

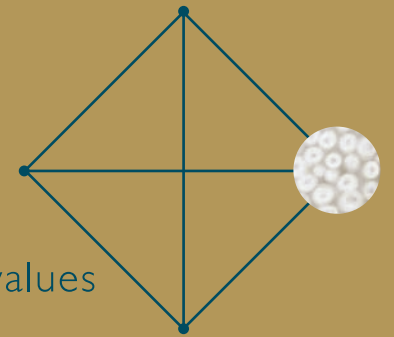


Padiberas Nasional Berhad 295514-U

ANNUAL REPORT 2007 LAPORAN TAHUNAN

progression

uniting resources – enriching stronger values



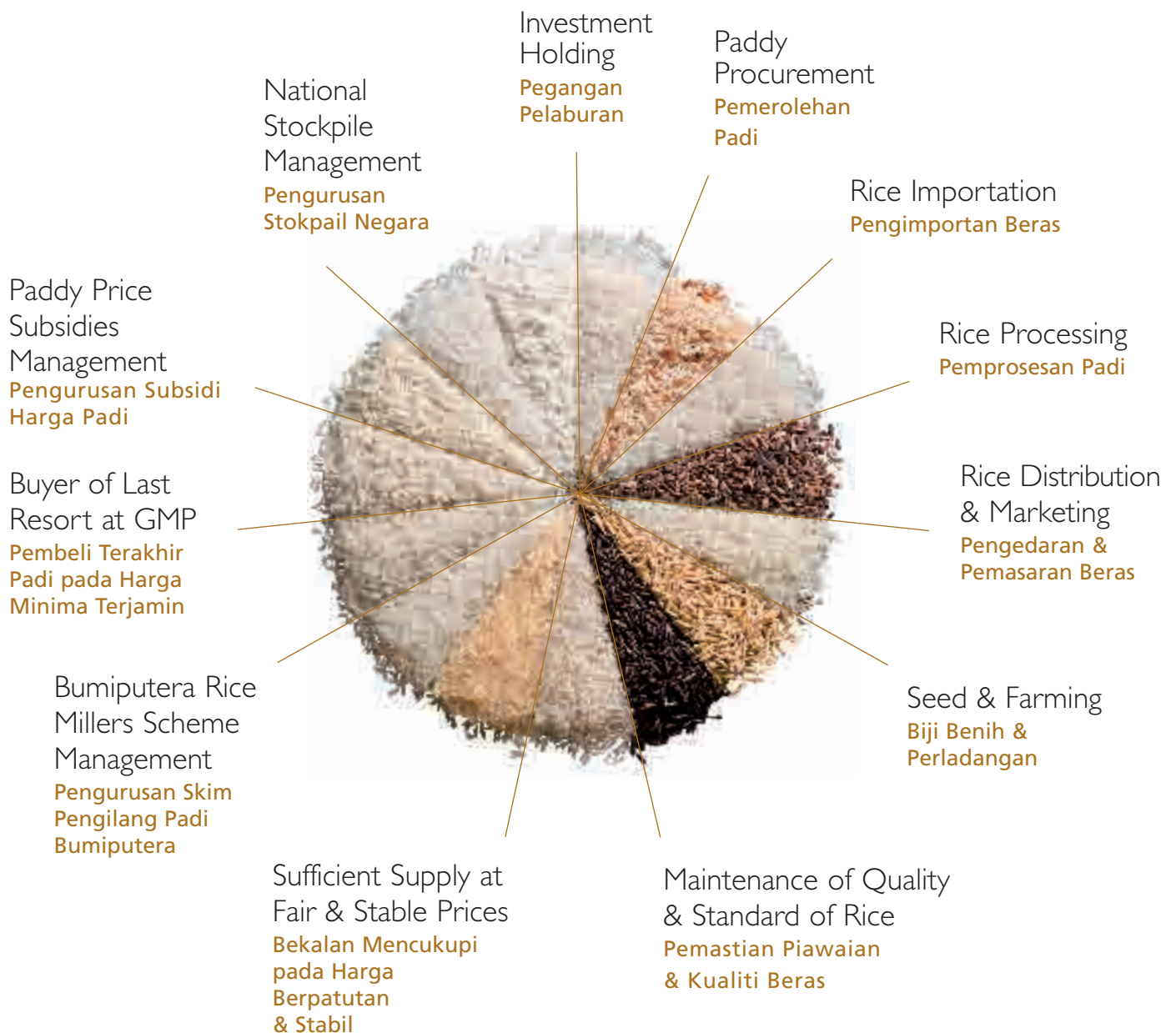
kemajuan
menyatukan
sumber –
memperkayakan
nilai-nilai

