



BERNAS
PADIBERAS NASIONAL BERHAD
(295514-U)

PADIBERAS NASIONAL BERHAD

ANNUAL REPORT | LAPORAN TAHUNAN 2006

www.bernas.com.my

Padiberas Nasional Berhad

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Annual Report 2006
Laporan Tahunan

Contents / Kandungan

History	2	<i>Sejarah</i>	2
Our Vision, Mission and Corporate Values	3	<i>Visi, Misi dan Nilai Korporat</i>	3
Notice of Annual General Meeting	4	<i>Notis Mesyuarat Agung Tahunan</i>	4
Notice of Entitlement and Dividend Payment	5	<i>Notis Kelayakan dan Pembayaran Dividen</i>	5
Statement Accompanying		<i>Penyata Yang Disertakan Bersama</i>	
Notice of Annual General Meeting	6	<i>Notis Mesyuarat Agung Tahunan</i>	6
Corporate Information	7	<i>Maklumat Korporat</i>	7
Board of Directors	8	<i>Lembaga Pengarah</i>	8
Board Committee	13	<i>Jawatankuasa Lembaga Pengarah</i>	13
Management Committee	13	<i>Jawatankuasa Pengurusan</i>	13
Audit Committee Report	14	<i>Laporan Jawatankuasa Audit</i>	14
Statement on Corporate Governance	19	<i>Penyata Tadbir Urus Korporat</i>	19
Statement on Internal Control	23	<i>Penyata Kawalan Dalaman</i>	23
Corporate Structure	26	<i>Struktur Korporat</i>	26
Five-Year Financial Highlights	27	<i>Maklumat Kewangan Lima-Tahun</i>	27
Chairman's Letter to Shareholders	29	<i>Surat Pengerusi Kepada Pemegang Saham</i>	29
Review of Operations	36	<i>Tinjauan Operasi</i>	36
Corporate Relations & Corporate Social		<i>Laporan Perhubungan Korporat & Tanggungjawab</i>	
Responsibility Report	40	<i>Sosial Korporat</i>	40
Financial Statements	44	<i>Penyata Kewangan</i>	44
Analysis of Shareholding	124	<i>Analisa Pegangan Saham</i>	124
List of Landed Properties	126	<i>Senarai Hartanah</i>	126
Corporate Directory	128	<i>Direktori Korporat</i>	128
Form of Proxy	131	<i>Borang Perwakilan</i>	131

Padiberas Nasional Berhad (BERNAS) came into being with the taking over of Lembaga Padi dan Beras Negara's (LPN) role as the custodian of Malaysian paddy and rice industry when the latter was privatised in January 1996. BERNAS continued to perform an important role in the national paddy and rice industry and also assumed all social and commercial obligations previously undertaken by LPN. These include conserving, maintaining and managing the National Paddy/Rice Stockpile, representing the government on the management and disbursement of subsidies to paddy farmers, managing the Bumiputera Rice Miller scheme, purchasing paddy from farmers at guaranteed minimum price and acting as the buyer of last resort. On 25 August 1997, BERNAS was listed on the then Kuala Lumpur Stock Exchange's 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.

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.

Padiberas Nasional Berhad (BERNAS) telah diswastakan pada Januari 1996 dan mengambilalih peranan Lembaga Padi dan Beras Negara (LPN) sebagai kustodian industri padiberas Malaysia. Dari sini, BERNAS menyambung peranan utama dalam mengawasi perkembangan industri padi dan beras negara, di samping mengambilalih tanggungjawab sosial dan komersil yang selama ini dipikul oleh LPN. Ini termasuk mewakili pihak kerajaan dalam pengurusan dan pembayaran subsidi kepada petani, mengurus Skim Pengilangan Padi Bumiputra, membeli padi daripada petani pada harga minima terjamin dan bertindak sebagai pembeli terakhir padi dari petani. Pada 25 Ogos 1997, BERNAS telah mencatatkan satu lagi peristiwa bersejarah apabila disenaraikan di papan utama Bursa Saham Kuala Lumpur.

BERNAS terus berkembang melalui integrasi rantaian pembekalannya bersama pengusaha-pengusaha di peringkat antarabangsa bagi pembedaan, perladangan, pemprosesan dan pengedaran. Berdasarkan asas yang teguh ini, BERNAS telah berjaya mengharungi pelbagai cabaran termasuk kegawatan ekonomi pada tahun 1997 dan 1998.

Sebagai sebuah badan korporat, BERNAS bertanggungjawab untuk memastikan penyediaan bekalan beras yang berterusan dengan harga yang berpatutan kepada rakyat Malaysia dengan mengoptimalkan rangkaian pembekalan, infrastruktur dan rangkaian pengedaran Syarikat. Syarikat juga turut memberi perhatian kepada peningkatan di dalam pengurusan alam sekitar melalui penekanan kepada pembuangan sekam padi yang efektif di samping mempelbagai hasil Syarikat dengan memaksimumkan potensi produk-produk sampingannya.

Hari ini, BERNAS komited untuk terus menjadi sebuah Syarikat yang bertanggungjawab dalam memenuhi kehendak-kehendak pengguna, memberi pulangan yang optima kepada pemegang-pemegang saham serta menyediakan persekitaran yang merangsangkan dan memuaskan bagi kakitangannya. Pencapaian objektif-objektif ini terus menjadi dorongan bagi meningkatkan tahap kejayaan Syarikat.

Dalam menghadapi cabaran-cabaran globalisasi, Syarikat akan terus menceburi bidang-bidang baru yang menguntungkan seperti mengadakan usahasama dengan lain-lain syarikat pengeluar makanan, mempelbagaikan sumber-sumber perniagaan serta mengukuhkan hubungan dengan sektor-sektor berkaitan bagi meningkatkan rangkaian produk dan perkhidmatannya. Semua ini dilakukan dalam usaha BERNAS untuk menjadi lebih kompetitif dalam menghadapi persaingan hebat di era globalisasi.

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

| 3

Visi

Produk-produk makanan kami digunakan oleh setiap isi rumah di Malaysia. Kami adalah sebuah syarikat yang komited dalam memberikan kesejahteraan kepada negara. Kami melaksanakannya dengan mengedarkan produk-produk makanan berkualiti yang menambah nilai syarikat, rakan kongsi dan para pelanggan kami.

Misi

Pertambahan nilai dengan meningkatkan penguasaan pasaran, memperkenalkan produk-produk baru dan menghasilkan produk-produk sampingan. Adalah menjadi matlamat kami untuk menjadi peneraju pasaran Malaysia. Kami akan berorientasikan pasaran dengan menumpukan kepada bidang-bidang berikut:-

- **Pembinaan Jenama**
- **Prestasi Produk**
- **Perkhidmatan Pelanggan**

Kami akan memperolehi kelebihan daya saing dengan menggunakan kekuatan dan sumber sedia ada serta mewujudkan kecekapan baru. Kami akan muncul sebagai pengeluar dan pendedar dengan kecekapan kos yang terbaik.

Nilai Korporat

CABARAN

- Meningkatkan prestasi
- Meningkatkan pemahaman tentang perubahan dalam perniagaan

SAHSIAH

- Integriti
- Etika
- Kejujuran
- Pengurusan Korporat / Ketelusan

KOMITMEN

- Nilai untuk pelanggan
- Kepimpinan untuk masyarakat dan alam sekitar
- Kerja sepasukan
- Matlamat bersama dengan pihak berkuasa
- Nilai untuk pemegang saham

Notice of Annual General Meeting / Notis Mesyuarat Agung Tahunan

NOTICE BE AND IS HEREBY GIVEN THAT the 13th Annual General Meeting of Padiberas Nasional Berhad (“the Company”) will be held at Glenmarie Ballroom, Holiday Inn Glenmarie Kuala Lumpur, 1, Jalan Usahawan U1/8, Seksyen U1, 40250 Shah Alam, Selangor on Tuesday, 26 June 2007 at 10.00 a.m. for the following purposes:-

1. To receive and adopt the Audited Accounts for the financial year ended 31 December 2006 together with the Reports of the Directors and Auditors thereon.

Resolution 1

2. To approve the payment of a final dividend of 5% tax exempt for the financial year ended 31 December 2006.

Resolution 2

3. To approve the payment of the Directors’ fees amounting to RM345,752.00 for the financial year ended 31 December 2006.

Resolution 3

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

Article 110(2)

Dato’ Wira Syed Abdul Jabbar Bin Syed Hassan

Resolution 4

Azman Bin Umar

Resolution 5

Dato’ Dr Zulkifli Bin Idris

Resolution 6

Article 115

Bakry Bin Hamzah

Resolution 7

5. To re-appoint Messrs Hanafiah Raslan & Mohamad as Auditors of the Company and to authorise the Directors to fix their remuneration.

Resolution 8

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

ORDINARY RESOLUTION:

AUTHORITY TO DIRECTORS TO ISSUE SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965

Resolution 9

“THAT pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby empowered to issue shares of the Company at any time until the conclusion of the next Annual General Meeting of the Company upon such terms and conditions and for such purposes as the Directors may in their absolute discretion, deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued capital of the Company for the time being and that the Directors are also empowered to obtain the approval for the listing and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad”.

DENGAN INI DIMAKLUMKAN BAHAWA Mesyuarat Agung Tahunan Padiberas Nasional Berhad (“Syarikat”) yang ke-13 akan diadakan di Dewan Besar Glenmarie, Holiday Inn Glenmarie Kuala Lumpur, 1, Jalan Usahawan U1/8, Seksyen U1, 40250 Shah Alam, Selangor pada hari Selasa, 26 Jun 2007 jam 10.00 pagi, bagi tujuan-tujuan berikut:-

1. Untuk menerima dan meluluskan Penyata Kewangan yang telah diaudit berserta dengan Laporan Pengarah dan Juruaudit bagi tahun kewangan berakhir 31 Disember 2006.

Resolusi 1

2. Untuk meluluskan pembayaran dividen akhir sebanyak 5% dikecualikan cukai bagi tahun kewangan berakhir 31 Disember 2006.

Resolusi 2

3. Untuk meluluskan yuran Pengarah sebanyak RM345,752.00 bagi tahun kewangan berakhir 31 Disember 2006.

Resolusi 3

4. Untuk memilih semula para Pengarah berikut yang bersara mengikut Tataurusan Syarikat:-

Artikel 110(2)

Dato’ Wira Syed Abdul Jabbar Bin Syed Hassan

Resolusi 4

Azman Bin Umar

Resolusi 5

Dato’ Dr Zulkifli Bin Idris

Resolusi 6

Artikel 115

Bakry Bin Hamzah

Resolusi 7

5. Untuk melantik semula Tetuan Hanafiah Raslan & Mohamad sebagai Juruaudit Syarikat dan memberi kuasa kepada para Pengarah untuk menetapkan imbuhan mereka.

Resolusi 8

6. Sebagai urusan khas, mempertimbangkan dan jika difikirkan wajar, meluluskan resolusi-resolusi berikut:-

RESOLUSI BIASA:

KUASA UNTUK PARA PENGARAH MENERBITKAN SAHAM DI BAWAH SEKSYEN 132D, AKTA SYARIKAT, 1965

Resolusi 9

“Bahawa tertakluk kepada Seksyen 132D, Akta Syarikat, 1965, para Pengarah dengan ini diberi kuasa untuk menerbitkan saham-saham Syarikat pada bila-bila masa sehingga berakhirnya Mesyuarat Agung Tahunan Syarikat yang akan datang berdasarkan terma-terma dan syarat-syarat tertentu yang difikirkan sesuai oleh para Pengarah, mengikut budi bicara mereka sepenuhnya, dengan syarat bahawa jumlah agregat saham yang akan diterbitkan tidak melebihi 10% daripada modal saham terbitan Syarikat buat masa ini dan bahawa para Pengarah juga diberi kuasa untuk mendapatkan kelulusan daripada Bursa Malaysia Securities Berhad bagi penyenaraian dan sebut harga bagi saham-saham tambahan yang diterbitkan.”

Notice of Annual General Meeting / Notis Mesyuarat Agung Tahunan

SPECIAL RESOLUTION: PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION Resolution 10

“THAT the alteration, modification, addition or deletion to the Articles of Association of the Company as set out in the Circular to Shareholders dated 1 June 2007 be and is hereby approved.”

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

NOTICE OF ENTITLEMENT AND DIVIDEND PAYMENT

NOTICE IS HEREBY GIVEN THAT, subject to the approval of the shareholders at the 13th Annual General Meeting, a final dividend of 5% tax exempt will be payable on 30 July 2007 to Depositors whose names appear in the Records of Depositors on 2 July 2007.

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

- Shares transferred into the Depositors' Securities Account before 4.00 p.m. on 2 July 2007 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

AHMAD TARMIZI BIN MOHAMED HARIRI
(MICPA 2361)
Company Secretary

Petaling Jaya
1 June 2007

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 one or more proxies (subject to a maximum of two (2) proxies), the member must specify in each proxy form the proportion of the member's shareholdings 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 its attorney.
- The instrument appointing a proxy must 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.

Explanatory Note On Special Business

- The proposed Resolution 9, if passed, 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.
- The proposed Resolution 10, if passed, will enable the Company to amend certain provisions in the Articles to ensure compliance with the Listing Requirement of Bursa Malaysia Securities Berhad.

RESOLUSI KHAS: CADANGAN PINDAAN KE ATAS TATAURUSAN SYARIKAT *Resolusi 10*

“Meluluskan pindaan, modifikasi, tambahan atau pembatalan ke atas Tataurusan Syarikat sepertimana yang dinyatakan di dalam Pekeliling Pemegang Saham bertarikh 1 Jun 2007.”

- Untuk mengendalikan urusan-urusan lain yang mana notis sewajarnya telah diberikan.

NOTIS KELAYAKAN DAN PEMBAYARAN DIVIDEN

DENGAN INI DIBERITAHU BAHAWA, tertakluk kepada kelulusan Pemegang Saham pada Mesyuarat Agung Tahunan Ke-13, dividen akhir sebanyak 5% dikecualikan cukai akan dibayar pada 30 Julai 2007 kepada pendeposit yang berdaftar dalam Rekod Pendaftaran pada 2 Julai 2007.

Pendeposit yang layak untuk menerima dividen berhubung dengan:

- Saham-saham yang dipindahkan ke dalam Akaun Sekuriti Pendeposit sebelum jam 4.00 petang pada 2 Julai 2007 berhubung dengan pindahan biasa.
- Saham-saham yang dibeli di Bursa Malaysia Securities Berhad atas dasar hak bersama mengikut peraturan-peraturan yang ditetapkan oleh Bursa Malaysia Securities Berhad.

DENGAN PERINTAH LEMBAGA

AHMAD TARMIZI BIN MOHAMED HARIRI
(MICPA 2361)
Setiausaha Syarikat

Petaling Jaya
1 Jun 2007

NOTA:

- Pemegang Saham Syarikat berhak untuk melantik proksi bagi menghadiri dan mengundi bagi pihaknya dan proksi haruslah tetapi tidak semestinya pemegang saham Syarikat. Di mana pemegang saham melantik seorang atau lebih proksi (maksima 2 orang), pemegang saham mestilah menetapkan pembahagian pegangan beliau yang diwakilkan kepada setiap proksi di dalam borang proksi.
- Di mana Pemegang Saham adalah nomini yang dibenarkan di bawah Akta Depositori Utama, mereka boleh melantik sekurang-kurangnya seorang proksi bagi setiap akaun sekuriti yang dipegang yang mana saham biasa Syarikat kekal sebagai kredit di dalam akaun sekuriti tersebut.
- Suratcara perantikan proksi mestilah dibuat secara bertulis di bawah tandatangan orang yang melantik atau penguasanya yang telah diberi kuasa sewajarnya secara bertulis atau jika pihak yang melantik itu sebuah perbadanan, mestilah dibawah meterai rasmi atau ditandatangani oleh penguasanya.
- Suratcara perantikan proksi mestilah dihantar ke alamat pejabat berdaftar Syarikat di Tingkat 19, CP Tower, No. 11, Seksyen 16/11, Jalan Damansara, 46350 Petaling Jaya, Selangor tidak lewat dari 48 jam sebelum bermulanya mesyuarat atau sebarang penangguhannya.

Penerangan tentang Urusan Khas

- Resolusi 9, sekiranya diluluskan, akan memberi kuasa kepada para Pengarah untuk menerbitkan saham Syarikat sehingga tetapi tidak melebihi 10% daripada modal saham terbitan Syarikat pada masa ini. Kuasa ini, kecuali dibatal atau dibuat perubahan dalam Mesyuarat Agung yang diadakan, kekal sehingga Mesyuarat Agung Tahunan Syarikat yang akan datang.
- Resolusi 10, sekiranya diluluskan, pindaan akan dibuat ke atas Tataurusan Syarikat bagi memastikan pematuhan kepada Keperluan Penyenaraian, Bursa Malaysia Securities Berhad.

Statement Accompanying the Notice of Annual General Meeting

Penyata Yang Disertakan Bersama Notis Mesyuarat Agung Tahunan

Pursuant to paragraph 8.28(2) of the Listing Requirements of Bursa Malaysia Securities Berhad

Menurut para 8.28(2) Keperluan Penyenaraian Bursa Malaysia Securities Berhad

1. Directors retiring and standing for re-election at the 13th Annual General Meeting of the Company:

1. *Para Pengarah yang bersara dan menawarkan diri untuk pemilihan semula di Mesyuarat Agung Tahunan Syarikat yang ke -13 mengikut Tataurusan Syarikat:*

Article 110(2)

Dato' Wira Syed Abdul Jabbar Bin Syed Hassan
Azman Bin Umar
Dato' Dr Zulkifli Bin Idris

Artikel 110(2)

*Dato' Wira Syed Abdul Jabbar Bin Syed Hassan
Azman Bin Umar
Dato' Dr Zulkifli Bin Idris*

Article 115

Bakry Bin Hamzah

Artikel 115

Bakry Bin Hamzah

Further details of Directors who are standing for re-election are set out on page 8 to 12 of this Annual Report.

Butiran profil para Pengarah yang menawarkan diri untuk pemilihan semula, rujuk pada muka surat 8 hingga 12.

2. Board Meeting held during the financial year ended 31 December 2006:

2. *Mesyuarat Lembaga Pengarah yang telah diadakan di sepanjang tahun kewangan berakhir 31 Disember 2006:*

Date	Time	Venue	Tarikh	Masa	Tempat
24 February 2006	9.30 am	Petaling Jaya	24 Februari 2006	9.30 pg	Petaling Jaya
27 April 2006	2.30 pm	Petaling Jaya	27 April 2006	2.30 ptg	Petaling Jaya
30 May 2006	2.30 pm	Petaling Jaya	30 Mei 2006	2.30 ptg	Petaling Jaya
20 June 2006	2.30 pm	Petaling Jaya	20 Jun 2006	2.30 ptg	Petaling Jaya
18 August 2006	9.30 am	Petaling Jaya	18 Ogos 2006	9.30 pg	Petaling Jaya
27 November 2006	2.30 pm	Petaling Jaya	27 November 2006	2.30 ptg	Petaling Jaya

Details of the attendance of the Directors are set out on page 20 of this Annual Report.

Butiran kehadiran para Pengarah boleh didapati di muka surat 20 Laporan Tahunan ini.

REGISTERED & CORPORATE OFFICE

Pejabat Berdaftar & Ibupejabat Korporat

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

Bank-Bank Utama

Affin Bank Berhad
Alliance Bank Malaysia Berhad
Bank Islam (M) Berhad
Bank Muamalat (M) Berhad
CIMB Bank Berhad
HSBC Bank Malaysia Berhad
Malayan Banking Berhad
RHB Bank Berhad
Standard Chartered Bank Malaysia Berhad

AUDITORS

Juruaudit

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

STOCK EXCHANGE LISTING

Penyenaraian di Bursa Saham

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

SHARE REGISTRAR

Pendaftar Saham

Shareworks Sdn Bhd (229948-U)
No 23, Jalan Sri Hartamas 7
Sri Hartamas
50400 Kuala Lumpur

Tel: 03-6201 1120
Fax:03-6201 3121

COMPANY SECRETARY

Setiausaha Syarikat

Ahmad Tarmizi Bin Mohamed Hariri (MICPA 2361)

DATO' WIRA SYED ABDUL JABBAR BIN SYED HASSAN | Chairman

Dato' Wira Syed Abdul Jabbar Bin Syed Hassan, 68, was appointed independent, non-executive Director of BERNAS on 10 July 2006. He was appointed Chairman on 17 July 2006. Dato' Wira Syed Abdul Jabbar also chairs the Executive, Nomination and Remuneration Committees of the Board.

Dato' Wira Syed Abdul Jabbar is also the Chairman of MMC Corporation Berhad, Tradewinds Plantation Berhad and MARDEC Berhad. He sits on the Board of Star Publication (M) Berhad and KAF Discounts Berhad. He was the Chief Executive Officer of Kuala Lumpur Commodity Exchange from 1980 to 1996, the Executive Chairman of the Malaysia Monetary Exchange from 1996 to 1998 and the Executive Chairman of the Commodity and Monetary Exchange of Malaysia from 1998 to 2000.

Dato' Wira Syed Abdul Jabbar is a Malaysian citizen and holds a Bachelor of Economics degree from University of Western, Australia and a Masters of Science degree in Marketing from University of Newcastle-Upon Tyne, United Kingdom.

Dato' Wira Syed Abdul Jabbar has a direct share holding of 30,000 ordinary shares of RM1.00 each in BERNAS. He does not have any family relationship with any other directors or major shareholders of the Company and neither has he been convicted of any offence within the past ten years other than traffic offences. He attended all of the two Board Meetings held during the financial year.

BAKRY BIN HAMZAH | Managing Director

Bakry Bin Hamzah, 50, joined the Board on 14 September 2005. He was appointed Managing Director and non-independent executive Director on 9 April 2007. He is also a member of Executive, Audit, Tender and Remuneration Committees of the Board.

Bakry Bin Hamzah is a Malaysian citizen and holds a Bachelor of Arts (Hons) degree from University Malaya. He sits on the board of Tradewinds (M) Berhad and Tradewinds Plantation Berhad. He had held prominent positions in various companies such as the Chief Executive Officer of Tradewinds (M) Berhad, the Managing Director of Central Sugars Refinery Sdn Bhd, the Director of MARDEC Berhad, the Director of Oriental Food Industries Berhad, the Executive Director of Latitude Tree Holding Berhad, the Head of Business Development in Aero Mutiara Sdn Bhd, the General Manager of KYD Brake Centre Sdn Bhd, the Operation Manager of Bukhary Holdings Sdn Bhd and the Assistant Director of Marketing in Lembaga Padi dan Beras Negara.

Bakry Bin Hamzah has no securities holdings in BERNAS or its subsidiaries. He has no family relationship with any other directors or major shareholders of BERNAS and has no conflict of interest with BERNAS. He has not been

Dato' Wira Syed Abdul Jabbar Bin Syed Hassan, berusia 68 tahun, dilantik sebagai Pengarah bebas, bukan-eksekutif pada 10 Julai 2006. Beliau kemudiannya dilantik sebagai Pengerusi BERNAS pada 17 Julai 2006. Dato' Wira Syed Abdul Jabbar turut mempengerusikan Jawatankuasa Eksekutif, Penamaan dan Imbuhan Lembaga Pengarah.

Dato' Wira Syed Abdul Jabbar juga adalah Pengerusi MMC Corporation Berhad, Tradewinds Plantation Berhad dan MARDEC Berhad. Beliau turut menjadi ahli Lembaga Pengarah Star Publication (M) Berhad dan KAF Discounts Berhad. Beliau pernah memegang jawatan Ketua Pegawai Eksekutif di Kuala Lumpur Commodity Exchange pada tahun 1980 hingga 1996, Pengerusi Eksekutif Malaysia Monetary Exchange pada tahun 1996 hingga 1998 dan Pengerusi Eksekutif Commodity and Monetary Exchange of Malaysia pada tahun 1998 hingga 2000.

Seorang warganegara Malaysia, Dato' Wira Syed Abdul Jabbar ialah pemegang ijazah Sarjana Muda Ekonomi dari University of Western, Australia dan Sarjana Sains dalam Pemasaran dari University of Newcastle-Upon Tyne, United Kingdom.

Dato' Wira Syed Abdul Jabbar mempunyai pegangan saham secara langsung sebanyak 30,000 saham-saham biasa bernilai RM1.00 setiap satu. Beliau tidak mempunyai sebarang hubungan kekeluargaan dengan mana-mana pengarah atau pemegang saham utama Syarikat dan tidak pernah didakwa melakukan sebarang kesalahan dalam tempoh sepuluh tahun kecuali kesalahan trafik, jika ada. Beliau menghadiri kedua-dua mesyuarat Lembaga Pengarah yang diadakan dalam tahun kewangan.

Bakry Bin Hamzah, berusia 50 tahun, mula berkhidmat sebagai Pengarah pada 14 September 2005. Beliau kemudiannya dilantik sebagai Pengarah Urusan dan Pengarah eksekutif, tidak bebas pada 9 April 2007. Beliau juga ialah ahli Jawatankuasa Eksekutif, ahli Jawatankuasa Audit, ahli Jawatankuasa Tender dan ahli Jawatankuasa Imbuhan Lembaga Pengarah Syarikat.

Warganegara Malaysia, Bakry Bin Hamzah ialah pemegang Ijazah Sarjana Muda Sastera (Kepujian) dari Universiti Malaya. Beliau ialah ahli Lembaga Pengarah Tradewinds (M) Berhad dan Tradewinds Plantation Berhad. Beliau pernah memegang pelbagai jawatan utama di beberapa syarikat, antaranya ialah sebagai Ketua Pegawai Eksekutif Tradewinds (M) Berhad, Pengarah Urusan Central Sugars Refinery Sdn Bhd, Pengarah MARDEC Berhad, Pengarah Oriental Food Industries Berhad, Pengarah Eksekutif Latitude Tree Holding Berhad, Ketua Pembangunan Perniagaan, di Aero Mutiara Sdn Bhd, Pengurus Besar KYD Brake Centre Sdn Bhd, Pengurus Operasi Bukhary Holdings Sdn Bhd dan Penolong Pengarah Pemasaran, Lembaga Padi dan Beras Negara.

Bakry Bin Hamzah tidak mempunyai sebarang pegangan saham dalam BERNAS atau mana-mana syarikat subsidiarinya. Beliau tidak mempunyai sebarang konflik kepentingan atau hubungan kekeluargaan dengan mana-mana pengarah atau pemegang

convicted for offences within the past ten years other than traffic offences. He attended all six Board Meetings held during the financial year.

DATO' DR ZULKIFLI BIN IDRIS

Dato' Dr Zulkifli Bin Idris, 55, was appointed non-independent, non-executive Director of BERNAS on 11 October 2006. He is currently the Secretary General of the Ministry of Agriculture and Agro-based Industry. Prior to his current position, he held various posts in the civil service in various Ministries and Departments since 1975.

Dato' Dr Zulkifli is a Malaysian and holds a Bachelor in Economics (Hons) (Public Administration) degree from University of Malaya, Masters in Public and International Affairs degree from University of Pittsburgh, and a PhD (Public Administration) from University of Southern California, USA.

He has no securities holdings in BERNAS or its subsidiaries. He has no family relationship with any other directors or major shareholders of BERNAS and has no conflict of interest with BERNAS. He has not been convicted for offences within the past ten years other than traffic offences. He attended one Board Meeting held during the financial year.

AZMAN BIN UMAR

Azman Bin Umar, 53, joined the Board on 20 June 2006 and is a non-independent, non-executive Director. He is currently the Deputy Under Secretary (Social Sector), Investment, MKD and Privatisation Department, Ministry of Finance. He started his career as an Assistant Secretary of Cabinet Division in Prime Minister's Department in 1981 and subsequently served in various departments in the Ministry of Finance.

Azman Bin Umar is a Malaysian citizen and graduated with a Bachelor of Economics (Hons) degree in Accounting from Universiti Kebangsaan Malaysia and Diploma in Science Administration from National Institute of Public Administration (INTAN). He also holds a Masters in Business Administration (Finance) from Oklahoma City University, USA.

Azman Bin Umar has no securities holdings in BERNAS or its subsidiaries. He has no family relationship with any other directors or major shareholders of BERNAS and has no conflict of interest with BERNAS. He has not been convicted for offences within the past ten years other than traffic offences. He attended one out of two Board Meetings held during the financial year.

saham utama Syarikat. Beliau tidak pernah didakwa melakukan sebarang kesalahan dalam tempoh sepuluh tahun kecuali kesalahan trafik, jika ada. Beliau menghadiri keenam-enam mesyuarat Lembaga Pengarah yang diadakan dalam tahun kewangan.

Dato' Dr Zulkifli Bin Idris, berusia 55 tahun, telah dilantik sebagai Pengarah tidak bebas, bukan eksekutif pada 11 Oktober 2006. Beliau kini bertugas sebagai Ketua Setiausaha Kementerian Pertanian dan Industri Asas Tani. Sebelum itu, beliau telah memegang pelbagai jawatan dalam perkhidmatan awam di beberapa Jabatan Kerajaan dan Kementerian semenjak tahun 1975.

Seorang warganegara Malaysia, Dato' Dr Zulkifli memegang ijazah Sarjana Muda Ekonomi (Kepujian) Pentadbiran Awam dari Universiti Malaya, Ijazah Sarjana Perhubungan Awam dan Antarabangsa dari University of Pittsburgh, dan Ijazah Doktor Falsafah (Pentadbiran Awam) dari University of Southern California, USA.

Dato' Dr Zulkifli tidak mempunyai sebarang pegangan saham dalam BERNAS atau mana-mana syarikat subsidiarinya. Beliau tidak mempunyai sebarang konflik kepentingan atau hubungan kekeluargaan dengan mana-mana pengarah atau pemegang saham utama Syarikat. Beliau tidak pernah didakwa melakukan sebarang kesalahan dalam tempoh sepuluh tahun kecuali kesalahan trafik, jika ada. Beliau menghadiri satu mesyuarat Lembaga Pengarah yang diadakan dalam tahun kewangan.

Azman Bin Umar, berusia 53 tahun, dilantik sebagai Pengarah tidak bebas, bukan eksekutif pada 20 Jun 2006. Beliau bertugas sebagai Timbalan Setiausaha Bahagian (Sektor Sosial), Bahagian Pelaburan, MKD dan Penswastaaan, Kementerian Kewangan. Beliau memulakan kerjaya sebagai Penolong Setiausaha, Bahagian Kabinet, Jabatan Perdana Menteri pada tahun 1981 dan seterusnya berkhidmat dengan pelbagai Jabatan di Kementerian Kewangan.

Warganegara Malaysia, Azman Bin Umar berkelulusan Ijazah Sarjana Muda Ekonomi (Kepujian) dalam Perakaunan dari Universiti Kebangsaan Malaysia dan turut memiliki Diploma Sains Pengurusan dari Institut Tadbir Awam Negara (INTAN). Beliau juga memegang Ijazah Sarjana Pentadbiran Perniagaan (Kewangan) dari Oklahoma City University, USA.

Azman Bin Umar tidak mempunyai sebarang pegangan saham dalam BERNAS atau mana-mana syarikat subsidiarinya. Beliau tidak mempunyai sebarang konflik kepentingan atau hubungan kekeluargaan dengan mana-mana pengarah atau pemegang saham utama Syarikat. Beliau tidak pernah didakwa melakukan sebarang kesalahan dalam tempoh sepuluh tahun kecuali kesalahan trafik, jika ada. Beliau menghadiri satu daripada dua mesyuarat Lembaga Pengarah yang diadakan dalam tahun kewangan.

DATUK AZIZAN BIN AYOB

Datuk Azizan Bin Ayob, 61, was appointed non-independent, non-executive Director of BERNAS on 30 September 2003. He is also the Chairman of Tender Committee and a member of Executive and Nomination Committees of the Board.

Datuk Azizan is currently the Executive Director/CEO of Commerce Dot Com Sdn Bhd. He is a former public servant and his last position in public service was Director General of the National Registration Department of Malaysia.

Datuk Azizan is a Malaysian citizen and holds a Bachelor of Arts (Hons) degree in Economics from University Malaya and a Masters degree in Public Administration from University of Southern California, USA.

Datuk Azizan has no securities holdings in BERNAS or its subsidiaries. He has no family relationship with any other directors or major shareholders of BERNAS and has no conflict of interest with BERNAS. He has not been convicted for offences within the past ten years other than traffic offences. He attended all six Board Meetings held during the financial year.

Datuk Azizan Bin Ayob, berusia 61 tahun, telah dilantik sebagai Pengarah tidak bebas, bukan eksekutif pada 30 September 2003. Beliau juga ialah Pengerusi Jawatankuasa Tender, ahli Jawatankuasa Eksekutif dan ahli Jawatankuasa Penamaan.

Datuk Azizan bertugas sebagai Pengarah Eksekutif/Ketua Pegawai Eksekutif Commerce Dot Com Sdn Bhd. Beliau pernah berkhidmat di pelbagai Jabatan Kerajaan dan jawatan terakhir beliau dalam perkhidmatan awam ialah sebagai Ketua Pengarah, Jabatan Pendaftaran Negara Malaysia.

Seorang warganegara Malaysia, Datuk Azizan ialah pemegang ijazah Sarjana Muda Sastera (Kepujian) dalam Ekonomi dari Universiti Malaya dan Ijazah Sarjana Pentadbiran Awam dari University of Southern California, USA.

Datuk Azizan tidak mempunyai sebarang pegangan saham dalam BERNAS atau mana-mana syarikat subsidiarinya. Beliau tidak mempunyai sebarang konflik kepentingan atau hubungan kekeluargaan dengan mana-mana pengarah atau pemegang saham utama Syarikat. Beliau tidak pernah didakwa melakukan sebarang kesalahan dalam tempoh sepuluh tahun kecuali kesalahan trafik, jika ada. Beliau menghadiri keenam-enam mesyuarat Lembaga Pengarah yang diadakan dalam tahun kewangan.

