005. The implementation of the VSS had been approved by the Ministry of Finance on 14 October 2004.

35. SUBSIDIARIES AND ASSOCIATES

(A) SUBSIDIARIES

Name of Subsidiaries	Effective Interest (%)		Principal Activities
	2004	2003	
Incorporated in Malaysia			
Edaran Logistik Nasional Sdn Bhd	100	100	Dormant
Bernas Production Sdn Bhd	100	100	Rice processing
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
Consolidated Bernas United Distributors Sdn Bhd*	50% + 1 share	50% + 1 share	Rice trading
Machind Realty Sdn Bhd*	86	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

35. SUBSIDIARIES AND ASSOCIATES (CONTD.)

(A) SUBSIDIARIES (CONTD.)

Name of Subsidiaries	Effective Interest (%)		Principal Activities
	2004	2003	
Incorporated in Malaysia (Contd.)			
Jasmine Khidmat & Harta Sdn Bhd	51	51	Letting of properties
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

35. SUBSIDIARIES AND ASSOCIATES (CONTD.)

(A) SUBSIDIARIES (CONTD.)

Name of Subsidiaries	Effective Interest (%)		Principal Activities
	2004	2003	
Incorporated in Malaysia (Contd.)			
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	Dormant
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	Investment holding
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

35. SUBSIDIARIES AND ASSOCIATES (CONTD.)

(A) SUBSIDIARIES (CONTD.)

Name of Subsidiaries	Effective Interest (%)		Principal Activities
	2004	2003	
Incorporated in Malaysia (Contd.)			
Bernas Dominals Sdn Bhd	100	100	Investment holding
Bernas Chaff Products Sdn Bhd	51	51	Manufacturing and trading of horse feed
Bernas Overseas (L) Limited	100	100	Offshore investment holding company
Bernas Engineering & Technology Sdn Bhd	100	100	Dormant
P.B. Construction & Supplies Sdn Bhd	100	100	Dormant
Bernas Realty & Development Sdn Bhd	100	100	Dormant
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

35. SUBSIDIARIES AND ASSOCIATES (CONTD.)

(A) SUBSIDIARIES (CONTD.)

Name of Subsidiaries	Effective Interest (%)		Principal Activities
	2004	2003	
Incorporated in Malaysia (Contd.)			
Bernas Food Catering 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	50	50	Dormant
Incorporated in the British Virgin Islands			
Bernas China Corporation	95	95	Rice trading

35. SUBSIDIARIES AND ASSOCIATES (CONTD.)

(A) SUBSIDIARIES (CONTD.)

Name of Subsidiaries	Effective Interest (%)		Principal Activities
	2004	2003	
Incorporated in the Republic of Guinea			
Societe Bernas De Guinee *	80	80	Poultry and egg production

* Audited by a firm of auditors other than Hanafiah Raslan & Mohamad.

(B) ASSOCIATES

Name of Associates	Effective Interest (%)		Financial Year End	Principal Activities
	2004	2003		
Incorporated in Malaysia				
Gardenia Bakeries (KL) Sdn Bhd	30	30	31 December	Bread manufacturing and bakery
Rasayang Food Industries Sdn Bhd	50	50	31 December	Vermicelli manufacturer
Bernas Feedstuff Sdn Bhd	49	49	31 December	Trading of rice by products
Bernas In Line Agencies Sdn Bhd	-	49	31 December	Provision of freight services
Kilang Beras Fajar Sdn Bhd	49	49	31 December	Dormant
Fajar Jerlun Sdn Bhd	49	49	31 December	Dormant

35. SUBSIDIARIES AND ASSOCIATES (CONTD.)

(B) ASSOCIATES (CONTD.)