2007

ANNUAL REPORT
LAPORAN TAHUNAN

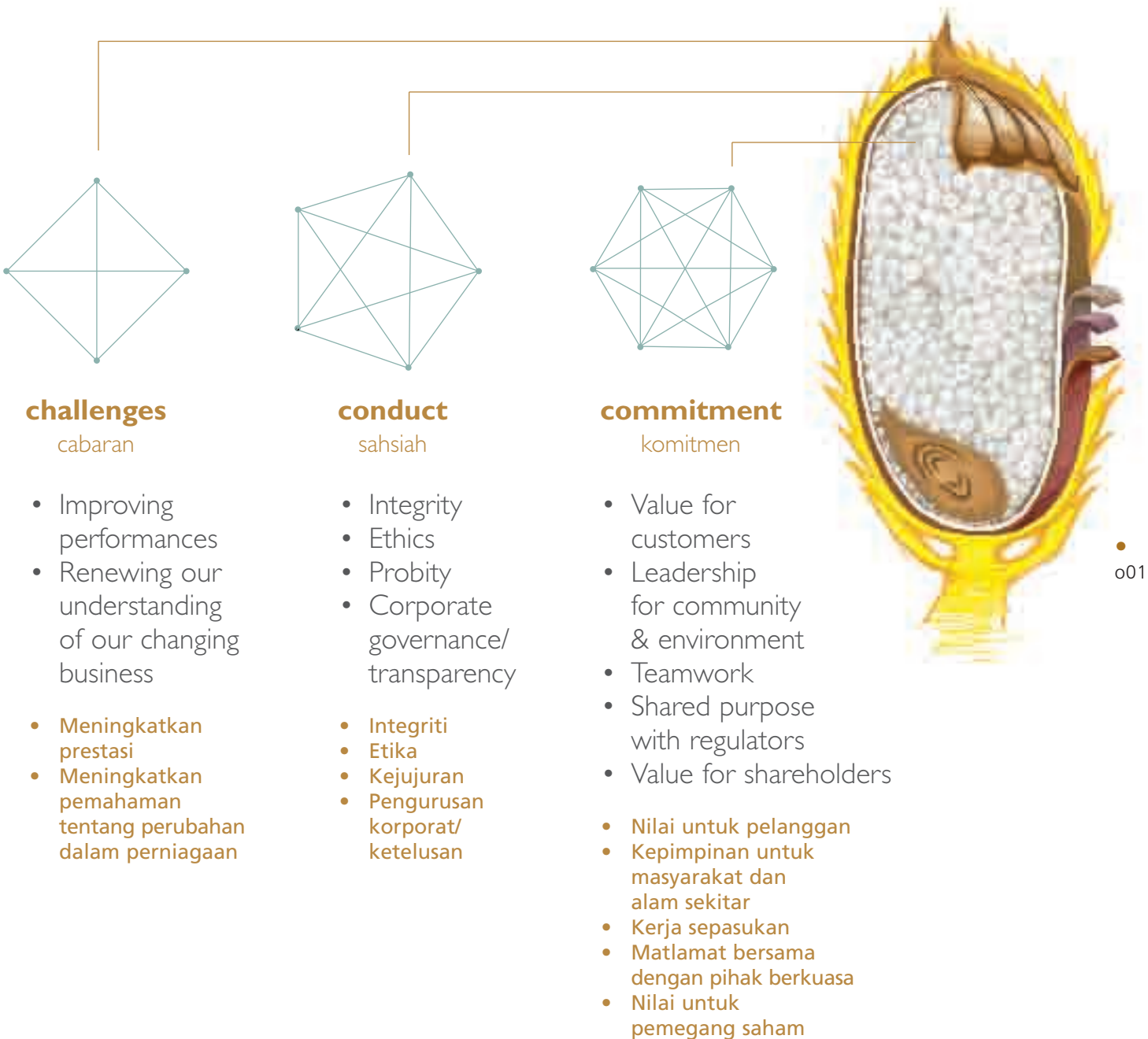
Overview of BERNAS

Imbasan BERNAS



We have the resources to go far. With our strong values and experience, we continuously bridge boundaries by tapping into our capabilities as a STRATEGIST, LEADER, PRACTITIONER, INNOVATOR and a FRONTRUNNER through our corporate values.

Kami memiliki sumber untuk terus melangkah jauh. Dengan penekanan terhadap nilai-nilai murni dan pengalaman, kami sentiasa menghubungkan sempadan dengan memanfaatkan keupayaan kami sebagai PERANCANG STRATEGI, PENERAJU, PENGAMAL, PENGASAS dan PEMAIN UTAMA industri menerusi nilai-nilai korporat kami.



What started as Lembaga Padi dan Beras Negara (LPN); focusing on food security, supply stability and enforcement 37 years ago, has today evolved into a leading player in rice industry.

Bermula sebagai Lembaga Padi dan Beras Negara (LPN), dengan penumpuan terhadap keselamatan makanan, kestabilan bekalan dan penguatkuasaan 37 tahun yang lalu, kini telah berkembang sebagai peneraju utama industri padi dan beras.

Bridging boundaries

Menghubungkan sempadan

We are now a public listed company in Bursa Malaysia Securities Berhad. Without compromising duties and social functions, we pay greater attention to commercial operations and efficiency.

Kami adalah sebuah syarikat awam tersenarai penuh di Bursa Malaysia. Kami memberikan lebih perhatian terhadap keupayaan komersil dan tahap efisien sambil melaksanakan tugas-tugas dan tanggungjawab sosial tanpa kompromi.

002

Issued share capital is
RM470,401,500
ordinary shares of RM1 each and
one (1) Special Rights Redeemable
Preference Share of RM1 issued to the
Minister of Finance

Modal terbitan dan berbayar ialah sebanyak
RM470,401,500 yang terdiri dari saham-
saham biasa bernilai RM1 setiap satu dan
satu (1) Saham Khas Keutamaan
Boleh Tebus bernilai RM1
yang dikeluarkan kepada
Menteri Kewangan

Corporatised
Diperbadankan

7 July
1994

Privatised
Diswastakan

12 January
1996

Authorised share capital of
RM1,000,000,000

is divided into 1 billion ordinary
shares of RM1 each, and 1 Special Rights
Redeemable Preference Share of RM1

Modal dibenarkan ialah RM1,000,000,000 yang
terbahagi kepada 1 bilion saham-saham biasa
bernilai RM1 setiap satu, dan satu (1)
Saham Khas Keutamaan
Boleh Tebus bernilai RM1



2007

Turnover
Perolehan

RM 2.24 bil

through diversified growth

melalui peningkatan kapasiti

BERNAS mills

330,000
tonnes paddy
annually producing a rice
input of 180,000 tonnes

Kilang-kilang BERNAS memproses
sekitar 330,000 tan padi setahun
atau sekitar 180,000 tan
pengeluaran
beras

198
brands

198 jenama beras

Total rice marketed
980,000
metric tonnes annually

Beras yang dipasarkan sejumlah
980,000 tan metrik setahun

Malaysians consume
2.2 mil
tonnes rice per year

Penduduk Malaysia
menggunakan 2.2 juta tan
beras setahun.

Owens and operates
31 mills
out of 400 commercial
mills nationwide

Memiliki 31 daripada
400 kilang beras komersil
di seluruh negara.

Over 45%
market share
of rice demand
Mewakili lebih
45% syer pasaran
permintaan
beras

Vision Visi

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.

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.