10 |

DATO' ABDUL RAHMAN BIN DATUK HAJI DAHLAN

Dato' Abdul Rahman Bin Datuk Haji Dahlan, 42, was appointed a Board member on 15 October 2002 and is an independent, non-executive Director. He is also a member of Audit and Remuneration Committees of the Board. Currently he is also the Managing Director of H.R.P.M Consulting (M) Sdn Bhd and the Secretary to UMNO Youth Malaysia.

Dato' Abdul Rahman is a Malaysian citizen and holds a Bachelor degree in Economics and Management from Sonoma State University, California State University System, Rohnert Park, California, USA.

Dato' Abdul Rahman has no securities holdings in BERNAS or its subsidiaries. He has no family relationship with any other directors or major shareholders of BERNAS and has no conflict of interest with BERNAS. He has not been convicted for offences within the past ten years other than traffic offences. He attended four out of six Board Meetings held during the financial year.

Dato' Abdul Rahman Bin Datuk Haji Dahlan, berusia 42 tahun, telah dilantik sebagai Pengarah bebas, bukan eksekutif pada 15 Oktober 2002. Beliau juga merupakan ahli Jawatankuasa Audit dan ahli Jawatankuasa Imbuan. Beliau sedang bertugas sebagai Pengarah Urusan H.R.P.M Consulting (M) Sdn Bhd dan Setiausaha Pergerakan Pemuda UMNO Malaysia.

Dato' Abdul Rahman ialah seorang warganegara Malaysia dan pemegang Ijazah Sarjana Muda Ekonomi dan Pengurusan dari Sonoma State University, California State University System, Rohnert Park, California, USA.

Dato' Abdul Rahman tidak mempunyai sebarang pegangan saham dalam BERNAS atau mana-mana syarikat subsidiarinya. Beliau tidak mempunyai sebarang konflik kepentingan atau hubungan kekeluargaan dengan mana-mana pengarah atau pemegang saham utama Syarikat. Beliau tidak pernah didakwa melakukan sebarang kesalahan dalam tempoh sepuluh tahun kecuali kesalahan trafik, jika ada. Beliau menghadiri empat daripada enam mesyuarat Lembaga Pengarah yang diadakan dalam tahun kewangan.

SYED ABU BAKAR BIN S MOHSIN ALMOHDZAR

Syed Abu Bakar Bin S Mohsin Almohdzar, 56, was appointed a Board member on 22 November 2005 and is an independent, non-executive Director. He is also the Chairman of Audit Committee, and a member of Tender and Nomination Committees of the Board.

Syed Abu Bakar is a Malaysian citizen and is a member of the Malaysian Institute of Accountants (Malaysia) and Chartered Certified Accountant (FCCA, UK). He was the former Managing Director/Chief Executive Officer of Tradewinds (M) Berhad from 1996 to 2004.

Syed Abu Bakar has no securities holdings in BERNAS or its subsidiaries. He has no family relationship with any other directors or major shareholders of BERNAS and has no conflict of interest with BERNAS. He has not been convicted for offences within the past ten years other than traffic offences. He attended all six Board Meetings held during the financial year.

OSMAN BIN MAKMOR

Osman Bin Makmor, 54, was appointed Alternate Director to Azman Bin Umar on 20 June 2006. He is currently the Principal Assistant Secretary, Investment, MKD and Privatisation Division, Ministry of Finance.

Osman Bin Makmor is a Malaysian citizen and holds a Bachelor of Economics (Analysis) degree from University Malaya. He was the Assistant District Officer of Ulu Selangor, Kuala Kubu Baru, Assistant District Officer Gombak, Selangor and Confidential Secretary to YAB Menteri Besar Selangor before joining the Federal Treasury in 1998 until now.

Osman Bin Makmor has no securities holdings in BERNAS or its subsidiaries. He has no family relationship with any other directors or major shareholders of BERNAS and has no conflict of interest with BERNAS. He has not been convicted for offences within the past ten years other than traffic offences.

Syed Abu Bakar Bin S Mohsin Almohdzar, berusia 56 tahun, telah dilantik sebagai Pengarah bebas, bukan eksekutif pada 22 November 2005. Beliau juga ialah Pengerusi Jawatankuasa Audit dan ahli Jawatankuasa Tender serta ahli Jawatankuasa Penamaan.

Seorang warganegara Malaysia, Syed Abu Bakar ialah ahli Malaysian Institute of Accountants (Malaysia) dan Chartered Certified Accountant (FCCA, UK). Beliau ialah bekas Pengarah Urusan/ Ketua Pegawai Eksekutif Tradewinds (M) Berhad dari tahun 1996 hingga 2004.

Syed Abu Bakar tidak mempunyai sebarang pegangan saham dalam BERNAS atau mana-mana syarikat subsidiarinya. Beliau tidak mempunyai sebarang konflik kepentingan atau hubungan kekeluargaan dengan mana-mana pengarah atau pemegang saham utama Syarikat. Beliau tidak pernah didakwa melakukan sebarang kesalahan dalam tempoh sepuluh tahun kecuali kesalahan trafik, jika ada. Beliau menghadiri keenam-enam mesyuarat Lembaga Pengarah yang diadakan dalam tahun kewangan.

Osman Bin Makmor, berusia 54 tahun, telah dilantik sebagai Pengarah Gantian kepada Azman Bin Umar pada 20 Jun 2006. Beliau kini bertugas sebagai Ketua Penolong Setiausaha, Bahagian Pelaburan, MKD dan Penswastaan, Perbendaharaan Malaysia, Kementerian Kewangan.

Warganegara Malaysia, Osman Bin Makmor ialah pemegang Ijazah Sarjana Muda Ekonomi (Analisa) dari Universiti Malaya. Beliau pernah berkhidmat sebagai Penolong Pegawai Daerah Ulu Selangor, Kuala Kubu Baru, Penolong Pegawai Daerah Gombak, Selangor, dan Setiausaha Sulit kepada YAB Menteri Besar Selangor sebelum berkhidmat di Perbendaharaan Malaysia sehingga sekarang.

Osman Bin Makmor tidak mempunyai sebarang pegangan saham dalam BERNAS atau mana-mana syarikat subsidiarinya. Beliau tidak mempunyai sebarang konflik kepentingan atau hubungan kekeluargaan dengan mana-mana pengarah atau pemegang saham utama Syarikat. Beliau tidak pernah didakwa melakukan sebarang kesalahan dalam tempoh sepuluh tahun kecuali kesalahan trafik, jika ada.

MOHD MOKHTAR BIN ISMAIL

Mohd Mokhtar Bin Ismail, 55, was appointed Alternate Director to Dato' Dr Zulkifli Idris on 11 October 2006. He is currently the Deputy Secretary General (Development) of the Ministry of Agriculture and Agro-based Industry.

Mohd Mokhtar is a Malaysian citizen and holds a Bachelor of Economics (Hons) degree from University Malaya, and a Masters of Arts degree in Economics from Western Michigan University, Kalamazoo, USA.

Mohd Mokhtar has no securities holdings in BERNAS or its subsidiaries. He has no family relationship with any other directors or major shareholders of BERNAS and has no conflict of interest with BERNAS. He has not been convicted for offences within the past ten years other than traffic offences.

Resignation

Tan Sri Dato' Sri Abi Musa Asa'ari Bin Mohamed Nor resigned on 26 September 2006

Dohat Bin Shafiee

resigned on 9 August 2006

Dato' Bukhari Bin Mohd Sawi

resigned on 1 August 2006

Datuk Mohd Hashim Bin Hassan

resigned on 15 July 2006

Dato' Abdul Rahim Bin Mokti

resigned on 20 June 2006

Sukandar Bin Abdul Latif

(Alternate Director to Tan Sri Dato' Sri Abi Musa Asa'ari Bin Mohamed Nor) resigned on 11 September 2006

Mohd Mokhtar Bin Ismail, berusia 55 tahun, mula dilantik sebagai Pengarah Gantian kepada Dato' Dr Zulkifli Idris pada 11 Oktober 2006. Beliau kini bertugas sebagai Timbalan Ketua Setiausaha (Pembangunan), Kementerian Pertanian dan Industri Asas Tani.

Mohd Mokhtar ialah seorang warganegara Malaysia dan mempunyai Ijazah Sarjana Muda Ekonomi (Kepujian) dari Universiti Malaya, dan Ijazah Sarjana Sastera dalam Ekonomi dari Western Michigan University, Kalamazoo, USA.

Beliau tidak mempunyai sebarang pegangan saham dalam BERNAS atau mana-mana syarikat subsidiarinya. Beliau tidak mempunyai sebarang konflik kepentingan atau hubungan kekeluargaan dengan mana-mana pengarah atau pemegang saham utama Syarikat. Beliau tidak pernah didakwa melakukan sebarang kesalahan dalam tempoh sepuluh tahun kecuali kesalahan trafik, jika ada.

Perletakan Jawatan

Tan Sri Dato' Sri Abi Musa Asa'ari Bin Mohamed Nor meletak jawatan pada 26 September 2006

Dohat Bin Shafiee

meletak jawatan pada 9 Ogos 2006

Dato' Bukhari Bin Mohd Sawi

meletak jawatan pada 1 Ogos 2006

Datuk Mohd Hashim Bin Hassan

meletak jawatan pada 15 Julai 2006

Dato' Abdul Rahim Bin Mokti

meletak jawatan pada 20 Jun 2006

Sukandar Bin Abdul Latif

(Pengarah Gantian kepada Tan Sri Dato' Sri Abi Musa Asa'ari Bin Mohamed Nor) meletak jawatan pada 11 September 2006

BOARD COMMITTEE / JAWATANKUASA LEMBAGA PENGARAH

Executive Committee / Jawatankuasa Eksekutif	Dato' Wira Syed Abdul Jabbar Bin Syed Hassan Datuk Azizan Bin Ayob Bakry Bin Hamzah
Audit Committee / Jawatankuasa Audit	Syed Abu Bakar Bin S Mohsin Almohdzar Bakry Bin Hamzah Dato' Abdul Rahman Bin Datuk Haji Dahlan
Nomination Committee / Jawatankuasa Penamaan	Dato' Wira Syed Abdul Jabbar Bin Syed Hassan Syed Abu Bakar Bin S Mohsin Almohdzar Datuk Azizan Bin Ayob
Remuneration Committee / Jawatankuasa Imbuhan	Dato' Wira Syed Abdul Jabbar Bin Syed Hassan Dato' Abdul Rahman Bin Datuk Haji Dahlan Bakry Bin Hamzah
Tender Committee / Jawatankuasa Tender	Datuk Azizan Bin Ayob Syed Abu Bakar Bin S Mohsin Almohdzar Bakry Bin Hamzah

MANAGEMENT COMMITTEE / JAWATANKUASA PENGURUSAN

Bakry Bin Hamzah Managing Director / <i>Pengarah Urusan</i>	Asiah Binti Alimuda Executive Director, Era Bayam Kota Sdn Bhd <i>Pengarah Eksekutif, Era Bayam Kota Sdn Bhd</i>
Ahmad Tarmizi Bin Mohamed Hariri Chief Financial Officer / <i>Ketua Pegawai Kewangan</i>	Azhar Bin Abdullah Chief Operating Officer, Beras Corporation Sdn Bhd <i>Ketua Pegawai Operasi, Beras Corporation Sdn Bhd</i>
Haji Zainuri Bin Kurmain Senior General Manager, Seed Production Division <i>Pengurus Besar Kanan, Bahagian Pengeluaran Benih</i>	Kamarul Arifin Bin Ahmad General Manager, Sales & Distribution Division <i>Pengurus Besar, Bahagian Jualan & Penedaran</i>
Abd Rahim Bin Ahmad Senior General Manager, Human Capital Division <i>Pengurus Besar Kanan, Bahagian Modal Insan</i>	Abdul Rahman Bin Mohd Nasri Acting General Manager, Bernas Production Sdn Bhd <i>Pemangku Pengurus Besar, Bernas Production Sdn Bhd</i>
Wan Razif Bin Wan Musa Senior General Manager Marketing & Development Division <i>Pengurus Besar Kanan, Bahagian Pemasaran & Pembangunan</i>	Normala Binti Hassan Assistant General Manager Financial Management Department, BEPRO <i>Penolong Pengurus Besar Jabatan Pengurusan Kewangan, BEPRO</i>
Mohd Khusaini Bin Mohd Harumaini General Manager, Compliance Division <i>Pengurus Besar, Bahagian 'Compliance'</i>	
Mohd Roslan Bin Bani Amin Assistant General Manager Facility Management Department <i>Penolong Pengurus Besar, Jabatan Pengurusan Fasilitas</i>	

MEMBERSHIP

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

Syed Abu Bakar Bin S Mohsin Almohdzar
(Chairman, Independent Non-Executive Director)

Bakry Bin Hamzah
(Member, Non-Independent Executive Director)

Dato' Abdul Rahman Bin Datuk Haji Dahlan
(Member, Independent Non-Executive Director)

KEAHLIAN

Ahli Jawatankuasa Audit ("Jawatankuasa") terdiri dari:

Syed Abu Bakar Bin S Mohsin Almohdzar
(Pengerusi, Pengarah Bebas Bukan Eksekutif)

Bakry Bin Hamzah
(Ahli, Pengarah Eksekutif Tidak Bebas)

Dato' Abdul Rahman Bin Datuk Haji Dahlan
(Ahli, Pengarah Bebas Bukan Eksekutif)

TERMS OF REFERENCE

Objective of the Audit Committee

The primary objective of the 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, corporate governance 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 Managing Director, Chief Financial Officer, General Manager of Compliance Division 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.

TERMA-TERMA RUJUKAN

Objektif Jawatankuasa Audit

Objektif utama Jawatankuasa ialah untuk membantu Lembaga Pengarah dalam mengawasi aktiviti-aktiviti Kumpulan seperti berikut:

- Menyelia laporan kewangan dan pengumuman yang berkaitan
- Menilai proses-proses audit dalaman dan luaran
- Menganggar kecukupan dan keberkesanan persekitaran kawalan Kumpulan, tadbir urus korporat serta proses pengurusan risiko sebagai mematuhi Kombinasi Kod Prinsip-prinsip Tadbir Urus dan Kod Amalan Yang Terbaik.

Komposisi

Jawatankuasa dan Pengerusi hendaklah dilantik oleh Lembaga Pengarah dan terdiri tidak kurang daripada tiga (3) orang ahli, 2/3 atau majoriti daripadanya terdiri daripada Pengarah Bebas.

Kuorum dan Prosedur Jawatankuasa

Mesyuarat akan diadakan sekurang-kurangnya empat (4) kali setahun, dengan setiap mesyuarat dirancang untuk bertembung dengan tarikh-tarikh utama dalam pusingan laporan kewangan Syarikat, atau lebih kerap tertakluk kepada keadaan.

Setiausaha Syarikat akan dilantik sebagai Setiausaha Jawatankuasa. Setiausaha, bersama dengan Pengerusi akan menyediakan agenda yang akan diedarkan bersama-sama dokumen sokongan yang berkaitan kepada ahli-ahli Jawatankuasa, sekurang-kurangnya satu (1) minggu sebelum setiap mesyuarat diadakan.

Pengarah Urusan, Ketua Pegawai Kewangan, Pengurus Besar Bahagian 'Compliance' dan wakil juruaudit luar lazimnya akan menghadiri mesyuarat. Jawatankuasa, seperti yang mungkin diperlukan, boleh menjemput pengurusan kanan yang lain untuk menghadiri mesyuarat.

Jawatankuasa akan mengawal tatacara perjalanan mesyuarat mengikut kelazimannya.

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 the management and 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.

Kuasa

Jawatankuasa mempunyai kuasa untuk memperolehi sebarang maklumat yang diperlukan dari mana-mana kakitangan Kumpulan; dan semua kakitangan adalah diarahkan untuk bekerjasama memenuhi sebarang permintaan Jawatankuasa.

Jawatankuasa mempunyai akses penuh dan tanpa halangan ke atas sebarang maklumat berhubung dengan Kumpulan.

Jawatankuasa mempunyai saluran komunikasi secara langsung dengan juruaudit dalaman dan luar; dan bersama pengurusan Kumpulan, mengadakan mesyuarat dengan juruaudit luar sekiranya perlu.

Jawatankuasa mempunyai sumber yang diperlukan untuk menjalankan tugas dan tanggungjawabnya. Jawatankuasa berhak mendapatkan nasihat perundangan luar atau nasihat profesional bebas lain, dengan perbelanjaan Syarikat, sekiranya perlu.

Tugas dan Tanggungjawab

Tugas dan tanggungjawab Jawatankuasa adalah seperti berikut:-

Pengurusan Risiko dan Kawalan Dalaman

- *Mengkaji kecukupan dan keberkesanan pengurusan risiko, sistem kawalan dalaman dan tadbir unus Kumpulan.*
- *Mengkaji dan mengesyorkan kepada Lembaga Pengarah Penyata Tadbir Urus Korporat dan Penyata Kawalan Dalaman berhubung dengan kawalan dalaman dan pengurusan risiko yang dimasukkan dalam Laporan Tahunan.*

Laporan Kewangan

- *Mengkaji dan membincangkan dengan pengurusan dan juruaudit bebas keputusan suku tahunan dan penyata kewangan akhir tahun Syarikat serta penyata kewangan disatukan Kumpulan termasuk pendedahan dalam akaun dan kajian juruaudit ke atas penyata sebelum diluluskan oleh Lembaga Pengarah, dengan memberi perhatian kepada:*
 - *Perubahan atau pelarasan polisi-polisi dan amalan perakaunan yang penting*
 - *Pelarasan ketara atau perkara-perkara luar biasa*
 - *Pematuhan standard perakaunan dan keperluan undang-undang yang lain*
- *Menyemak prosedur laporan kewangan yang tersedia untuk memastikan supaya Kumpulan mematuhi Akta Syarikat 1965, Keperluan Penyenaraian Bursa Malaysia dan keperluan perundangan serta laporan yang lain.*

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 controls system within the Group and determine the state of Internal Controls 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 any related party transactions that may arise within the Company and the Group.

INTERNAL AUDIT FUNCTION

The Board and the 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's 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 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 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:

RINGKASAN AKTIVITI SEPANJANG TAHUN KEWANGAN

Jawatankuasa telah menjalankan aktiviti-aktiviti berikut di sepanjang tahun kewangan:

1. Membantu Lembaga Pengarah dalam menjalankan tugas dan tanggungjawab statutori mereka berkaitan amalan perakaunan dan laporan Syarikat serta syarikat lain dalam Kumpulan berdasarkan Amalan Perakaunan Yang Diterima Pakai Secara Am.
2. Mengkaji semula terma-terma pengambilan juruaudit luar, strategi audit, yuran audit yang dicadangkan dan pencapaian dalam laporan audit bagi laporan-laporan kewangan dalam tempoh masa yang ditetapkan.
3. Mengawal dan mengkaji semula keberkesanan sistem kawalan dalaman Kumpulan dan mengenalpasti tahap Kawalan Dalaman dan Tadbir Urus Korporat di dalam Kumpulan.
4. Mengkaji semula laporan pengurusan dan laporan juruaudit luar dan membincangkan mana-mana permasalahan dan keraguan yang timbul.
5. Mengkaji semula perancangan audit dalam, metodologi, fungsi dan sumber serta mengesyorkan perlantikan perkhidmatan audit dalam.
6. Mengkaji semula penemuan utama pada laporan-laporan audit dalam serta tindakan pengurusan dan juga menyelaraskan tindakan audit dalam dan pihak-pihak lain bagi mencapai audit yang efektif dan efisien.
7. Mengkaji semula sebarang transaksi dengan pihak-pihak berkaitan yang melibatkan Syarikat serta Kumpulan.

FUNGSI AUDIT DALAMAN

Lembaga Pengarah dan Jawatankuasa dibantu oleh Jabatan Audit Dalam dalam mengekalkan sistem pengawasan dalaman yang berkesan bagi memberikan kepastian yang munasabah kepada ketidaktentuan yang mungkin timbul dalam operasi harian.

Jabatan Audit Dalam bertanggungjawab untuk memberi jaminan yang bebas dan objektif serta menambah nilai dan memperbaiki operasi Syarikat. Audit dalaman mengkaji kawalan dalaman aktiviti-aktiviti utama perniagaan Kumpulan dengan berasaskan strategi dan pelan tahunan terperinci audit dalaman yang diserahkan kepada Jawatankuasa Audit untuk kelulusan.

Audit dalaman menggunakan pendekatan berasaskan risiko dan menyediakan pelan serta strategi audit berasaskan bidang-bidang risiko unit-unit perniagaan Kumpulan. Ini dapat membantu Syarikat serta Kumpulan untuk mencapai objektifnya dengan menggunakan pendekatan yang sistematik dan berdisiplin untuk menilai dan memperbaiki keberkesanan pengurusan risiko dan proses tadbir urus melalui cara-cara berikut:-

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, corporate governance and risk assessment 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 statutory and regulatory requirements as well as company policies, procedures and guidelines.
 - ii. Determinations as to whether desired results or benefits are being achieved from approved programmes and projects.
 - iii. Formulating recommendations to the 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 the Committee and Management.
 3. Reviews the existing financial, operational and information 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 audit on prior recommendations to determine any corrective or preventive actions by the management on the previously reported conditions or whether such conditions still exist.
 6. Operates independently to assure complete objectivity when conducting audit reviews and evaluations.
1. *Mengkaji semula serta menilai amalan-amalan pengurusan dan prosedur-prosedur di dalam Kumpulan di mana kajian tersebut adalah termasuk tetapi tidak terhad kepada:-*
 - i. *Penilaian ke atas sistem kawalan dalaman, tadbir urus korporat dan penilaian risiko untuk mengenalpasti kemampuan mereka bagi melindungi aset dan sumber Syarikat, penghasilan maklumat yang tepat dan boleh dipercayai dan memastikan polisi, prosedur dan garis panduan dipatuhi.*
 - ii. *Mengenalpasti sama ada pencapaian atau manfaat yang diinginkan diperolehi daripada program-program dan projek-projek yang diluluskan.*
 - iii. *Mengesyorkan kepada pengurusan untuk memperbaiki dan mengemaskini prosedur dan amalan-amalan tidak efisien.*
 2. *Menjalankan kajian-kajian khas ke atas mana-mana masalah yang timbul sebagaimana yang diarahkan oleh Jawatankuasa dan pihak Pengurusan.*
 3. *Mengkaji semula sistem-sistem kewangan, operasi dan maklumat yang sedia ada bagi memastikan kesemuanya mempunyai takrifan dan justifikasi termasuk kawalan dalaman yang sewajarnya.*
 4. *Menyediakan laporan-laporan formal ke atas hasil kajian dan membincangkan laporan-laporan tersebut dengan pihak Pengurusan.*
 5. *Menjalankan tindakan susulan audit terhadap cadangan-cadangan yang telah disyorkan bagi mengenalpasti sama ada pihak Pengurusan telah menjalankan tindakan pembetulan atau pencegahan ke atas perkara-perkara yang telah dilaporkan atau sebaliknya.*
 6. *Beroperasi secara bebas untuk memastikan kajian-kajian dan penilaian-penilaian dijalankan secara objektif.*

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.

Jabatan Audit Dalam bertanggungjawab melaksanakan fungsi audit dalaman berdasarkan pelan audit yang dikaji secara berterusan dengan mengambil kira perubahan di dalam operasi Kumpulan. Laporan audit yang disediakan oleh Jabatan Audit Dalam dibincangkan oleh Jawatankuasa Audit dan cadangan-cadangan yang disyorkan akan dilaksanakan oleh pihak Pengurusan.

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 outline the main corporate governance practices that was in place during the financial year ended 31 December 2006 up to the date of this Statement.

BOARD OF DIRECTORS

Board Composition

The current Board comprise of one (1) executive director and six (6) non-executive directors of which three are independent. The present Board composition is in compliance with the requirement in the Listing Requirement of Bursa Malaysia Securities Berhad, whereby at least one-third (1/3) of the Board is independent.

The profile of each Director is presented on page 8 to 12 of this Annual Report.

Board Responsibilities and the Board Committees

The Board retains effective control of the Company. This includes determining the Group’s overall strategic plans, performing periodic reviews of business and financial performance, adopting practical risk management and internal controls.

In carrying out these duties and responsibilities, the Board is assisted by five (5) Board Committees, which operates 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 14 to 18 of this Annual Report)
- ii. Executive Committee
- iii. Nomination Committee
- iv. Remuneration Committee
- v. Tender Committee

Board Meetings and Supply of Information to the Board

The Board meets on scheduled basis, at least four (4) times a year. During the financial year ended 31 December 2006, the Board met on six (6) occasions, where it deliberated upon and considered variety of matters such as the Group’s financial performance, corporate restructuring exercise and review of operation of the Company.

Lembaga Pengarah Padiberas Nasional Berhad (“Lembaga Pengarah”) adalah komited dalam memastikan Kumpulan melaksanakan tadbir urus korporat yang terbaik dalam mengendalikan hal ehwal Kumpulan dengan telus, jujur dan profesional ke arah perniagaan yang maju tanpa mengeneppikan tanggungjawab korporat bagi mencapai objektif utama iaitu melindungi kepentingan semua pemegang saham Syarikat.

Para Pengarah dengan ini membentangkan Penyata berikut yang menggariskan pelaksanaan pematuhan tadbir urus korporat Kumpulan yang telah dilaksanakan sepanjang tahun kewangan 2006 sehingga tarikh Penyata ini dikeluarkan.

LEMBAGA PENGARAH

Komposisi Lembaga Pengarah

Lembaga Pengarah terdiri daripada seorang pengarah eksekutif dan enam (6) orang pengarah bukan eksekutif yang mana tiga orang adalah merupakan pengarah bebas. Komposisi Lembaga Pengarah kini adalah mematuhi peruntukan Keperluan Penyenaaraan Bursa Malaysia Securities Berhad, di mana satu pertiga (1/3) daripada ahli Lembaga Pengarah adalah pengarah bebas.

Profil setiap Pengarah dilampirkan di muka surat 8 hingga 12.

Tanggungjawab Lembaga Pengarah dan Jawatankuasa Lembaga Pengarah

Lembaga Pengarah mengekalkan kawalan penuh dan efektif terhadap Syarikat. Ianya termasuk mengenalpasti pelan strategik bagi keseluruhan Kumpulan, mengkaji prestasi perniagaan dan penyata kewangan, adaptasi pengurusan risiko secara praktikal dan kawalan dalaman.

Dalam melaksanakan tugas dan tanggungjawab ini, Lembaga Pengarah dibantu oleh lima (5) Jawatankuasa Lembaga Pengarah yang mana setiap Jawatankuasa mempunyai terma rujukan masing-masing. Jawatankuasa Lembaga Pengarah akan berbincang dengan mendalam bagi setiap cadangan sebelum ianya dibawa kepada Para Pengarah untuk kelulusan. Jawatankuasa Lembaga Pengarah adalah seperti berikut:-

- i. Jawatankuasa Audit (rujuk muka surat 14 hingga 18)
- ii. Jawatankuasa Eksekutif
- iii. Jawatankuasa Penamaan
- iv. Jawatankuasa Imbuhan
- v. Jawatankuasa Tender

Mesyuarat Lembaga Pengarah dan Bekalan Maklumat

Lembaga Pengarah bermesyuarat sekurang-kurangnya empat (4) kali setahun iaitu setiap suku tahun. Sepanjang tahun kewangan 31 Disember 2006, Lembaga Pengarah telah bermesyuarat sebanyak enam (6) kali bagi membincangkan pelbagai perkara seperti prestasi kewangan Kumpulan, pelaksanaan penstrukturan korporat dan mengkaji operasi Syarikat.

Board meetings are structured with a set of agenda. The Board papers are circulated prior to the meeting to enable the Board to understand each matter to be deliberated at the Board meeting and expedite decision-making process.

In the interval of the Board Meetings, for any matter requiring Board decision, Board approvals are obtained through circular resolution.

Details of each Director's attendance during the financial year ended 31 December 2006 are as follows:-

Directors	No of Meetings Attended
Dato' Wira Syed Abdul Jabbar Bin Syed Hassan (appointed on 10 July 2006)	2/2
Azman Bin Umar (appointed on 20 June 2006)	1/2
Dato' Dr Zulkifli Bin Idris (appointed on 11 October 2006)	1/1
Datuk Azizan Bin Ayob	6/6
Dato' Abdul Rahman Bin Datuk Haji Dahlan	4/6
Bakry Bin Hamzah	6/6
Syed Abu Bakar Bin S Mohsin Almohdzar	6/6
Tan Sri Dato' Sri Abi Musa Asa'ari Bin Mohamed Nor (resigned on 26 September 2006)	4/5
Dohat Bin Shafiee (resigned on 9 August 2006)	4/4
Dato' Bukhari Bin Mohd Sawi (resigned on 1 August 2006)	4/4
Datuk Mohd Hashim Bin Hassan (resigned on 15 July 2006)	4/4
Dato' Abdul Rahim Bin Mokti (resigned on 20 June 2006)	3/4

All Directors have unrestricted access to any information pertaining to the Company and unhindered access to the advice and services of the Company Secretary, and when necessary, independent professional advisers.

Appointment of Board Members

The Committee had recommended on the appointment of Dato' Wira Syed Abdul Jabbar Bin Syed Hassan to the Board of BERNAS, in accordance with the selection criteria denominated in the Directors Nomination Form.

Re-election

In accordance with the Company's Articles of Association, one-third (1/3) of the Board or if their number 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.

Setiap Lembaga Pengarah dibekalkan agenda berserta kertas kerja yang diedarkan sebelum mesyuarat diadakan. Ini adalah untuk memastikan para Pengarah mempunyai masa yang secukupnya untuk mendapatkan maklumat yang jelas bagi memudahkan perbincangan semasa mesyuarat dan mempercepatkan proses membuat keputusan.

Bagi mana-mana perkara yang memerlukan kelulusan Lembaga Pengarah sebelum sesuatu mesyuarat itu diadakan, kelulusan adalah diperolehi menerusi resolusi pekeliling.

Butiran kehadiran setiap Pengarah sepanjang tahun kewangan berakhir 31 Disember 2006 seperti berikut:-

Pengarah	Jumlah Kehadiran
Dato' Wira Syed Abdul Jabbar Bin Syed Hassan (dilantik pada 10 Julai 2006)	2/2
Azman Bin Umar (dilantik pada 20 Jun 2006)	1/2
Dato' Dr Zulkifli Bin Idris (dilantik pada 11 Oktober 2006)	1/1
Datuk Azizan Bin Ayob	6/6
Dato' Abdul Rahman Bin Datuk Haji Dahlan	4/6
Bakry Bin Hamzah	6/6
Syed Abu Bakar Bin S Mohsin Almohdzar	6/6
Tan Sri Dato' Sri Abi Musa Asa'ari Bin Mohamed Nor (meletak jawatan pada 26 September 2006)	4/5
Dohat Bin Shafiee (meletak jawatan pada 9 Ogos 2006)	4/4
Dato' Bukhari Bin Mohd Sawi (meletak jawatan pada 1 Ogos 2006)	4/4
Datuk Mohd Hashim Bin Hassan (meletak jawatan pada 15 Julai 2006)	4/4
Dato' Abdul Rahim Bin Mokti (meletak jawatan pada 20 Jun 2006)	3/4

Semua Pengarah mempunyai akses kepada sebarang maklumat yang berkaitan dengan Syarikat serta berhak untuk mendapatkan khidmat dan nasihat daripada Setiausaha Syarikat tanpa halangan, dan jika difikirkan perlu, boleh mendapatkan khidmat daripada perunding profesional.

Perlantikan Ahli Lembaga Pengarah

Jawatankuasa Penamaan telah mencadangkan perlantikan Dato' Wira Syed Abdul Jabbar Bin Syed Hassan sebagai Ahli Lembaga Pengarah BERNAS berdasarkan kriteria-kriteria pemilihan yang telah ditetapkan di dalam Borang Penamaan Pengarah.

Lantikan Semula Para Pengarah

Menurut Tataurusuan Syarikat, satu pertiga (1/3) dari jumlah Lembaga Pengarah atau sekiranya jumlah ahli bukan daraban tiga (3), jumlah yang terdekat, tetapi tidak melebihi satu pertiga (1/3) adalah tertakluk kepada persaraan mengikut giliran pada setiap Mesyuarat Agung Tahunan. Dalam mana-mana keadaan, setiap Pengarah dikehendaki bersara sekurang-kurangnya sekali dalam masa tiga (3) tahun.

Directors' Training

All Directors have completed the Mandatory Accreditation Programme (MAP) conducted by Bursa Malaysia.

The Directors will continue to undergo other training programmes to enhance their skills and knowledge, where relevant.

DIRECTORS' REMUNERATION

Details of the Directors' remuneration for the financial year ended 31 December 2006 are as follows:-

Directors	Total (RM)
Dato' Wira Syed Abdul Jabbar Bin Syed Hassan (appointed on 10 July 2006)	55,000
Azman Bin Umar (appointed on 20 June 2006)	15,833
Dato' Dr Zulkifli Bin Idris (appointed on 11 October 2006)	6,694
Datuk Azizan Bin Ayob	30,000
Dato' Abdul Rahman Bin Datuk Haji Dahlan	30,000
Bakry Bin Hamzah	30,000
Syed Abu Bakar Bin S Mohsin Almohdzar	30,000
Tan Sri Dato' Sri Abi Musa Asa'ari Bin Mohamed Nor (resigned on 26 September 2006)	22,500
Dohat Bin Shafiee (resigned on 9 August 2006)	18,225
Dato' Bukhari Bin Mohd Sawi (resigned on 1 August 2006)	17,500
Datuk Mohd Hashim Bin Hassan (resigned on 15 July 2006)	65,000
Dato' Abdul Rahim Bin Mokti (resigned on 20 June 2006)	15,000
YB Haji Mohd Naroden Bin Haji Majais (resigned on 27 April 2006)	10,000
	345,752

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 Company's operations in general. A press conference is normally held immediately after the AGM for the Board to clarify and explain any issues raised.

Para Pengarah ini adalah layak untuk perlantikan semula. Para Pengarah yang baru dilantik akan memegang jawatan mereka sehingga Mesyuarat Agung Tahunan yang akan datang dan layak untuk dilantik semula. Perlantikan setiap Pengarah adalah diundi secara berasingan.

Latihan Para Pengarah

Semua Pengarah telah menghadiri Program Pengiktirafan Mandatori ("PPM") yang dikendalikan oleh Bursa Malaysia.