Name of Associates	Effective Interest (%)		Financial Year End	Principal Activities
	2004	2003		
Incorporated in Malaysia				
(Contd.)				
Fajar Jerlun (Negeri Sembilan) Sdn Bhd	49	49	31 December	Dormant
Formula Timur Sdn Bhd	40	40	30 April	Dormant
Ban Heng Bee (1952) Rice Mill Sdn Bhd	20	20	31 December	Rice miller
Serba Wangi Sdn Bhd	52	52	31 December	Trader, distributor and supplier of rice
Serba Wangi (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

35. SUBSIDIARIES AND ASSOCIATES (CONTD.)

(B) ASSOCIATES (CONTD.)

Name of Associates	Effective Interest (%)		Financial Year End	Principal Activities
	2004	2003		
Incorporated in Malaysia				
(Contd.)				
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
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

35. SUBSIDIARIES AND ASSOCIATES (CONTD.)

(B) ASSOCIATES (CONTD.)

Name of Associates	Effective Interest (%)		Financial Year End	Principal Activities
	2004	2003		
Incorporated in Malaysia				
(Contd.)				
Central Eight (M) Sdn Bhd	20	20	31 December	Letting of properties
OEL Realty Holdings Sdn Bhd	30	30	31 December	Investment holding
Ong Eng Lee (Trading) Sdn Bhd	30	30	31 December	Trader, distributor and supplier of rice
Sing Weng Guan Enterprise Sdn Bhd	30	30	31 December	Trader, distributor and supplier of rice
Bintangtara Sdn Bhd	30	30	31 December	Trader, distributor and supplier of rice
OEL Wawasan Enterprise Sdn Bhd	30	30	31 December	Trader, distributor and supplier of rice
Perusahaan Kargo Selatan Sdn Bhd	30	30	31 December	Trader, distributor and supplier of rice
Setia Saujana Sdn Bhd	18	18	31 December	Trader, distributor and supplier of rice

35. SUBSIDIARIES AND ASSOCIATES (CONTD.)

(B) ASSOCIATES (CONTD.)

Name of Associates	Effective Interest (%)		Financial Year End	Principal Activities
	2004	2003		
Incorporated in Malaysia				
(Contd.)				
Best Field Enterprise Sdn Bhd	18	18	31 December	Trader, distributor and supplier of rice
OEL Food Manufacturing Sdn Bhd	30	-	31 December	Manufacturing of health drinks
Bernas Logistics Sdn Bhd	25	100	31 December	Provision of logistics services
Incorporated in Thailand				
Asian Peninsula Corporation Ltd	49	49	31 December	Rice trading
Incorporated in Pakistan				
Irfan Noman Bernas (Pvt) Limited (formally known as Qaiser Noman Bernas (Pvt) Limited)	20	50	30 June	Rice trading

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 not to engage in speculative transactions.

(b) Interest Rate Risk

The Group's primary interest rate risk relates to interest-bearing debt as at 31 December 2004. The investments 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 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. There are no material unhedged financial assets and financial liabilities that are not denominated in the functional currencies of the Company and its subsidiaries.

(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.

(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 and the Company do 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 other than as disclosed in Notes 19 and 20.

(f) Fair Values

The aggregate net fair values of financial assets and financial liabilities which are not carried at fair value on the balance sheets of the Group and of the Company as at the end of the financial year are represented as follows:

36. FINANCIAL INSTRUMENTS (CONTD.)

(f) Fair Values (Contd.)

	Group		Company	
	Carrying Amount RM'000	Fair Value RM'000	Carrying Amount RM'000	Fair Value RM'000
Financial Assets				
At 31 December 2004:				
Amounts due from subsidiaries and associates (Note 20)	10,272	*	176,247	*
At 31 December 2003:				
Amounts due from subsidiaries and associates (Note 20)	16,659	*	119,084	*
Financial Liabilities				
At 31 December 2004:				
Amounts due to subsidiaries and associates (Note 26)	3,745	*	300,861	*
Hire purchase and finance lease payables (Note 24)	7,951	9,482	-	-
At 31 December 2003:				
Amounts due to subsidiaries and associates (Note 26)	5	*	133,843	*
Hire purchase and finance lease payables (Note 24)	4,886	5,884	-	-

* It is not practical to estimate the fair values of amounts due to/from related corporations and associates due principally to a lack of fixed repayment terms entered by the parties involved and without incurring excessive costs.