Mission Misi

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:

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:



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

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

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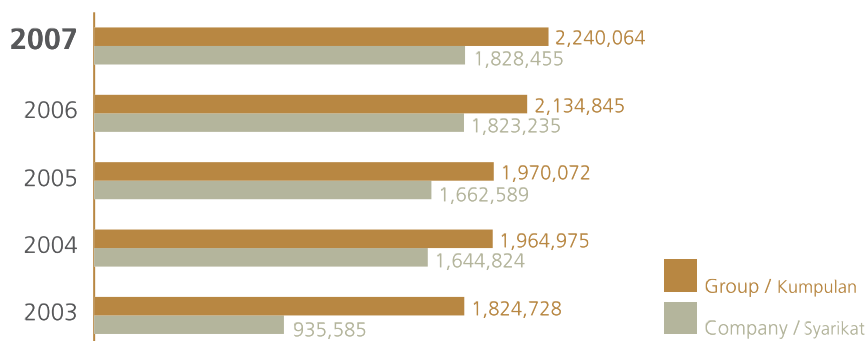
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Proxy Form
Borang Proksi

Five-Year Financial Highlights

Maklumat Kewangan Lima-Tahun

Turnover / Perolehan (RM'000)



2007

2006

2005

2004

2003

RM'000

Turnover Perolehan

Group Kumpulan	2,240,064	2,134,845	1,970,072	1,964,975	1,824,728
Company Syarikat	1,828,455	1,823,235	1,662,589	1,644,824	935,585

Profit Before Taxation Keuntungan Sebelum Cukai

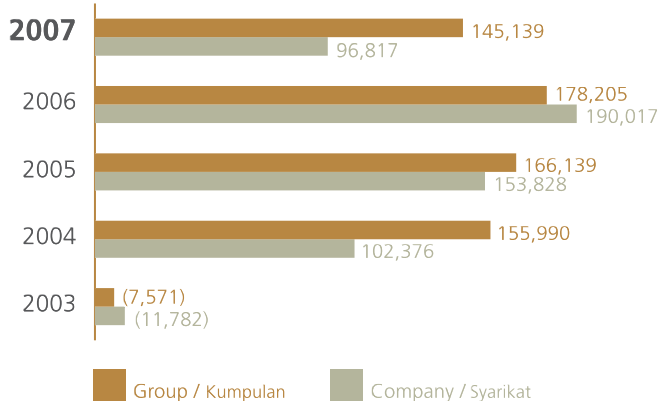
Group Kumpulan	145,139	178,205	166,139	155,990	(7,571)
Company Syarikat	96,817	190,017	153,828	102,376	(11,782)

Total Tangible Assets Jumlah Aset Ketara

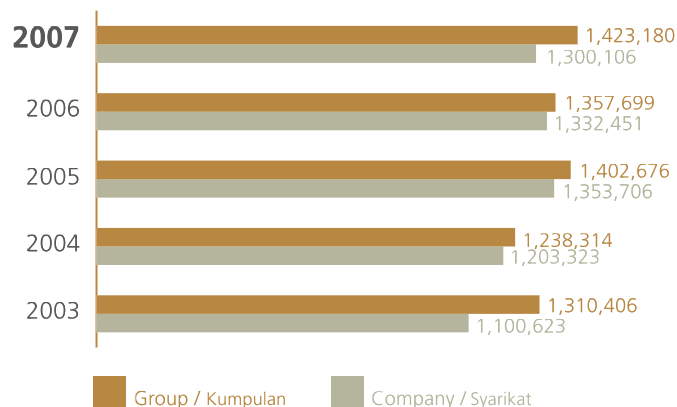
Group Kumpulan	1,423,180	1,357,699	1,402,676	1,238,314	1,310,406
Company Syarikat	1,300,106	1,332,451	1,353,706	1,203,323	1,100,623

o06

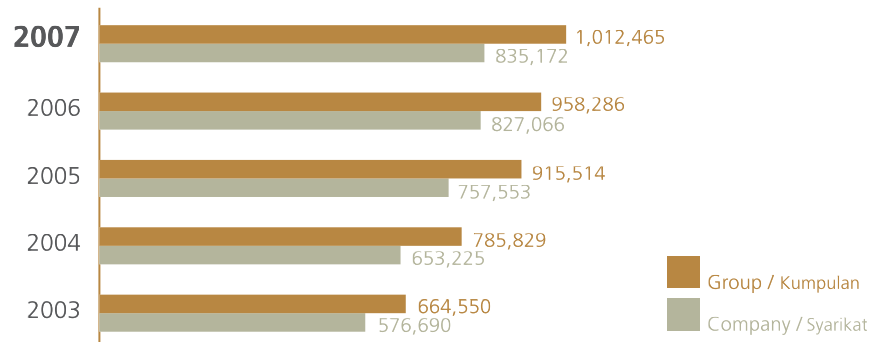
Profit Before Taxation /
Keuntungan Sebelum Cukai (RM'000)



Total Tangible Assets / Jumlah Aset Ketara (RM'000)



Net Tangible Assets / Aset Ketara Bersih (RM'000)



2007

2006

2005

2004

2003

RM'000

Net Tangible Assets Aset Ketara Bersih

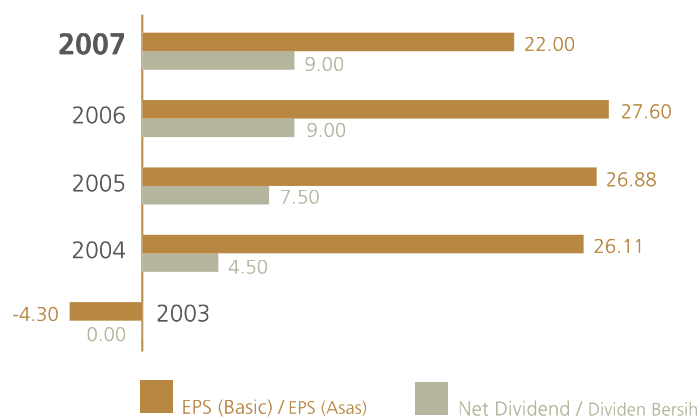
Group Kumpulan	1,012,465	958,286	915,514	785,829	664,550
Company Syarikat	835,172	827,066	757,553	653,225	576,690

Sen

Others – Group Lain-lain – Kumpulan

EPS (Basic Asas)	22.00	27.60	26.88	26.11	-4.30
Net Dividend Per Share Dividen Bersih Sesaham	9.00	9.00	7.50	4.50	0.00