Para Pengarah akan terus menjalani kursus-kursus lain bagi mempertingkatkan kemahiran dan pengetahuan mereka.

IMBUHAN PENGARAH

Butiran imbuhan Para Pengarah bagi tahun kewangan berakhir 31 Disember 2006 adalah seperti berikut:-

Pengarah	Jumlah (RM)
Dato' Wira Syed Abdul Jabbar Bin Syed Hassan (dilantik pada 10 Julai 2006)	55,000
Azman Bin Umar (dilantik pada 20 Jun 2006)	15,833
Dato' Dr Zulkifli Bin Idris (dilantik pada 11 Oktober 2006)	6,694
Datuk Azizan Bin Ayob	30,000
Dato' Abdul Rahman Bin Datuk Haji Dahlan	30,000
Bakry Bin Hamzah	30,000
Syed Abu Bakar Bin S Mohsin Almohdzar	30,000
Tan Sri Dato' Sri Abi Musa Asa'ari Bin Mohamed Nor (meletak jawatan pada 26 September 2006)	22,500
Dohat Bin Shafiee (meletak jawatan pada 9 Ogos 2006)	18,225
Dato' Bukhari Bin Mohd Sawi (meletak jawatan pada 1 Ogos 2006)	17,500
Datuk Mohd Hashim Bin Hassan (meletak jawatan pada 15 Julai 2006)	65,000
Dato' Abdul Rahim Bin Mokti (meletak jawatan pada 20 Jun 2006)	15,000
YB Haji Mohd Naroden Bin Haji Majais (meletak jawatan pada 27 April 2006)	10,000
	345,752

PEMEGANG SAHAM

Syarikat mengiktiraf kepentingan komunikasi di antara Lembaga Pengarah, pemegang-pemegang saham dan mereka berkepentingan yang lain. Laporan Tahunan, pengumuman prestasi kewangan suku tahunan Syarikat, siaran akhbar dan pengumuman korporat adalah antara pengantar utama dalam usaha Syarikat untuk menyebarkan maklumat berkenaan kepada pemegang-pemegang saham.

Adalah menjadi amalan Syarikat untuk menghantar Notis Mesyuarat Agung Tahunan dan pekeliling yang berkaitan kepada pemegang-pemegang saham tidak kurang dari dua puluh satu (21) hari sebelum tarikh mesyuarat. Pada Mesyuarat Agung Tahunan, pemegang saham adalah digalakkan untuk bersoal jawab mengenai resolusi yang diusulkan atau pun mengenai operasi Syarikat secara umum. Sidang akhbar biasanya akan diadakan sejeurus selepas

ACCOUNTABILITY & AUDIT

Financial Reporting

The Board aims to provide and present a balanced and meaningful assessment of the Company's and 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 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 Company and the Group and as at the end of the accounting period and their profit or loss and cash flow for the period then ended. In preparing the financial statements, the Board has ensured that the Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 1965 have been applied.

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

Relationship with the External 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.

This statement is made in accordance with the resolution of the Board of Directors dated 25 April 2007.

Mesyuarat Agung Tahunan untuk para Pengarah menjelaskan dan menerangkan sebarang isu yang diutarakan.

AKAUNTABILITI & AUDIT

Laporan Kewangan

Lembaga Pengarah berhasrat untuk memberikan dan menyampaikan penilaian yang seimbang dan sebenar mengenai prestasi kewangan Kumpulan terutamanya melalui penyata kewangan tahunan, pengumuman keputusan suku tahunan kepada pemegang saham serta Penyata Pengerusi dan tinjauan operasi yang terdapat di dalam Laporan Tahunan. Lembaga Pengarah dibantu oleh Jawatankuasa Audit untuk menyelia proses laporan kewangan Kumpulan bagi memastikan kualiti laporan kewangan yang tepat, mencukupi dan lengkap.

Penyata Tanggungjawab Pengarah Berkaitan Dengan Penyediaan Laporan Kewangan Yang Telah Diaudit

Lembaga Pengarah adalah bertanggungjawab dalam memastikan penyata kewangan Kumpulan yang dibentangkan memberikan gambaran sebenar dan saksama berkenaan dengan hal ehwal Syarikat dan Kumpulan pada akhir tempoh kewangan dan untung atau rugi serta aliran tunai pada tempoh kewangan berakhir. Dalam menyediakan penyata kewangan, Lembaga Pengarah memastikan bahawa ianya disediakan mengikut Piawaian Laporan Kewangan yang diterima pakai di Malaysia dan peruntukan di dalam Akta Syarikat, 1965.

Lembaga Pengarah juga bertanggungjawab untuk mengambil langkah-langkah yang difikirkan wajar bagi melindungi aset-aset Kumpulan dan untuk mengelakkan berlakunya sebarang penipuan dalam penyediaan penyata kewangan.

Hubungan Dengan Juruaudit

Menerusi Jawatankuasa Audit, Lembaga Pengarah mengamalkan aturan yang formal dan telus dengan Juruaudit Syarikat. Juruaudit Syarikat melaporkan kesimpulan dan cadangan mereka kepada Jawatankuasa Audit dan dari masa ke semasa membawa perhatian kepada Jawatankuasa Audit mengenai sebarang kekurangan yang ketara di dalam sistem kawalan dalaman Syarikat.

Penyata ini dibuat mengikut resolusi Lembaga Pengarah bertarikh 25 April 2007.

Introduction

The Bursa Malaysia Securities Berhad 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 maintain 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 control of the Group during the financial year ended 31 December 2006.

Responsibility of the Board

The Board is ultimately responsible for the Group’s system of internal control, which includes the establishment of an appropriate control environment and framework, as well as reviewing its adequacy and integrity. The system of internal control include among others financial, operational and compliance controls and risk management procedures.

The Board has established an ongoing process for identifying, evaluating and managing significant risks faced by the Group. Whilst the Board maintains ultimate responsibility over risk and control issues, it has delegated to the management the implementation of a system of risk management and internal control within an established framework. This framework currently encompasses the Company and its rice subsidiary and material associate companies.

In view of inherent limitations in any system of internal control, the Group’s internal control system is designed to manage, rather than eliminate, the risk of failure to achieve corporate objectives. Accordingly, it can only provide reasonable but not absolute assurance against material misstatement or loss.

Enterprise Risk Management Framework

The Management has been entrusted by the Board to manage risk and also, to develop, operate and monitor a system of internal control and providing assurance to the Board that it has done so in accordance with policies adopted by the Board. Further independent assurance is provided by the internal audit function.

The following key elements of a risk management framework have been put in place as part and parcel of embedding a sound internal control system within the Group:

- Establishment of a formalised Risk Management Policy and Procedure on risks and communicated throughout key areas in the Group;
- Re-establishment of Risk Management Committee to assist the Board in discharging its statutory duties and responsibilities relating to Risk Management Activities;
- Establishment and review of the risk management structure, which outlines the reporting framework and responsibility of the Board, Risk Management Committee, Management, Risk Management Department and risk representative;

Pengenalan

Bursa Malaysia Securities Berhad memerlukan agar Lembaga Pengarah bagi syarikat tersenarai awam melampirkan “penyata mengenai keadaan kawalan dalaman kumpulan” di dalam laporan tahunannya. Lembaga Pengarah perlu komited untuk memelihara sistem kawalan dalaman Kumpulan dan menyediakan penyata berikut, yang mana menggariskan skop kawalan dalaman Kumpulan dalam tahun kewangan berakhir 31 Disember 2006.

Tanggungjawab Lembaga Pengarah

Lembaga Pengarah bertanggungjawab ke atas sistem kawalan dalaman Kumpulan yang mengambil kira pengukuhan rangka kerja dan kawalan persekitaran dalaman yang sesuai, di samping mengkaji semula kesempurnaan dan keutuhan sistemnya. Sistem ini merangkumi kawalan-kawalan kewangan, operasi dan kepatuhan, serta prosedur-prosedur pengurusan risiko.

Lembaga Pengarah telah menyediakan proses berterusan untuk mengenalpasti, menilai dan mengurus risiko-risiko utama yang dihadapi oleh Kumpulan. Walaupun Lembaga Pengarah masih mengekalkan tanggungjawab terakhir ke atas risiko dan isu-isu kawalan, ia telah mengamanahkan pelaksanaan sistem pengurusan risiko dan kawalan dalaman mengikut rangka kerja yang ditetapkan, kepada pengurusan eksekutif. Rangka kerja ini merangkumi Syarikat, syarikat-syarikat beras subsidiari dan syarikat-syarikat bersekutu utama.

Bagaimanapun, disebabkan terdapatnya batasan yang tidak dapat dielakkan di dalam mana-mana sistem kawalan dalaman, sistem ini telah direka untuk mengurus, bukannya cenderung untuk menghapuskan, risiko yang bakal menggagalkan objektif-objektif korporat. Justeru, ia hanya mampu menyediakan jaminan yang munasabah dan bukan jaminan mutlak terhadap sebarang salah nyataan atau kerugian.

Rangka Kerja Pengurusan Risiko Keseluruhan

Pihak Pengurusan telah dipertanggungjawabkan untuk mengurus risiko, membangun dan memantau sistem kawalan dalaman di samping memberi jaminan kepada Lembaga Pengarah bahawa ia telah dilaksanakan menurut polisi-polisi yang telah diterima pakai oleh Lembaga Pengarah. Jaminan berasingan seterusnya disediakan oleh fungsi audit dalaman.

Elemen-elemen utama dalam rangka kerja pengurusan risiko berikut telah ditempatkan sebagai bahagian yang penting dalam mewujudkan sistem kawalan dalaman Kumpulan yang sempurna:

- Pembentukan Polisi dan Prosedur Pengurusan Risiko yang formal yang disampaikan melalui bidang-bidang utama Kumpulan;
- Penubuhan semula Jawatankuasa Pengurusan Risiko bagi membantu Lembaga Pengarah dalam melaksanakan tugas dan tanggungjawab yang berkaitan dengan Aktiviti Pengurusan Risiko;

- Appointment of Risk Representatives within each division of the Group;
 - Reviewing and, where appropriate, revising the risk parameters (qualitative and quantitative) for the Group and at the individual business unit level to strengthen effectiveness of the risk management process;
 - Ongoing formal and informal risk management education and training at management and staff levels;
 - Continuous review and refinement of existing risk management framework model to enhance risk awareness within the Group and facilitate re-affirmation of risk prioritisation and aggregation exercises with various subsidiaries, associates, divisions, and departments;
 - Implementation by Management of a group-wide risk assessment process, which includes the identification of key risks facing each business unit, the potential impact and likelihood of those risks occurring, the control effectiveness and the action plans to manage those risks to the desired level; and
 - Development of a Group Risk Profile.
- *Pembentukan dan pengkajian semula struktur pengurusan risiko yang menggariskan rangka kerja laporan dan tanggungjawab Lembaga Pengarah, Jawatankuasa Kewangan, Pengurusan, Jabatan Pengurusan Risiko dan perwakilan risiko;*
 - *Perlantikan para Perwakilan Risiko bagi setiap bahagian dalam Kumpulan;*
 - *Pengkajian semula dan di mana sesuai, menyemak semula parameter risiko (kualitatif dan kuantitatif) bagi Kumpulan dan di peringkat unit perniagaan individu agar pelaksanaan proses pengurusan risiko lebih berkesan;*
 - *Pendidikan dan latihan pengurusan risiko secara formal dan tidak formal yang berterusan di peringkat pengurusan dan kakitangan;*
 - *Proses pengkajian semula dan perbaikan yang berterusan terhadap rangka kerja pengurusan risiko sedia ada untuk meningkatkan kesedaran risiko dalam Kumpulan dan memudahkan pernyataan semula keutamaan risiko serta latihan-latihan yang menyeluruh pelbagai syarikat-syarikat subsidiari, syarikat-syarikat bersekutu, bahagian-bahagian dan jabatan-jabatan;*
 - *Pelaksanaan proses penilaian risiko secara meluas oleh pihak pengurusan termasuk mengenal pasti risiko-risiko penting yang dihadapi oleh setiap unit perniagaan, potensi kesan dan kemungkinan berlakunya risiko tersebut, keberkesanan kawalan dan pelan tindakan bagi mengurus risiko-risiko tersebut; dan*
 - *Pembangunan Profil Risiko Kumpulan.*

Internal Audit Function

The Internal Audit Department provides the Board with the assurance it requires regarding the adequacy and integrity of internal controls. Internal audit independently reviews the internal control 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 test the effectiveness of 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 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. Follow-up audits are conducted to assess the implementation of audit corrective actions and recommendations.

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 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;
- Management and the Board are provided with regular and comprehensive financial information, which includes a review of the Group's financial performance and position;
- Detailed and systematic budgetary process in which the respective heads of department and division prepare budgets for the forthcoming financial year and subsequent financial quarters; continuous monitoring of results against planned activities and variances are followed up and actions taken, where necessary; and

Fungsi Audit Dalaman

Jabatan Audit Dalaman membekalkan jaminan yang diperlukan oleh Lembaga Pengarah berhubung dengan kecukupan dan integriti kawalan dalaman. Audit dalaman secara bebas mengkaji semula proses kawalan dalaman dalam aktiviti-aktiviti penting perniagaan Kumpulan melalui pendekatan berasaskan risiko dan memberi laporan terus kepada Jawatankuasa Audit pada setiap suku tahun atau pada masa yang sesuai. Audit dalaman juga perlu menguji keberkesanan kawalan dalaman berasaskan strategi audit dalaman dan pelan audit dalaman terperinci yang dikemukakan kepada Jawatankuasa Audit untuk diluluskan. Laporan dari penemuan audit dalaman, beserta cadangan untuk tindakan Pengurusan akan dikaji semula oleh Jawatankuasa Audit dan dilaporkan kepada Lembaga Pengarah oleh Jawatankuasa Audit setiap suku tahun atau pada masa yang sesuai. Lanjutan audit juga dijalankan untuk menilai tindakan pemulihan dan saranan-saranan audit.

Proses-proses Risiko dan Kawalan Lain

Selain dari pengurusan risiko dan audit dalaman, elemen-elemen penting lain dalam sistem kawalan dalaman Kumpulan adalah seperti berikut:

- *Pengagihan tanggungjawab yang jelas oleh Lembaga Pengarah kepada Pengurusan dalam Kumpulan, termasuk had bidang kuasa dalam kesemua aspek perniagaan;*
- *Proses perniagaan utama dalam unit-unit perniagaan utama adalah di bawah kawalan polisi dan prosedur yang formal dan telah didokumenkan;*
- *Pihak Pengurusan dan Lembaga Pengarah diberi maklumat kewangan secara tetap dan menyeluruh, merangkumi pengkajian semula prestasi dan kedudukan kewangan Kumpulan;*

- The Managing Director 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 control is adequate. There were no material losses incurred during the current financial year as a result of weaknesses in internal control. Nevertheless, the Management continues to take measures to strengthen the control environment.

This statement is made in accordance with the resolution of the Board of Directors dated 25 April 2007.

- *Proses belanjawan yang terperinci dan sistematik di mana ketua jabatan dan bahagian masing-masing menyediakan belanjawan untuk tahun kewangan berikutnya serta turutan kajian kewangan suku tahunannya; pemantauan berterusan terhadap hasil berbanding dengan rancangan dan perbezaan tersebut disusuli dan diambil tindakan, di mana perlu; dan*
- *Pengarah Urusan akan memberi laporan kepada Lembaga Pengarah mengenai perubahan-perubahan penting dalam perniagaan dan persekitaran luaran.*

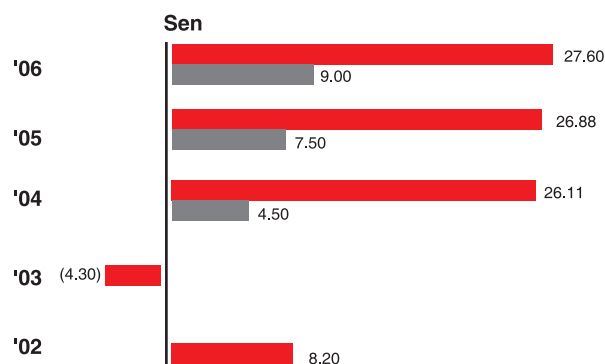
Kesimpulan

Lembaga Pengarah berpendapat bahawa sistem kawalan dalaman yang sedia ada adalah mencukupi. Tiada sebarang kehilangan material berlaku sepanjang tahun kewangan hasil daripada kelemahan dalam kawalan dalaman. Bagaimanapun, Pengurusan berusaha secara berterusan untuk mengukuhkan kawalan persekitaran.

Penyata ini telah dibuat mengikut resolusi Lembaga Pengarah bertarikh 25 April 2007.

Five-Year Financial Highlights / Maklumat Kewangan Lima-Tahun

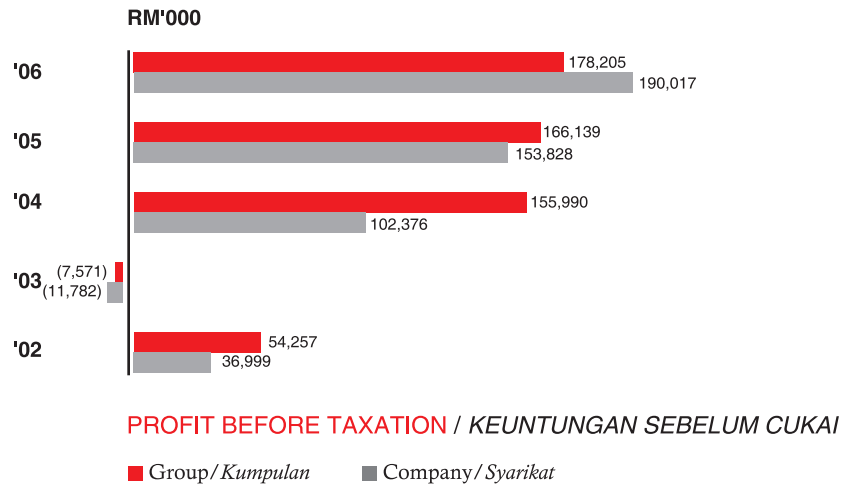
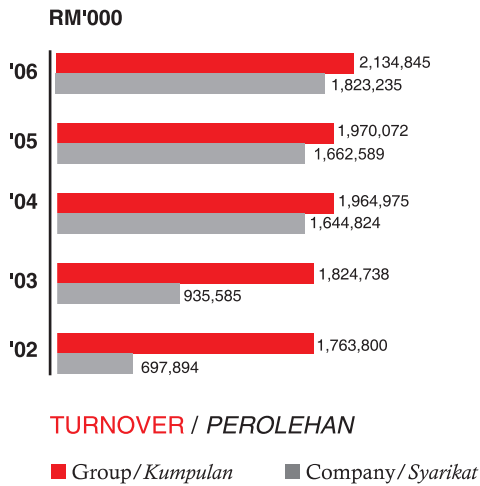
	2006 RM'000	2005 RM'000	2004 RM'000	2003 RM'000	2002 RM'000
TURNOVER					
PEROLEHAN					
Group/ <i>Kumpulan</i>	2,134,845	1,970,072	1,964,975	1,824,738	1,763,800
Company/ <i>Syarikat</i>	1,823,235	1,662,589	1,644,824	935,585	697,894
PROFIT BEFORE TAXATION					
KEUNTUNGAN SEBELUM CUKAI					
Group/ <i>Kumpulan</i>	178,205	166,139	155,990	(7,571)	54,257
Company/ <i>Syarikat</i>	190,017	153,828	102,376	(11,782)	36,999
TOTAL TANGIBLE ASSETS					
JUMLAH ASET KETARA					
Group/ <i>Kumpulan</i>	1,380,427	1,402,676	1,238,314	1,310,406	1,177,619
Company/ <i>Syarikat</i>	1,353,721	1,353,706	1,203,323	1,100,623	958,269
NET TANGIBLE ASSET					
ASET KETARA BERSIH					
Group/ <i>Kumpulan</i>	980,955	915,514	785,829	664,550	669,794
Company/ <i>Syarikat</i>	848,335	757,553	653,225	576,690	584,777
	Sen	Sen	Sen	Sen	Sen
OTHERS - GROUP					
LAIN - LAIN - KUMPULAN					
EPS (Basic/ <i>Asas</i>)	27.60	26.88	26.11	(4.30)	8.20
Net Dividend Per Share <i>Dividen Bersih Sesaham</i>	9.00	7.50	4.50	-	-



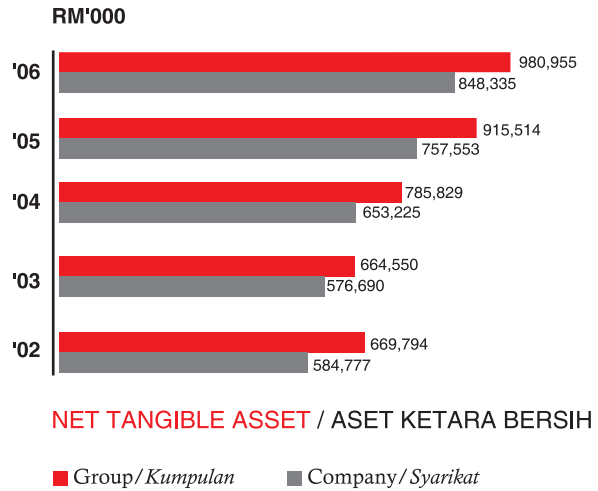
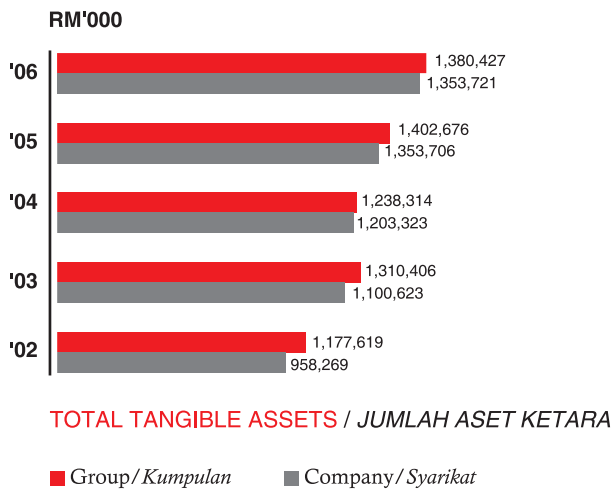
OTHERS - GROUP / LAIN-LAIN - KUMPULAN

■ EPS (Basic) / EPS (Asas) ■ Net Dividend / Dividen Bersih

Five-Year Financial Highlights / Maklumat Kewangan Lima-Tahun



28 |



Dear Shareholders,

This is my first letter to you as the Chairman of BERNAS and I am pleased to report that in spite of the challenging business environment of escalating fuel prices, rising cost of paddy production and increasing international prices of rice, BERNAS posted yet another set of commendable results for the financial year ended 31 December 2006. Revenue increased by 8.4 percent to RM2.13 billion from RM1.97 billion recorded in the previous financial year. The improvement in revenue was attributed to better sales volume, the adoption of competitive pricing policy by the Group and increased confidence in the Group's brands.

Operational expenditure was kept at a manageable level in spite of the impact of inflationary pressure to the whole spectrum of operational costs. As a result, the Group registered a net profit of RM135.23 million, an increase of 3.5 percent from RM130.62 million recorded in the previous financial year.

The Board is recommending payment of a final dividend of 5 percent tax exempt for the financial year ended 31 December 2006. This, together with an interim dividend of 5 percent tax exempt paid on 26 December 2006 gives shareholders a total dividend income of 10 percent tax exempt for the financial year 2006. This represents a net dividend payout of RM47.04 million, an increase of RM9.41 million or two percent over the previous year.

INDUSTRY OVERVIEW

The year 2006 marked the beginning of the Ninth Malaysia Plan (9MP), covering the 2006-2010 period. Under the plan, the paddy production is set to increase to achieve the 2010 self-sufficiency level (SSL) of 90 percent from the current level of 72 percent. To achieve this new target, the Government will consolidate and rehabilitate land on a larger scale in order to accelerate the modernisation of smallholdings and enhance the productivity of paddy. Agricultural infrastructure, particularly drainage and irrigation facilities, farm roads and crossings will also be upgraded and expanded.

The Government has introduced additional incentives under the Plan to further boost farm productivity and sustainability. Among others, farmers would be given a yield improvement incentive of RM650 per metric tonne based on the average yield for the last three seasons, provided improvement achieved is minimum 1 percent. In

Pemegang Saham Yang Dihormati,

Ini adalah surat pertama saya sebagai Pengerusi BERNAS dan dengan sukacitanya ingin saya laporkan bahawa BERNAS telah mencatatkan satu lagi keputusan kewangan yang baik pada tahun kewangan berakhir 31 Disember 2006, walaupun dalam suasana perniagaan yang mencabar akibat kenaikan harga minyak, kos pengeluaran padi yang meningkat dan peningkatan harga beras antarabangsa. Perolehan meningkat sebanyak 8.4 peratus kepada RM2.13 bilion daripada RM1.97 bilion pada tahun kewangan sebelumnya. Peningkatan ini adalah hasil dari peningkatan jualan, polisi harga kompetitif yang diguna pakai serta peningkatan keyakinan terhadap jenama-jenama Kumpulan.

Perbelanjaan operasi berjaya dikekalkan pada tahap yang mampu diuruskan walaupun dengan impak tekanan inflasi ke atas keseluruhan spektra kos operasi. Justeru, Kumpulan mencatatkan keuntungan bersih sebanyak RM135.23 juta, iaitu kenaikan 3.5 peratus, daripada RM130.62 juta yang dicatatkan pada tahun kewangan sebelumnya.

Lembaga Pengarah mencadangkan dividen akhir sebanyak lima peratus dikecualikan cukai untuk tahun kewangan berakhir 31 Disember 2006. Bersama dividen interim sebanyak lima peratus yang telah dibayar pada 26 Disember 2006, pendapatan dividen keseluruhan pemegang saham ialah 10 peratus dikecualikan cukai untuk tahun kewangan 2006. Jumlah ini mewakili bayaran dividen bersih sebanyak RM47.04 juta, iaitu kenaikan sebanyak RM9.41 juta atau dua peratus pada tahun sebelumnya.

TINJAUAN INDUSTRI

Tahun 2006 menandakan bermulanya Rancangan Malaysia Kesembilan (RMK9), yang merangkumi tahun-tahun 2006 hingga 2010. Di bawah Rancangan ini, pengeluaran padi didasarkan meningkat untuk mencapai sasaran 90 peratus tahap sara diri menjelang tahun 2010, daripada 72 peratus yang dicapai sekarang. Untuk mencapai sasaran ini, Kerajaan akan mengukuh dan menggunakan tanah pada skala yang lebih besar bagi mempercepatkan proses memodenkan perusahaan kecil dan meningkatkan produktiviti padi. Infrastruktur pertanian, terutamanya kemudahan sistem saluran dan pengairan, jalanraya dan lintasan ke ladang-ladang akan turut dinaik-taraf dan ditambah.

Dalam tempoh Rancangan, Kerajaan turut memperkenalkan insentif tambahan untuk menggalakkan lagi pertumbuhan produktiviti. Antaranya, petani akan diberi insentif peningkatan hasil sebanyak RM650 setiap tan metrik yang dikira berdasarkan jumlah purata tiga

addition, farmers who successfully achieved 10 metric tonne and above on the average lot cultivated would be given production achievement incentive of RM650 per hectare.

The Government has also raised the Guaranteed Minimum Price of Paddy (GMP) from RM550 to RM650 per tonne.

RESPOND TO CHALLENGES

BERNAS has, inter alia, adopted these following measures to meet the challenges of 9MP goals:

Maintaining and expanding existing roles

As the gatekeeper of the industry, BERNAS plays a pivotal role in supporting and ensuring the attainment of the 9MP goals. Besides performing its non-commercial activities on behalf of the Government, namely management of national rice stockpile, the disbursement of paddy subsidy payments and procurement of paddy from farmers as the buyer of last resort, BERNAS has been assigned the task of disbursing the additional incentives of the 9MP to the farming community. With the expansion of our IT support system which incorporates our current subsidy database, we have the ability to track the registered farmers' output, and at the end of every season, can disburse the incentive payments direct to successful farmers through e-banking facility.

Increasing capacity in anticipation of increased production

Our position as buyer of last resort requires us to prepare ourselves for the expected increase of paddy production from the existing 2.4 million tonnes to 3.2 million tonnes in 2010. In anticipation of this substantial addition, we have invested significantly in upgrading our rice mills and establishing new inventory centres and facilities. In 2006, a total of RM52 million was spent on rebuilding and repairing old mills and milling machineries.

musim terakhir dengan jumlah peningkatan minima sebanyak 1 peratus. Sebagai tambahan, petani yang berjaya mencapai hasil melebihi 10 tan metrik ke atas purata sawah yang diusahakan, akan diberikan insentif pencapaian pengeluaran sebanyak RM650 untuk setiap hektar.

Kerajaan juga turut menaikkan Harga Minima Terjamin daripada RM550 kepada RM650 setiap tan.

TINDAK BALAS TERHADAP CABARAN

BERNAS telah mengambil langkah-langkah berikut untuk menghadapi cabaran pencapaian matlamat RMK9:

Pengekalan dan penambahan tugas

Peranan BERNAS sebagai pemain utama industri merupakan sebab utama untuknya menyokong dan memastikan matlamat RMK9 tercapai. Selain dari menjalankan aktiviti bukan komersil bagi pihak Kerajaan seperti pengurusan stokpail beras negara, pengurusan dan pembayaran subsidi dan pembeli terakhir padi dari petani, BERNAS turut ditugaskan untuk membayar insentif tambahan RMK9 kepada komuniti petani. Sistem sokongan maklumat BERNAS telahpun diperkembangkan untuk meliputi pangkalan data subsidi yang mutakhir, justeru ia mempunyai keupayaan untuk memantau hasil yang diusahakan oleh para petani berdaftar dan pada akhir setiap musim BERNAS dapat membuat pembayaran insentif terus kepada mereka melalui kemudahan perbankan elektronik.

Penambahan kapasiti bagi menampung pertumbuhan pengeluaran

Sebagai pembeli terakhir padi dari petani BERNAS perlu bersedia untuk menampung pertumbuhan jumlah pengeluaran padi dari 2.4 juta tan kepada 3.2 juta tan pada tahun 2010. Untuk pertumbuhan jumlah yang ketara ini, pelaburan telah dibuat untuk menaik taraf kilang-kilang beras sedia ada dan membina pusat-pusat inventori dan fasiliti baru. Dalam tahun 2006, sebanyak RM52 juta telah dibelanjakan untuk membina semula dan memulihkan kilang-kilang dan jentera lama dengan tujuan meningkatkan kapasiti dari segi kualiti, ruang dan kecekapan.

Addressing escalating costs

In view of high fuel prices and rising international rice prices, we have been more prudent in managing our operational costs. To reduce our dependency on diesel, we have installed 40 units of cyclonic husk furnace in 21 rice mills. The installation of the cyclonic husk furnace units is expected to lessen our drying cost, which forms the bulk of our processing costs. As at December 2006, our drying cost has been reduced by an impressive 50 percent, from RM69 per metric tonne to RM32 per metric tonne of paddy dried.

Another six units of cyclonic husk furnace will be installed in 2007. The full impact of this exercise is expected to be seen in the current financial year.

Strengthening R&D capacity

BERNAS will continue to intensify and expand its Research and Development (R&D) capacity to further enhance its competitive edge in the industry.

The Company intends to extend its current RM5 million-collaboration with Universiti Putra Malaysia (UPM) for another 10 years in order to establish an accredited SAMM/ISO 17025 UPM-BERNAS Food Analysis Laboratory. Plans are underway to expand the scope and size of the said laboratory to include genotyping, sensory and microbiological analysis in addition to the current physical, chemical and quality analysis, in dealing with health and safety issues of rice products.

At the same time, we have joined forces with Universiti Utara Malaysia (UUM) to undertake research efforts and conduct a nationwide survey to establish a solid database for future programmes that will improve the livelihood of the farming community.

Maintaining quality seed consistency

One of our expanded responsibilities is to produce quality certified seeds. In line with our aim to be one of the leading players in the production of certified seeds by 2009, we have been collaborating with MARDI to ensure that the seed produced by MARDI breeding programme is consistent with the requirements of the farmers, millers, wholesalers and consumers.

Menangani peningkatan kos

Kenaikan harga minyak dan harga beras antarabangsa menggerakkan BERNAS untuk lebih berhati-hati dalam menguruskan kos operasi. Untuk tidak terlalu bergantung kepada disel, sebanyak 40 unit 'cyclonic husk furnace' telah dipasang di 21 buah kilang. Pemasangan ini dijangka dapat mengurangkan kos pengeringan yang merupakan kos utama operasi. Sehingga bulan Disember 2006, kos pengeringan telah berkurangan melebihi 50 peratus, daripada RM69 setiap tan metrik kepada RM32 setiap tan metrik padi yang dikering.

Enam lagi unit 'cyclonic husk furnace' akan dipasang pada tahun 2007. Impak pemasangan ini dapat dilihat sepenuhnya pada tahun kewangan semasa.

Mengukuhkan kapasiti Penyelidikan & Pembangunan (R&D)

BERNAS akan terus mempertingkatkan kapasiti R&D untuk memberikannya kelebihan daya saing dalam industri.

BERNAS berhasrat untuk melanjutkan usahasama bernilai RM5 juta dengan Universiti Putra Malaysia (UPM), kepada 10 tahun dalam mencapai pengiktirafan SAMM/ISO 17025 untuk Makmal Analisa Makanan UPM-BERNAS. Perancangan untuk membesarkan skop dan ruang makmal sedang dibuat untuk meliputi analisa 'genotyping, sensory dan mikrobiologi' sebagai tambahan kepada analisa fizikal, kimia dan kualiti yang dijalankan sekarang, demi menangani isu kesihatan dan keselamatan produk-produk beras.

Pada waktu yang sama, kerjasama dengan Universiti Utara Malaysia (UUM) dalam usaha kajiselidik turut dijalankan di seluruh negara untuk menghasilkan pangkalan data bagi kegunaan program-program akan datang untuk meningkatkan taraf hidup komuniti petani.