36. FINANCIAL INSTRUMENTS (CONTD.)

(f) Fair Values (Contd.)

The following methods and assumptions are used to estimate the fair values of the following classes of financial instruments:

(i) Cash and Cash Equivalents, Receivables, Payables and Short Term Borrowings

The carrying amounts approximate fair values due to the relatively short term maturity of these financial instruments.

(ii) Quoted Shares

The fair value of quoted shares is determined by reference to stock exchange quoted market bid prices at the close of the business on the balance sheet date.

(iii) Borrowings

The fair value of borrowings is estimated by discounting the expected future cash flows using the current interest rates for liabilities with similar risk profiles.

The carrying value of term loans which have floating interest rates, approximates their fair values determined using discounted cash flow analysis based on current interest rates for similar types of borrowings.

It is not practical to estimate the fair value of contingent liabilities (as disclosed in Note 32) reliably 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 15 April 2005

Authorised Capital : RM1,000,000,001.00
 Issued & Fully Paid Up Capital : RM466,271,501.00 consisting of 466,271,500 ordinary shares of RM1.00 each and 1 Special Rights Redeemable Preference Share of RM1.00.

Distributions schedules of equity as at 15 April 2005

Holdings	No. of holders	No. of shares	%
Less than 100	81	4,962	0.00
100 – 1,000	1,081	933,038	0.20
1,000 – 10,000	13,059	40,392,550	8.66
10,001 – 100,000	1,888	50,245,450	10.78
100,001 < 5% of issued shares	214	172,584,601	37.01
5% & above of issued shares	4	202,110,900	43.35

Category of shareholders of each class as at 15 April 2005

Category	No. of holders	No. of shares	%
Individuals	14,458	87,391,415	18.74
Banks/ Finance Companies	17	22,720,900	4.87
Trusts/Foundation/Charity	77	4,666,400	1.00
Private/Limited Companies	250	196,663,050	42.18
Government Agencies/Institutions	4	1,033,901	0.22
Nominees	1,521	153,795,835	32.99

Substantial shareholders as at 15 April 2005

Name	No. of Shares Held		% of Issued Capital
	Direct	Indirect	
1. Budaya Generasi (M) Sdn Bhd	121,392,000	* 23,437,500	31.06
2. Serba Etika Sdn Bhd	30,143,500	** 250,000	6.52
3. Wang Tak Company Limited	-	*** 27,137,900	5.82

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 HSBC Nominees (Asing) Sdn Bhd