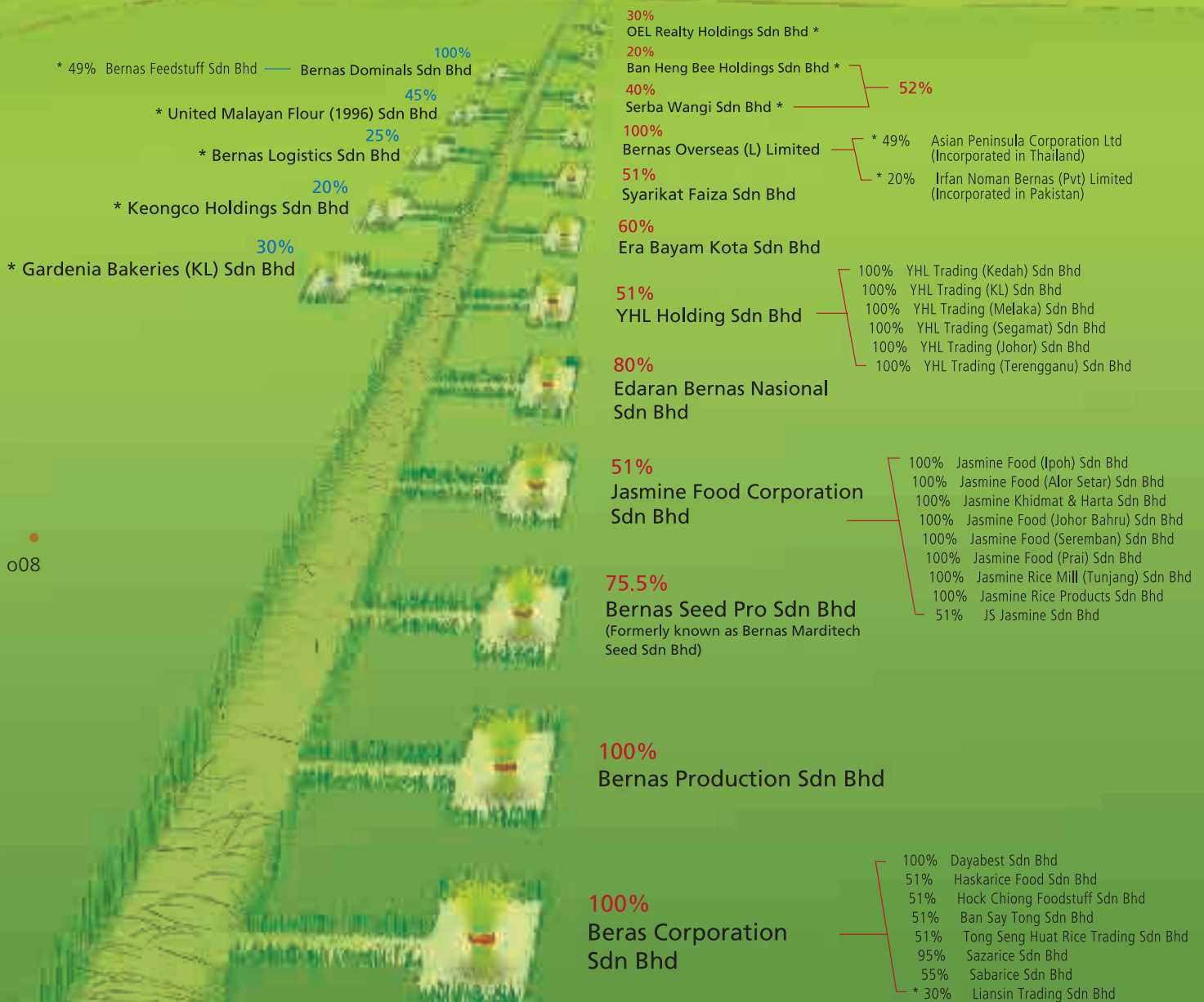
Others – Group / Lain-lain – Kumpulan (SEN)



Corporate Structure

Struktur Korporat

PADIBERAS NASIONAL BERHAD



Corporate Information

Maklumat Korporat

Registered & Corporate Office

**Pejabat Berdaftar &
Ibu pejabat Korporat**

Level 19, CP Tower
No. 11, Section 16/11
Jalan Damansara
46350 Petaling Jaya
Selangor Darul Ehsan
Tel : 03 7651 1600
(corporate office)
: 03 7660 4741
(registered office)
Fax : 03 7660 4646
Website : www.bernas.com.my

Share Registrar

Pendaftar Saham

Shareworks Sdn Bhd (229948-U)
No. 10-1, Jalan Sri Hartamas 8
Sri Hartamas
50480 Kuala Lumpur
Tel : 03 6201 1120
Fax : 03 6201 3121

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

Company Secretary

Setiausaha Syarikat

Nasliza binti Mohd Nasir (LS0008653)

Auditor

Juruaudit

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

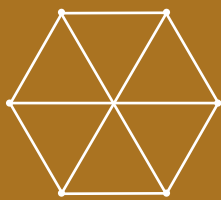
Stock Exchange Listing

Penyenaraian di Bursa Saham

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

Reaping the rewards of a well-conceived master plan

Menerima ganjaran
daripada pelan tindakan
yang terancang



mapping
peta minda



strategise
merancang
strategi



execute
melaksanakan

Bagi pihak Lembaga Pengarah, dengan sukacitanya kami bentangkan Laporan Tahunan dan Penyata Kewangan Kumpulan yang telah diaudit bagi tahun kewangan berakhir 31 Disember 2007.

Chairman's Letter to

Shareholders

Perutusan Pengerusi kepada Pemegang Saham



On behalf of the Board of Directors, we are pleased to present the Annual Report and Audited Financial Statements of the Group for the financial year ended 31 December 2007.



Dear Shareholders,

2007 has been a challenging year for BERNAS. The scenario of the local rice industry has drastically changed. Throughout the whole of last year, BERNAS continued to operate in adverse market conditions of rising world rice prices and continued price upsurge in world crude oil resulting in erosion of profit margins.

In spite of this, we managed to make a respectable net Profit After Tax of RM107.3 million through improvements in operational efficiencies and productivity and maintenance of a sufficient level of stockpile for the country well and above the Government's required level of 92,000 MT.

While the year 2007 has been challenging but manageable, the current year 2008, however, is going to be critical as the whole landscape of Malaysia's domestic rice industry has been drastically changed, which requires Government's intervention. This turn of event is not unlike what happened in 1973-1974, when the Government had to intervene to stabilise the chaotic situation prevailing in the rice market.