Mengekalkan kualiti biji benih padi

Salah satu di antara tanggungjawab BERNAS yang telah bertambah ialah untuk memastikan pengeluaran biji benih padi diiktiraf yang berkualiti. Sejajar dengan matlamat untuk muncul sebagai pengeluar biji benih diiktiraf utama menjelang 2009, BERNAS telah bekerjasama dengan MARDI dalam memastikan biji benih yang dikeluarkan di bawah program percambahan MARDI, menepati mutu keperluan pasaran yang diwakili oleh petani, pengilang, pemborong dan pengguna.

Currently, we are collaborating with MARDI via *Stesen MARDI Parit, Perak*, where BERNAS is responsible to produce certified seed using the foundation seed produced by MARDI. Together with 10 other private producers under our management, we aim to exceed more than 50 percent of the national seed requirement by 2009.

Strengthening of brand

BERNAS needs to remain competitive and resilient by strengthening its Group's brands. In our effort to improve our rice market share and consumer loyalty, we will continue with our brand endorsement programme called PILIHAN BERNAS.

BERNAS has managed to build loyalty amongst customers through this programme, which has played a part in enhancing the public's perception of the Group whilst educating consumers in choosing their rice to meet their dietary and lifestyle requirements. A series of innovative consumer promotions are lined up in 2007 to further strengthen our products and expand consumer understanding and awareness.

Kerjasama ini dijalankan di Stesen MARDI Parit, Perak, di mana BERNAS bertanggungjawab mengeluarkan biji benih diiktiraf dengan menggunakan biji benih asas yang dikeluarkan oleh MARDI. Bersama-sama 10 pengeluar lain yang diuruskan oleh BERNAS, matlamat kami ialah untuk mengeluarkan lebih dari 50 peratus biji benih keperluan nasional menjelang 2009.

Pengukuhan jenama

BERNAS perlu kekal kompetitif dan anjal melalui pengukuhan jenama produk Kumpulannya. Dalam usaha untuk meningkatkan syer pasaran dan kesetiaan pengguna, BERNAS akan meneruskan program pengiktirafan jenamanya yang dinamakan PILIHAN BERNAS.

BERNAS telah berjaya memupuk kesetiaan pengguna melalui program ini, yang telah memainkan peranannya dalam meningkatkan persepsi terhadap Kumpulan di samping mendidik pengguna dalam memilih beras berkualiti mengikut gaya pemakanan dan kehidupan mereka. Aktiviti promosi yang berinovasi telah diatur untuk tahun 2007 ke arah memperkasakan produk dan menambahkan lagi pengetahuan serta kepekaan pengguna.

REAFFIRMING OUR COMMITMENT

BERNAS will continue balancing and maintaining market harmony, connecting and managing the rice supply chain and balancing the collective needs of the farmers, consumers and shareholders.

We are also exploring the possibility of providing integrated paddy farming services to the farmers, including providing machinery from the ploughing process to transporting paddy to the mills. This integrated service will eventually be expanded to include farmers' active participation along the supply chain.

The Group will continue to look for new investment opportunities where there are synergies that could enhance the value of its investment and trading. We will optimise the distribution network that we have built and strengthened over the last ten years, and assess the possibility of including other essential products in our business.

PENEGASAN SEMULA KOMITMEN

BERNAS akan terus mengimbangi dan mengekalkan keharmonian pasaran, menghubungkan dan menguruskan rantaian bekalan dan mengimbangi keperluan para petani, pengguna dan pemegang saham.

BERNAS juga sedang meninjau untuk membekalkan perkhidmatan perladangan padi bersepadu kepada petani, yang meliputi perkhidmatan membekal jentera membajak sehinggalah ke pengangkutan padi ke kilang-kilang. Perkhidmatan bersepadu ini diharap dapat ditingkatkan kemudiannya, untuk meliputi penglibatan aktif para petani di sepanjang rantaian bekalan.

Kumpulan akan terus mencari peluang pelaburan baru sekiranya terdapat sinergi yang boleh meningkatkan nilai pelaburan dan perniagaannya. Kami akan mengoptimalkan rangkaian pengedaran yang telah dibina dan diperkukuhkan sejak 10 tahun yang lalu, dan meninjau kemungkinan penglibatan produk-produk asas lain dalam perniagaan ini.

The journey ahead is envisaged to remain challenging amidst uncertainties in the global political and economic arena that will directly impact fuel and international rice prices. Domestic challenges such as rising farming costs, ageing farmers, conversion of paddy land for other usage, uncertain weather/climate conditions are factors that also pose challenges to overall productivity.

We will take these challenges in our stride through full utilisation of our strength and influence in the industry. We are confident that through several measures taken over the past few years to optimise efficiency and streamline our business, we are better placed to handle these challenges and also venture into new areas of opportunities, knowing that by working hand-in-hand with all the stakeholders, we will prevail and see a clear payoff of our efforts.

CORPORATE SOCIAL RESPONSIBILITY

During the year, BERNAS maintained its position as a responsible corporate citizen and promptly responded to the recent floods in Johor and Melaka by sending rice supplies to flood victims. Our own employees volunteered for these relief efforts to reach out directly to the unfortunate victims.

As for our farmers, we continued to organise beneficial community based programmes for them, including providing tuition for their children and umrah sponsorship in appreciation of their loyalty.

We are devoted to our noble mission of helping the less fortunate by continuing to provide rice contributions to orphanages, senior citizens homes, single mothers associations and other welfare homes. Our monthly donations also helped to ease the burden shouldered by *Rumah Solehah Cheras* and *Yayasan Kemiskinan Darul Aman*.

Perjalanan ke hadapan dijangka terus mencabar di tengah-tengah suasana politik dan ekonomi global yang tidak menentu yang memberi kesan secara langsung terhadap harga minyak dan beras antarabangsa. Peningkatan kos perladangan dan usia petani, pengubahsuaian tanah padi untuk kegunaan lain, serta keadaan cuaca yang tidak menentu adalah antara faktor yang akan terus mencabar produktiviti keseluruhan dalam negara.

BERNAS akan menangani cabaran-cabaran ini menggunakan sepenuh kekuatan dan pengaruhnya dalam industri. BERNAS yakin ia berada di kedudukan yang lebih baik untuk menghadapi cabaran-cabaran ini dengan langkah-langkah yang telah diambil untuk mengoptimalkan kecekapan dan mengemaskinikan perniagaannya. Melalui kerjasama erat semua pihak yang berkepentingan, kita akan terus mara dan sama-sama dapat melihat ganjaran usahasama ini.

TANGGUNGJAWAB SOSIAL KORPORAT

Sepanjang tempoh dalam tinjauan, BERNAS mengekalkan kedudukannya sebagai warga korporat yang bertanggungjawab dengan segera menghantar bekalan kepada mangsa bencana banjir yang melanda Johor dan Melaka. Kakitangan BERNAS sendiri secara sukarela memastikan bekalan tersebut sampai terus kepada mangsa.

Untuk para petani, program-program komuniti terus disusun seperti menyediakan khidmat tuisyen untuk anak-anak petani serta penganjuran umrah sebagai menghargai khidmat dan kesetiaan mereka.

BERNAS memberi tumpuan kepada misinya untuk membantu mereka yang kurang bernasib baik dengan meneruskan sumbangan beras kepada rumah anak-anak yatim, rumah orang-orang tua, persatuan ibu-ibu tunggal dan lain-lain badan kebajikan. Sumbangan bulanan turut diberikan untuk mengurangkan beban Rumah Solehah Cheras dan Yayasan Kemiskinan Darul Aman.

APPRECIATION

My first acknowledgement must go to the Government of Malaysia for entrusting us to continue with our role in the rice industry. In particular, to the honourable Prime Minister of Malaysia for his vision in raising the profile of agriculture, and to the Minister of Agriculture and Agro-based Industry for his leadership and dedication in realising this vision. Without his Ministry's hard work and cooperative relationships with other stakeholders, the progress we have witnessed and enjoyed to date, would not have been feasible.

I am thankful to the Control of Paddy and Rice Division; Ministry of Agriculture and Agro-based Industry, Enforcement Division; Ministry of Domestic Trade and Consumer Affairs, Immigration Department, the Royal Customs & Excise Department, the Royal Malaysian Police, and other related Government agencies for their understanding and support to our operations.

BERNAS truly values effective relationships with our stakeholders and seeks to foster and nurture these ties to maximise our delivery and results. I would like to acknowledge and thank our hard working rice farmers, *Rakan-Rakan Kilang BERNAS*, business associates and financiers for their constant cooperation.

My sincere gratitude also goes to our shareholders, customers and consumers for their continued faith and support.

On behalf of the Board, Management and employees, I would like to express our gratitude to my predecessor, Datuk Mohd Hashim bin Hassan for his able leadership and guidance during his tenure on the Board.

I would also like to express my appreciation to the previous directors of the Board who have provided valuable direction to the company namely Tan Sri Dato' Sri Abi Musa Asa'ari bin Mohamed Nor, Dohat bin Shafiee, Dato Bukhari bin Mohd Sawi and Dato' Abdul Rahim bin Mokti.

PENGHARGAAN

Penghargaan pertama saya ditujukan kepada Kerajaan Malaysia kerana kepercayaan yang diberikan kepada BERNAS untuk meneruskan tugas dalam industri ini. Penghargaan utama kepada YAB Perdana Menteri Malaysia kerana wawasan beliau menaikkan profil pertanian, dan kepada YB Menteri Pertanian dan Industri Asas Tani kerana kepimpinan dan dedikasi beliau untuk merealisasikan wawasan tersebut. Tanpa usaha dan hubungan kerjasama Kementerian dengan lain-lain pemegang kepentingan, pencapaian yang dapat dinikmati dan disaksikan setakat ini tidak mungkin dapat dikecapi.

Saya berterima kasih kepada Bahagian Kawalselia; Kementerian Pertanian dan Industri Asas Tani, Bahagian Penguatkuasaan; Kementerian Perdagangan Dalam Negeri dan Hal Ehwal Pengguna, Jabatan Imigresen, Jabatan Kastam & Eksais Diraja, Polis Diraja Malaysia, dan semua agensi Kerajaan yang terlibat, di atas persefahaman dan sokongan mereka.

BERNAS menghargai hubungan efektif sesama pemegang kepentingan dan akan terus memupuk kerjasama erat untuk mengoptimalkan hasil dan pencapaian. Saya ingin menyampaikan ucapan penghargaan dan terima kasih kepada para petani, Rakan-Rakan Kilang BERNAS, rakan-rakan perniagaan dan pembiaya kerana kerjasama mereka yang berterusan.

Penghargaan ikhlas turut saya tujukan kepada para pemegang saham, pelanggan dan pengguna kerana sokongan dan kepercayaan mereka yang berterusan.

Bagi pihak Lembaga Pengarah, Pengurusan dan kakitangan, saya ingin merakamkan penghargaan kepada Pengerusi sebelum saya, Datuk Mohd Hashim bin Hassan di atas kepimpinan dan bimbingan semasa berkhidmat dalam Lembaga Pengarah.

Setinggi penghargaan juga kepada ahli Lembaga Pengarah yang telah memberikan sumbangan berharga kepada Syarikat iaitu Tan Sri Dato' Sri Abi Musa Asa'ari bin Mohamed Nor, Dohat bin Shafiee, Dato Bukhari bin Mohd Sawi dan Dato' Abdul Rahim bin Mokti.

After nine years of service, our Chief Executive Officer, Ahmad Fuad Abdul Wahab stepped down from this position in April this year. On behalf of the Board, Management and employees of BERNAS, I sincerely thank him for his dedicated service and valuable contribution to BERNAS.

The Board would like to welcome Executive Director Bakry Hamzah as the new Managing Director of BERNAS. He is no stranger to BERNAS after having served Lembaga Padi dan Beras Negara. His experience in sugar and plantation business would be valuable to the progress and expansion of BERNAS' business.

I am very pleased to welcome Dato' Dr Zulkifli bin Idris and Azman Bin Umar to the board and would also like to acknowledge my fellow Board members for their guidance and counsel.

To the management team and employees of BERNAS, thank you for your dedicated support throughout the year.

Finally, I look forward to our continued progress in 2007 as the entire BERNAS team devotes itself to satisfying and exceeding the expectations of both our customers and you, our valued shareholders.

Sincerely,

**DATO' WIRA SYED ABDUL JABBAR
BIN SYED HASSAN
Chairman**

Selepas sembilan tahun berkhidmat, Ketua Pegawai Eksekutif, Ahmad Fuad Abdul Wahab meletak jawatan dalam bulan April yang lalu. Bagi pihak Lembaga Pengarah, Pengurusan dan kakitangan BERNAS, saya ingin mengucapkan ribuan terima kasih di atas khidmat penuh dedikasi dan sumbangan beliau kepada BERNAS.

Lembaga Pengarah mengalu-alukan perlantikan Pengarah Eksekutif Bakry Hamzah sebagai Pengarah Urusan BERNAS. Beliau tidak asing dalam BERNAS kerana pernah berkhidmat dengan Lembaga Padi dan Beras Negara. Pengalaman beliau dalam perniagaan gula dan perladangan amat berharga dalam memajukan dan meningkatkan perniagaan BERNAS.

Saya turut mengalu-alukan Dato' Dr Zulkifli bin Idris dan Azman Bin Umar sebagai ahli Lembaga Pengarah. Saya juga ingin mengucapkan rasa penghargaan kepada ahli-ahli Lembaga Pengarah yang lain di atas segala bimbingan dan nasihat.

Kepada Pengurusan dan kakitangan BERNAS, terima kasih saya ucapkan di atas sokongan yang penuh dedikasi di sepanjang tahun.

Sebagai penutup, saya mengalu-alukan kemajuan yang berterusan di tahun 2007 di mana keseluruhan warga BERNAS akan menumpukan sepenuh perhatian untuk memenuhi dan menjangkau harapan para pelanggan dan anda, pemegang saham yang budiman.

Dengan Ikhlas,

**DATO' WIRA SYED ABDUL JABBAR
BIN SYED HASSAN
Pengerusi**

FINANCIAL PERFORMANCE

For the financial year ended 31 December 2006, the Group registered revenue of RM2.13 billion, an increase of 8.4 percent from RM1.97 billion recorded in 2005. This is attributed to the competitive pricing policy adopted and increased confidence in our Group brands as a result of our aggressive advertising and promotion activities as well as the brand awareness campaign that were undertaken. Consequently, the Group registered a net profit of RM135.23 million for the year under review, an increase of 3.5 percent compared to the figure posted in the previous year. However, the profit margin fell due to increased costs of raw materials. In spite of this, we still managed to record a higher gross profit due to higher sales volumes.

BERNAS will continue to focus on cost efficiency in order to achieve an optimum level, which has been the Group's core objective since 2003, in a bid to become the most cost-efficient rice producer and distributor in the country. The cost-cutting initiatives implemented over the last few years have made a positive impact on the Group's operating expenditure, which was maintained at previous level.

THE CONTINUING FUNCTIONS OF BERNAS

As the paddy and rice business is highly subsidised and protected, BERNAS holds the delicate role of achieving balance amongst its stakeholders, namely the farmers and consumers. Farmers insist on the best prices for their paddy while consumers demand the best quality of rice at the lowest prices. Therefore, BERNAS has to play a balancing act to ensure all stakeholders will receive their fair share. In realising this balancing role, BERNAS practises complete prudence to ensure continuous stability in its commercial and social roles in order to achieve and maintain market harmony.

BERNAS remains consistent in studying the impact it would have on farmers and consumers. As protection to the farmers, BERNAS' import volume merely covers the shortfall in demand after ensuring the local rice production secures its path into the market.

As a public-listed company, BERNAS also has an obligation to increase and maintain its shareholders' satisfaction by continuously seeking enhancement to their growth and value.

LOCAL RICE OPERATIONS

During the year, the local rice operations were affected by three major incidents - flood, increase of diesel and electricity costs and the rise in Guaranteed Minimum Price (GMP). However, BERNAS managed to address these challenges through its efficient and prudent management.

PRESTASI KEWANGAN

Untuk tahun kewangan berakhir 31 Disember 2006, Kumpulan mencatatkan perolehan berjumlah RM2.13 bilion, peningkatan 8.4 peratus daripada RM1.97 bilion yang dicatatkan pada 2005. Peningkatan ini adalah hasil dari polisi harga kompetitif yang diguna pakai serta keyakinan terhadap jenama-jenama Kumpulan hasil dari kegiatan promosi dan pengiklanan serta kempen kesedaran jenama yang dijalankan. Hasilnya, Kumpulan berjaya mencatatkan keuntungan bersih sebanyak RM135.23 juta pada tahun dalam tinjauan, iaitu peningkatan sebanyak 3.5 peratus berbanding tahun sebelumnya. Walau bagaimanapun, margin keuntungan merosot berikutan kenaikan kos bahan mentah. Namun, BERNAS masih mencatatkan keuntungan kasar yang lebih tinggi hasil dari peningkatan jualan.

BERNAS akan meneruskan fokus untuk mencapai efisiensi kos yang optimum, yang merupakan objektif utama Kumpulan sejak 2003, demi mencapai hasratnya untuk muncul sebagai pengeluar dan pengedar beras berlempakan kecekapan kos yang terbaik di negara ini. Usaha-usaha pengurangan kos yang dilaksanakan dalam tahun-tahun kebelakangan ini telah memberikan impak positif terhadap perbelanjaan operasi Kumpulan, yang berjaya dikekalkan pada tahap sebelumnya.

FUNGSI-FUNGSI YANG MASIH DITERUSKAN

Oleh kerana perniagaan padi dan beras negara disokong oleh subsidi yang tinggi dan terkawal, BERNAS memainkan peranan yang utama dalam mencapai keseimbangan di kalangan pihak yang berkepentingan, terutama petani dan pengguna. Para petani mahukan harga terbaik untuk hasil padi mereka manakala para pengguna menuntut beras yang berkualiti pada harga yang terendah. Justeru, BERNAS harus memainkan peranan yang bijak agar kedua-dua pihak menikmati bahagian yang saksama. Menyedari peranannya untuk mewujudkan keseimbangan, BERNAS sentiasa berhati-hati dalam mengimbangi peranan komersil dan sosialnya demi mengekalkan kestabilan dan keharmonian pasaran.

Sebagai sebuah syarikat tersenarai awam, BERNAS turut mempunyai tanggungjawab untuk meningkatkan nilai pegangan para pemegang saham dengan sentiasa mencari peluang untuk meningkatkan perkembangan dan pertambahan nilai.

OPERASI BERAS TEMPATAN

Sepanjang tahun dalam tinjauan, tiga peristiwa utama telah mempengaruhi operasi beras tempatan – bencana banjir, peningkatan kos disel dan elektrik, serta kenaikan Harga Minima Terjamin (GMP). Walau bagaimanapun, BERNAS berjaya mengatasi cabaran-cabaran tersebut melalui pengurusan yang cekap dan berhati-hati.

Kedudukan padi tempatan kekal kompetitif di sepanjang tahun 2006. Bencana banjir yang melanda wilayah utara di

The local paddy scene remained competitive in 2006. The unfortunate flood in the northern region in late 2005 and beginning of 2006 has resulted in a slightly lower amount of paddy traded during the year compared to 2005. However, BERNAS managed to improve its procurement performance in 2006. The company registered an increase of 20 percent in terms of paddy purchase to 443,000 metric tonnes of paddy from 369,000 metric tonnes in the previous year. In view of this, BERNAS' market share for local paddy increased to 26 percent in 2006 from 21 percent in the previous year. The company's market share stood at only 20 percent in 2004.

The improvement in BERNAS' paddy market share was the result of its holistic approach in its pricing strategy, whereby the price of imported rice was linked to domestic paddy and rice prices. This rendered a host of benefits to the industry as a whole whereby the company managed to stabilise the price of rice in spite of rising prices of other products, to ultimately benefit consumers. Smuggling activities were also reasonably managed and curbed; further stimulating the marketing of local paddy for the overall benefit of the paddy farmers.

BERNAS places utmost emphasis on its role as a responsible corporate citizen. This was clearly evidenced when flood in the northern region severely affected paddy production there and BERNAS unhesitatingly fulfilled its mandated role as the buyer of last resort by purchasing the affected paddy. Through its prudent and efficient management and handling of paddy procured, BERNAS managed to absorb the flood-affected paddy and consequently recorded a loss of only 1 percent higher than usual.

The escalating price of diesel, reaching as high as RM2.17 per litre in September 2006 also contributed to the overall increase in production costs. Diesel has been the major cost in paddy drying as well as the core component in overall processing costs. However, this is viewed as temporary and does not put a damper on BERNAS' prospects for the year 2007, which is expected to be brighter due to the overall improvement in its rice-processing sector. The company managed to mitigate the impact of rising diesel price by installing 40 units of cyclonic husk furnace in 21 of its rice mills in 2006 as an alternative energy source to dry paddy. Six other units of cyclonic husk furnace will be installed in 2007. The full impact of this investment will be enjoyed in 2007.

The rising GMP had a minimal impact on the cost of paddy in 2006. The average cost of paddy per metric tonne remained above RM700. In 2006, other measures were also implemented to ensure BERNAS remains competitive in the local paddy and rice market. Amongst others, they include replacing old machineries, increasing handling and processing capacities and undertaking various improvement projects.

With the installation of cyclonic husk plants and the implementation of various improvement projects,

akhir tahun 2005 dan di awal tahun 2006, telah mengakibatkan penurunan jumlah padi yang didagangkan dalam tahun 2006 berbanding tahun sebelumnya. Walau bagaimanapun, pada tahun dalam tinjauan, BERNAS berjaya meningkatkan prestasi pemerolehannya. Syarikat mencatatkan pertambahan pembelian padi sebanyak 20 peratus kepada 443,000 tan metrik, daripada 369,000 tan metrik yang dicatatkan pada tahun sebelumnya. Justeru, syer pasaran BERNAS untuk padi tempatan meningkat 26 peratus pada tahun 2006, daripada 21 peratus pada tahun sebelumnya. Syarikat hanya menguasai 20 peratus syer pasaran pada tahun 2004.

Peningkatan syer pasaran BERNAS adalah hasil pendekatan holistik dalam strategi harga, di mana harga beras import turut dikaitkan dengan harga padi dan beras tempatan. Strategi ini memberikan banyak manfaat kepada industri secara keseluruhan. Syarikat didapati berjaya menstabilkan harga beras walaupun harga barangan lain meningkat, yang akhirnya memanfaatkan para pengguna. Aktiviti penyeludupan juga dapat diuruskan dan dikawal; selanjutnya menggalakkan pemasaran padi tempatan demi kebaikan para petani.

BERNAS mengutamakan kewajibannya sebagai warga korporat yang bertanggungjawab. Bencana banjir yang melanda wilayah utara telah menjejaskan sebahagian daripada padi yang dihasilkan. Tanpa teragak-agak, BERNAS memenuhi peranannya sebagai pembeli terakhir padi dari petani dengan membuat pembelian ke atas padi yang terjejas ini. Melalui pengurusan pemerolehan padi yang bijak, BERNAS berjaya menyerap kos padi yang terjejas dan hasilnya, kerugian yang dicatatkan hanyalah berjumlah satu peratus lebih tinggi dari biasa.

Kenaikan harga diesel yang mencecah RM2.17 setiap liter pada September 2006, turut menyumbang kepada peningkatan kos pengeluaran secara keseluruhan. Diesel mewakili kos utama dalam pengeringan padi serta keseluruhan proses pengeluaran. Walau bagaimanapun, masalah ini dijangka bersifat sementara dan tidak menjejaskan prospek tahun 2007 yang dijangka lebih cerah kerana BERNAS telah meningkat dan membaik-pulihkan sektor pemprosesan berasnya. Syarikat mampu mengurangkan impak kenaikan harga diesel dengan pemasangan 40 unit 'cyclonic husk furnace' sebagai sumber tenaga ganti untuk mengeringkan padi di 21 buah kilang-kilang berasnya pada tahun 2006. Enam lagi unit 'cyclonic husk furnace' akan dipasang pada tahun ini. Impak keseluruhan hasil dari pelaburan ini dapat dinikmati pada tahun 2007.

Kenaikan Harga Minima Terjamin (GMP) memberikan kesan yang minimal ke atas kos padi pada tahun 2006. Purata kos padi untuk setiap tan metrik kekal berada di tahap melebihi RM700 setiap tan metrik. Sebagai tambahan, langkah-langkah lain seperti penggantian mesin lama, peningkatan keupayaan pengendalian dan pemprosesan, serta pelbagai projek peningkatan lain telah dilaksanakan pada tahun 2006 untuk memastikan BERNAS kekal kompetitif di pasaran padi dan beras tempatan.

Dengan pemasangan 'cyclonic husk furnace', pelbagai

coupled with strategic alliance programmes under “Program Rakan Kilang BERNAS,” the management is confident that BERNAS is well on its way to becoming a more dominant and efficient player in the domestic paddy and rice industry.

In line with the national seed programme which requires seed certification by 2009, BERNAS is working closely with Pertubuhan Peladang Kawasan (PPK) as well as other seed producers to ensure the programme’s success. This collaboration reflects BERNAS’ essential role in supporting the Government’s agenda to achieve 90 percent Self Sufficiency Level (SSL) by the year 2010.

“PROGRAM RAKAN KILANG BERNAS”

Initiated in 2004, “Program Rakan Kilang BERNAS” is a smart partnership between BERNAS and Bumiputra rice millers with the objective of helping both Skim Pusat Belian (SPB) and Bumiputra (non-SPB) rice mills. Under this programme, BERNAS funds the entire paddy purchased by participating millers and simultaneously guarantees the market of their rice at predetermined volume, quality and prices. In 2006, a total of 50 SPB and non-SPB Bumiputra rice millers, which represented almost all active Bumiputra rice millers, participated in this programme.

peningkatan lain serta perikatan strategik di bawah ‘Program Rakan Kilang BERNAS’, BERNAS optimis dengan langkah seterusnya untuk memainkan peranan yang lebih berpengaruh dan efisien dalam industri padi dan beras tempatan.

Sejajar dengan program benih padi nasional yang mewajarkan pengiktirafan biji benih menjelang tahun 2009, BERNAS sedang bekerjasama dengan Pertubuhan Peladang Kawasan (PPK) serta lain-lain pengeluar biji benih untuk memastikan kejayaan program tersebut. Program ini mencerminkan peranan BERNAS dalam menyokong agenda Kerajaan mencapai sasaran 90 peratus Tahap Sara Diri menjelang tahun 2010.

PROGRAM RAKAN KILANG BERNAS

Program Rakan Kilang BERNAS, hasil perkongsian pintar antara BERNAS dan para pengilang beras bumiputera, telah diusahakan pada tahun 2004 dengan matlamat untuk membantu para pengilang beras bumiputera di bawah Skim Pusat Belian (SPB) juga yang bukan di bawah SPB. Dalam program ini, BERNAS membiayai keseluruhan pembelian padi oleh pengilang yang menyertainya dan sekaligus menjamin pasaran beras untuk mereka pada jumlah, kualiti dan harga yang telah ditetapkan. Dalam tahun 2006, sejumlah 50 pengilang-pengilang beras bumiputera SPB dan bukan SPB yang mewakili hampir kesemua pengilang beras bumiputera yang aktif, telah menyertai program ini.

38 |

SALES AND DISTRIBUTION DIVISION

From 2004 until last year, we saw an increase in international price of major rice grades by major exporting countries. Thailand recorded a 29 percent rise while Vietnam increased its price by 20 percent. Through careful planning and management, BERNAS successfully increased its total rice sales by 7 percent to 1,042,000 metric tonnes in 2006 from 978,000 metric tonnes in the previous year. This is attributed mainly to an increase of 15 percent in imported rice, from 725,000 metric tonnes in 2005 to 837,000 metric tonnes in 2006.

The local rice, however, registered a decline in sales of approximately 19 percent to 205,000 metric tonnes in 2006 from 253,000 metric tonnes in the previous year. In terms of import, BERNAS managed to maintain its import volume at above 800,000 metric tonnes for two consecutive years. Its volume increased by 3 percent to 831,000 metric tonnes in 2006 from 803,000 metric tonnes in the previous year.

BRANDING AND R&D EFFORTS

As part of its effort to enhance group brands, BERNAS has embarked on a long-term brand endorsement programme called PILIHAN BERNAS. Currently, 99 brands are included in this program. Through effective marketing campaigns that we efficiently organised, BERNAS will continue to educate consumers on the quality of rice.

BAHAGIAN JUALAN DAN PENGEDARAN

Dari tahun 2004 sehingga tahun yang ditinjau, umum dapat menyaksikan peningkatan harga beras bagi gred-gred utama oleh negara-negara pengeksport terbesar. Thailand mencatatkan kenaikan 29 peratus manakala Vietnam menaikkan harga berasnya sebanyak 20 peratus. Dengan membuat perancangan secara berhati-hati, BERNAS berjaya meningkatkan jualan berasnya sebanyak 7 peratus kepada 1,042,000 tan metrik pada tahun 2006, daripada 978,000 tan metrik pada tahun sebelumnya. Ini dihasilkan terutamanya oleh peningkatan sebanyak 15 peratus untuk beras import, daripada 725,000 tan metrik dalam tahun 2005 kepada 837,000 tan metrik dalam tahun 2006.

Beras tempatan pula mencatatkan penurunan jualan sebanyak 19 peratus kepada 205,000 tan metrik pada tahun dalam tinjauan, daripada 253,000 tan metrik pada tahun sebelumnya. Dari segi import, BERNAS berjaya mengekalkan jumlah import pada tahap melebihi 800,000 tan metrik selama dua tahun berturut-turut. Jumlahnya meningkat sebanyak 3 peratus kepada 831,000 tan metrik dalam tahun 2006, daripada 803,000 tan metrik dalam tahun sebelumnya.

PEMBANGUNAN JENAMA DAN PENYELIDIKAN & PEMBANGUNAN

Sebagai sebahagian daripada usaha untuk meningkatkan jenama kumpulan, BERNAS telah memulakan program sokongan jenama jangka panjang yang dinamakan PILIHAN

BERNAS will extend its collaboration with Universiti Pertanian Malaysia (UPM), particularly in the downstream areas, focusing on product quality through endorsement of PILIHAN BERNAS. Apart from that, the company will also continue undertaking research work with UPM on rice-based products. In its effort to continuously improve the brands, about RM5 million has been allocated for the establishment of a rice lab in UPM.

In addition to this, BERNAS is working closely with MARDI on upstream activities involving paddy. At the same time, BERNAS, together with Universiti Utara Malaysia (UUM), is conducting a nationwide study on “Research on Social and Economic Development of Paddy and Rice Industry”. This survey, which focuses on the well-being of farmers when completed, will provide the company with a solid database on paddy farming sectors nationwide. The findings can be used as part of the input to restructure and substantiate the paddy and rice industry to meet future challenges. With the help of the Government, BERNAS believes that the study’s analysis will largely benefit the farmers in ultimately improving their well-being.

EAST MALAYSIA PROGRAM (BERAS CORPORATION SDN BHD)

BERNAS continued to strengthen its position in the domestic rice operations in Peninsular Malaysia as well as Sabah and Sarawak. The company has embarked on a local rice programme involving indigenous variety and white rice, in collaboration with the local farming community and the local Bumiputra rice millers. The programme consists of seed production and paddy production in the areas of Samunjan in Sarawak, Papar, Kota Belud and Marudu in Sabah and paddy processing through “Program Rakan Kilang BERNAS” in both states.

MOVING FORWARD

In view of the Ninth Malaysia Plan and increased globalisation, BERNAS will step up its role in preserving the vibrancy and resilience of the industry. BERNAS will continue strengthening its current initiatives to protect and ensure its continued existence. The Group will build on the values that have been secured and will remain steadfast in maximising the network already established. All the way, BERNAS will harvest its strengths and advantages to become more competitive whilst awaiting the industry’s structural reform to take its course and final shape.

BERNAS. Setakat ini, sebanyak 99 jenama telah dimasukkan dalam program ini. Melalui kempen-kempen pemasarannya, BERNAS akan terus memberikan panduan mengenai kualiti beras kepada pengguna.

BERNAS akan meneruskan kerjasama dengan Universiti Pertanian Malaysia (UPM) dalam aktiviti hiliran, dengan memberikan fokus ke atas kualiti produk melalui pengiktirafan PILIHAN BERNAS. Selain dari itu, Syarikat juga akan meneruskan kerja-kerja penyelidikan produk berasaskan beras dengan kerjasama UPM. Dalam usaha untuk terus meningkatkan jenama, sejumlah RM5 juta telah diperuntukkan bagi tujuan penubuhan makmal beras di UPM.

Sebagai tambahan, BERNAS turut bekerjasama dengan MARDI untuk aktiviti-aktiviti huluan yang melibatkan padi. Kerjasama juga turut diadakan dengan Universiti Utara Malaysia (UUM) dalam menjalankan kaji selidik “Kajian ke atas Perkembangan Sosial dan Ekonomi Industri Padi dan Beras” di seluruh negara. Kaji selidik yang memfokuskan kesejahteraan para petani ini, bakal menyediakan pangkalan data mengenai sektor pertanian padi seluruh negara yang lebih lengkap. Hasil kaji selidik tersebut boleh disumbangkan untuk tujuan sokongan dan penstrukturan semula industri padi dan beras dalam menghadapi cabaran-cabaran akan datang. Dengan bantuan Kerajaan, BERNAS yakin hasil analisa kaji selidik tersebut akan memanfaatkan para petani dalam meningkatkan kesejahteraan taraf hidup mereka.

PROGRAM MALAYSIA TIMUR (BERAS CORPORATION SDN BHD)

BERNAS terus memperkasakan kedudukannya dalam operasi beras domestik di Semenanjung Malaysia serta Sabah dan Sarawak. Syarikat telah memulakan program beras tempatan yang melibatkan varieti asli dan beras putih, dengan kerjasama komuniti pertanian tempatan serta pengilang beras bumiputera tempatan. Program tersebut melibatkan pengeluaran biji benih dan pengeluaran padi di daerah Samunjan di Sarawak, Papar, Kota Belud dan Marudu di Sabah serta pemprosesan padi melalui ‘Program Rakan Kilang BERNAS’ di kedua-dua negeri.