Top thirty (30) shareholders
as at 15 April 2005

No.	Shareholders	No. of Shares Held	%
1.	Budaya Generasi (M) Sdn Bhd	121,392,000	26.03
2.	Serba Etika Sdn Bhd	30,143,500	6.46
3.	HSBC Nominees (Asing) Sdn Bhd <i>Wang Tak Company Limited</i>	27,137,900	5.82
4.	Mayban Nominees (Tempatan) Sdn Bhd <i>Pledged Sec. Acc for Budaya Generasi (M) Sdn Bhd</i>	23,437,500	5.03
5.	Perbadanan Nasional Berhad	16,456,500	3.53
6.	Batu Bara Resources Corporation Sdn Bhd	14,280,000	3.06
7.	Employees Provident Fund Board	12,113,800	2.60
8.	Lembaga Tabung Haji	10,315,100	2.21
9.	Alliance Group Nominees (Tempatan) Sdn Bhd <i>PHEIM Asset Management Sdn Bhd for Employees Provident Fund</i>	7,056,100	1.51
10.	Kuala Lumpur City Nominees (Tempatan) Sdn Bhd <i>Pledged Sec. Acc – Mohamed Ashaaree Bin Mahmood</i>	5,743,500	1.23
11.	Bumiputra-Commerce Nominees (Tempatan) Sdn Bhd <i>Bumiputra-Commerce Trustee Berhad – Pacific Dana Aman</i>	5,116,400	1.10
12.	AMMB Nominees (Tempatan) Sdn Bhd <i>Amtrustee Berhad for Pacific Dividend Fund (5/27-2)</i>	3,977,700	0.85
13.	Citicorp Nominees (Asing) Sdn Bhd <i>Goldman Sachs International</i>	3,550,000	0.76
14.	HSBC Nominees (Tempatan) Sdn Bhd <i>HSBC (M) Trustee Berhad for Hwang-DBS Select Small Caps Fund</i>	3,531,900	0.76
15.	DB (Malaysia) Nominee (Asing) Sdn Bhd <i>BNP Paribas Nominees Singapore P/L – Contend Investment Ltd</i>	3,279,000	0.70
16.	HSBC Nominees (Tempatan) Sdn Bhd <i>HSBC (M) Trustee Berhad for Hasrat Jaguh Sdn Bhd</i>	2,918,900	0.63
17.	Kuala Lumpur City Nominees (Tempatan) Sdn Bhd <i>Pledged Sec. Acc – Raja Raina Sacha Binti Saharman</i>	2,728,900	0.40
18.	AMMB Nominees (Tempatan) Sdn Bhd <i>Assar Asset Management Sdn Bhd – Tabung Baitulmal Sarawak</i>	2,695,000	0.38
19.	Citicorp Nominees (Asing) Sdn Bhd <i>CBNY For DFA Emerging Markets Fund</i>	2,341,700	0.36
20.	Yayasan Pok Rafeah Berdaftar	2,250,000	0.32
21.	Universal Trustee (Malaysia) Berhad <i>Pacific Premier Fund</i>	2,100,000	0.32
22.	Universal Trustee (Malaysia) Berhad <i>Malaysian Assurance Alliance Berhad</i>	2,000,000	0.31

No.	Shareholders	No. of Shares Held	%
23.	HSBC Nominees (Asing) Sdn Bhd <i>TNTC for DBS Malaysia Equity Fund</i>	1,900,000	0.41
24.	Amanah Raya Nominees (Tempatan) Sdn Bhd <i>Amanah Saham Wawasan 2020</i>	1,888,300	0.41
25.	PRB Nominees (Tempatan) Sdn Bhd <i>Rubber Industry Smallholders Development Authority</i>	1,864,500	0.40
26.	Mayban Nominees (Tempatan) Sdn Bhd <i>Mayban Trustees Berhad For Balanced Returns Fund</i>	1,751,700	0.38
27.	Citicorp Nominees (Asing) Sdn Bhd <i>UBS AG Singapore For Pacific Investment Fund</i>	1,680,000	0.36
28.	Quarry Lane Sdn Bhd	1,500,000	0.32
29.	AMMB Nominees (Tempatan) Sdn Bhd <i>Amtrustee Berhad for Pacific Select Balance Fund</i>	1,500,000	0.32
30.	HSBC Nominees (Tempatan) Sdn Bhd <i>HSBC (M) Trustee Berhad for Value Fund (4223)</i>	1,467,000	0.31