Profit After Tax
RM107.3
million

Pemegang Saham yang Dihormati,

2007 merupakan tahun yang amat mencabar bagi BERNAS. Senario industri padiberas tempatan telah berubah secara mendadak. Sepanjang tahun yang ditinjau, BERNAS terus beroperasi dalam keadaan pasaran yang melampau dengan kenaikan harga beras dunia dan peningkatan harga minyak mentah yang mengakibatkan terhakisnya margin keuntungan.

Namun demikian, BERNAS masih mampu meraih keuntungan bersih berjumlah RM107.3 juta melalui peningkatan daya efisien operasi dan produktiviti. BERNAS turut berjaya mengekalkan tahap stokpail yang mencukupi, melebihi 92,000 tan metrik yang dimandatkan oleh Kerajaan.

Walaupun tahun 2007 penuh dengan cabaran namun masih terkawal, tahun semasa 2008 pula dijangka kritikal kerana keseluruhan lanskap industri padiberas Malaysia telah berubah secara drastik, yang memerlukan campurtangan Kerajaan. Senario ini seakan-akan sama seperti yang telah berlaku pada tahun 1973-1974 di mana Kerajaan terpaksa campurtangan untuk menstabilkan kemelut pasaran beras yang tersebar luas.

Chairman's Letter to Shareholders

Perutusan Pengerusi kepada Pemegang Saham



MARKET
Watch ↑
Increased national rice stockpile
552,000 MT

This time around it is compounded by the escalating crude oil prices, the switching of arable land for the production of bio fuel crop especially in the developed nations such as USA, and the decision by some exporting countries such as India and Vietnam to ban the exportation of their rice. The benchmark price of white rice sky-rocketed, for instance, Thai White Rice (TWR) has increased by 175% while Vietnam White Rice has increased by more than 200% within the last few months.

Against this backdrop, the Government together with BERNAS had come out with several measures to contain this situation. With regards to the local rice, we are requested by the Government to produce 100% of our paddy to the controlled grade of Super Tempatan 15% (ST15%). The Government has also directed local rice millers to produce at least 10% of their rice in the ST15% grade. The recent increase in the price of paddy, currently hovering in the region of RM1,000 per metric tonne as opposed to about RM750 late last year, will have an impact to our local rice profitability.



BERNAS to
produce more
ST15%

Kali ini keadaan diburukkan lagi oleh peningkatan harga minyak mentah, penggunaan tanah suai tani untuk pengeluaran tanaman 'bio fuel' terutamanya di negara-negara maju seperti Amerika Syarikat, serta tindakan negara-negara pengeluar seperti India dan Vietnam menghadkan eksport beras mereka. Harga perbandingan beras putih, contohnya Beras Putih Thai (TWR), melambung naik sebanyak 175% manakala harga Beras Putih Vietnam melonjak lebih 200% dalam masa beberapa bulan yang lalu.

Dalam keadaan ini, Kerajaan bersama-sama dengan BERNAS telah mengambil langkah-langkah perlu untuk mengawal keadaan. Untuk beras tempatan, BERNAS telah diarahkan oleh Kerajaan untuk mengeluarkan 100% padi yang diperolehinya untuk pengeluaran beras gred kawalan Super Tempatan 15% (ST15%). Kerajaan juga turut mengarahkan pengilang-pengilang beras tempatan lain untuk mengeluarkan 10% daripada bahagian padi mereka bagi tujuan yang sama. Kenaikan harga padi tempatan baru-baru ini, yang mencecah sekitar RM1,000 setiap tan metrik berbanding RM750 pada penghujung tahun lepas, akan mempunyai impak ke atas keuntungan yang diperolehi dari beras tempatan.

At the same time, the Government has decided to increase the national stockpile from 92,000 MT to 552,000 MT or equivalent to 3 months' supply of rice. The cost of storing, conserving, managing and maintaining the additional stockpile and any incidental cost, however, would be borne by the Government whilst BERNAS would continue to bear the cost of the current stockpile.

In addition to the above, the Government has imposed ceiling prices on higher consumer grades of local rice which were previously floated namely Super Special Tempatan 5% and 10% (SST5% and SST10%), at RM2.80/kg and RM2.70/kg, respectively.

With all these measures in place, the rice prices in the domestic market have been stabilised. While there have been some increases in the overall prices of rice, except for the controlled grade of ST15%, the quantum of this increase is minimal, only around 20% to 30% domestically, as opposed to an increase of more than 150% of international prices of rice. While public perception may vary, this goes to show that BERNAS, in concert with the Government, has been able to keep the situation under control.

Needless to say, as custodian of the domestic paddy and rice industry, those measures taken would to some extent affect BERNAS's bottom line for the year 2008. However, BERNAS would strive to mitigate the impact of rising prices to our bottom line this

year in order to fulfill BERNAS's obligations to its shareholders. But, we fervently ask our shareholders to bear with us that under this abnormal market condition, some sacrifices have to be made.

For the financial year under review, BERNAS Group achieved a consolidated revenue of RM2.24 billion, a growth of 5.15% over the previous year's amount of RM2.13 billion. Gross profits were reduced by 4.2% over the same period, while Profit Before Taxation (PBT) was lower by 18.5% from RM178.2 million achieved in the previous year to RM145.1 million in the current financial year. Profit After Taxation attributable to equity holders was lower by 20.8% to RM103.6 million when compared to the amount of RM130.0 million achieved during the previous financial year.

Pada masa yang sama, Kerajaan turut memutuskan untuk meningkatkan tahap stokpail beras negara daripada 92,000 tan metrik kepada 552,000 tan metrik bersamaan bekalan beras selama tiga bulan. Kos penyimpanan, mencegah kerosakan, penyelenggaraan dan pengekalan stokpail tambahan ini serta kos perbelanjaan sampingan yang lainnya akan ditanggung oleh Kerajaan, manakala BERNAS akan terus menanggung kos penyelenggaraan stokpail sedia ada.

Di samping itu, Kerajaan turut menetapkan harga siling ke atas gred-gred beras tempatan bermutu tinggi yang sebelum ini diapungkan, iaitu Super Spesial Tempatan 5% dan 10% (SST5% dan SST10%), masing-masing pada harga RM2.80/kg dan RM2.70/kg.