MENUJU KE HADAPAN

Meninjau RMK9 dan rencana globalisasi, BERNAS akan meningkatkan peranannya untuk mengekalkan pertahanan dan memastikan industri ini kekal berdaya saing. BERNAS akan terus memperkasakan usaha-usaha semasa bagi memastikan kewujudannya secara berkekalan. Kumpulan akan terus mengoptimalkan penggunaan jalinan rangkaian yang sudah terbina. BERNAS akan menggunakan kekuatannya untuk menjadi lebih kompetitif sementara pembaharuan struktur industri ini terbentuk.

Here in BERNAS, our roles do not stop at making profit and contributing to the nation's economic development. As a responsible corporate citizen, we are committed to make a positive impact in the overall community well being by integrating Corporate Social Responsibility (CSR) in our every day operation. We believe our strong level of social commitment to CSR would truly benefit all our stakeholders, including shareholders, our workforce, the paddy and rice industry and the society at large.

Corporate Ethics

In line with upholding our strong corporate values, all of BERNAS business conducts emphasise high standards of integrity, ethics, probity and transparency, a manner that is consistent with our overall Vision, Mission and Corporate Values Statement. We strongly believe that our solid ethical corporate culture is imperative, and is the foundation to our success in fulfilling our commitment to all stakeholders whilst contributing positively to the economy.

Caring For Our Consumers

Other than stabilising the market price so that the consumers would not have to pay higher for their rice purchases, BERNAS caters to the various types of culinary tastes and appetites of our diverse society by importing special varieties that cannot be produced locally. This import includes an assortment of fragrant rice, basmathi rice and other specialty rice such as ponni and brown rice.

Simultaneously, BERNAS' long-term brand endorsement program, PILIHAN BERNAS, strives to meet the consumers demand by providing them only the best quality of rice in the market. Our continuous Research and Development affiliation with UPM, which includes the establishment of a food analysis laboratory accredited to SAMM/ISO 17052, is geared towards total quality assurance in delivering our promise to consumers.

Peranan kami di BERNAS tidak berakhir di saat kami meraih keuntungan dan menyumbang ke arah pembangunan ekonomi negara. Sebagai warga korporat yang bertanggungjawab, kami komited dalam memberikan impak yang bermakna dalam kehidupan masyarakat dengan menjalankan tanggungjawab sosial korporat (CSR) dalam operasi harian kami. Kami percaya komitmen kami terhadap CSR dapat memanfaatkan kesemua mereka yang berkepentingan termasuklah pemegang saham, tenaga kerja, industri padi dan beras serta masyarakat secara keseluruhan.

Etika Korporat

Sejajar dengan nilai-nilai korporat yang kami dukung, keseluruhan pengendalian perniagaan BERNAS menekankan tahap integriti, etika, kejujuran dan ketelusan yang tinggi, selaras dengan pernyataan visi, misi dan nilai korporat kami. Kami amat yakin budaya korporat yang beretika adalah mustahak, dan merupakan asas kejayaan kami dalam memenuhi komitmen terhadap kesemua pihak yang berkepentingan, di samping menyumbang secara positif terhadap ekonomi.

Keprihatinan Terhadap Pengguna

Selain daripada memenuhi fungsi mengimbangi harga pasaran supaya pengguna tidak perlu membayar lebih untuk pembelian beras mereka, BERNAS turut memenuhi permintaan dan citarasa rakyat pelbagai kaum, dengan mengimport varieti beras yang tidak dapat ditanam di negara ini, seperti varieti beras wangi, basmathi dan lain-lain beras istimewa seperti ponni dan beras perang.

Pada waktu yang sama, program sokongan jenama jangka panjang, PILIHAN BERNAS, berusaha untuk memenuhi tuntutan pengguna dengan menawarkan hanya beras-beras berkualiti terbaik di pasaran. Penyelidikan dan pembangunan berterusan yang dijalankan secara usahasama dengan Universiti Putra Malaysia (UPM), yang merangkumi penubuhan makmal analisa makanan beriktiraf SAMM/ISO 17052, ditujukan ke arah meyakinkan pengguna tentang mutu keseluruhan dalam memenuhi janji kami kepada mereka.



BERNAS also understands the hectic lifestyle of current consumers where it is not always possible to enjoy a home cooked meal, and the option to have their meals at restaurants with family and friends is the next best thing. Hence, BERNAS has initiated a program called 'Restoran PILIHAN BERNAS' in October 2006 where strategic partnerships are formed with selected restaurants in Klang Valley and Sinar Fm radio station to search popular restaurants that use PILIHAN BERNAS rice brands. The restaurants are selected based on distinguished quality in their dishes, comfortable and clean restaurant environment, and value for money deal for the entire family. This is a step further to exceed our consumers' expectations, where we promote quality restaurants to our consumers in order to help them practice a healthier eating habits and lifestyle.

As consumer satisfaction is top priority here in BERNAS, we also encourage valuable feedback and strive to respond in a timely manner. Consumers are welcome to provide their comments and enquiries in order for us to improve our business and offer them only the best quality of rice, by contacting our toll-free number (1-800-18-1128) or submitting their comments online at www.bernas.com.my



Giving Back to the Society

Our journey as a responsible corporate citizen perseveres with community investments and programs which goes beyond contributions of cash and kind whilst focusing on being locally relevant and aligned with BERNAS' business directions.

Throughout 2006, BERNAS' social community programs reflect our serious effort to help the communities and make a difference through several channels which include:

- Improving the quality of life in the farming communities by conducting surveys to find out current issues and problems and organising community based programs like Umrah sponsorships and tuition provisions for the farmers' children.
- Providing assistance and rice contribution for emergency relief efforts following natural disaster, such as the flood incidents in Johor and Melaka, and the fire tragedy in Beluran, Sabah.
- Sponsorships, cash contributions and personal involvement in supporting non-profit causes and

BERNAS turut memahami gaya kehidupan pengguna masa kini yang sibuk dan sering memilih untuk makan bersama-sama keluarga dan rakan-rakan di luar. Untuk ini, program 'Restoran PILIHAN BERNAS' telah diperkenalkan pada Oktober 2006. Menerusi program tersebut, pencarian restoran-restoran popular yang menggunakan jenama-jenama beras PILIHAN BERNAS dilakukan, melalui perkongsian strategik dengan stesen radio Sinar FM dan restoran-restoran terpilih di Lembah Klang. Pemilihan dilakukan berdasarkan kualiti hidangan, kebersihan dan keselesaan restoran, serta nilai untuk wang kepada seisi keluarga. Ini merupakan setapak langkah ke hadapan melebihi jangkaan pengguna, dengan harapan restoran yang dipromosikan dapat membantu pengguna memilih dan mengamalkan cara pemakanan dan gaya hidup yang lebih sihat.

Kerana kepuasan pengguna adalah keutamaan kami, maklum balas mereka sangat digalakkan dan kami akan berusaha untuk memberi jawapan pada masanya. Para pengguna boleh mengemukakan sebarang komen dan pertanyaan dengan menghubungi talian bebas-tol (1-800-18-1128) atau melalui talian terus www.bernas.com.my sebagai dorongan kepada kami untuk terus meningkatkan mutu perniagaan dan menawarkan hanya beras yang terbaik kepada pengguna.



Pemberian Semula Kepada Masyarakat

Perjalanan kami sebagai warga korporat yang bertanggungjawab diteguhkan oleh pelaburan dan program kemasyarakatan, yang menjangkau sumbangan kewangan dan kebendaan, di samping terus fokus untuk kekal relevan dengan kehendak tempatan dan sejajar dengan halatuju perniagaan BERNAS.

Di sepanjang tahun 2006, program kemasyarakatan BERNAS mencerminkan usaha serius kami untuk membantu masyarakat dan membawa perubahan melalui beberapa saluran yang merangkumi:

- Peningkatan taraf hidup masyarakat petani dengan melaksanakan kajian untuk mengenal pasti isu-isu dan masalah semasa yang dihadapi oleh masyarakat petani, serta mengelolakan program kemasyarakatan seperti penajaan mengerjakan umrah dan peruntukan tuisyen untuk anak-anak petani.
- Peruntukan bantuan dan sumbangan beras kepada mangsa bencana alam dan kecemasan seperti banjir di Johor dan Melaka, dan tragedi kebakaran di Beluran, Sabah.
- Penajaan, sumbangan wang tunai dan penglibatan individu

initiatives by the government at state and national levels, such as *SUKMA 2006* and *Karnival Amal Hari Penyayang*.

- Ongoing rice contributions to orphanages, senior citizens homes, single mothers associations and the less fortunate, which include monthly donations to *Rumah Solehah Cheras*, *Yayasan Kemiskinan Darul Aman*, and through *Program Nur Ikhlas*.

bagi menyokong kegiatan amal dan usaha-usaha Kerajaan di peringkat negeri dan kebangsaan, seperti *SUKMA 2006* dan *Karnival Amal Hari Penyayang*.

- Sumbangan beras secara berterusan kepada rumah anak-anak yatim, rumah orang-orang tua, persatuan ibu-ibu tunggal dan mereka yang kurang bernasib baik. Antaranya ialah bantuan bulanan kepada *Rumah Solehah Cheras*, *Yayasan Kemiskinan Darul Aman* dan melalui *Program Nur Ikhlas*.



Looking ahead, we would continue to refine our CSR throughout the organisation in which we would vigorously promote CSR at all levels of the internal workforce and our subsidiaries, and push for further integration in our business operations and activities. Together with the execution of existing CSR programs that BERNAS will continue to be a part of, we hope to further expand our initiatives towards the environment by assimilating environmental friendly considerations into our office environment, operations and throughout the supply chain whilst supporting community environmental projects.

No doubt that CSR has long been in our culture, yet, the current emphasis on this social movement across all industries has further provoke us to fulfill our obligations to strengthen and expand on our own CSR structure in order to perform to the highest standard and meet the challenge of sustainable development for the nation.

Meninjau ke hadapan, kami akan terus berusaha untuk meningkatkan tanggungjawab sosial korporat BERNAS untuk meliputi keseluruhan organisasi, dengan memupuk tanggungjawab ini di setiap peringkat dalam Syarikat dan syarikat-syarikat subsidiari, selanjutnya diintegrasikan dalam kesemua aktiviti dan operasi perniagaan kami.

Dengan program-program CSR yang sedia ada, BERNAS akan seterusnya berusaha ke arah mempertingkatkan mutu alam sekitar melalui penyerapan budaya mesra alam di persekitaran pejabat, operasi dan setiap rantaian bekalan di samping terus menyokong projek-projek komuniti berkenaan alam sekitar.

Tanggungjawab sosial korporat (CSR) sememangnya telah lama wujud di BERNAS, namun penekanan baru ke atasnya oleh semua industri telah menggerakkan kami untuk memenuhi tanggungjawab ini dengan meneguhkan struktur CSR kami demi mencapai tahap tertinggi dan menghadapi cabaran pembangunan negara.

Corporate Relations & Corporate Social Responsibility Report
Laporan Perhubungan Korporat & Tanggungjawab Sosial Korporat



16 May 2006 - 'Majlis Pecah Tanah Gudang BERNAS Bukit Raya, Pelancaran Program Rakan Kilang BERNAS & Pusat Tuisyen Albukhary 2006 & Upacara Menandatangani Memorandum Kerjasama MADA-BERNAS'



27 June 2006 - 12th AGM at Kelab Shah Alam Selangor



14 July 2006 - 'Umrah & Ziarah' sponsorship for the first batch of 'Petani Setia BERNAS'



9 Sept 2006 - 'Hari Keluarga BERNAS' at Desa Water Park Kuala Lumpur



15 Dec 2006 - Launching of 'Selera Ikhlas VIP NONA/BERNAS' at Nikko Hotel Kuala Lumpur



21-27 Nov 2006 - BERNAS at MAHA 2006, Malaysia Agro Exposition Park (MAEP) Serdang, Selangor



16 - 22 Jan 2007 - BERNAS' volunteers joined flood relief efforts in Pagoh and Ayer Hitam, Johor



20 Jan 2007 - BERNAS' contingent at national-level Maal Hijrah

Contents

Directors' Report	45
Statement by Directors	49
Statutory Declaration	49
Report of the Auditors	50
Income Statements	51
Balance Sheets	52
Consolidated Statement of Changes in Equity	54
Statement of Changes in Equity	55
Cash Flow Statements	56
Notes to the Financial Statements	59

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 2006.

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 Group are those of the procurement, importing, buying, processing and selling of rice, rice by-products and 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 for the year attributable to:		
Equity holders of the Company	130,047	132,660
Minority interests	5,179	-
	<u>135,226</u>	<u>132,660</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 dividends paid by the Company since 31 December 2005 were as follows:

RM'000

In respect of the financial year ended 31 December 2005, as reported in the directors' report of that year:

Interim dividend of 4.0% tax exempt, on 470,401,501 ordinary shares, declared on 28 November 2005 and paid on 3 January 2006 18,816

Final dividend of 4.0% tax exempt, on 470,401,501 ordinary shares, declared on 27 June 2006 and paid on 28 July 2006 18,816
37,632

In respect of the financial year ended 31 December 2006:

Interim dividend of 5.0% tax exempt, on 470,401,501 ordinary shares, declared on 27 November 2006 and paid on 26 December 2006 23,520

Total dividends paid since 31 December 2005 61,152

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 December 2006 of 5.0% tax exempt on 470,401,501 ordinary shares, amounting to a dividend payable of RM23,520,000 (5.0 sen 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 equity as an appropriation of retained profits in the financial year ending 31 December 2007.

46 |

DIRECTORS

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

Dato' Wira Syed Abdul Jabbar Bin Syed Hassan (appointed on 10 July 2006)

Datuk Azizan Bin Ayob

Dato' Abdul Rahman Bin Datuk Haji Dahlan

Syed Abu Bakar Bin S Mohsin Almohdzar

Bakry Bin Hamzah

Azman Bin Umar * (appointed on 20 June 2006)

Dato' Dr. Zulkifli Bin Idris * (appointed on 11 October 2006)

Mohd Mokhtar Bin Ismail (appointed as Alternate Director to Dato' Dr Zulkifli Idris on 11 October 2006)

Dato' Abdul Rahim Bin Mokti (resigned on 20 June 2006)

Datuk Mohd Hashim Bin Hassan (resigned on 15 July 2006)

Dato' Bukhari Bin Mohd Sawi (resigned on 1 August 2006)

Dohat Bin Shafiee (resigned on 9 August 2006)

Tan Sri Dato' Sri Abi Musa Asa'ari Bin Mohamed Nor (resigned on 26 September 2006)

Osman Bin Makmor (resigned as Alternate Director to Dato' Abdul Rahim Mokti on 20 June 2006 and re-appointed as Alternate Director to Encik Azman Umar on the same date)

Sukandar Bin Abdul Latif (resigned on as Alternate Director to Tan Sri Dato' Sri Abi Musa Asa'ari Bin Mohamed Nor on 11 September 2006)

* *Directors appointed by Special Shareholder, Minister of Finance (Incorporated).*

DIRECTORS' BENEFITS

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 9 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.

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 which would render:
- (i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements 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 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 dated 25 April 2007.

Dato' Wira Syed Abdul Jabbar Bin Syed Hassan

Bakry Bin Hamzah

STATEMENT BY DIRECTORS

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

We, Dato' Wira Syed Abdul Jabbar Bin Syed Hassan and Bakry Bin Hamzah, 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 51 to 123 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2006 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 dated 25 April 2007.

Dato' Wira Syed Abdul Jabbar Bin Syed Hassan

Bakry Bin Hamzah

STATUTORY DECLARATION

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

I, Ahmad Tarmizi Bin Mohamed Hariri, 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 51 to 123 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 Ahmad Tarmizi Bin Mohamed Hariri
at Petaling Jaya in Selangor Darul Ehsan
on 25 April 2007

Ahmad Tarmizi Bin Mohamed Hariri

Before me,

Karam Singh
B226
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 51 to 123. 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 Financial Reporting 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 2006 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.

50 |

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. 2305/05/08(J)
Partner

Kuala Lumpur, Malaysia
25 April 2007

Income Statements
for the year ended 31 December 2006

	Note	Group		Company	
		2006 RM'000	2005 RM'000 (restated)	2006 RM'000	2005 RM'000 (restated)
Revenue	3	2,134,845	1,970,072	1,823,235	1,662,589
Cost of sales	4	(1,763,943)	(1,606,899)	(1,622,824)	(1,462,132)
Gross profit		370,902	363,173	200,411	200,457
Other income	5	10,556	13,961	89,553	45,965
Selling and distribution expenses		(20,817)	(26,280)	(4,547)	(9,041)
Administrative expenses		(167,908)	(178,644)	(77,272)	(74,363)
Other expenses		(24,529)	(17,376)	(16,100)	(12,320)
Operating profit		168,204	154,834	192,045	150,698
Finance costs	6	(7,511)	(3,754)	(2,028)	(2)
Share of profit of associates		17,512	15,059	-	-
Profit before tax		178,205	166,139	190,017	150,696
Income tax expense	10	(42,979)	(35,523)	(57,357)	(23,419)
Profit for the year		135,226	130,616	132,660	127,277
Attributable to:					
Equity holders of the Company		130,047	125,389	132,660	130,409
Minority interests		5,179	5,227	-	-
		135,226	130,616	132,660	127,277
Earnings per share attributable to equity holders of the Company (sen):					
Basic/fully diluted,					
for profit for the year	11	27.6	26.9		

Balance Sheets

as at 31 December 2006

	Note	Group		Company	
		2006 RM'000	2005 RM'000 (restated)	2006 RM'000	2005 RM'000 (restated)
ASSETS					
Non-current assets					
Property, plant and equipment	13	283,351	221,228	162,345	111,487
Investment in subsidiaries	14	-	-	326,776	317,832
Investment in associates	15	166,072	147,516	92,694	92,694
Other investments	16	6,052	6,052	6,000	6,000
Intangible assets	17	139	139	-	-
Lease prepayments	18	22,609	24,116	22,609	24,116
Deferred tax assets	26	40,958	44,377	37,237	44,377
		<u>519,181</u>	<u>443,428</u>	<u>647,661</u>	<u>596,506</u>
Current assets					
Inventories	19	317,287	317,119	148,871	159,634
Trade and other receivables	20	359,600	358,092	440,960	412,568
Tax recoverable		4,264	14,984	-	13,472
Cash and bank balances	21	180,234	249,721	116,229	171,526
		<u>861,385</u>	<u>939,916</u>	<u>706,060</u>	<u>757,200</u>
TOTAL ASSETS		<u>1,380,566</u>	<u>1,383,344</u>	<u>1,353,721</u>	<u>1,353,706</u>
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	27	470,402	470,402	470,402	470,402
Reserves	28	468,645	362,121	377,933	287,151
		<u>939,047</u>	<u>832,523</u>	<u>848,335</u>	<u>757,553</u>
Minority interests		42,047	63,659	-	-
Total Equity		<u>981,094</u>	<u>896,182</u>	<u>848,335</u>	<u>757,553</u>
Non-current liabilities					
Retirement benefit obligations	22	49,394	42,792	34,265	30,018
Long term borrowings	23	9,554	10,427	-	-
Deferred tax liabilities	26	20,697	16,680	-	-
		<u>79,645</u>	<u>69,899</u>	<u>34,265</u>	<u>30,018</u>

Balance Sheets
as at 31 December 2006 (Contd.)

	Note	Group		Company	
		2006 RM'000	2005 RM'000 (restated)	2006 RM'000	2005 RM'000 (restated)
Current liabilities					
Retirement benefit obligations	22	1,626	1,805	1,181	1,278
Short term borrowings	23	221,183	263,369	100,149	152,455
Trade and other payables	25	86,589	128,815	366,876	393,586
Dividend payable		2,453	18,816	-	18,816
Tax payable		7,976	4,458	2,915	-
		<u>319,827</u>	<u>417,263</u>	<u>471,121</u>	<u>566,135</u>
Total Liabilities		<u>399,472</u>	<u>487,162</u>	<u>505,386</u>	<u>596,153</u>
TOTAL EQUITY AND LIABILITIES		<u>1,380,566</u>	<u>1,383,344</u>	<u>1,353,721</u>	<u>1,353,706</u>

Consolidated Statement of Changes in Equity

for the year ended 31 December 2006

GROUP	Note	← Attributable to equity holders of the Company →			Minority interests	Total equity	
		Share capital (Note 27) RM'000	Non- distributable Reserves (Note 28) RM'000	Distributable Retained profit (Note 29) RM'000			Total RM'000
At 1 January 2005		463,361	25,914	237,464	726,739	59,279	786,018
Currency translation differences		-	81	-	81	-	81
Reserve on consolidation		-	34	-	34	866	900
Revaluation surplus		-	559	-	559	-	559
Transfer from Government Stockpile		-	6,651	-	6,651	-	6,651
Net income recognised directly in equity		-	7,325	-	7,325	866	8,191
Profit for the year		-	-	125,389	125,389	5,227	130,616
Total recognised income for the year		-	7,325	125,389	132,714	6,093	138,807
Dividends	12	-	-	(35,168)	(35,168)	(475)	(35,643)
Acquisition of additional equity interests in a subsidiary		-	-	-	-	(1,238)	(1,238)
Issuance of share capital via exercise of ESOS		7,041	1,197	-	8,238	-	8,238
At 31 December 2005		470,402	34,436	327,685	832,523	63,659	896,182
At 1 January 2006		470,402	34,436	327,685	832,523	63,659	896,182
As previously stated		470,402	34,436	327,685	832,523	63,659	896,182
Effects of adopting FRS 3	2.3(a)	-	(34)	19,505	19,471	-	19,471
At 1 January 2006 (restated)		470,402	34,402	347,190	851,994	63,659	915,653
Currency translation differences		-	(531)	-	(531)	-	(531)
Revaluation surplus		-	841	-	841	-	841
Transfer to Government Stockpile		-	(1,976)	-	(1,976)	-	(1,976)
Net expense recognised directly in equity		-	(1,666)	-	(1,666)	-	(1,666)
Profit for the year		-	-	130,047	130,047	5,179	135,226
Total recognised income and expense for the year		-	(1,666)	130,047	128,381	5,179	133,560
Effects arising from acquisition of minority interest of subsidiaries	14	-	-	1,008	1,008	(19,322)	(18,314)
Dividends		-	-	(42,336)	(42,336)	(7,469)	(49,805)
At 31 December 2006		470,402	32,736	435,909	939,047	42,047	981,094

Statement of Changes in Equity
for the year ended 31 December 2006

COMPANY	Note	Share capital RM'000	Non- distributable Reserves (Note 29) RM'000	Distributable Retained Profit (Note 30) RM'000	Total RM'000
At 1 January 2005		463,361	21,737	168,127	653,225
Transfer from Government Stockpile		-	849	-	849
Total income recognised directly in equity		-	849	-	849
Profit for the year		-	-	130,409	130,409
Total recognised income for the year		-	849	130,409	131,258
Issuance of share capital via exercise of ESOS		7,041	1,197	-	8,238
Dividends	12	-	-	(35,168)	(35,168)
At 31 December 2005		<u>470,402</u>	<u>23,783</u>	<u>263,368</u>	<u>757,553</u>
At 1 January 2006		470,402	23,783	263,368	757,553
Transfer from Government Stockpile		-	458	-	458
Total income recognised directly in equity		-	458	-	458
Profit for the year		-	-	132,660	132,660
Total recognised income for the year		-	458	132,660	133,118
Dividends	12	-	-	(42,336)	(42,336)
At 31 December 2006		<u>470,402</u>	<u>24,241</u>	<u>353,692</u>	<u>848,335</u>

Cash Flow Statements

for the year ended 31 December 2006

	Note	Group		Company	
		2006 RM'000	2005 RM'000 (restated)	2006 RM'000	2005 RM'000 (restated)
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before taxation		178,205	166,139	190,017	150,696
Adjustments for:					
Provision for doubtful debts, net	7	6,253	6,970	(103)	8,103
Amortisation of intangible assets	7	-	50	-	-
Amortisation of reserve on acquisition	5	-	(2,164)	-	-
Depreciation of property, plant and equipment	7	19,258	18,968	8,962	8,229
Gain on disposal of property, plant and equipment	5	(23)	(712)	(78)	(365)
Property, plant and equipment written off	7	1,410	159	615	-
Provision for/(write back of) impairment loss on investment	7	-	300	(990)	4,571
Provision for retirement benefits	7	7,390	7,341	4,606	5,121
(Gain)/loss on disposal of investments	5,7	(1,494)	953	6,803	730
Gain on disposal of an associate	5	(639)	-	-	-
Interest expense	6	12,892	8,287	6,770	3,483
Interest income	6	(5,807)	(4,968)	(5,000)	(3,789)
Gross dividend income	5	-	-	(79,678)	(32,070)

Cash Flow Statements

for the year ended 31 December 2006

	Group		Company	
	2006 RM'000	2005 RM'000 (restated)	2006 RM'000	2005 RM'000 (restated)
CASH FLOWS FROM OPERATING ACTIVITIES (CONTD.)				
Share of results from associates	(17,512)	(15,059)	-	-
Write back of provision for Voluntary Separation Scheme ("VSS") compensation costs	(5,757)	(9,123)	(5,757)	(9,123)
Operating profit before working capital changes	194,176	177,141	126,167	135,586
Increase in receivables	(16,086)	(121,277)	(41,538)	(56,461)
(Increase)/decrease in inventories	(2,144)	(73,616)	11,221	(42,981)
(Decrease)/increase in payables	(39,991)	7,007	(19,564)	(87,404)
Cash generated from/(used in) operations	135,955	(10,745)	76,286	(51,260)
Interest paid	(12,892)	(8,287)	(6,770)	(3,483)
VSS compensation paid	(1,389)	(1,779)	(1,389)	(1,779)
Retirement benefits paid	(967)	(1,801)	(456)	(1,303)
Income tax paid	(21,363)	(43,707)	(14,665)	(37,318)
Net cash generated from/(used in) operating activities	99,344	(66,319)	53,006	(95,143)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest income received	5,807	4,968	5,000	3,789
Net dividend received from:				
- Subsidiaries	-	-	47,231	15,615
- Associates	13,281	12,249	13,281	12,249
Purchase of investment in associates	-	(26,577)	-	(25,000)
Purchase of investment in subsidiaries	(2,064)	(14,757)	-	(14,757)
Purchase of property, plant and equipment	(80,192)	(17,228)	(60,443)	(1,095)

Cash Flow Statements

for the year ended 31 December 2006

	Note	Group		Company	
		2006 RM'000	2005 RM'000 (restated)	2006 RM'000	2005 RM'000 (restated)
CASH FLOWS FROM INVESTING ACTIVITIES (CONTD.)					
Proceeds from disposal of an associate		5,800	-	-	-
Proceeds from disposal of property, plant and equipment		1,533	8,324	85	804
Disposal of subsidiaries, net of cash disposed		-	(96)	-	(96)
Net cash (used in)/generated from investing activities		(55,835)	(33,117)	5,154	(8,491)
CASH FLOWS FROM FINANCING ACTIVITIES					
58 Drawdown of borrowings		663,624	614,849	360,018	305,585
Repayment of borrowings		(709,136)	(597,504)	(412,323)	(280,888)
Proceeds from the issuance of shares via the exercise of ESOS		-	8,238	-	8,238
Dividend paid		(66,168)	(16,827)	(61,152)	(16,352)
Net cash (used in)/generated from financing activities		(111,680)	8,756	(113,457)	16,583
NET DECREASE IN CASH AND CASH EQUIVALENTS		(68,171)	(90,680)	(55,297)	(87,051)
EFFECT OF FOREIGN EXCHANGE RATES CHANGES		(559)	(81)	-	-
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR		243,466	334,227	168,394	255,445
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	21	174,736	243,466	113,097	168,394

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

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 Group are those of the procurement, importing, buying, processing and selling of rice, rice by-products and 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.

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 financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 25 April 2007.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements comply with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia. At the beginning of the current financial year, the Group and the Company had adopted new and revised FRS which are mandatory for financial periods beginning on or after 1 January 2006 described fully in Note 2.3.

The financial statements of the Group and of the Company have also been prepared on a historical basis.

The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

2.2 Summary of Significant Accounting Policies

(a) Basis of Consolidation

(i) Subsidiaries

Subsidiaries are entities over which the Group has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable are considered when assessing whether the Group has such power over another entity.

In the Company's separate financial statements, investments in subsidiaries are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amount is included in income statement.

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the balance sheet date. The financial statements of the subsidiaries are prepared for the same reporting date as the Company.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for the like transactions and events in similar circumstances.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of Significant Accounting Policies (Contd.)

(a) Basis of Consolidation (Contd.)

(i) Subsidiaries (Contd.)

Acquisitions of subsidiaries are accounted for using the purchase method. The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in income statements.

Minority interests represent the portion of income statements and net assets in subsidiaries not held by the Group. It is measured at the minorities' share of the fair value of the subsidiaries' identifiable assets and liabilities at the acquisition date and the minorities' share of changes in the subsidiaries' equity since then.

(ii) Associates

Associates are entities in which the Group has significant influence and that are neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policies decision of the investee but not in control or joint control over those policies.

In the Company's separate financial statements, investments in associates are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in income statements.

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting. Under the equity method, the investment in associate is carried in the consolidated balance sheet at cost adjusted for post-acquisition changes in the Group's share of net assets of the associate. The Group's share of the net profit or loss of the associate is recognised in the consolidated profit or loss. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of such changes. In applying the equity method, unrealised gains and losses on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate.

After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associate. The associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's income in the period in which the investment is acquired.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any long-term interests that, in substance, form part of the Group's net investment in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of Significant Accounting Policies (Contd.)

(a) Basis of Consolidation (Contd.)

(ii) Associates (Contd.)

The most recent available audited or management financial statements of the associates are used by the Group in applying the equity method. Where the dates of the audited or management financial statements used are not coterminous with those of the Group, the share of results are arrived at from the last audited financial statements available and management financial statements to the end of the accounting period. Uniform accounting policies are adopted for like transactions and events in similar circumstances.

(b) Intangible Assets

(i) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(ii) Other Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair values as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised on a straight-line basis over the estimated economic useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each balance sheet date.

Intangible assets with indefinite useful lives are not amortised but tested for impairment annually or more frequently if the events or changes in circumstances indicate that the carrying may be impaired either individually or at the cash-generating unit level. The useful life of an intangible asset with indefinite life is also reviewed annually to determine whether the useful life assessment continues to be supportable.

(iii) Trademarks

Trademarks were acquired through business combinations. The useful live of trademarks is estimated to be indefinite because based on the current market share of the brands, management believes there is no foreseeable limit to the period over which the brands are expected to generate net cash flows to the Group. Trademarks are stated at cost less any impairment losses. They are not amortised but tested for impairment annually or more frequently when indicators of impairment are identified.

(c) Property, Plant and Equipment, and Depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of Significant Accounting Policies (Contd.)

(c) Property, Plant and Equipment, and Depreciation (Contd.)

Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. 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.

Freehold land has an unlimited useful life and therefore is not depreciated. Constructions work-in-progress are also not depreciated as these assets are not available for use. Leasehold lands that are leased from the Federal Government at nominal values are also not depreciated. Other leasehold land is depreciated over the period of the lease, which ranges from 34 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 10%
Renovation	10%
Plant and machinery	1% to 20%
Furniture, fittings and office equipment	10% to 33.3%
Motor vehicles	20%

The residual values, useful life and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in income statement and the unutilised portion of the revaluation surplus on that item is taken directly to retained profit.

(d) Inventories

Inventories are stated at lower of cost and net realisable value.

Cost is determined using the weighted average method. The cost of paddy and rice comprise costs of purchase. The costs of finished goods comprise costs of paddy and rice, direct materials, direct labour, other direct costs and appropriate proportions of production overheads based on normal operating capacity. Pre-cropping expenditure incurred in respect of paddy planting is included as inventories and expensed upon harvesting.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

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.

(e) 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 and 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 recognised directly in equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of Significant Accounting Policies (Contd.)

(e) Financial Instruments (Contd.)

(i) Cash and Cash Equivalents

For the purposes of the cash flow statements, cash and cash equivalents include cash on hand and at bank, deposit at call and short term highly liquid investments which have an insignificant risk of changes in value, net of outstanding bank overdrafts.

(ii) Other Non-current Investments

Non-current investments other than investments in subsidiaries and associates are stated at cost less impairment losses. On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in the income statement.

(iii) Trade Receivables

Trade 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.

(iv) Trade Payables

Trade payables are stated at the fair value of the consideration to be paid in the future for goods and services received.

(v) Interest Bearing Loans and Borrowings

All loans and borrowings are initially recognised at the consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

(vi) 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.

(f) Leases

A lease is recognised as a finance lease if it transfers substantially to the Group all risks and rewards incidental to ownership. All other leases are classified as operating leases.

(i) Finance 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. Any initial direct costs are also added to the carrying amount of such assets.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of Significant Accounting Policies (Contd.)

(f) Leases (Contd.)

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 in accordance with that for depreciable property, plant and equipment as described in Note 2.2(c).

(ii) Operating Leases

Lease payment on land and building is amortised as an expenses in the income statement on a straight line basis over the term of the lease.

g) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use are added to the cost of those assets, until such time as the assets are substantially ready for their intended use.

All other borrowing costs are recognised in income statement in the period in which they are incurred.

(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 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 as income or an expense and included in the income statement for the period, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised 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 the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of Significant Accounting Policies (Contd.)

(i) Provisions

Provisions 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, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

(j) 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. 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. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined Contribution Plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the income statement as incurred. As required by law, companies in Malaysia make such contributions to the Employee Provident Fund ("EPF").

(iii) Defined Benefit Plans

The Group operates an unfunded, defined benefit Retirement Benefit Scheme ("the Scheme") for its eligible employees. The Group's obligation under the Scheme, calculated using the Projected Unit Credit Method, is determined based on triennial actuarial computations by independent actuaries, through which 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 in order to determine its present value.

Actuarial gains and losses are recognised as income or expense over the expected average remaining working lives of the participating employees when the cumulative unrecognised actuarial gains or losses for the Scheme exceed 10% of the higher of the present value of the defined benefit obligation and the fair value of plan assets. Past service costs are recognised immediately to the extent that the benefits are already vested, and otherwise are amortised on a straight-line basis over the average period until the amended benefits become vested.