LIST OF LANDED PROPERTIES

as at 31 December 2004

Location	Existing Use	Tenure & Expiry Date	Age of Buildings	Land Area Hectare (ACRE)	Net Book Value as at 31 Dec 2004 (RM)	Date of Acquisition
PERLIS						
HS (M)682, PT242 Mukim Sanglang Negeri Perlis	Rice mill complex	Lease 6/7/2024	1974	4.05 (10.00)	1.00	1996
HS (D) 1203 PT 136, Mukim Kuala Perlis Negeri Perlis	Rice mill complex	Lease 6/7/2024	1985	4.34 (10.72)	1.00	1996
GM1514 Lot 2074, Utan Aji Negeri Perlis	Rice mill complex	Lease 6/7/2024	1971	1.98 (4.89)	1.00	1996
PT 1265 Mukim Sanglang Negeri Perlis	Vacant land	Lease 6/7/2054	-	8.55 (21.12)	1.00	1996
Lot 1628 Mukim Arau Negeri Perlis	Drying complex/ Warehouse	Lease 6/7/2054	1931/1971	0.83 (2.04)	1.00	1996
GK 1/1341 Mukim Arau Negeri Perlis	Drying complex/ Warehouse	Lease 6/7/2024	1931/1971	1.74 (4.29)	1.00	1996
KEDAH						
HS (M) 23/1984 PT 570 Mukim Putat Daerah Kubang Pasu	Rice mill complex	Lease 6/7/2044	1975	0.71 (1.75)	1.00	1996
HS (M) 111 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 2004 (RM)	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 653 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 6/7/2053	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	2.12 (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 6/7/2052	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	4.63 (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 2004 (RM)	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	-	8.41 (20.79)	1.00	1996
G 3409, Lot 7773 Mukim Tunjang Daerah Kubang Pasu	Vacant land	Lease 6/7/2053	-	4.12 (10.18)	1.00	1996
HS (M) 28-93 Lot 1894 Mukim Ulu Melaka Langkawi	Vacant land	Lease 6/7/2053	-	2.81 (6.94)	1.00	1996
GM 3043, Lot 7773 Mukim Sala Besar Daerah Yan	Rice mill complex	Lease 6/7/2024	1975	3.56 (8.79)	1.00	1996
GM 1315, Lot 3977 Mukim Jerlun Daerah Kubang Pasu	Rice mill complex	Lease 6/7/2024	1972	2.22 (4.23)	1.00	1996
HS (M) 15/1981 PT 1215 Mukim Jerlun Daerah Kubang Pasu	Rice mill complex	Lease 6/7/2054	1982	1.87 (4.62)	1.00	1996

PULAU PINANG

HS (D) 3-Mk 6 PT No. 5, Mukim 6 Daerah Seberang Perai Utara	Rice mill complex	Lease 6/7/2024	1983	8.11 (20.04)	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 2004 (RM)	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

PERAK

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 Kubon Daerah Hilir Perak	Rice mill complex	Lease 31/1/2017	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)	842,309.56	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)	861,909.19	1996
HS (D) 2803, PT 1797 Mukim Kota Setia Daerah Perak Tengah (Kom. Sungai Ranggung)	Rice mill complex	Lease 6/7/2054	1993	11.53 (26.70)	1.00	1996
GM7424, Lot 7232 Mukim Bagan Serai Daerah Kerian	Warehouse	Lease 6/7/2054	1968	0.38 (0.9701)	1.00	1996
GM 7425, 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	4.36 (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 2004 (RM)	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

SELANGOR

Lot No 66, Hicom Glenmarie Industrial Park (Phase 1) HS (D) 136183, PT No 1 Bandar Glenmarie Daerah Pertaling Jaya	Vacant Building	Freehold	1993	23,683 sq feet (2,200 sq meter)	6,482,666.62	2004
LM 473, Lot 19947 Mukim Tanjong Karang Daerah Kuala Selangor	Rice mill complex	Lease 6/7/2028	1978	3.85 (9.50)	1.00	1996
HS (M) 3204 Lot 11822-118 Lot 11830-11836 Mukim Tanjong Karang Daerah Sabak Bernam	Rice mill complex	Lease 6/7/2033	1978	3.44 (8.50)	1.00	1996
LM 579, Lot 10775 Mukim Panchang Bedena Daerah Sabak Bernam	Rice mill complex	Lease 6/7/2028	1970	4.16 (10.26)	1.00	1996
QT (M) 469 Lot 811 & 814 Mukim Panchang Bedena Daerah Sabak Bernam	Rice mill complex	Lease 6/7/2028	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 2004 (RM)	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
NEGERI SEMBILAN						
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
MELAKA						
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
JOHOR						
G 29401, Lot 6600 Mukim Teberau Daerah Johor Bahru	Warehouse	Lease 6/7/2054	1977	2.05 (5.07)	1.00	1996
HS (D) 216629 PTD 112330 Mukim Plentong Daerah Johor Bahru	Warehouse	Lease 6/7/2053	1977	2.14 (6.00)	1.00	1996
HS (D) 48624 PTD 22916 Mukim Plentong Daerah Johor Bahru	Warehouse	Lease 6/7/2053	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
PAHANG						
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 2004 (RM)	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