Melalui langkah-langkah yang diambil, harga-harga beras di pasaran tempatan telah berjaya distabilkan. Sungguhpun berlaku kenaikan harga-harga beras secara keseluruhan, kecuali harga gred kawalan ST15%, kuantum kenaikan harga di negara ini adalah minimal, iaitu sekitar 20% hingga 30%, berbanding kenaikan harga-harga beras antarabangsa yang melebihi 150%. Persepsi orang ramai mungkin berbeza-beza, namun ini jelas menunjukkan bahawa BERNAS, dengan kerjasama Kerajaan Malaysia, telah berjaya mengawal keadaan.

Tanpa huraian, sebagai kustodian industri padiberas negara, langkah-langkah yang telah diambil ini akan menjejaskan keuntungan Syarikat pada tahun 2008. Namun BERNAS akan berusaha untuk mengurangkan kesan impak kenaikan harga ke atas keuntungan pada tahun ini demi memenuhi tanggungjawabnya kepada para pemegang saham. Budi bicara para pemegang saham kami pohon, untuk bersabar bersama kami dalam mengharungi keadaan pasaran luarbiasa ini yang sedikit sebanyak memerlukan pengorbanan.

Untuk tahun kewangan semasa, Kumpulan BERNAS mencatat perolehan yang disatukan sebanyak RM2.24 bilion, iaitu peningkatan 5.15% berbanding RM2.13 bilion yang dicatatkan pada tahun lalu. Dalam tempoh yang sama, keuntungan kasar berkurangan sebanyak 4.2%, manakala keuntungan sebelum cukai adalah 18.5% lebih rendah, iaitu daripada RM178.2 juta yang dicatatkan pada tahun lalu, kepada RM145.1 juta pada tahun semasa. Keuntungan selepas cukai adalah 20.8% lebih rendah, iaitu RM103.6 juta berbanding RM130 juta yang dicatatkan pada tahun sebelumnya.

Chairman's Letter to Shareholders

Perutusan Pengerusi kepada Pemegang Saham

During the financial year under review, an interim dividend of 4.4 sen per share tax exempt and 0.8 sen per share taxable dividend less tax amounting to RM23.52 million was paid on 26 December 2007, and the Board further recommends a final taxable dividend of 6.8 sen per share less tax amounting to RM23.52 million for the financial year ended 31 December 2007 for approval by the shareholders at the forthcoming Annual General Meeting making it a total of 12 sen per share representing 4.4 sen per share tax exempt and 7.6 sen per share taxable dividend less tax amounting to RM47.04 million for the financial year ended 31 December 2007 compared with 10 sen per share tax exempt in the previous financial year.

Our Board believes that in order to deliver values to our shareholders, we must continue to invest in growing and expanding our core business and to focus on quality and stable earnings.

Dalam tahun kewangan 2007, dividen interim pada 4.4 sen sesaham dikecualikan cukai bersama dengan dividen bercukai 0.8 sen sesaham berjumlah RM23.52 juta setelah ditolak cukai telah dibayar pada 26 Disember 2007. Pihak Lembaga Pengarah seterusnya mencadangkan 6.8 sen sesaham dividen akhir bercukai berjumlah RM23.52 juta setelah ditolak cukai bagi tahun berakhir 31 Disember 2007 untuk diluluskan oleh pemegang saham dalam Mesyuarat Tahunan akan datang dan ia menjadikan jumlah dividen bagi tahun berakhir 31 Disember 2007 adalah 12 sen sesaham yang terdiri dari 4.4 sen sesaham dividen dikecualikan cukai dan 7.6 sen sesaham dividen bercukai dibandingkan dengan 10 sen sesaham dividen dikecualikan cukai tahun lepas.



MARKET Watch

BERNAS to assist the Government in achieving the Self Sufficiency Level of

90%

We shall continue pursuing a strategy of achieving sustainable growth over the long term period. This strategy has served us well in the past, and going forward, the Group will continue to pursue business expansion in a balanced manner. We will carefully consider all risks and opportunities as we continue to invest in generating revenue, be it upstream or downstream.

Lembaga Pengarah percaya bahawa untuk menghasilkan nilai kepada para pemegang saham, pelaburan untuk pertumbuhan dan perkembangan perniagaan teras serta fokus terhadap kualiti dan kestabilan pendapatan harus diteruskan. Kami akan terus mengatur strategi bagi mencapai pertumbuhan yang berterusan untuk jangkamasa panjang. Di masa yang lalu, strategi yang diatur telah banyak membantu, dan dalam menuju ke hadapan Kumpulan akan terus memperluaskan perniagaan dengan cara yang seimbang. Kami akan mempertimbangkan segala risiko dan peluang dengan berhati-hati dalam kami meneruskan usaha menghasilkan perolehan, melalui aktiviti huluan mahupun hiliran.



We remain committed to upholding the highest standards of corporate governance through integrity, transparency and accountability. Strong internal controls are in place to ensure the Board and its various committees oversee BERNAS's operations in a manner that upholds the Group's long term viability and ensure shareholder value is protected.

We recognise that we have a responsibility to our employees, our business partners, our stakeholders and the communities in which we do business as well as to the environment we operate in. As such, various initiatives to ensure responsible practices are carried out in all areas of BERNAS's businesses. Our Corporate Social Responsibility (CSR) initiatives involving health, safety activities and educational programmes to sports sponsorship and environmental preservation programmes are highlighted in our CSR report found further in this annual report.



Kami kekal komited dalam mempertahankan standard tadbir urus korporat yang tinggi melalui integriti, ketelusan dan tanggungjawab. Kawalan dalaman yang kukuh memastikan Lembaga Pengarah dan pelbagai jawatankuasanya memantau operasi BERNAS supaya sentiasa berada dalam keadaan yang berdaya maju dengan nilai pegangan saham sentiasa dipertahankan.

Kami mempunyai tanggungjawab ke atas kakitangan, rakan niaga, pemegang saham, masyarakat dan alam sekitar di mana kami beroperasi. Oleh itu, pelbagai inisiatif diwujudkan untuk memastikan amalan-amalan yang bertanggungjawab dilaksanakan dalam semua aspek perniagaan BERNAS. Inisiatif Tanggungjawab Sosial Korporat kami merangkumi kesihatan, aktiviti keselamatan, program-program pendidikan, penajaan sukan serta program penjagaan alam sekitar yang dapat dibaca dalam laporan tahunan ini.