The amount recognised in the balance sheet represents the present value of the defined benefit obligations adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to the net total of any unrecognised actuarial losses and past service costs, and the present value of any economic benefits in the form of refunds or reductions in future contributions to the plan.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of Significant Accounting Policies (Contd.)

(k) Foreign Currencies

(i) Functional and Presentation Currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

(ii) Foreign Currency Transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in income statement for the period except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, where that monetary item is denominated in either the functional currency of the reporting entity or the foreign operation, are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in income statement. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, where that monetary item is denominated in a currency other than the functional currency of either the reporting entity or the foreign operation, are recognised in income statement for the period. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation, regardless of the currency of the monetary item, are recognised in income statement in the Company's financial statements or the individual financial statements of the foreign operation, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in income statement for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(iii) Foreign Operations

The results and financial position of foreign operations that have a functional currency different from the presentation currency Ringgit Malaysia ("RM") of the consolidated financial statements are translated into RM as follows :

- Assets and liabilities for each balance sheet presented are translated at the closing rate prevailing at the balance sheet;
- Income and expenses for each income statement are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and
- All resulting exchange differences are taken to the foreign currency translation reserve within equity.

(l) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised :

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of Significant Accounting Policies (Contd.)

(l) Revenue Recognition (Contd.)

(i) Sale of Goods

Revenue is recognised net of sales taxes, discounts and returns upon transfer of significant risks and rewards of ownership to the buyer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(ii) Rental Income

Rental income is recognised on a straight-line basis over the terms of the rental.

(iii) Interest Income

Interest income is recognised on an accrual basis using the effective interest method.

(iv) Dividend Income

Dividend income is recognised when the Group's right to receive payment is established.

(m) Impairment of Non-Financial Assets

The carrying amounts of the Group's assets, other than construction contract assets, property development costs, inventories, deferred tax assets and non-current assets (or disposal groups) held for sale, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For goodwill, assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date or more frequently when indicators of impairment are identified.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs to. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

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

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.3 Changes in Accounting Policies and Effects Arising from Adoption of New and Revised FRS

The MASB has issued a number of new and revised FRS and Interpretation that are effective for financial periods beginning on or after 1 January 2006. The Group and the Company have not early adopted the FRS 117: Leases and FRS 124: Related Party Disclosures for its financial period beginning 1 January 2006.

Except for the changes in accounting policies and their effects as discussed below, the new and revised FRS and Interpretations above do not have any other significant impact of the financial statements of the Group and the Company.

(a) FRS 3 : Business Combinations, FRS 136 : Impairment of Assets and FRS 138 : Intangible Assets

The new FRS 3 has resulted in consequential amendments to two other accounting standards, FRS 136 and FRS 138. In accordance with the transitional provisions, FRS 3 has been applied for business combinations for which the agreement date is on or after 1 January 2006.

(i) Goodwill

Prior to 1 January 2006, goodwill was amortised on a straight-line basis over its estimated useful life of 10 years and at each balance sheet date, the Group and the Company assessed if there was any indication of impairment of the CGU to which the goodwill is attached to. The adoption of FRS 3 and the revised FRS 136 resulted in the Group and the Company ceasing annual amortisation of goodwill. Goodwill is now carried at cost less accumulated impairment losses and is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired.

(ii) Excess of Group's Interest in the Net Fair Value of Acquiree's Identifiable Assets, Liabilities and Contingent Liabilities Over Cost (Previously Known as Negative Goodwill)

Prior to 1 January 2006, the Group's policy was to recognise negative goodwill on a straight-line basis over its estimated useful life of 10 years. Under FRS 3, any excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost of acquisition, after reassessment, is now recognised immediately in profit or loss. In accordance with transitional provisions of FRS 3, the negative goodwill as at 1 January 2006 of RM19,505,000 was derecognised with a corresponding increase in retained profit.

Because the revised accounting policy has been applied prospectively, the change has had no impact on amounts reported for 2005 and prior periods. The effects on the consolidated balance sheet as at 31 December 2006 and consolidated income statement for the year ended 31 December 2006 are set out in Note 2.3(c). This change has no impact on the Company's financial statements.

(iii) Accounting for Acquisitions

Prior to 1 January 2006, the Group did not recognise separately the acquiree's contingent liabilities at the acquisition date as part of allocating the cost of a business combination. Upon the adoption of FRS 3, contingent liabilities are now separately recognised, provided their fair values can be measured reliably. The change did not affect the financial statements of the Group and the Company.

(iv) Other Intangible Assets

Prior to 1 January 2006, all intangible assets were considered to have a finite useful life and were stated at cost less accumulated amortisation and impairment losses. Upon the adoption of FRS 138, the useful lives of intangible assets are now assessed at the individual asset level as having either a finite or indefinite life. Accordingly, trademarks are considered to have indefinite life. In accordance with the transitional provisions of FRS 138, the change in the useful life assessment from finite to indefinite is made on a prospective basis. The carrying amount of trademarks as at 1 January 2006 of RM139,000 ceased to be amortised.

Because the revised accounting policy has been applied prospectively, the change has had no impact on amounts reported for 2005 and prior periods. The effects on the consolidated balance sheet as at 31 December 2006 and consolidated income statement for the year ended 31 December 2006 are set out in Note 2.3(c). This change has no impact on the Company's financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.3 Changes in Accounting Policies and Effects Arising from Adoption of New and Revised FRS (Contd.)

(b) FRS 101 : Presentation of Financial Statements

Prior to 1 January 2006, minority interest at the balance sheet date were presented in the consolidated balance sheet separately from liabilities and equity. Upon the adoption of the revised FRS 101, minority interests are now presented within total equity. In the consolidated income statements, minority interests are presented as an allocation of the total profit or loss for the year. A similar requirement is also applicable to the statement of changes in equity. FRS 101 also requires disclosure, on the face of the statement of changes in equity, total recognised income and expenses for the period, showing separately the amounts attributable to equity holders of the Company and to minority interest.

Prior to 1 January 2006, the Group's share of taxation of associates and jointly controlled entities accounted for using the equity method was included as part of the Group's income tax expense in the consolidated income statement. Upon the adoption of the revised FRS 101, the share of taxation of associates and jointly controlled entities accounted for using the equity method are now included in the respective shares of profit or loss reported in the consolidated income statement before arriving at the Group's profit or loss before tax.

The current period's presentation of the Group's financial statements is based on the revised requirements of FRS 101. These changes in presentation have been applied retrospectively and as disclosed in Note 2.3(c), certain comparatives have been restated. The effects on the consolidated balance sheet as at 31 December 2006 and consolidated income statement for the year ended 31 December 2006 are set out in Note 2.3(c).

(c) Summary of effects and changes arising from adoption of new and revised FRS

The following tables provide estimates of the extent to which each of the line items in the balance sheets and income statements for the year ended 31 December 2006 is higher or lower than it would have been had the previous policies been applied in the current year:

(i) Effects on balance sheets as at 31 December 2006

Description of change	Increase/(Decrease)	
	FRS 3 Note 2.3(a) RM'000	FRS 101 Note 2.3(b) RM'000
Group		
Investment in associates	(17,307)	-
Intangible assets	(50)	-
Reserve on consolidation	34	-
Retained profit	17,323	-
Minority interests	-	(42,047)
Total equity	-	42,047

(ii) Effects on income statements for the year ended 31 December 2006

Group	Increase/(Decrease)	
	FRS 3 Note 2.3(a) RM'000	FRS 101 Note 2.3(b) RM'000
Other income	(2,114)	-
Income tax expense	-	(5,684)
Profit before tax	(2,114)	(5,684)
Earning per shares (sen)	(0.4)	-

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.3 Changes in Accounting Policies and Effects Arising from Adoption of New and Revised FRS (Contd.)

(c) Summary of effects and changes arising from adoption of new and revised FRS (Contd.)

(iii) Restatement of comparative

Group	Previously Stated RM'000	Decrease FRS 101 Note 2.3(b) RM'000	Restated RM'000
For the year ended 31 December 2005			
Income tax expense	39,147	(3,624)	35,523
Profit before tax	169,763	(3,624)	166,139

2.4 Standards and Interpretation Issued but Not Yet Effective

At the date of authorisation of these financial statements, the following FRS, amendments to FRS and interpretation were issued but not yet effective and have not been applied by the Group and the Company:

FRS, Amendment to FRS and Interpretations	Effective for financial period beginning on or after
FRS 139: Financial Instruments : Recognition and Measurement	Deferred
FRS 6: Exploration for and Evaluation of Mineral Resources	1 January 2007
Amendment to FRS 119 ₂₀₀₄ : Employee Benefits - Actuarial Gains and Losses, Group Plans and Disclosures	1 January 2007
Amendment to FRS 121: The Effects of Changes in Foreign Exchange Rates - Net investment in a Foreign Operation	1 July 2007
IC Interpretation 1: Change in Existing Decommissioning, Restoration and Similar Liabilities	1 July 2007
IC Interpretation 2: Members' Shares in Co-operative Entities and Similar Liabilities	1 July 2007
IC Interpretation 5: Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 July 2007
IC Interpretation 6: Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment	1 July 2007
IC Interpretation 7: Applying the Restatement Approach under FRS 129 Financial Reporting in Hyperinflationary Economies	1 July 2007
IC Interpretation 8: Scope of FRS 2	1 July 2007

The above FRS, amendments to FRS and Interpretations are expected to have no significant impact on the financial statements of the Group and the Company upon their initial application except for the following:

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.4 Standards and Interpretation Issued but Not Yet Effective (Contd.)

(i) Amendment to FRS 119₂₀₀₄: Employee Benefits – Actuarial Gains and Losses, Group Plans and Disclosures

This amendment introduces the option of an alternative recognition approach for actuarial gains and losses arising from post-employment defined benefit plans. It may impose additional recognition requirements for multi-employer plans where insufficient information is available to apply defined benefit accounting. It also adds new disclosure requirements. As the Group does not intend to change the accounting policy adopted for recognition of actuarial gains and losses and does not participate in any multi-employer plans, adoption of this amendment will only impact the format and extent of disclosures presented in the financial statements. The Group will apply this amendment from financial periods beginning 1 January 2007.

(ii) Amendment to FRS 121 : The Effect of Change In Foreign Exchange Rate - Net Investment in a Foreign Operation

This amendment requires that where an entity has a monetary item that forms part of its net investment in a foreign operation, the exchange differences arising from such monetary items should always be recognised in equity in the consolidated financial statements and should not be dependent on the currency of the monetary item. Prior to this amendment, exchange differences arising on monetary item that forms part of the Group's net investment in a foreign operation are recognised in equity in the consolidated financial statements only when that monetary is denominated either in the functional currency of the reporting entity or the foreign operation. The Group will apply this amendment from financial periods beginning 1 January 2008. As it is not possible to reasonably estimate the exchange rates applicable to such monetary item for future periods, the directors are therefore unable to determine if the initial adoption of this amendment will have material impact on the consolidated financial statements for the financial year ending 31 December 2008.

The Group and the Company are exempted from disclosing the possible impact, if any, to the financial statements upon the initial application of FRS 117, FRS 124 and FRS 139.

2.5 Changes in Accounting Estimates

The revised FRS 116: Property, Plant and Equipment requires the review of the residual value and remaining useful life of an item of property, plant and equipment at least at each financial year end. The Group and the Company revised the estimated useful life of certain plant and machineries and office equipment with effect from 1 January 2006. The revisions were accounted for prospectively as change in accounting estimates and as a result, the depreciation charges of the Group and the Company for the current financial year have been increased by RM290,000 and RM733,000 respectively.

2.6 Significant Accounting Estimates and Judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and other relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical Judgements Made in Applying Accounting Policies

The following are judgements made by management while applying the Group's accounting policies that have the most significant effect on the amount recognised in the financial statements.

(i) Contingent Liabilities - Litigations

As disclosed in Note 32 to the financial statements, the Group has several pending litigation with various parties as at current financial year end. The Board of Directors, after due consultation with the Group's solicitors, assess the merit of each case, and make the necessary provision for liabilities in the financial statements if their crystallisation are deemed as probable.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.6 Significant Accounting Estimates and Judgements (Contd.)

(b) Key Sources of Estimated Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) Impairment of goodwill, property, plant and equipments

The Group determines whether goodwill, property plant and equipments are impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units ("CGU") to which goodwill, property, plant and equipments are allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amounts of trademarks as at 31 December 2006 were RM139,000 (2005: RM139,000). Further details as disclosed in Note 17.

(ii) Depreciation of plant and machinery

The cost of plant and machinery for the rice processing industry is depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these plant and machinery to be within 5 to 25 years. These are common life expectancies applied in the industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(iii) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profit together with future tax planning strategies. The details are as disclosed in Note 26.

3. REVENUE

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Sale of rice	1,918,421	1,793,705	1,613,293	1,488,563
Sale of poultry products	-	61	-	-
Others	216,424	176,306	209,942	174,026
	<u>2,134,845</u>	<u>1,970,072</u>	<u>1,823,235</u>	<u>1,662,589</u>

4. COST OF SALES

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Cost of inventories sold	1,582,287	1,405,632	1,501,532	1,345,119
Cost of services rendered	181,656	201,267	121,292	117,013
	<u>1,763,943</u>	<u>1,606,899</u>	<u>1,622,824</u>	<u>1,462,132</u>

Cost of local rice sold includes overhead costs of paddy mills.

5. OTHER INCOME

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Dividend income from :				
- Subsidiaries	-	-	63,914	21,495
- Associates	-	-	15,764	15,349
Rental income	326	550	8,078	7,511
Gain on disposal of a subsidiary	1,494	-	-	-
Gain on disposal of a associate	639	-	-	-
Gain on disposal of property, plant and equipments	23	712	78	365
Amortisation of reserve on acquisition	-	2,164	-	-
Miscellaneous	8,074	10,535	1,719	1,245
	<u>10,556</u>	<u>13,961</u>	<u>89,553</u>	<u>45,965</u>

6. FINANCE COSTS

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Interest expense on borrowings	12,892	8,287	6,770	3,483
Bank charges	426	435	258	308
Interest income from deposits	(5,807)	(4,968)	(5,000)	(3,789)
	<u>7,511</u>	<u>3,754</u>	<u>2,028</u>	<u>2</u>

Notes to the Financial Statements

31 December 2006

7. PROFIT BEFORE TAX

The following amounts have been included in arriving at profit before tax:

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Employee benefits expense (Note 8)	110,955	117,157	46,976	58,099
Non-executive directors' remuneration (Note 9)	599	749	-	-
Auditors' remuneration :	815	777	408	157
Statutory audit	579	539	172	157
Other services	236	238	236	-
Provision for/(write back of) doubtful debts	6,253	6,970	(103)	8,103
Provision for/(write back of) diminution in value of investments	-	300	(990)	4,571
Provision for retirement benefit obligations	7,390	7,341	4,606	5,121
Amortisation of intangible assets	-	50	-	-
Write off of property, plant and equipment	1,410	159	615	-
Loss of disposal of investments	-	953	6,803	730
Depreciation of property, plant and equipment	19,258	18,968	8,962	8,229
Rental of land and buildings	18,039	14,617	12,193	5,694
Rental of plant and machineries	808	1,518	282	-
Write-back of provision for Voluntary Separation Scheme (VSS)	(5,757)	(9,123)	(5,757)	(9,123)

74 |

8. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Wages and salaries	87,813	94,628	36,083	46,367
Termination benefits	1	129	-	-
Social security costs	1,316	1,354	330	327
Short term accumulating compensated absences	31	143	31	129
Pension costs - defined contribution plan	9,103	8,885	5,354	5,777
Pension costs - defined benefit plan	7,390	7,341	4,606	5,121
Other staff related expenses	5,301	4,677	572	378
	110,955	117,157	46,976	58,099

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM4,343,000 (2005: RM4,784,000) as further disclosed in Note 9.

9. DIRECTORS' REMUNERATION

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Directors of the Company				
Non-executive:				
Fees	432	495	432	495
Directors of subsidiaries				
Executive:				
Salaries, bonus and other emoluments	3,884	4,392	-	-
Pension costs - defined contribution plan	459	392	-	-
	4,343	4,784	-	-
Non-executive:				
Fees	167	254	-	-
	4,510	5,038	-	-
Total	4,510	5,038	-	-
Analysis excluding benefits-in-kind:				
Total executive directors' remuneration excluding benefits-in-kind	4,343	4,784	-	-
Total non-executive directors' remuneration excluding benefits-in-kind	599	749	-	-
Total directors' remuneration excluding benefits-in-kind	4,942	5,533	-	-

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

	Number of directors	
	2006	2005
Non-executive directors:		
Below RM50,000	12	13
RM50,001 - RM100,000	1	-
RM100,001 - RM150,000	-	1

Notes to the Financial Statements

31 December 2006

10. INCOME TAX EXPENSE

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Current income tax:				
Current income tax charge	34,849	47,637	49,052	48,184
Under/(over) provision in prior years	752	(9,143)	1,165	(9,058)
	<u>35,601</u>	<u>38,494</u>	<u>50,217</u>	<u>39,126</u>
Deferred tax (Note 26):				
Relating to origination and reversal of temporary differences	7,001	7,675	5,369	(4,928)
Relating changes to tax rates	1,286	-	1,379	-
(Over)/under provision in prior years	(909)	(10,646)	392	(10,779)
	<u>7,378</u>	<u>(2,971)</u>	<u>7,140</u>	<u>(15,707)</u>
Total income tax expense	<u>42,979</u>	<u>35,523</u>	<u>57,357</u>	<u>23,419</u>

Domestic income tax is calculated at the Malaysian statutory tax rate of 28% (2005: 28%) of the estimated assessable profit for the year. The domestic statutory tax rate will be reduced to 27% from the current year's rate of 28%, effective year of assessment 2007 and to 26% effective year of assessment 2008. The computation of deferred tax as at 31 December 2006 has reflected this change. The concessionary income tax rate applicable to subsidiaries with paid up capital of RM2,500,000 and below is 20% on chargeable income of up to RM500,000 (2005: RM500,000). For chargeable income in excess of RM500,000 (2005: RM500,000), the tax rate of 28% is applicable.

A reconciliation of income tax expense applicable to profit 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 is as follows:

	Group	
	2006 RM'000	2005 RM'000
Profit before taxation	<u>178,205</u>	<u>166,139</u>
Taxation at Malaysian statutory tax rate of 28% (2005: 28%)	49,897	46,519
Tax incentive obtained from differential tax rate of 20%	(70)	(213)
Effect of change in tax rates on opening balance of deferred tax	1,487	-
Deferred tax recognised at different tax rates	(201)	-
Effect of expenses not deductible for tax purposes	2,675	1,303
Effect of expenses eligible for double deduction	6	-
Utilisation of unutilised tax losses and capital allowances brought forward from previous years	(7,833)	(510)
Deferred tax assets not recognised on unutilised tax losses and unabsorbed capital allowances	2,209	12,625
Utilisation of current year reinvestment allowance	(409)	(392)
Effect of income not subject to tax	(4,625)	(4,020)
Overprovision of deferred tax in prior years	(909)	(10,646)
Under/(over) provision of income tax in prior years	752	9,143
Tax expense for the year	<u>42,979</u>	<u>35,523</u>

10. INCOME TAX EXPENSE (CONTD.)

	Company	
	2006	2005
	RM'000	RM'000
Profit before taxation	190,017	150,696
Taxation at Malaysian statutory tax rate of 28% (2005: 28%)	53,205	42,195
Effect of change in tax rates on opening balance of deferred tax	1,580	-
Deferred tax assets recognised at different tax rates	(201)	-
Effect of expenses not deductible for tax purposes	5,715	1,521
Effect of income not subject to tax	(4,499)	(1,337)
Under/(over) provision of deferred tax in prior years	392	(10,779)
Under/(over) provision of income tax in prior years	1,165	(9,058)
Tax expense for the year	<u>57,357</u>	<u>22,542</u>

Tax savings recognised during the financial year arising from:

	Group	
	2006	2005
	RM'000	RM'000
Utilisation of tax losses brought forward	2,676	1,150
Unutilised capital allowances brought forward	<u>422</u>	<u>1,719</u>

11. EARNINGS PER SHARE**(a) Basic**

Basic earnings per share amounts are calculated by dividing profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

	2006	2005
	RM'000	RM'000
Profit attributable to ordinary equity holders of the Company	<u>130,047</u>	<u>125,389</u>
Number of ordinary shares in issue/ weighted average number of ordinary shares in issue (‘000)	<u>470,401</u>	<u>466,473</u>
Basic earnings per share for the year (sen)	<u>27.6</u>	<u>26.9</u>

(b) Diluted

For the current financial year, there are no shares in issuance which will have a dilutive effect to the earnings per share of the Group.

Notes to the Financial Statements

31 December 2006

12. DIVIDENDS

	Dividends in respect of Year		Dividends Recognised in Year	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Recognised during the year:				
Final dividend for 2004: 3.5% tax exempt, on 470,401,501 ordinary shares (3.5 sen per ordinary shares)	-	-	-	16,352
Interim dividend for 2005: 4.0% tax exempt, on 470,401,501 ordinary shares (4.0 sen per ordinary shares)	-	18,816	-	18,816
Final dividend for 2005: 4.0% tax exempt, on 470,401,501 ordinary shares (4.0 sen per ordinary shares)	-	18,816	18,816	-
Interim dividend for 2006: 5.0% tax exempt, on 470,401,501 ordinary shares (5.0 sen per ordinary shares)	23,520	-	23,520	-
Proposed for approval at AGM (not recognised as at 31 December)				
Final dividend for 2006: 5.0% tax exempt, on 470,401,501 ordinary shares (5.0 sen per ordinary shares)	23,520	-	-	-
	<u>47,040</u>	<u>37,632</u>	<u>42,336</u>	<u>35,168</u>

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 December 2006 of 5.0% tax exempt on 470,401,501 ordinary shares, amounting to a dividend payable of RM23,520,000 (5.0 sen 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 equity as an appropriation of retained profits in the financial year ending 31 December 2007.

13. 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*	Total RM'000
At 31 December 2006							
Cost							
At 1 January 2006	16,497	4,984	66,963	197,720	7,366	67,962	361,492
Additions	20,355	-	6,958	18,503	31,707	5,879	83,402
Disposals	-	-	(1,268)	(1,318)	-	(755)	(3,341)
Write off	-	-	(230)	(1,922)	-	(835)	(2,987)
Reclassification	-	-	1,063	425	(1,488)	-	-
Revaluation surplus	844	-	55	-	-	-	899
At 31 December 2006	37,696	4,984	73,541	213,408	37,585	72,251	439,465
Accumulated depreciation and impairment							
At 1 January 2006	-	418	11,754	68,576	-	59,516	140,264
Charge for the year	-	98	2,252	10,604	-	6,304	19,258
Disposals	-	-	(910)	(382)	-	(539)	(1,831)
Write off	-	-	(53)	(773)	-	(751)	(1,577)
At 31 December 2006	-	516	13,043	78,025	-	64,530	156,114
Net carrying amount							
At cost	36,852	4,468	60,443	135,383	37,585	7,721	282,452
At valuation	844	-	55	-	-	-	899
At 31 December 2006	37,696	4,468	60,498	135,383	37,585	7,721	283,351
At 31 December 2005							
Cost							
At 1 January 2005	14,688	6,585	66,008	184,287	10,951	67,148	349,667
Additions	1,809	1,142	2,107	8,853	2,468	7,951	24,330
Disposals	-	(681)	(4,462)	(1,747)	-	(3,129)	(10,019)
Write off	-	-	-	(152)	-	(17)	(169)
Disposal of a subsidiary	-	-	(821)	(1,030)	-	(466)	(2,317)
Reclassification	-	(2,062)	4,131	7,509	(6,053)	(3,525)	-
At 31 December 2005	16,497	4,984	66,963	197,720	7,366	67,962	361,492
Accumulated depreciation and impairment							
At 1 January 2005	-	1,052	9,597	60,546	-	53,772	124,967
Charge for the year	-	90	1,981	9,536	-	7,361	18,968
Disposals	-	(23)	(171)	(222)	-	(1,991)	(2,407)
Write off	-	-	-	-	-	(10)	(10)
Disposal of a subsidiary	-	-	(215)	(748)	-	(291)	(1,254)
Reclassification	-	(701)	562	(536)	-	675	-
At 31 December 2005	-	418	11,754	68,576	-	59,516	140,264
Net carrying amount							
At 31 December 2005	16,497	4,566	55,209	129,144	7,366	8,446	221,228

Notes to the Financial Statements

31 December 2006

13. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

COMPANY	Freehold land RM'000	Leasehold land RM'000	Buildings and infrastructure RM'000	Plant and machinery RM'000	Work-in- Progress RM'000	Others*	Total RM'000
At 31 December 2006							
Cost							
At 1 January 2006	-	2,794	32,421	125,177	430	42,011	202,833
Additions	18,959	-	2,643	10,059	26,830	1,951	60,442
Disposals	-	-	-	-	-	(270)	(270)
Write off	-	-	(229)	(869)	-	(697)	(1,795)
At 31 December 2006	18,959	2,794	34,835	134,367	27,260	42,995	261,210
Accumulated depreciation and impairment							
At 1 January 2006	-	476	5,682	48,628	-	36,560	91,346
Charge for the year	-	45	1,046	5,397	-	2,474	8,962
Disposals	-	-	-	-	-	(263)	(263)
Write off	-	-	(53)	(438)	-	(689)	(1,180)
At 31 December 2006	-	521	6,675	53,587	-	38,082	98,865
Net carrying amount							
At 31 December 2006	18,959	2,273	28,160	80,780	27,260	4,913	162,345
At 31 December 2005							
Cost							
At 1 January 2005	-	1,022	8,560	25,514	-	22,296	57,392
Additions	-	-	-	-	430	665	1,095
Disposals	-	-	-	-	-	(1,303)	(1,303)
Transfer from a subsidiary	-	1,772	23,861	99,663	-	20,353	145,649
At 31 December 2005	-	2,794	32,421	125,177	430	42,011	202,833
Accumulated depreciation and impairment							
At 1 January 2005	-	179	2,150	8,862	-	17,551	28,742
Charge for the year	-	41	904	4,361	-	2,923	8,229
Disposals	-	-	-	-	-	(864)	(864)
Transfer from a subsidiary	-	256	2,628	35,405	-	16,950	55,239
At 31 December 2005	-	476	5,682	48,628	-	36,560	91,346
Net carrying amount							
At 31 December 2005	-	2,318	26,739	76,549	430	5,451	111,487

13. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

* Others	Furniture, fittings and office equipment	Renovations	Motor vehicles	Total
GROUP	RM'000	RM'000	RM'000	RM'000
At 31 December 2006				
Cost				
At 1 January 2006	38,677	5,304	23,981	67,962
Additions	2,891	854	2,134	5,879
Disposals	(255)	-	(500)	(755)
Write off	(605)	-	(230)	(835)
At 31 December 2006	40,708	6,158	25,385	72,251
Accumulated depreciation and impairment				
At 1 January 2006	37,889	1,674	19,953	59,516
Charge for the year	4,066	608	1,630	6,304
Disposals	(69)	-	(470)	(539)
Write off	(564)	(1)	(186)	(751)
At 31 December 2006	41,322	2,281	20,927	64,530
Net carrying amount				
At 31 December 2006	(614)	3,877	4,458	7,721
At 31 December 2005				
Cost				
At 1 January 2005	40,198	1,848	25,102	67,148
Additions	923	6,647	381	7,951
Disposals	(133)	(29)	(2,967)	(3,129)
Write off	(17)	-	-	(17)
Disposal of a subsidiary	(182)	(138)	(146)	(466)
Reclassification	(2,112)	(3,024)	1,611	(3,525)
At 31 December 2005	38,677	5,304	23,981	67,962

Notes to the Financial Statements

31 December 2006

13. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

GROUP (CONTD.)	Furniture, fittings and office equipment RM'000	Renovations RM'000	Motor vehicles RM'000	Total RM'000
Accumulated depreciation and impairment				
At 1 January 2005	34,735	814	18,223	53,772
Charge for the year	4,125	381	2,855	7,361
Disposals	(12)	(14)	(1,965)	(1,991)
Write off	(10)	-	-	(10)
Disposal of a subsidiary	(123)	(38)	(130)	(291)
Reclassification	(826)	531	970	675
At 31 December 2005	37,889	1,674	19,953	59,516
Net carrying amount				
At 31 December 2005	788	3,630	4,028	8,446
COMPANY				
At 31 December 2006				
Cost				
At 1 January 2005	33,790	2,806	5,415	42,011
Additions	1,878	73	-	1,951
Disposals	(8)	-	(262)	(270)
Write off	(505)	(7)	(185)	(697)
At 31 December 2006	35,155	2,872	4,968	42,995
Accumulated depreciation and impairment				
At 1 January 2006	31,247	336	4,977	36,560
Charge for the year	2,027	281	166	2,474
Disposals	(2)	-	(261)	(263)
Write off	(503)	(1)	(185)	(689)
At 31 December 2006	32,769	616	4,697	38,082
Net carrying amount				
At 31 December 2006	2,386	2,256	271	4,913

13. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

COMPANY (CONTD.)	Furniture, fittings and office equipment RM'000	Renovations RM'000	Motor vehicles RM'000	Total RM'000
At 31 December 2005				
Cost				
At 1 January 2005	17,667	372	4,257	22,296
Additions	474	10	181	665
Disposals	-	-	(1,303)	(1,303)
Transfer from a subsidiary	15,649	2,424	2,280	20,353
At 31 December 2005	<u>33,790</u>	<u>2,806</u>	<u>5,415</u>	<u>42,011</u>
Accumulated depreciation and impairment				
At 1 January 2005	14,150	98	3,303	17,551
Charge for the year	2,452	48	423	2,923
Disposals	-	-	(864)	(864)
Transfer from a subsidiary	14,645	190	2,115	16,950
At 31 December 2005	<u>31,247</u>	<u>336</u>	<u>4,977</u>	<u>36,560</u>
Net carrying amount				
At 31 December 2005	<u>2,543</u>	<u>2,470</u>	<u>438</u>	<u>5,451</u>

- (a) Freehold lands and building of Jasmine Food Corporation Sdn Bhd, a 51% owned subsidiary of the Company was revalued by Tew Kok Huat, a partner with Henry Butcher Malaysia Selangor Sdn Bhd, an independent professional valuer. Fair value is determined by reference to open market values on an existing use basis.

At 31 December 2006, had the revalued freehold land of the Group been carried under the cost model, the carrying amount would have been RM6,339,000 (2005: RM6,248,000).

- (b) During the financial year, the Group acquired property, plant and equipment with an aggregate cost of approximately RM83,402,000 (2005: RM24,330,000) of which RM3,210,000 (2005: RM7,102,000) were acquired by means of hire purchase and finance lease arrangements. Net carrying amount of property, plant and equipment held under hire purchase and finance lease arrangements are as follows:

	Group	
	2006 RM'000	2005 RM'000
Motor vehicles	873	1,331
Office equipment	-	28
Forklift	61	343
Plant and machinery	14,092	15,397
	<u>15,026</u>	<u>17,099</u>

Details of the terms and conditions of the hire purchase and finance lease arrangements are disclosed in Note 23.

Notes to the Financial Statements

31 December 2006

13. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

- (c) The Company acquired property, plant and equipment entirely by cash in the current and previous financial years.
- (d) 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	
	2006 RM'000	2005 RM'000
Freehold land	7,307	5,067
Buildings and infrastructure	13,927	10,581
Plant and machinery	15,961	15,980
	<u>37,195</u>	<u>31,628</u>

- (e) During the year, the Group and the Company had written off obsolete property, plant and equipment at carrying amount of RM1,410,000 (2005: RM159,000) and RM615,000 (2005: RM:Nil) respectively.

14. INVESTMENTS IN SUBSIDIARIES

	Company	
	2006 RM'000	2005 RM'000
Unquoted shares, at cost	399,445	391,492
Less: Accumulated impairment losses	<u>(72,669)</u>	<u>(73,660)</u>
	<u>326,776</u>	<u>317,832</u>

Details of the subsidiaries are shown in Note 35(a).

(i) Disposal of a subsidiary

- (a) On 1 January 2006, the Company disposed of its 20% equity interest in Edaran Bernas Nasional Sdn Bhd ("Edaran"), a 100% wholly owned subsidiary of the Company, for a total cash consideration of RM1,493,431. Pursuant to the completion of the disposal, Edaran became a 80% owned subsidiary of the Company.

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

	2006 RM'000
Disposal proceeds	1,494
Less: Cost of investment in the subsidiary	-
Gain on disposal of a subsidiary	<u>1,494</u>

14. INVESTMENTS IN SUBSIDIARIES (CONTD.)**(i) Disposal of a subsidiary (Contd.)**

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

	2006 RM '000
Disposal proceeds	1,494
Less: Cost of investment in a subsidiary	(8,297)
Loss on disposal of a subsidiary	<u>(6,803)</u>

The cash proceeds from the disposal were received on account in 2005.

(ii) Acquisition of additional equity interest in subsidiaries

- (a) On 1 January 2006, the Company acquired 3,999,999 ordinary shares of RM1.00 each representing the remaining 50% equity interest in Consolidated Bernas United Distributors Sdn Bhd ("CBUD") from United Rice Wholesalers Sdn Bhd for a total cash consideration of RM16,250,000. Pursuant to the above, CBUD became a wholly owned subsidiary of the Company.
- (b) On 25 April 2006, a wholly owned subsidiary of the Company, Beras Corporation Sdn Bhd ("BCSB") entered into a Share Sale Agreement with Sisamdin Bin Bugan ("Sisamdin") for the purchase of 150,000 ordinary shares of RM1.00 each representing the entire 5% equity interest of Sisamdin in Sazarice Sdn Bhd ("Sazarice"), for a total cash consideration of RM2,064,000. Pursuant to the above, BCSB holds 73% equity interest in Sazarice.

The acquisitions of CBUD and BCSB were accounted for using the "entity concept method" whereby the difference between the purchase consideration and the net assets acquired is treated as an equity transaction and recognised directly in the statement of changes in equity.