TERENGGANU

G 8617, Lot 2432 Mukim Bukit Kenak Daerah Besut	Rice mill complex	Lease 6/7/2054	1978	3.84 (9.50)	1.00	1996
PN 2991, Lot 3593 Mukim Bukit Kenak Daerah Besut	Rice mill complex	Lease 6/7/2054	1978	1.12 (2.77)	1.00	1996
HS (M) 1194 PT 1135 K Mukim Chendering Daerah Kuala Terengganu	Warehouse	Lease 6/7/2047	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

KELANTAN

G 13803, Lot 2453 Mukim Peringat Daerah Jajahan Kota Bharu	Rice mill complex	Lease 6/7/2054	1970	1.73 (4.2788)	1.00	1996
G 13804, Lot 2454 Mukim Peringat Daerah Jajahan Kota Bharu	Rice mill complex	Lease 6/7/2054	1970	2.62 (6.4716)	1.00	1996
GN13805, 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 2004 (RM)	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
SABAH						
CL 015424549 Lot 85, Likas Daerah Kota Kinabalu	Warehouse and Office	Sub-lease 6/7/2034	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 2004 (RM)	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 6/7/2015	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 Sandakan Daerah Sandakan	Warehouse	Sub-lease 6/7/2042	1981	1.14 (2.82)	1.00	1996
PT 99030951 Lot 2259 Kota Belud Daerah Kota Belud	Warehouse	Sub-lease 6/7/2054	1970	0.82 (2.02)	1.00	1996
PT 99040489 (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

SARAWAK

State Lease Code No. 323/26/1019 Lot 1019 Blok No. 26 Kimena Land District Bintulu Division	Warehouse	Sub-lease 6/7/2050	1995	1.70 (4.18)	1.00	1996
State Lease G.N No. 499/2, Lot 478 Blok No. 19 Seduan Land District Sibu Division	Warehouse	Sub-lease 6/7/2047	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 31/12/2035	1979	1.84 (4.54)	1.00	1996

CORPORATE DIRECTORY

LOCAL PRODUCTION

BERNAS PRODUCTION SDN BHD (428934-K)

Pejabat Bernas Wilayah Utara
No 10 - 16, Jalan Bandar Darul Aman Jaya 1
Bandar Darul Aman Jaya
06000 Jitra
Kedah
Tel : 04-917 8720
Fax : 04-917 9769

JASMINE RICE MILL (TUNJANG) SDN BHD (19591-K)

Batu 18 ½, Jalan Kodiang
Mukim Padang Perahu
Kubang Pasu
06000 Jitra
Kedah
Tel : 04-9291852
Fax : 04-929 2708

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

BERNAS MARDITECH SEED SDN BHD (378559-M)

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

RICE DISTRIBUTION (PENINSULAR MALAYSIA)

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

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

LEE HUP & COMPANY SENDIRIAN BERHAD (46394-M)

Lot Plo 204
Kawasan Perindustrian Segamat II
Fasa 1, Mukim Pagoh
85000 Segamat
Johor
Tel : 07-927 0888/ 927 0988
Fax : 07-927 0999

JASMINE FOOD CORPORATION SDN BHD (162356-H)