Chairman's Letter to Shareholders

Perutusan Pengerusi kepada Pemegang Saham

Looking ahead, the Group will continue to expand on its core business of paddy procurement and the production of local rice as well as import of rice. This will be accomplished by delivering higher value proposition through products quality, operational efficiencies and sustained R&D efforts. We intend to increase our market share by working more closely with our joint venture partners and associated millers and boost our market presence with a more robust branding approach.

We would also position ourselves to move towards higher level of integration rather than just providing rice, and we anticipate our future to be more diversified especially in the food industry. In addition, we also see great potential in our ability to react quickly to market changes and customers' expectations. With carefully laid out strategies and expansion plans in place, BERNAS is well-positioned to reap the benefits from these efforts and we look forward to charting new level of achievements in the coming years.

On behalf of the Board, I would like to extend our appreciation to the Government and the Prime Minister of Malaysia for entrusting us again to continue our role in the rice industry. To the Minister of Agriculture and Agro-based Industry and all agencies under the Ministry, we are thankful for your support and understanding in our effort to foster the growth of the rice industry and to stabilise the rice market during these trying times.

I would also like to convey my sincere appreciation to the directors, management and employees of the Group, our subsidiaries and associated companies for their commitment to our vision and mission and implementing strategic business decisions that will create values for our stakeholders. I also wish to express my gratitude to our valued customers, suppliers and business associates for their support and confidence in us. To our shareholders, I wish to express my heartfelt appreciation for placing your confidence in the future of the Group in spite of the challenges and adversities faced.

Menuju ke hadapan, Kumpulan BERNAS akan terus memperluaskan perniagaan terasnya dalam pemerolehan padi dan pengeluaran beras tempatan serta pengimportan. Ini akan dapat dicapai melalui penghasilan nilai yang lebih tinggi dengan produk-produk yang berkualiti, kecekapan operasi dan usaha-usaha R&D. Kami berhasrat untuk meningkatkan syer pasaran melalui kerjasama yang lebih erat dengan rakan-rakan niaga dan para pengilang, serta meningkatkan lagi kewujudan pasaran melalui pendekatan jenama yang lebih dinamik.

Kami juga akan melibatkan diri di kedudukan yang lebih berintegrasi, bukan semata-mata dalam membekalkan beras malah dalam mempelbagaikan hasil terutama dalam industri pemakanan. Kami juga melihat keupayaan kami bertindak pantas terhadap perubahan dan jangkakan pengguna, sebagai satu potensi yang besar. Dengan strategi dan pelan perkembangan yang teratur, BERNAS berada di kedudukan yang baik untuk menerima ganjaran sewajarnya, dan menaruh harapan dapat mencatatkan pencapaian baru di masa hadapan.

Bagi pihak Lembaga Pengarah, saya ingin merakamkan penghargaan kepada YAB Perdana Menteri dan Kerajaan Malaysia, yang sekali lagi telah memberikan kepercayaan kepada kami untuk meneruskan peranan dalam industri padi dan beras. Kepada YB Menteri Pertanian dan Industri Asas Tani serta agensi-agensinya di bawah Kementerianannya, kami mengucapkan setinggi-tinggi terima kasih di atas segala sokongan dan persefahaman dalam usaha kami memupuk pertumbuhan industri padi dan beras serta menstabilkan pasaran di sepanjang waktu yang amat mencabar ini.

The unyielding support from our various stakeholder groups including shareholders, customers, business associates and especially Government authorities has given us the motivation and strength to continue with our planned growth and expansion.



My gratitude

is also extended to my fellow members of the Board for their continued support, understanding and wisdom in our deliberation for the overall benefit of the Group and industry throughout the year. I am personally committed to seeing the growth of BERNAS and we need to remember that we have financial, moral and social obligations to shareholders and our employees to see that BERNAS continues to deliver the best for the industry and to the nation as a whole.

Sincerely,

Dato' Wira Syed Abdul Jabbar
bin Syed Hassan
Chairman

Saya juga ingin merakamkan penghargaan ikhlas kepada para pengarah, pengurusan dan kakitangan Kumpulan serta syarikat-syarikat subsidiari dan bersekutu kami, di atas komitmen mereka dalam merealisasikan visi dan misi serta melaksanakan keputusan perniagaan yang strategik untuk menghasilkan nilai kepada pemegang saham. Saya juga ingin merakamkan penghargaan kepada para pelanggan, pembekal dan rakan-rakan perniagaan kerana sokongan dan kepercayaan mereka terhadap kami. Akhir sekali, kepada para pemegang saham, seikhlas penghargaan saya ucapkan kerana menaruh kepercayaan kepada kami untuk menempa masa depan meskipun dihadapi oleh cabaran dan pelbagai kesukaran.

Sokongan yang tidak berbelah bahagi daripada semua pihak yang berkepentingan termasuk pemegang saham, pelanggan, rakan niaga dan pihak berkuasa Kerajaan, telah memberikan keyakinan dan kekuatan kepada kami untuk meneruskan usaha dan agenda yang terancang.

Penghargaan turut saya tujukan kepada ahli-ahli Lembaga Pengarah di atas sokongan, persefahaman dan kebijaksanaan mereka dalam menentukan keuntungan syarikat dan industri di sepanjang tahun yang ditinjau. Saya secara peribadi amat komited untuk melihat perkembangan selanjutnya, dan kita perlu ingat bahawa kita semua mempunyai tanggungjawab kewangan, moral dan sosial terhadap para pemegang saham dan kakitangan dalam memastikan BERNAS terus menghasilkan hanya yang terbaik kepada industri dan negara secara keseluruhannya.

Dengan Ikhlas,

Dato' Wira Syed Abdul Jabbar
bin Syed Hassan
Pengerusi

Assalamualaikum & salam
sejahtera kepada para
pemegang saham dan
kakitangan

Managing
Director's

Review of Operations

- Tinjauan Operasi Pengarah Urusan

o20



Assalamualaikum &
Greetings to all of our
stakeholders & employees



Overview

The Company faced a challenging year in 2007 and operated in a tough business environment with the increasing prices of world commodities in general and the escalating fuel costs that brought about higher production cost.

Nevertheless during the current financial year, BERNAS successfully implemented the on-going Group's operational rationalisation and cost reduction initiatives, which resulted in the Group's encouraging performance despite being faced with the situation of high international rice prices.