15. INVESTMENTS IN ASSOCIATES

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
In Malaysia:				
Unquoted shares, at cost	97,196	100,593	94,994	94,994
Share of post-acquisition reserves	45,713	42,642	-	-
Effect of adopting FRS 3	19,471	-	-	-
	<u>162,380</u>	<u>143,235</u>	<u>94,994</u>	<u>94,994</u>
Less: Accumulated impairment losses	(2,300)	(2,300)	(2,300)	(2,300)
	<u>160,080</u>	<u>140,935</u>	<u>92,694</u>	<u>92,694</u>
Outside Malaysia:				
Unquoted shares, at cost	3,011	3,011	-	-
Share of post-acquisition reserves	2,981	3,570	-	-
	<u>5,992</u>	<u>6,581</u>	<u>-</u>	<u>-</u>
	<u>166,072</u>	<u>147,516</u>	<u>92,694</u>	<u>92,694</u>

Details of the associates, are shown in Note 35(b).

Notes to the Financial Statements

31 December 2006

15. INVESTMENTS IN ASSOCIATES (CONTD.)

On 29 May 2006, Bernas Dominals Sdn Bhd, a wholly owned subsidiary of the Company had disposed the entire 50% equity interest in Rasayang Food Industries Sdn Bhd, a company incorporated in Malaysia, for a total cash consideration of RM5,800,000.

The financial statements of the associates as mention in Note 35(b) are coterminous with those of the Group, except for United Malayan Flour (1996) Sdn Bhd, which has a financial year end of 31 July to conform with its holding company's financial year end. For the purpose of applying the equity method of accounting, the financial statements of United Malayan Flour (1996) Sdn Bhd for the year ended 31 July 2006 have been used and appropriate adjustments have been made for the effects of significant transactions between 31 December 2006 and that date.

The summarised financial statements of the associates are as follows:

	2006 RM'000	2005 RM'000
Assets and liabilities		
Current assets	706,522	692,877
Non-current assets	363,214	361,968
Total assets	<u>1,069,736</u>	<u>1,054,845</u>
Current liabilities	650,381	635,399
Non-current liabilities	66,292	62,647
Total liabilities	<u>716,673</u>	<u>698,046</u>
Results		
Revenue	2,365,132	1,994,407
Profit for the year	<u>46,969</u>	<u>46,347</u>

86 |

16. OTHER INVESTMENTS

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Unquoted shares, at cost	6,000	6,450	6,000	6,000
Quoted shares in Malaysia, at cost	23	23	-	-
Golf club membership	29	29	-	-
	<u>6,052</u>	<u>6,502</u>	<u>6,000</u>	<u>6,000</u>
Less: Accumulated impairment losses	-	(450)	-	-
	<u>6,052</u>	<u>6,052</u>	<u>6,000</u>	<u>6,000</u>
Market value of quoted shares	<u>24</u>	<u>23</u>		

17. INTANGIBLE ASSETS

Group	Trademarks RM'000
Cost	
At 1 January/31 December 2005 and 1 January/31 December 2006	<u>505</u>
Accumulated amortisation and impairment	
At 1 January 2005	316
Amortisation for the year	<u>50</u>
At 31 December 2005	<u>366</u>
At 1 January/31 December 2006	<u>366</u>
Net carrying amount	
At 31 December 2005	<u>139</u>
At 31 December 2006	<u>139</u>

(a) Allocation of Trademarks

Trademarks has been allocated to the CGU in the distribution business segment.

(b) Key Assumptions Used in Value-in-use Calculations

The recoverable amount of a CGU is determined based on value-in-use calculations using cash flow projections extrapolated based on an Internal Rate of Return of 8% on which management has based to undertake impairment testing of trademark.

Sensitivity to change in assumptions

Management believes that no reasonable possible changes in any of the key assumptions above would cause the carrying value of CGU to materially exceed their recoverable amounts.

Notes to the Financial Statements

31 December 2006

18. LEASE PREPAYMENTS

Lease prepayments of the Group and of the Company relate to an amount of RM24,116,000 (2005: RM25,623,000) in respect of a Sub-Lease Agreement with Johor Port Berhad for a parcel of land together with its buildings, for a term of 17 years, 2 months and 26 days commencing from 6 October 2005. The amounts recognised in the balance sheets in respect of these lease prepayments are determined as follows:

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Present value of prepayments	24,116	25,623	24,116	25,623
Analysed as:				
Current (Note 20)	1,507	1,507	1,507	1,507
Non-current:				
Later than 1 year but not later than 2 years	3,014	3,014	3,014	3,014
Later than 2 years but not later than 5 years	4,521	4,521	4,521	4,521
Later than 5 years	15,074	16,581	15,074	16,581
	22,609	24,116	22,609	24,116
	24,116	25,623	24,116	25,623

88 |

19. INVENTORIES

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Cost				
Paddy and rice	274,831	283,865	126,942	145,615
Spares and consumables	8,727	12,373	136	169
Raw materials	4,395	4,895	-	-
Finished goods	7,541	2,136	-	-
	295,494	303,269	127,078	145,784
Net realisable value				
Paddy and rice	21,793	13,850	21,793	13,850
	317,287	317,119	148,871	159,634

20. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Trade Receivables :				
Due from subsidiaries	-	-	222,714	207,040
Due from associates	73,550	113,700	66,392	105,861
Third parties	272,392	239,509	103,701	57,522
	<u>345,942</u>	<u>353,209</u>	<u>392,807</u>	<u>370,423</u>
Less: Provision for doubtful debts	(54,895)	(55,269)	(45,204)	(44,291)
Total Trade Receivables	<u>291,047</u>	<u>297,940</u>	<u>347,603</u>	<u>326,132</u>
Other Receivables:				
Due from subsidiaries	-	-	56,740	57,915
Due from associates	26,665	20,096	25,174	17,441
Advances to farmers	13,608	10,284	13,608	9,118
Lease prepayments (Note 18)	1,507	1,507	1,507	1,507
Payment on account of investment	-	14,757	-	14,757
Outstanding proceeds from disposal of subsidiaries	-	1,029	-	1,029
Insurance claims recoverable	5,840	5,021	5,840	5,021
Sundry receivables	36,858	25,250	16,219	7,657
	<u>84,478</u>	<u>77,944</u>	<u>119,088</u>	<u>114,445</u>
Less: Provision for doubtful debts	(15,925)	(17,792)	(25,731)	(28,009)
Total Other Receivables	<u>68,553</u>	<u>60,152</u>	<u>93,357</u>	<u>86,436</u>
Total Trade and Other Receivables	<u>359,600</u>	<u>358,092</u>	<u>440,960</u>	<u>412,568</u>

(a) Credit risk

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

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.

(b) Third parties

Included in third parties of the Group is an amount of RM1,660,000 (2005: RM1,702,000) due from Recent Giant Sdn Bhd ("RGSB"), Benua Haulage Sdn Bhd ("BHSB") and Ban Seng Heng Rice Mill Sdn Bhd ("BSH"), companies in which Yew Poe Hoe, Yew Chye Seng and Ong Chye Eng, directors of YHL Holding Sdn Bhd are related by virtue of their family relationships with the directors of RGSB, BHSB and BSH.

(c) Amounts due from subsidiaries and associates

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

(d) Other receivables

Included in other receivables of the Group is an amount of RM5,108,400 (2005: RM2,108,400) being rental deposits paid to Yew Poe Hai and Yew Chor Kooi; where 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.

Notes to the Financial Statements

31 December 2006

21. CASH AND CASH EQUIVALENTS

	Group		Company	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Cash on hand and at banks	96,100	105,917	44,084	55,026
Deposits with:				
Licensed banks	65,794	44,804	54,805	18,500
Other financial institutions	18,340	99,000	17,340	98,000
Cash and bank balances	180,234	249,721	116,229	171,526

- (a) Deposits with licensed banks of the Group have been pledged to the banks for the following facility:

	Group	
	2006	2005
	RM'000	RM'000
Credit facility granted to certain subsidiaries as referred to in Note 23.	-	309

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

	Group		Company	
	2006	2005	2006	2005
	%	%	%	%
Licensed banks	3.0 - 3.7	2.6 - 3.0	3.0 - 3.5	2.6 - 2.9
Other financial institutions	3.0 - 3.3	2.7 - 3.0	3.0 - 3.0	2.6 - 3.0

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

	Group		Company	
	2006	2005	2006	2005
	Days	Days	Days	Days
Licensed banks	172	30	14	14
Other financial institutions	28	30	28	28

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

21. CASH AND CASH EQUIVALENTS (CONTD.)

For the purpose of the cash flow statements, cash and cash equivalents comprise the following as at the balance sheet date

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Cash and bank balances	180,234	249,721	116,229	171,526
Bank overdrafts	(5,498)	(6,255)	-	-
Total cash and cash equivalents	174,736	243,466	116,229	171,526

22. EMPLOYEE BENEFITS**Retirement benefit obligations**

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

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Present value of unfunded defined benefit obligations	51,020	44,597	35,446	31,296
Analysed as:				
Current:	1,626	1,805	1,181	1,278
Non-current:				
Later than 1 year but not later than 2 years	1,456	1,146	561	479
Later than 2 years but not later than 5 years	9,105	12,197	4,991	7,328
Later than 5 years	38,833	29,449	28,713	22,211
	49,394	42,792	34,265	30,018
	51,020	44,597	35,446	31,296

The amounts recognised in the income statements are as follows:

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Current service cost	4,587	4,733	2,447	3,289
Interest cost	2,803	2,608	2,159	1,832
Total, included in employee benefits expense (Note 8)	7,390	7,341	4,606	5,121

Notes to the Financial Statements

31 December 2006

22. EMPLOYEE BENEFITS (CONTD.)

Retirement benefit obligations (Contd.)

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

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
At 1 January	44,597	39,057	31,296	27,478
Recognised in income statement	7,390	7,341	4,606	5,121
Contributions paid	(967)	(1,801)	(456)	(1,303)
At 31 December	51,020	44,597	35,446	31,296

Principal actuarial assumptions used:

	2006 %	2005 %
Discount rate	7.0	7.0
Expected rate of salary increases	5.0	5.0

92 |

23. BORROWINGS

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Short term borrowings				
Secured :				
Bank overdrafts	5,498	6,255	-	-
Term loans	5,959	14,212	-	-
Hire purchase and finance lease payables (Note 24)	3,721	4,116	-	-
	15,178	24,583	-	-
Unsecured :				
Bankers' acceptances	206,005	238,786	100,149	152,455
	206,005	238,786	100,149	152,455
	221,183	263,369	100,149	152,455
Long term borrowings				
Secured :				
Term loans	3,667	5,110	-	-
Hire purchase and finance lease payables (Note 24)	5,887	5,317	-	-
	9,554	10,427	-	-

23. BORROWINGS (CONTD.)

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Total borrowings				
Bank overdrafts	5,498	6,255	-	-
Bankers' acceptances	206,005	238,786	100,149	152,455
Term loans	9,626	19,322	-	-
Hire purchase and finance lease payables (Note 24)	9,608	9,433	-	-
	<u>230,737</u>	<u>273,796</u>	<u>100,149</u>	<u>152,455</u>
Maturity of borrowings (excluding hire purchase and finance lease payables):				
Within one year	218,317	259,253	100,149	152,455
More than 1 year and less than 2 years	406	2,000	-	-
More than 2 years and less than 5 years	2,406	3,110	-	-
5 years or more	-	-	-	-
	<u>221,129</u>	<u>264,363</u>	<u>100,149</u>	<u>152,455</u>

93

24. HIRE PURCHASE AND FINANCE LEASE LIABILITIES

	Group	
	2006 RM'000	2005 RM'000
Future minimum hire purchase and lease payments:		
Not later than 1 year	4,274	4,523
Later than 1 year and not later than 2 years	3,596	2,935
Later than 2 years and not later than 5 years	2,923	3,140
	<u>10,793</u>	<u>10,598</u>
Less : Future finance charges	(1,185)	(1,165)
Present value of hire purchase and finance lease liabilities	<u>9,608</u>	<u>9,433</u>
Analysis of present value of hire purchase and finance lease liabilities:		
Not later than 1 year	3,721	4,116
Later than 1 year and not later than 2 years	3,173	2,419
Later than 2 years and not later than 5 years	2,714	2,898
	<u>9,608</u>	<u>9,433</u>
Less: Amount due within 12 months (Note 23)	(3,721)	(4,116)
Amount due after 12 months (Note 23)	<u>5,887</u>	<u>5,317</u>

The hire purchase and finance lease liabilities bear interest rates ranging from 2.90% to 6.90% (2005: 3.40% to 11.67%) per annum.

25. TRADE AND OTHER PAYABLES

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Current				
Trade payables				
Due to associates	5,096	10,305	5,005	9,814
Third parties	25,908	22,644	7,346	5,636
Total trade payables	31,004	32,949	12,351	15,450
Other payables				
Due to subsidiaries	-	-	298,426	298,290
Due to associates	36	409	-	2
Due to corporate shareholder of related company	-	1,384	-	-
	36	1,793	298,426	298,292
Accruals and sundry payables	55,549	94,073	56,099	79,844
Total other payables	55,585	95,866	354,525	378,136
Total trade and other payables	86,589	128,815	366,876	393,586

(a) Trade payables

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group and the Company range from 7 to 60 days and 7 to 30 days respectively.

(b) Third parties

Included in other trade payables of the Group is an amount of RM181,663 (2005: RM368,674) due to Fragstar Corporation Sdn Bhd ("FCSB"), Recent Giant Sdn Bhd, Sin Hock Soon Transport Sdn Bhd and Yeo Transport Sdn Bhd, companies in which certain directors of a subsidiary, YHL Holding Sdn Bhd, are connected by virtue of their family relationships with the directors of FCSB.

(c) Amounts due to subsidiaries and associates

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

26. DEFERRED TAX

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
At 1 January	27,697	24,726	44,377	28,670
Recognised in the equity (Note 28)	(58)	-	-	-
Recognised in the income statement (Note 10)	(7,378)	2,971	(7,140)	15,707
At 31 December	<u>20,261</u>	<u>27,697</u>	<u>37,237</u>	<u>44,377</u>
Presented after appropriate offsetting as follows:				
Deferred tax assets	40,958	44,377	37,237	44,377
Deferred tax liabilities	(20,697)	(16,680)	-	-
	<u>20,261</u>	<u>27,697</u>	<u>37,237</u>	<u>44,377</u>

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 2006	9,807	8,120	224	37,631	55,782
Recognised in the income statement	1,252	(638)	4,239	(11,988)	(7,135)
At 31 December 2006	<u>11,059</u>	<u>7,482</u>	<u>4,463</u>	<u>25,643</u>	<u>48,647</u>
At 1 January 2005	8,642	3,414	18,222	27,026	57,304
Recognised in the income statement	1,165	4,706	(17,998)	10,605	(1,522)
At 31 December 2005	<u>9,807</u>	<u>8,120</u>	<u>224</u>	<u>37,631</u>	<u>55,782</u>

Notes to the Financial Statements

31 December 2006

26. DEFERRED TAX (CONTD.)

Deferred Tax Liabilities of the Group:

	Accelerated Capital Allowances RM'000	Others RM'000	Total RM'000
At 1 January 2006	24,523	3,562	28,085
Recognised in the equity	-	58	58
Recognised in the income statement	(175)	418	243
At 31 December 2006	<u>24,348</u>	<u>4,038</u>	<u>28,386</u>
At 1 January 2005	28,444	4,134	32,578
Recognised in the income statement	(3,921)	(572)	(4,493)
At 31 December 2005	<u>24,523</u>	<u>3,562</u>	<u>28,085</u>

Deferred Tax Assets of the Company:

	Retirement Benefit Obligations RM'000	Provision for Doubtful Debts RM'000	Others RM'000	Total RM'000
At 1 January 2006	8,763	7,843	31,527	48,133
Recognised in the income statement	807	(896)	(7,474)	(7,563)
At 31 December 2006	<u>9,570</u>	<u>6,947</u>	<u>24,053</u>	<u>40,570</u>
At 1 January 2005	7,694	3,226	20,127	31,047
Recognised in the income statement	1,069	4,617	11,400	17,086
At 31 December 2005	<u>8,763</u>	<u>7,843</u>	<u>31,527</u>	<u>48,133</u>

Deferred Tax Liabilities of the Company:

	Accelerated Capital Allowances RM'000
At 1 January 2006	3,756
Recognised in the income statement	(423)
At 31 December 2006	<u>3,333</u>
At 1 January 2005	2,377
Recognised in the income statement	1,379
At 31 December 2005	<u>3,756</u>

26. DEFERRED TAX (CONTD.)

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

	Group	
	2006 RM'000	2005 RM'000
Unutilised tax losses	60,916	37,734
Unabsorbed capital allowances	22,538	22,747
Unused reinvestment allowances	28	-
Retirement benefits obligations	11,375	9,573
Provision for doubtful debts	1,159	825
	96,016	70,879

The available unutilised tax losses and unabsorbed capital allowances for offsetting against future taxable profits of the subsidiaries are subject to no substantial changes in the shareholdings of the subsidiaries under Section 44(5A) & (5B) of Income Tax Act, 1967. 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.

27. SHARE CAPITAL

	Number of Shares of RM1.00 Each		Amount	
	2006	2005	2006 RM	2005 RM
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	470,401,500	463,360,501	470,401,500	463,360,501
	470,401,501	463,360,502	470,401,501	463,360,502
Issued during the year:				
Exercise of ESOS	-	7,041,000	-	7,041,000
At 31 December	470,401,501	470,401,502	470,401,501	470,401,502

27. SHARE CAPITAL (CONTD.)

- (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.

28. RESERVES

	Note	Group		Company	
		2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Non-distributable :					
Capital reserve	(a)	2,864	2,864	600	600
Stockpile fluctuation reserve	(b)	9,317	11,293	9,186	8,728
Capital redemption reserve	(c)	12,520	12,520	7,370	7,370
Revaluation surplus	(d)	1,400	559	-	-
Reserve on consolidation	(e)	-	34	-	-
Foreign exchange reserve	(f)	(450)	81	-	-
Share premium	(g)	7,085	7,085	7,085	7,085
		32,736	34,436	24,241	23,783
Distributable:					
Retained profit (Note 29)		435,909	327,685	353,692	263,368
		468,645	362,121	377,933	287,151

28. RESERVES (CONTD.)

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
(a) Capital reserve				
At 1 January/31 December	2,864	2,864	600	600
(b) Stockpile fluctuation reserve				
At 1 January	11,293	4,642	8,728	7,879
Transfer (to)/from Government Stockpile	(1,976)	6,651	458	849
At 31 December	9,317	11,293	9,186	8,728
(c) Capital redemption reserve				
At 1 January/31 December	12,520	12,520	7,370	7,370
(d) Revaluation surplus				
At 1 January	559	-	-	-
Arising during the year	899	559	-	-
Deferred tax arising from revaluation (Note 26)	(58)	-	-	-
At 31 December	1,400	559	-	-
(e) Reserve on consolidation				
At 1 January	34	-	-	-
Arising during the year	-	34	-	-
Effects of adopting FRS 3	(34)	-	-	-
At 31 December	-	34	-	-
(f) Foreign exchange reserve				
At 1 January	81	-	-	-
Arising during the year	(531)	81	-	-
At 31 December	(450)	81	-	-
(g) Share premium				
At 1 January	7,085	5,888	7,085	5,888
Arising from the exercise of ESOS	-	1,197	-	1,197
At 31 December	7,085	7,085	7,085	7,085

Notes to the Financial Statements

31 December 2006

29. RETAINED PROFITS

As at 31 December 2006, the Company has tax exempt profits available for distribution of approximately RM56,314,407 (2005: RM70,810,854), subject to agreement of the Inland Revenue Board.

The Company has sufficient balance in the tax exempt account and 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 2006.

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:

	Company	
	2006 RM'000	2005 RM'000
At 1 January	64,344	58,109
Add: Government subsidy funds received	445,000	448,000
Interest income	1,259	1,453
Less: Payments made during the year	(445,750)	(443,218)
At 31 December	<u>64,853</u>	<u>64,344</u>

100

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

Pursuant to the Corporation 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. CAPITAL COMMITMENTS

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Capital expenditure:				
Approved and contracted for:				
Property, plant and equipment	11,650	5,777	-	-
Investments	8,000	8,000	8,000	8,000
	<u>19,650</u>	<u>13,777</u>	<u>8,000</u>	<u>8,000</u>
Approved but not contracted for:				
Property, plant and equipment	24,878	38,543	-	-
Investments	4,303	500	-	-
	<u>29,181</u>	<u>39,043</u>	<u>-</u>	<u>-</u>
	<u>48,831</u>	<u>52,820</u>	<u>8,000</u>	<u>8,000</u>

32. CONTINGENT LIABILITIES

	Group		Company	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Unsecured				
Corporate guarantee for bank facilities of certain subsidiaries	-	-	78,120	89,120
Corporate guarantee for bank facilities of associates				
- Bernas Feedstuff Sdn Bhd	3,400	3,400	3,400	3,400
- Serba Wangi Sdn Bhd	30,000	30,000	30,000	30,000
- Keongco (M) Sdn Bhd	2,000	2,000	2,000	2,000

- (a) On 25 November 2005, the Company was served with a Writ and Statement of Claim dated 14 October 2005 by Konsortium Pemborong Beras (Melayu) Kelantan Sdn Bhd ("KBK") and was named as the First Defendant. KBK is seeking, the following:
- (i) A declaration that the Company violated the terms of the Joint Venture Agreement ("JVA") by not complying with its duties and obligations as a member/partner of Formula Timur Sdn Bhd ("the Joint Venture Company");
 - (ii) A declaration that the Company's action in stopping the supply of rice to the Joint Venture Company is contrary to the provisions of the JVA, was wrongful and invalid;
 - (iii) A declaration that the Company by commission or omission committed a fraud upon the minority shareholders of the Joint Venture Company and/or abuse of power;
 - (iv) General damages of RM112 million to be paid by the Company to the Joint Venture Company;
 - (v) Rebate of RM760,000;
 - (vi) Interest under Section 11 of the Civil Law Act, 1965 and in equity on the damages at 8% per annum from August 2003 till payment; and
 - (vii) Injunction and Costs and other reliefs as the Court deem just.

Pursuant to the said civil suit being filed against the Company, the Company filed applications under Order 18 Rule 19 of the Rules of the High Court 1980 ("the Application") to strike out the said Statement of Claim against the Company. The Application to be read together with the inherent jurisdiction of the Court on the grounds that the civil suit filed is devoid in law of a valid cause of action, scandalous, frivolous, vexatious and/or is an abuse of the process of the Court.

The Application was heard on 21 February 2007 and the Court has fixed for 7 May 2007 for the decision of the same.

- (b) On 27 March 2006, the Company was served with a sealed copy of a Summons in Chambers dated 3 March 2006 by KBK for an interlocutory injunction, inter alia, the followings:
- (i) Restrain the Company from selling, hiring and supplying rice to any third party or allowing any activities which may compete with the business of the Plaintiff; and
 - (ii) Instruct the Company to resume selling, hiring and supplying rice to the Plaintiff.

The application for the interlocutory injunction and Pre-Trial Case Management which was fixed for 20 April 2007, have both been postponed to 19 July 2007 for mention. The Company had instructed its solicitors to set aside the said injunction application.

32. CONTINGENT LIABILITIES (CONT.)

- (c) On 5 June 2006, the Company was served with a sealed copy of a Writ of Summons and Statement of Claim dated 5 May 2006 initiated by A Halim Bin Hamzah & 291 others ("the Plaintiffs"). The civil suit is brought by the Plaintiffs against the Company & 24 others ("the Defendants") for, inter alia, the following claims:
- (i) A declaration that the 2000 VSS scheme initiated by the Company is void and of no effect.
 - (ii) A declaration that the Defendants had by unlawful means conspired and combined together to defraud or injure the Plaintiffs.
 - (iii) Alternatively, a declaration that the Defendants had acted in furtherance of a wrongful conspiracy to injure the Plaintiffs.
 - (vi) Damages to be assessed.
 - (v) Interest and costs.

In relation to the Suit filed by the Plaintiffs against the Defendants, the Company had filed Summons in Chambers pursuant to Order 12 Rule 7 and/or Order 18 Rule 19 of the Rules of the High Court 1980 ("the Company's Application") for the following:

- (i) That the Writ and Statement of Claim against the 2nd to 12th and 21st Defendants ("the said Defendants") be set aside;
- (ii) That the Writ and Statement of Claim as against the said Defendants be struck out as it discloses no reasonable cause of actions, scandalous, frivolous, vexatious and/or is an abuse of process of the Court;
- (iii) That the cost of the said Order to be borne by the Plaintiffs; and
- (iv) Such further or other orders as the Court deemed fit.

The Court has granted Order In Terms for the Company's Application to strike out the 21st Defendant with cost. The Court has fixed the matter for hearing on 4 July 2007.

- (d) On 6 June 2006, the Company was served with a sealed copy of Originating Summons and Affidavit in Support ("the Plaintiffs Application") affirmed by Zainon Bt Ahmad for and on behalf of the 690 others ("the Plaintiffs") for the following claims:
- (i) A declaration that the Plaintiffs as employees of the Company whose service of employment has been terminated before attaining the age of 55 due to reasons other than that of compulsory retirement, optional retirement, death or a disability are entitled to the Retirement/Termination Benefits provided for in clause 7.3 of the 'Terma dan Syarat Perkhidmatan Kumpulan Eksekutif dan Kumpulan Bukan Eksekutif' and in clause 5.5 of the 'Buku Panduan Kumpulan Eksekutif dan Bukan Eksekutif.'
 - (ii) An order that the Company pays the Retirement/Termination Benefits due to the Plaintiff's as follows:
 - for those Plaintiffs who have attained the age of retirement of 55 years as at the date of the order, the Retirement/Termination Benefits be paid directly to them; and
 - for those Plaintiffs who have not attained the age of retirement of 55 years as at the date of the order, the Retirement/Termination Benefits be paid into their accounts at the Employment Provident Fund.
 - (iii) Interest at the rate of 8% per annum from 1 January 2004 to the date of payment as ordered by the Court.
 - (iv) Such further orders, directions or relief that the Court deems fit and appropriate.
 - (v) Costs to be paid by the Company to the Plaintiffs.

The hearing of the Plaintiff's Application was partly heard on 17 January 2007. On 1 March 2007, the continued hearing of the Plaintiff's Application was postponed and is now fixed for 22 May 2007.

There are no other changes in contingent liabilities since the last annual balance sheet as at 31 December 2005. The Group does not have any contingent assets.

33. RELATED PARTY DISCLOSURES

	Company	
	2006	2005
	RM'000	RM'000
(a) Purchases from and services rendered by subsidiaries	69,267	61,727
(b) Sales to subsidiaries	1,303,520	1,166,619
(c) Sales to associates		
- Bernas Feedstuff Sdn Bhd	24,884	29,688
- Serba Wangi Sdn Bhd and its subsidiaries	198,342	214,474
- OEL Realty Holdings Sdn Bhd and its subsidiaries	120,799	102,031
(d) Purchases from associates		
- Irfan Noman Bernas (Pvt) Limited	218	218
- Asian Peninsula Corporation Ltd	7,183	7,561
	Group	
	2006	2005
	RM'000	RM'000
(e) Transactions with subsidiaries' director related companies and other related parties		
(i) Syarikat Faiza Sdn Bhd Group ("SFSB")		
Purchases from Faiza Marketing Sdn Bhd, an enterprise in which directors (namely Faiza Bawumi Bt Syed Ahmad and Najwa Bt Abu Bakar) have interest	494	323
Sales to Pasar Mini Enterprise, an enterprise in which certain directors (namely Faiza Bawumi Bt Syed Ahmad and Najwa Bt Abu Bakar) have interest	316	323
(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	2,477	3,450
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	2,214	1,900

Notes to the Financial Statements

31 December 2006

33. RELATED PARTY DISCLOSURES (CONTD.)

	Group	
	2006	2005
	RM'000	RM'000
(e) Transactions with subsidiaries' director related companies and other related parties (Contd.)		
(ii) Jasmine Food Corporation Sdn Bhd Group ("JFC") (Contd.)		
Rental of premises paid to Asian Net Sdn Bhd company in which the directors of JFC and its subsidiaries have substantial financial interest	841	841
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	-	648
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	258	348
Transport charges 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	387	298
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	300
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	-	785
Sales to JS Sasaran Trading an entity in which a directors of Jasmine Sdn Bhd, Tee Sin Joo and Tee Sin Kong have substantial financial interest	379	144
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	3,378	2,597
(iii) 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	4,810	4,623

33. RELATED PARTY DISCLOSURES (CONTD.)

	Group	
	2006 RM'000	2005 RM'000
(e) Transactions with subsidiaries' director related companies and other related parties (Contd.)		
(iii) YHL Holding Sdn Bhd Group ("YHLH")(Contd.)		
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	1,505	1,949
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
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	-	316
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	-	720
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	1,692	1,811
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	-	851
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	17	3,223

Notes to the Financial Statements

31 December 2006

33. RELATED PARTY DISCLOSURES (CONTD.)

	Group	
	2006	2005
	RM'000	RM'000
(e) Transactions with subsidiaries' director related companies and other related parties (Contd.)		
(iii) YHL Holding Sdn Bhd Group ("YHLH")(Contd.)		
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	24	296
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	293	293
(iv) 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	919	1,289
Sales to Ban Say Tong, an entity owned by Kueh Peng Ho, a director and substantial shareholder of BST	1,016	905
Sales to Syarikat Welly Trading, a company in which a director has substantial financial interest	431	394
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	638	651
Transport charges paid to Saza Enterprise, a company owned by a director, Sisamdin Bin Bugan	194	527
(v) 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	-	464

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 SUBSEQUENT EVENTS

- (a) On 30 December 2005, Bernas Dominals Sdn Bhd ("BDSB"), a wholly owned subsidiary of the Company, had entered into a Share Sale Agreement ("SSA") with KBB Resources Berhad ("KBB") in respect of the proposed disposal by BDSB of its 3,957,500 ordinary shares of RM1.00 each representing 50% equity interest in Rasayang Food Industries Sdn Bhd ("Rasayang") for a total cash consideration of RM5,800,000.

Pursuant to the completion of the disposal, Rasayang ceased from being an associate company of BDSB effective 29 May 2006.

- (b) On 1 January 2006, both the acquisition of 3,999,999 ordinary shares of RM1.00 each representing 50% equity interest in Consolidated Bernas United Distributors Sdn Bhd ("CBUD") by the Company from United Rice Wholesalers Sdn Bhd ("URW") for a total cash consideration of RM16,250,000 ("CBUD Acquisition"), and the divestment by the Company of its 8,296,839 ordinary shares of RM1.00 each representing 20% equity interest held in Edaran Bernas Nasional Sdn Bhd ("Edaran") to URW for a total cash consideration of RM1,493,431 ("Edaran Divestment") had been completed.

Pursuant to the completion of CBUD Acquisition and Edaran Divestment, CBUD became a wholly owned subsidiary and Edaran became an 80% owned subsidiary of the Company.

- (c) On 25 April 2006, a wholly owned subsidiary of the Company, Beras Corporation Sdn Bhd ("BCSB") entered into a Share Sale Agreement ("SSA") with Sisamdin Bin Bugan ("Sisamdin") for the purchase of 150,000 ordinary shares of RM1.00 each representing the entire 5% equity interest of Sisamdin in Sazarice, for a cash consideration of RM2,064,000.

Pursuant to the completion of the acquisition, BCSB holds 73% equity interest in Sazarice.

- (d) On 29 August 2006, the Company entered into a Sale and Purchase Agreement with Guthrie Property Development Holding Berhad as vendor and Highlands & Lowlands Berhad as proprietor to acquire a parcel of an industrial freehold land known as No. 2, Persiaran Pasak Bumi, Seksyen U8, Bukit Jelutong, 40510 Shah Alam, Selangor measuring approximately 41,938 square metres for a total purchase consideration of RM18,959,000.

- (e) On 31 December 2006, BCSB entered into the following Agreements:

- (i) A Share Sale Agreement with Tan Kien Chong Sdn Bhd ("TKCSB") in respect of the acquisition of 660,000 ordinary shares of RM1.00 each in Sazarice for a total cash consideration of RM3.5 million; and
- (ii) A Subscription and Shareholder Agreement with TKCSB and Sabarice Sdn Bhd ("Sabarice") in respect of the subscription of 802,500 new ordinary shares of RM1.00 each by BCSB and TKCSB in Sabarice.

(all of the above agreements are collectively referred to as ("the Agreements"))

The Agreements were entered pursuant to the restructuring of BCSB (Sabah Region) rice distribution activities whereby Sazarice shall focus on marketing and distribution in the West Coast while Sabarice shall focus on marketing and distribution in the East Coast area ("Restructuring of BCSB (Sabah Region)").

The Restructuring of BCSB (Sabah Region) was completed on 1 January 2007 and pursuant to the completion, BCSB owns 95% and 55% equity interest in Sazarice and Sabarice respectively.

- (f) On 4 April 2007, a 51% owned subsidiary of the Company, namely Syarikat Faiza Sdn Bhd ("SFBSB") had disposal its 306,000 ordinary shares of RM1.00 each representing its entire 51% equity interest in Lee Hup & Company Sendirian Bhd ("LHSB") for a total cash consideration of RM1.00 to Mr Yeo Seow Jin ("YSJ"). In conjunction with the disposal, SFBSB, YSJ and the other shareholder of LHSB have agreed to terminate the joint venture by entering into a Deed of Termination. The Deed effectively revokes and terminates the Shareholders Agreement between SFBSB, YSJ and TLH dated 2 February 2001 thus releasing the parties from being mutually bound by the obligations, covenants and terms as shareholders of LHSB.

- (g) On 1 March 2007, the Company undertook a Voluntary Separation Scheme ("VSS") involving 1,451 employees within the Group for a period of 21 days with effect from 1 March 2007 to 21 March 2007. The VSS has been further extended to 31 July 2007. The implementation of the VSS had been approved by the Ministry of Finance on 8 February 2007.