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

ERA BAYAM KOTA SDN BHD (472357-P)

Lot PT 4154
Kawasan Perindustrian Pengkalan Chepa II
Padang Tembak
16100 Kota Bharu
Kelantan
Tel : 09-773 0878/5878
Fax : 09-774 7878

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

OEL REALTY HOLDINGS SDN BHD (395528-W)

Lot 54623, Jalan Kuala Kangsar
31200 Ipoh
Perak
Tel : 05-291 5555
Fax : 05-291 2233

**CONSOLIDATED BERNAS UNITED
DISTRIBUTORS SDN BHD (522078-T)**

Level 13A, Wisma Tun Sambanthan
No 2, Jalan Sulaiman
50000 Kuala Lumpur
Tel : 03-2711 2929
Fax : 03-2711 2807

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

RICE DISTRIBUTION (EAST MALAYSIA)

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

SAZARICE SDN BHD (385374-U)

Lot 5, Likas Baru
Batu 5 ½, Jalan Tuaran
P.O. Box 579
88856 Likas
Kota Kinabalu
Sabah
Tel : 088-433 586/640
Fax : 088-433 539/476

HASKARICE FOOD SDN BHD (437804-P)

Lot 895, Jalan Belian
93661 Kuching
Sarawak
Tel : 082-334 422
Fax : 082-349 785

BAN SAY TONG SDN BHD (100912-T)

No 2, Jalan Pedada
P.O. Box 28
97007 Bintulu
Sarawak
Tel : 086-333 106
Fax : 086-335 002/317

HOCK CHIONG FOODSTUFF SDN BHD (443434-K)

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

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

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

BY-PRODUCTS OPERATION

BERNAS CHAFF PRODUCTS SDN BHD (460936-P)

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

RASAYANG FOOD INDUSTRIES SDN BHD (463722-D)

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

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

ORGANIGRO SDN BHD (428308-A)

c/o Ancom Berhad
102 & 1002, Block A
Pusat Dagangan Phileo Damansara 1
No 9, Jalan 16/11
Off Jalan Damansara
46350 Petaling Jaya
Selangor
Tel : 03-7660 0008
Fax : 03-7660 0010

OVERSEAS VENTURES

BERNAS OVERSEAS (L) LIMITED (LL01053)

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

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

IRFAN NOMAN BERNAS (Pvt) LIMITED (K07127)

(formerly known as Qaiser Noman Bernas (Pvt) Limited)
QNB House, Bahria Complex-1
Ground Floor
M.T. Khan Road
Karachi – 74000
Pakistan
Tel : 00-9221-561 0132
Fax : 00-9221-561 0226

ASIAN PENINSULA CORPORATION LIMITED (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

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

OTHER BUSINESS

BERNAS LOGISTICS SDN BHD (386337-M)

Level 2-3, 1st Floor
Wisma Kontena
81700 Pasir Gudang
Johor
Tel : 07-253 5888
Fax : 07-251 0291

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

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

COSMO RESTAURANT SDN BHD (296009-T)

No 2, 2nd Floor
Jalan Bangsar Utama 9
Bangsar Utama
59000 Kuala Lumpur
Tel : 03-2287 0800
Fax : 03-2287 0501

UNITED MALAYAN FLOUR (1996) SDN BHD (216546-T)

4826, Jalan Permatang Pauh
13400 Butterworth
Pulau Pinang
Tel : 04-3332 499
Fax : 04-3317 557



BERNAS

PADIBERAS NASIONAL BERHAD (295514-U)

(Incorporated in Malaysia)

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 11th Annual General Meeting of
the Company to be held at at Dewan Bunga Tanjung, Kelab Shah Alam Selangor, Persiaran Istana Kayangan, Section 13, 40704
Shah Alam, Selangor on 21 June 2005 at 10.00 am, 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 2004 together with the Report of the Directors and Auditors thereon. RESOLUTION 1		
2.	To approve the payment of a final dividend of 3.5% tax exempt for the financial year ended 31 December 2004. RESOLUTION 2		
3.	To approve the payment of a sum of RM402,500 as Directors' fees for the year ended 31 December 2004. RESOLUTION 3		
4.	To re-elect the following Directors who retire in accordance with the Articles of Association of the Company: <u>Article 115</u> Abdul Rahman Bin Datuk Haji Dahlan RESOLUTION 4 Dohat Bin Shafie RESOLUTION 5 Dato' Bukhari Bin Mohd Sawi RESOLUTION 6		
5.	To re-appoint Messrs Hanafiah Raslan & Mohamad as Auditors and to authorise the Directors to fix their remuneration. RESOLUTION 7		
6.	As special business, to consider and if thought fit, to pass the following ordinary resolution:- I. Proposed Renewal of Shareholders' Mandate And Approval For New Recurrent Transactions For The BERNAS Group To Enter Into Recurrent Related Party Transactions of a Revenue or Trading Nature. RESOLUTION 8 II. Authority to Directors to Issue Shares Pursuant to Section 132D of the Companies Act, 1965. RESOLUTION 9		

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

Signed this _____ day of _____ 2005.

Signature/Seal _____

Notes:

- A member of the Company is entitled to appoint a proxy to attend and vote in his stead and a proxy may but need not be a member of the Company.
- Where a member appoints two proxies, the appointment shall be invalid unless he specifies the proportion of his holdings to be presented by each proxy.
- Where a member of the Company is an authorised nominee as defined under the Central Depositories Act, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to credit of the said securities account.
- 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, CP Tower, No 11, Section 16/11, Jalan Damansara, 46350 Petaling Jaya, Selangor not less than forty eight (48) hours before the time for holding the meeting or any adjournment thereof.

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STAMP

Company Secretary
PADIBERAS NASIONAL BERHAD

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

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PADIBERAS NASIONAL BERHAD
(295514-U)

30 May 2005

Bursa Malaysia Securities Berhad
9th Floor, Exchange Square
Bukit Kewangan
50200 Kuala Lumpur.

Attention: Encik Johan Bin Abdullah
Head, Issues & Listing Group Regulation

Dear Sir,

PADIBERAS NASIONAL BERHAD
- Errata for Annual Report 2004

Reference is made to the above.

We enclosed herewith 30 copies of the Errata for the Annual Report together with the diskette containing the Errata in PDF format for your necessary attention.

The errors are much regretted.

Yours faithfully,

PADIBERAS NASIONAL BERHAD

AZLINA HASAN BASHRI
Company Secretary



ERRATA TO THE ANNUAL REPORT 2004

We wish to inform all Shareholders of the following amendments in the Annual Report 2004:-

1. Notice of Dividend Entitlement and Payment (Page 5 of the Annual Report)

The entitlement date for the final dividend of 3.5% tax exempt, which shall be on 1 July 2005 instead of 2 July 2005.

2. Top 30 Shareholders as at 15 April 2005 (Page 109 of the Annual Report)

The percentage column for nos.17 to 22 should be read as follows:-

No.	Shareholders	%
17.	Kuala Lumpur City Nominees (Tempatan) Sdn Bhd <i>Pledged Sec A/C – Raja Raina Sacha Binti Saharman</i>	0.59
18.	AMMB Nominees (Tempatan) Sdn Bhd <i>Assar Asset Management Sdn Bhd – Tabung Baitulmal Sarawak</i>	0.58
19.	Citicorp Nominees (Asing) Sdn Bhd <i>CBNY For DFA Emerging Markets Fund</i>	0.50
20.	Yayasan Pok Rafeah Berdaftar	0.48
21.	Universal Trustee (Malaysia) Berhad Pacific Premier Fund	0.45
22.	Universal Trustee (Malaysia) Berhad Malaysian Assurance Alliance Berhad	0.43