35. SUBSIDIARIES AND ASSOCIATES

(a) SUBSIDIARIES

Name of Subsidiaries	Proportion of Ownership Interest		Principal Activities
	2006	2005	
Incorporated in Malaysia			
<i>Subsidiaries of the Company</i>			
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
Consolidated Bernas United Distributors Sdn Bhd	100	50% + 1 share	Dormant
Jasmine Food Corporation Sdn Bhd	51	51	Trader, distributor and supplier of rice
YHL Holding Sdn Bhd	51	51	Investment holding
Bernas Marditech Seed Sdn Bhd	75.5	75.5	Paddy seed production
BM Agrotech Sdn Bhd	61	61	Investment holding
Beras Corporation Sdn Bhd	100	100	Processing and trading of rice
Bernas Dominals Sdn Bhd	100	100	Investment holding
Edaran Bernas Nasional Sdn Bhd	80	100	Trader, distributor and supplier of rice
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

35. SUBSIDIARIES AND ASSOCIATES (CONTD.)**(a) SUBSIDIARIES (CONTD.)**

Name of Subsidiaries	Proportion of Ownership Interest		Principal Activities
	2006	2005	
Incorporated in Malaysia (Contd.)			
<i>Subsidiaries of the Company (Contd.)</i>			
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
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

Notes to the Financial Statements

31 December 2006

35. SUBSIDIARIES AND ASSOCIATES (CONTD.)

(a) SUBSIDIARIES (CONTD.)

Name of Subsidiaries	Proportion of Ownership Interest		Principal Activities
	2006	2005	
Incorporated in Malaysia (Contd.)			
<i>Subsidiaries of the Company (Contd.)</i>			
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
<i>Subsidiary of Syarikat Faiza Sdn Bhd</i>			
Lee Hup & Company Sendirian Berhad	25.5	25.5	Processing and trading of rice and other groceries
<i>Subsidiary of Consolidated Bernas United Distributors Sdn Bhd</i>			
Machind Realty Sdn Bhd	100	50	Dormant
<i>Subsidiaries of Jasmine Food Corporation Sdn Bhd</i>			
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

35. SUBSIDIARIES AND ASSOCIATES (CONTD.)**(a) SUBSIDIARIES (CONTD.)**

Name of Subsidiaries	Proportion of Ownership Interest		Principal Activities
	2006	2005	
Incorporated in Malaysia (Contd.)			
<i>Subsidiaries of Jasmine Food Corporation Sdn Bhd (Contd.)</i>			
Jasmine Food (Johor Bahru) Sdn Bhd	51	51	Trader, distributor and supplier of rice
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
Jasmine Rice Mill (Tunjang) Sdn Bhd	51	51	Rice miller and rice trader
<i>Subsidiaries of YHL Holding Sdn Bhd</i>			
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

Notes to the Financial Statements

31 December 2006

35. SUBSIDIARIES AND ASSOCIATES (CONTD.)

(a) SUBSIDIARIES (Contd.)

Name of Subsidiaries	Proportion of Ownership Interest		Principal Activities
	2006	2005	
Incorporated in Malaysia (Contd.)			
<i>Subsidiaries of YHL Holding Sdn Bhd</i>			
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
<i>Subsidiary of Jasmine Rice Mill (Tunjang) Sdn Bhd</i>			
Jasmine Rice Products Sdn Bhd	51	51	Manufacturing and sale of vermicelli
<i>Subsidiary of BM Agrotech Sdn Bhd</i>			
Padi Gedong Sdn Bhd	61	61	Dormant
<i>Subsidiaries of Beras Corporation Sdn Bhd</i>			
Sazarice Sdn Bhd	73	68	Trader, distributor and supplier of rice
<i>Subsidiaries of Beras Corporation Sdn Bhd</i>			
Dayabest Sdn Bhd	100	100	Investment holding
Sabarice Sdn Bhd	100	100	Dormant
<i>Subsidiaries of Dayabest Sdn Bhd</i>			
Haskarice Food 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	Proportion of Ownership Interest		Principal Activities
	2006	2005	
Incorporated in Malaysia (Contd.)			
<i>Subsidiary of Bernas Dominals Sdn Bhd</i>			
Bernas Chaff Products Sdn Bhd	51	51	Dormant
Incorporated in the British Virgin Islands			
<i>Subsidiary of Bernas Overseas (L) Limited</i>			
Bernas China Corporation	95	95	Rice trading

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

Notes to the Financial Statements

31 December 2006

35. SUBSIDIARIES AND ASSOCIATES (CONTD.)

(b) ASSOCIATES

Name of Associates	Proportion of Ownership Interest		Financial Year End	Principal Activities
	2006	2005		
Incorporated in Malaysia				
<i>Associates of the Company</i>				
Gardenia Bakeries (KL) Sdn Bhd	30	30	31 December	Bread manufacturing and bakery
Kilang Beras Fajar Sdn Bhd	49	49	31 December	Dormant
Formula Timur Sdn Bhd	40	40	30 April	Dormant
Ban Heng Bee Rice Mill (1952) Sdn Bhd	-	20	31 December	Rice miller
Ban Heng Bee Holdings Sdn Bhd	20	-	31 December	Rice miller
Serba Wangi Sdn Bhd**	52	52	31 December	Trader, distributor and supplier of rice
Keongco Holdings Sdn Bhd	20	20	31 December	Investment holding
OEL Realty Holdings Sdn Bhd	30	30	31 December	Investment holding
Bernas Logistics Sdn Bhd	25	25	31 December	Provision of logistics services
United Malayan Flour (1996) Sdn Bhd	45	45	31 July	Manufacturing and trading of wheat flour

35. SUBSIDIARIES AND ASSOCIATES (CONTD.)

(b) ASSOCIATES (CONTD.)

Name of Associates	Proportion of Ownership Interest		Financial Year End	Principal Activities
	2006	2005		
Incorporated in Malaysia				
<i>Associates of Bernas Dominals Sdn Bhd</i>				
Rasayang Food Industries Sdn Bhd	-	50	31 December	Vermicelli manufacturer
Bernas Feedstuff Sdn Bhd	49	49	31 December	Trading in all kinds of rice brand and broken rice
<i>Associate of Beras Corporation Sdn Bhd</i>				
Liansin Trading Sdn Bhd	30	30	31 December	Wholesale and trading of rice and rice related products
<i>Subsidiaries of Kilang Beras Fajar Sdn Bhd</i>				
Fajar Jerlun Sdn Bhd	49	49	31 December	Dormant
Fajar Jerlun (Negeri Sembilan) Sdn Bhd	49	49	31 December	Dormant
<i>Subsidiary of Serba Wangi Sdn Bhd</i>				
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

Notes to the Financial Statements

31 December 2006

35. SUBSIDIARIES AND ASSOCIATES (CONTD.)

(b) ASSOCIATES (CONTD.)

Name of Associates	Proportion of Ownership Interest		Financial Year End	Principal Activities
	2006	2005		
Incorporated in Malaysia (Contd.)				
<i>Subsidiaries of Serba Wangi Sdn Bhd (Contd.)</i>				
Serba Wangi (PG) Sdn Bhd	46.8	46.8	31 December	Trader, distributor and supplier of rice
Serba Wangi (Perak) Sdn Bhd **	52	52	31 December	Trader, distributor and supplier of rice
Eng Chuan Chan Sdn Bhd	41.6	41.6	31 December	Trader, distributor and supplier of rice
Serba Wangi ML Sdn Bhd	26.5	26.5	31 December	Trader, distributor and supplier of rice
SW Transport Sdn Bhd **	52	52	31 December	Provision of transport services
<i>Subsidiaries of Keongco Holdings Sdn Bhd</i>				
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

35. SUBSIDIARIES AND ASSOCIATES (CONTD.)

(b) ASSOCIATES (CONTD.)

Name of Associates	Proportion of Ownership Interest		Financial Year End	Principal Activities
	2006	2005		
Incorporated in Malaysia (Contd.)				
<i>Subsidiaries of Keongco Holdings Sdn Bhd(Contd.)</i>				
Honeyco Food Industries Sdn Bhd	20	20	31 December	Processing and sale of fried onions
Central Eight (M) Sdn Bhd	20	20	31 December	Letting of properties
<i>Subsidiaries of OEL Realty Holdings Sdn Bhd</i>				
OEL Distribution (Kedah) Sdn Bhd (formerly known as Ong Eng Lee (Trading) Sdn Bhd)	30	30	31 December	Trader, distributor and supplier of rice
OEL Distribution (Perak) Sdn Bhd (formerly known as Sing Weng Guan Enterprise Sdn Bhd)	30	30	31 December	Trader, distributor and supplier of rice
OEL Origin (Kedah) Sdn Bhd	30	30	31 December	Trader, distributor and supplier of rice
OEL Distribution (Penang) Sdn Bhd (formerly known as OEL Wawasan Enterprise Sdn Bhd)	30	30	31 December	Trader, distributor and supplier of rice

Notes to the Financial Statements

31 December 2006

35. SUBSIDIARIES AND ASSOCIATES (CONTD.)

(b) ASSOCIATES (CONTD.)

Name of Associates	Proportion of Ownership Interest		Financial Year End	Principal Activities
	2006	2005		
Incorporated in Malaysia (Contd.)				
<i>Subsidiaries of OEL Realty Holdings Sdn Bhd (Contd.)</i>				
OEL Distribution (Johor) Sdn Bhd (formerly known as Perusahaan Kargo Selatan Sdn Bhd)	30	30	31 December	Trader, distributor and supplier of rice
OEL Distribution (Selangor) Sdn Bhd (formerly known as Setia Saujana Sdn Bhd)	18	18	31 December	Trader, distributor and supplier of rice
OEL Distribution (KL) Sdn Bhd (formerly known as Best Field Enterprise Sdn Bhd)	18	18	31 December	Trader, distributor and supplier of rice
OEL Food Manufacturing Sdn Bhd	30	30	31 December	Manufacturing of health drinks
<i>Subsidiaries of Liansin Trading Sdn Bhd</i>				
Liantye Trading Sdn Bhd	30	30	31 December	General trading and rice wholesaler
Liansin Trading (Miri) Sdn Bhd	30	30	31 December	Dormant
<i>Subsidiaries of Gardenia Bakeries (KL) Sdn Bhd</i>				
Gardenia Sales & Distribution Sdn Bhd	30	30	31 December	Sales and distribution of bread

35. SUBSIDIARIES AND ASSOCIATES (CONTD.)

(b) ASSOCIATES (CONTD.)

Name of Associates	Proportion of Ownership Interest		Financial Year End	Principal Activities
	2006	2005		
Incorporated in Malaysia (Contd.)				
<i>Subsidiaries of Gardenia Bakeries (KL) Sdn Bhd (Contd.)</i>				
Everyday Bakery & Confectionery Sdn Bhd	30	30	31 December	Bread manufacturing and bakery
Incorporated in Thailand				
<i>Associate of Bernas Overseas (L) Limited</i>				
Asian Peninsula Corporation Ltd	49	49	31 December	Rice trading
Incorporated in Pakistan				
<i>Associate of Bernas Overseas (L) Limited</i>				
Irfan Noman Bernas (Pvt) Limited	20	20	30 June	Rice trading

** The Group regard these companies as associates by virtue of its partly indirect shareholding through another associate company, Ban Heng Bee Holdings Sdn Bhd

Notes to the Financial Statements

31 December 2006

36. COMPARATIVES

The presentation and classification of items in the current year financial statements have been consistent with the previous financial year except that certain comparative amounts have been reclassified to conform with current year's presentation:

	As Previously Stated RM'000	Adjustments RM'000	As Restated RM'000
GROUP			
Non-current asset			
Deferred tax assets	55,782	(11,405)	44,377
Non-current liabilities			
Deferred tax liabilities	28,085	(11,405)	16,680
COMPANY			
Non-current asset			
Deferred tax assets	48,133	(3,756)	44,377
Non-current liabilities			
Deferred tax liabilities	3,756	(3,756)	-

120

37. 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 2006. 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.

37. FINANCIAL INSTRUMENTS (CONTD.)**(c) Foreign Exchange Risk**

The Group operates internationally and is exposed to various currencies, mainly United States Dollar. 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 Note 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:

	Group		Company	
	Carrying Amount RM'000	Fair Value RM'000	Carrying Amount RM'000	Fair Value RM'000
Financial Assets				
At 31 December 2006:				
Amounts due from subsidiaries and associates (non-trade) (Note 20)	26,665	*	81,914	*
At 31 December 2005:				
Amounts due from subsidiaries and associates (non-trade) (Note 20)	20,096	*	75,356	*

Notes to the Financial Statements

31 December 2006

37. 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 Liabilities				
At 31 December 2006:				
Amounts due to subsidiaries and associates (non-trade) (Note 25)	36	*	298,426	*
Hire purchase and finance lease payables (Note 24)	9,608	10,317	-	-
At 31 December 2005:				
Amounts due to subsidiaries and associates (non-trade) (Note 25)	409	*	298,292	*
Hire purchase and finance lease payables (Note 24)	9,433	10,129	-	-

* 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.

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.

37. FINANCIAL INSTRUMENTS (CONTD.)**(f) Fair Values (Contd.)****(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 to the financial statement) reliably due to uncertainties of timing, costs and eventual outcome.

38. 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. Accordingly, no segmental information is presented.

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 19 April 2007

Authorised Capital : RM1,000,000,001.00
 Issued & Fully Paid Up Capital : RM470,401,501.00 consist of 470,401,500 ordinary shares of RM1.00 each and one (1) Special Rights Redeemable Preference Share of RM1.00

Distribution Schedules of Equity

Holdings	No of holders	No of shares	%
Less than 100	164	9,223	0.002
100 – 1,000	984	822,145	0.17
1,001 – 10,000	9,904	29,487,033	6.27
10,001 – 100,000	1,327	36,805,500	7.82
100,001 < 5% of issued shares	181	140,922,800	29.96
5% & above of issued shares	3	262,354,800	55.77

Category of Shareholders of Each Class

Category	No of holders	No of shares	%
Individuals	11,141	62,252,966	13.23
Banks/ Finance Companies	25	23,026,550	4.90
Trusts/Foundation/Charity	50	2,745,000	0.58
Private/Limited Companies	216	186,256,750	39.60
Government Agencies/Institutions	1	6,000	0.001
Nominees	1,130	196,114,235	41.70

Substantial Shareholders

124

No	Name	No of Shares Held		% of Issued Capital
		Direct	Indirect	
1.	Budaya Generasi (M) Sdn Bhd	144,829,500	-	30.79
2.	Wang Tak Company Limited*	-	82,085,400	17.45
3.	Serba Etika Sdn Bhd**	30,143,500	250,000	6.46

Notes

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

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

Top thirty (30) Shareholders

No	Shareholders	No of Shares Held	%
1.	Budaya Generasi (M) Sdn Bhd	144,829,500	30.79
2.	HSBC Nominees (Asing) Sdn Bhd	87,381,800	18.58
3.	Serba Etika Sdn Bhd	30,143,500	6.41
4.	Lembaga Tabung Haji Sdn Bhd	22,590,000	4.80
5.	AIBB Nominees (Tempatan) Sdn Bhd <i>Pledged Sec A/C for Batu Bara Resources</i>	20,422,000	4.34
6.	Alliancegroup Nominees (Tempatan) Sdn Bhd <i>PHEIM Asset Mgt S/B for Employees Provident Fund</i>	5,913,500	1.26
7.	Citigroup Nominees (Asing) Sdn Bhd <i>CBNY for DFA Emerging Markets Fund</i>	4,704,100	1.00

No	Shareholders	No of Shares Held	%
8.	AIBB Nominees (Tempatan) Sdn Bhd <i>Pledged Sec A/C for Mohamed Ashaaree Bin Mahmood</i>	4,039,800	0.86
9.	Amanah Raya Nominees (Tempatan) Sdn Bhd <i>Kumpulan Wang Bersama</i>	3,440,000	0.73
10.	HSBC Nominees (Tempatan) Sdn Bhd <i>Nomura Asset Mgt Sg For Employees Provident Fund</i>	3,301,200	0.70
11.	DP (Malaysia) Nominee (Asing) Sdn Bhd <i>BNP Paribas Noms S'Pore P/L Contend Investment Ltd</i>	3,171,600	0.67
12.	KAF Trustee Berhad <i>KAF Fund Mgt S/B Malaysian Assurance Alliance Bhd</i>	2,917,000	0.62
13.	AIBB Nominees (Tempatan) Sdn Bhd <i>Pledged Sec A/C – Raja Raina Sacha Binti Saharman</i>	2,897,000	0.62
14.	AM Nominees (Tempatan) Sdn Bhd Perbadanan Nasional Berhad	2,749,200	0.58
15.	Yayasan Pok Rafeah Berdaftar	2,250,000	0.48
16.	Citigroup Nominees (Asing) Sdn Bhd <i>CB LDN For Stichting Shell Pensioenfond</i>	2,058,700	0.44
17.	HSBC Nominees (Tempatan) Sdn Bhd <i>HSBC (M) Trustee Bhd for Hwang-DBS Select</i>	2,000,000	0.43
18.	Amanah Raya Nominees (Tempatan) Sdn Bhd <i>Public Islamic Dividend Fund</i>	1,665,000	0.35
19.	AMMB Nominees (Tempatan) Sdn Bhd <i>Assar Asset Mgt S/B for Tabung Baitulmal Sarawak</i>	1,600,000	0.34
20.	Quarry Lane Sdn Bhd	1,500,000	0.32
21.	Citigroup Nominees (Asing) Sdn Bhd <i>CBNY for DFA Emerging Markets Small Cap Series</i>	1,478,200	0.31
22.	CIMB Nominees (Tempatan) Sdn Bhd <i>Economic Planning Unit Approved Investors</i>	1,374,000	0.29
23.	HSBC Nominees (Asing) Sdn Bhd <i>Exempt An – Lombard, Odier, Darier, Hentsch & CIE</i>	1,320,000	0.28
24.	Mayban Nominees (Tempatan) Sdn Bhd <i>Hwang-DBS Investment Management Bhd For Multi-Purpose Insurance Bhd</i>	1,250,000	0.27
25.	Mayban Securities Nominees (Tempatan) Sdn Bhd <i>Pledge Securities Account For Lee Keng Hong</i>	1,220,500	0.26
26.	DB (Malaysia) Nominee (Asing) Sdn Bhd <i>BNP Paribas Noms S'Pore Pte Ltd For Cablestar Ltd</i>	1,185,000	0.25
27.	AMMB Nominees (Tempatan) Sdn Bhd <i>MIDF Amanah Asset Mgmt Bhd For Tenaga Nasional Bhd</i>	1,183,500	0.25
28.	HSBC Nominees (Tempatan) Sdn Bhd <i>HSBC (M) Trustee Bhd For Hwang-DBS Select Small Caps Fund</i>	1,171,700	0.25
29.	Batu Bara Resources Corporation Sdn Bhd	1,155,000	0.25
30.	Mayban Nominees (Tempatan) Sdn Bhd <i>Hwang-DBS Investment Management Bhd For Mestika Pertiwi S/B</i>	1,100,000	0.23

List of Properties

as at 31 December 2006

Location	Description & Existing Use	Tenure & Expiry Date	Age of Buildings (Years)	Net Book Value as at 31 Dec 2006 (RM)	Date of Acquisition & Last Revaluation
No 2, Jalan Pasak Bumi Bukit Jelutong 40510 Shah Alam Selangor	Vacant land	Freehold	N/A	18,959,315.76	26 August 2006
Lot No 1451 & 1452 Batu 18 ^{1/2} Jalan Kodiang Mukim Padang Perahu Kubang Pasu 06000 Jitra Kedah	Business land & building	Freehold	12	12,081,656.96	28 May 1996 11 September 2003
Lot No 3802 Batu 6 ^{1/4} Jalan Klinik Bukit Kemuning Seksyen 32 40460 Shah Alam Selangor	Vacant land	Freehold	N/A	11,430,000.00	22 September 2002 7 February 2005
126 No 1, Lot No 66 Jalan Majistret U1/26 Seksyen U1 HICOM Glenmarie Industrial Park 40000 Shah Alam Selangor	Vacant building	Freehold	13	6,126,120.09	20 April 2004
Lot No 8 Jalan 25/123 Seksyen 25 40000 Shah Alam Selangor	Business land & building	Freehold	11	6,092,678.01	20 April 1995 14 November 2005
Lot 37 Kawasan Perindustrian Pengkalan Chepa II Padang Tembak 1 16000 Kota Bharu Kelantan	Business land & building	Leasehold; 11 January 2098	10	4,825,704.23	29 April 2005
Lot 193 Sedco Light Industrial Estate Phase 2 Batu 3 Jalan Utara PPM No 433 90000 Sandakan Sabah	Business land & building	Leasehold; 31 December 2037	1	4,529,801.00	15 July 2004

List of Properties
as at 31 December 2006

Location	Description & Existing Use	Tenure & Expiry Date	Age of Buildings (Years)	Net Book Value as at 31 Dec 2006 (RM)	Date of Acquisition & Last Revaluation
Lot 85(A) Kompleks Perindustrian Sedco Likas Lorong Mega 1 88995 Kolombong Inanam Sabah	Business land & building	Leasehold; 31 December 2034	3	4,218,499.00	31 December 2003
Level 8 Lot 2-8-1 & 2-8-2 Wisma San Hin Wawasan Plaza 88837 Kota Kinabalu Sabah	Business building	Leasehold; 1 January 2087	5	3,240,000.00	19 December 2001
Lot 1019 Kawasan Perindustrian Kidurong 97000 Bintulu Sarawak	Business building	Leasehold; 9 May 2051	11	3,213,476.00	18 January 1996

RICE BUSINESS / PERNIAGAAN BERAS

BERNAS PRODUCTION SDN BHD (428934-K)

Lot 2190, Batu 13
Jalan Kodiang
06000 Jitra
Kedah

Tel : 04-917 8720
Fax: 04-917 9720

BERAS CORPORATION SDN BHD (480493-H)

Lot 85, Kompleks Perindustrian SEDCO Likas
88999 Kolombong
Inanam, Kota Kinabalu
Sabah

Tel : 088-427 511/427 510
Fax: 088-427 522

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

**BAN HENG BEE HOLDING SDN BHD (690130-W)
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

EDARAN BERNAS NASIONAL SDN BHD (390534-M)

Level 13A Wisma Tun Sambanthan
No 2, Jalan Sulaiman
50000 Kuala Lumpur

Tel : 03-2711 2929
Fax: 03-2711 2807

ERA BAYAM KOTA SDN BHD (472357-P)

Lot PT 4154
Kawasan Perindustrian Pengkalan Chepa 11
Padang Tembak
16100 Kota Bharu
Kelantan

Tel : 09-773 0878/5878
Fax: 09-774 7878

HASKARICE FOOD SDN BHD (437804-P)

Lot 895, Jalan Belian
93661 Kuching
Sarawak

Tel : 082-334 422
Fax: 082-349 785

HOCK CHIONG FOODSTUFF SDN BHD (443434-K)

No 17, Jalan Bank
96000 Sibul
Sarawak

Tel : 084-330 476
Fax: 084-330 964

**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

LIANSIN TRADING SDN BHD (516882-W)

Lot 2041, Section 66
Jalan Kisar
Bintawa Industrial Estate
93450 Kuching
Sarawak

Tel : 082-333 555/335 558/334 558
Fax: 082-335 599

OEL REALTY HOLDINGS SDN BHD (395528-W)

Lot 54623, Jalan Kuala Kangsar
31200 Ipoh
Perak

Tel : 05-291 5555
Fax: 05-291 2233

SABARICE SDN BHD (658854-M)

Lot 85 (A), Kompleks Perindustrian SEDCO Likas
88999 Kolombong
Inanam, Kota Kinabalu
Sabah

Tel : 088-433586/640
Fax: 088-433539

SAZARICE SDN BHD (385374-U)

Lot 85 (A), Kompleks Perindustrian SEDCO Likas
88999 Kolombong
Inanam, Kota Kinabalu
Sabah

Tel : 088-433 586/640
Fax: 088-433 539

SYARIKAT FAIZA SDN BHD (247191-D)

No 13A, Jalan Maju Barat
Taman Maju
83000 Batu Pahat
Johor

Tel : 07-434 4999
Fax: 07-434 7666

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

58A, Merbau Road
98000 Miri
Sarawak

Tel : 085-431 037
Fax: 085-415 643

YHL HOLDING SDN BHD (452413-V)

No 39-45, Jalan P4/6, Bandar Teknologi Kajang
Batu 18, Jalan Semenyih
43500 Semenyih
Kajang
Selangor

Tel : 03-8724 3368/03-8724 3792
Fax: 03-8724 3763

OTHER BUSINESS/ PERNIAGAAN LAIN

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

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

COSMO RESTAURANTS SDN BHD (296009-T)

No 11 & 12, 1st & 2nd Floor
Wisma Lau Chung
Jalan Tun Perak
50050 Kuala Lumpur

Tel : 03-2026 7800
Fax: 03-2026 9800

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

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

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

4826, Jalan Permatang Pauh
13400 Butterworth
Pulau Pinang

Tel : 04-333 2499
Fax: 04-331 7557

**OVERSEAS VENTURES/
USAHASAMA ANTARABANGSA**

**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

IRFAN NOMAN BERNAS (Pvt) LIMITED (K07127)

QNB House, Bahria Complex-1
Ground Floor
M.T. Khan Road
Karachi-74000
Pakistan

Tel : 00-9221-561-0132
Fax: 00-9221-561-0226

Number of shares held <i>Bilangan Saham</i>	CDS Account No <i>No Akaun CDS</i>

Proxy Form / Borang Perwakilan

I We/ saya kami.....
of/ yang beralamat di.....
being a member of Padiberas Nasional Berhad hereby appoint / sebagai pemegang saham Padiberas Nasional Berhad , dengan ini melantik.....
of/ yang beralamat di.....
or failing him/her, the Chairman of the Meeting as my/our proxy, to vote for me/us on my/our behalf at the 13th Annual General Meeting of the Company to be held at Glenmarie Ballroom, Holiday Inn Glenmarie Kuala Lumpur, 1, Jalan Usahawan U1/8, Seksyen U1, 40250 Shah Alam, Selangor on Tuesday, 26 June 2007 at 10.00 am and at any adjournment thereof, in the manner indicated below / Atau dalam ketiadaan beliau, melantik Pengerusi Mesyuarat sebagai proksi saya / kami untuk mengundi bagi pihak saya / kami di Mesyuarat Agung Tahunan yang ke-13 yang akan diadakan di Dewan Glenmarie, Holiday Inn Glenmarie Kuala Lumpur, 1, Jalan Usahawan U1/8, Seksyen U1, 40250 Shah Alam, Selangor pada hari Selasa, 26 Jun 2007 pada 10.00 pagi dan mana-mana penangguhannya, mengundi seperti berikut:

Resolution <i>Resolusi</i>	AS ORDINARY BUSINESS <i>Sebagai Urusan Biasa</i>	FOR <i>Bersetuju</i>	AGAINST <i>Menentang</i>
1	To receive and adopt the Audited Accounts for the financial year ended 31 December 2006 together with the Reports of the Directors and Auditors thereon/ Untuk menerima dan menerima pakai Penyata Kewangan yang telah diaudit berserta Laporan Pengarah dan Juruaudit mengenainya bagi tahun kewangan berakhir 31 Disember 2006.		
2	To approve the payment of a final dividend of 5% tax exempt for the financial year ended 31 December 2006/ Untuk meluluskan pembayaran dividen akhir sebanyak 5% dikecualikan cukai bagi tahun kewangan berakhir 31 Disember 2006.		
3	To approve the payment of the Directors' fees amounting to RM345,752.00 for the financial year ended 31 December 2006/ Untuk meluluskan yuran Pengarah sebanyak RM345,752.00 bagi tahun kewangan berakhir 31 Disember 2006.		
4	To re-elect the following Directors who retire in accordance with the Articles of Association of the Company/ Untuk melantik semula para Pengarah berikut yang bersara mengikut Tataurusan Syarikat:- <u>Article 110(2)</u> Dato' Wira Syed Abdul Jabbar Bin Syed Hassan		
5	Azman Bin Umar		
6	Dato' Dr Zulkifli Bin Idris		
7	<u>Article 115</u> Bakry Bin Hamzah		
8	To re-appoint Messrs Hanafiah Raslan & Mohamad as Auditors of the Company and to authorise the Directors to fix their remuneration/ Untuk melantik semula Tetuan Messrs Hanafiah Raslan & Mohamad sebagai Juruaudit Syarikat dan memberi kuasa kepada para Pengarah untuk menetapkan imbuhan mereka. AS SPECIAL BUSINESS/ Sebagai Urusan Khas		
9	Authority to Directors to issue shares pursuant to Section 132D of the Companies Act, 1965/ Memberi kuasa kepada para Pengarah untuk menerbitkan saham Syarikat mengikut Seksyen 132D, Akta Syarikat, 1965.		
10	Proposed Amendments to the Articles of Association/ Cadangan pindaan Tataurusan Syarikat.		

(Please indicate with "X" how you wish to cast your vote/ Sila tandakan "X" pada ruangan yang disediakan)

Dated this/ Bertarikh.....day of..... 2007

Signature/ Seal/ Tandatangan/ Meterai

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 one or more proxies (subject to a maximum of two (2) proxies), the member must specify in each proxy form the proportion of the member's shareholdings 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 its attorney.
- The instrument appointing a proxy must 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.

Nota:

- Pemegang Saham Syarikat berhak untuk melantik proksi bagi menghadiri dan mengundi bagi pihaknya dan proksi haruslah tetapi tidak semestinya pemegang saham Syarikat. Di mana pemegang saham melantik seorang atau lebih proksi (maksima 2 orang), pemegang saham mestilah menetapkan pembahagian pegangan beliau yang diwakilkan kepada setiap proksi di dalam borang proksi.
- Di mana Pemegang Saham adalah nomini yang dibenarkan di bawah Akta Depositori Utama, mereka boleh melantik sekurang-kurangnya seorang proksi bagi setiap akaun sekuriti yang dipegang yang mana saham biasa Syarikat kekal sebagai kredit di dalam akaun sekuriti tersebut.
- Suratcara perantaraan proksi mestilah dibuat secara bertulis di bawah tandatangan orang yang melantik atau peguamnya yang telah diberi kuasa sewajarnya secara bertulis atau jika pihak yang melantik itu sebuah perbadanan, mestilah dibawah meterai rasmi atau ditandatangani oleh peguamnya.
- Suratcara perantaraan proksi mestilah dihantar ke alamat pejabat berdaftar Syarikat di Tingkat 19, CP Tower, No. 11, Seksyen 16/11, Jalan Damansara, 46350 Petaling Jaya, Selangor tidak lewat dari 48 jam sebelum bermulanya mesyuarat atau sebarang penangguhannya.

Please fold here to seal/sila lipat di sini untuk digam

Affix
postage stamp /
Tampalkan
setem

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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ERRATA TO THE ANNUAL REPORT 2006

Please be informed that there are a few amendments to the Annual Report 2006 as follows:

1. Income Statements :

(Page 51 of the Annual Report)

- Under the column of "Company" of year 2005 (as restated), the amount in regards to Cost of sales (2nd line) of '(1,462,132)' should be read as '(1,459,000)'.
- Under the column of "Company" of year 2005 (as restated), the amount in regards to Gross profit (3rd line) of '200,457' should be read as '203,589'.
- Under the column of "Company" of year 2005 (as restated), the amount in regards to Operating profit (8th line) of '150,698' should be read as '153,830'.
- Under the column of "Company" of year 2005 (as restated), the amount in regards to Profit before tax (11th line) of '150,696' should be read as '153,828'.
- Under the column of "Company" of year 2005 (as restated), the amount in regards to Profit for the year (13th line) of '127,277' should be read as '130,409'.
- Under the column of "Company" of year 2005 (as restated), the amount in regards to the total 'Profit for the year attributable to' (16th line) of '127,277' should be read as '130,409'.

2. Cash Flow Statements :

(Page 56 of the Annual Report)

- Under the column of "Company" of year 2005 (as restated), the amount in regards to Profit before taxation (1st line) of '150,696' should be read as '153,828'.

2. Cash Flow Statements (Cont'd)

(Page 57 of the Annual Report)

- Under the column of "Company" of year 2005 (as restated), the amount in regards to Operating profit before working capital changes (3rd line) of '135,586' should be read as '138,718'.
- Under the column of "Company" of year 2005 (as restated), the amount in regards to Cash generated from/(used in) operations (7th line) of '(51,260)' should be read as '(48,128)'.
- Under the column of "Company" of year 2005 (as restated), the amount in regards to Net cash generated from/(used in) operating activities (12th line) of '(95,143)' should be read as '(92,011)'.

(Page 58 of the Annual Report)

- Under the column of "Company" of year 2005 (as restated), the amount in regards to NET DECREASE IN CASH AND CASH EQUIVALENTS (10th line) of '(87,051)' should be read as '(83,919)'.
- Under the column of "Company" of year 2006, the amount in regards to CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR (12th line) of '168,394' should be read as '171,526'.
- Under the column of "Company" of year 2006, the amount in regards to CASH AND CASH EQUIVALENTS AT THE END OF YEAR (13th line) of '113,097' should be read as '116,229'.
- Under the column of "Company" of year 2005 (as restated), the amount in regards to CASH AND CASH EQUIVALENTS AT THE END OF YEAR (13th line) of '168,394' should be read as '171,526'.

3. Note 4 – COST OF SALES :

(Page 73 of the Annual Report)

- Under the column of "Company" of year 2005, the amount in regards to Cost of inventories sold (1st line) of '1,345,119' should be read as '1,341,987'.
- Under the column of "Company" of year 2005, the amount in regards to total 'Cost of sales' (3rd line) of '1,462,132' should be read as '1,459,000'.

4. Note 10 – INCOME TAX EXPENSE :

(Page 77 of the Annual Report)

- Under the column of "Company" of year 2005, the amount in regards to Profit before taxation (1st line) of '150,696' should be read as '153,828'.
- Under the column of "Company" of year 2005, the amount in regards to Taxation at Malaysian statutory tax rate of 28% (2005: 28%) (2nd line) of '42,195' should be read as '43,072'.
- Under the column of "Company" of year 2005, the amount in regards to Tax expense for the year (9th line) of '22,542' should be read as '23,419'.