BERNAS's profitability is indeed determined by our responsibilities, as stipulated in the Privatisation Agreement with the Government. In assuring the stability of the industry, especially the business chain from farmers to consumers, BERNAS confronted the intricate issue of balancing the needs of these stakeholders whose demands are completely divergent. In view of this, BERNAS's success lies in its understanding these demands and its ability to provide an effective balance between the stakeholders.

Imbasan

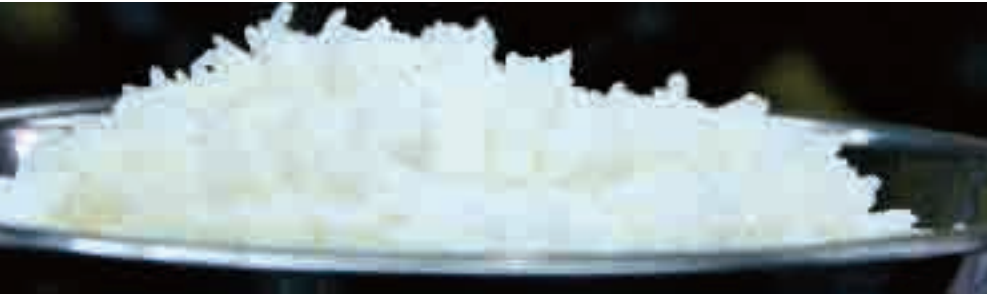
Syarikat menghadapi cabaran getir pada tahun 2007 dan beroperasi dalam suasana perniagaan yang sukar dengan kenaikan harga-harga komoditi dunia secara umumnya dan kenaikan kos bahan api yang mengakibatkan meningkatnya kos pengeluaran secara keseluruhan.


Walaupun demikian, BERNAS berjaya menyusun semula operasi Kumpulan dan melaksanakan inisiatif pengurangan kos secara berterusan, dan hasilnya Kumpulan berjaya mencatat pencapaian yang menggalakkan walaupun dihadapi oleh masalah kenaikan harga beras dunia.

Keuntungan BERNAS sememangnya ditentukan oleh tanggungjawab kami, seperti yang termaktub dalam Perjanjian Penswastan dengan Kerajaan. Dalam memastikan kestabilan industri, terutamanya dalam rantaian perniagaan di antara petani dan pengguna, BERNAS menghadapi isu yang sangat rumit untuk mengimbangi keperluan di antara keduanya. Kejayaan BERNAS banyak bergantung kepada kemampuannya untuk memahami keperluan mereka dan keupayaan untuk mewujudkan keseimbangan dengan berkesan.

Managing Director's Review of Operations

Tinjauan Operasi Pengarah Urusan



MARKET
Watch 
The Group registered
RM2.24 bil
in revenue for the FY 2007

Financial Performance

For the financial year 2007, the Group registered RM2.24 billion in revenue, compared to RM2.13 billion in 2006. The year 2007 was characterised by high international rice and paddy prices and increased fuel costs. Resulting from these adversities, the Group's Gross Profit dropped to RM355.38 million in 2007 compared to RM370.90 million in 2006.

Profit making operations and sound credit management ensured a steady inflow of operating cash for BERNAS. Net finance cost at Group level for 2007 increased by RM1.4 million to RM14.8 million compared to RM13.3 mil in 2006.

Prestasi Kewangan

Untuk tahun kewangan 2007, Kumpulan mencatatkan perolehan berjumlah RM2.24 bilion, berbanding RM2.13 bilion pada tahun 2006. Harga padi dan beras dunia yang tinggi dan kenaikan kos bahan api telah membentuk gambaran keseluruhan tahun 2007. Hasil dari keadaan ini, Keuntungan Kasar Kumpulan menurun kepada RM355.38 juta pada tahun 2007 berbanding RM370.90 juta pada tahun 2006.

Operasi yang berkeuntungan dan pengurusan kredit yang berkesan telah memastikan aliran tunai yang berterusan untuk BERNAS. Kos kewangan bersih di peringkat Kumpulan telah bertambah sebanyak RM1.4 juta kepada RM14.8 juta berbanding RM13.3 juta pada tahun 2006.

Rice Operation

The Government's socio-economic agenda in enhancing the performance of agriculture industry namely with the establishment of Northern Corridor Region in 2007, had become a milestone for the paddy and rice industry to significantly increase the country's rice Self Sufficiency Level (SSL) from 70% presently to 90% by the year 2010 as per the 9th Malaysia Plan (9MP) tabled by the Prime Minister in 2006.

The introduction of additional incentives by the Government in March 2007 for more than 1% increase in actual yield production per hectare, yields of 10 metric tonnes or more per hectare bonus incentives, and input subsidies would eventually assist farmers in producing quality paddy at larger scales by not only utilising certified seeds but also ensuring that Good Agriculture Practices (GAP) are implemented and put in place. Unlike the paddy price subsidy scheme, these incentives are not only restricted to individual registered farmers but also seconded to registered organisations, which embarked on a large scale farming projects.

Despite the strong financial support, the production of paddy in the country had remained relatively low at 1.725 million metric tonnes in 2007 against 1.743 million metric tonnes in 2006. The reduction of 1% had mainly been attributed to rainy weather conditions in the northern region and Rompin during the paddy planting period, which affected the paddy cultivating process and encouraged the spreading of diseases such as tungro, blast, neck rot, brown spot and pest animals like golden snails and rats.

On the international landscape, the price of rice continued to increase at an alarming rate, which naturally discouraged rice smuggling, except for traditional border trades in the neighbouring states, especially in Kelantan. There were signs of rice price volatility in the global market when Vietnam and India, the world's second and third largest rice exporters, were facing unfavourable crop supply and restricted their rice exports, causing a hike in rice export price in the global commodity market. In addition, the escalating price of crude oil to USD100 per barrel in December 2007 had been a dominant factor in the increase of operating costs involving transport, fertilisers and insecticides.

Operasi Beras

Agenda sosio ekonomi Kerajaan dalam meningkatkan pencapaian industri pertanian dengan pelancaran Koridor Wilayah Utara pada tahun 2007, adalah petunjuk yang sangat penting bagi industri padi dan beras untuk meningkatkan Tahap Sara Diri beras tempatan daripada 70% kepada 90% menjelang tahun 2010 seperti yang terkandung dalam Rancangan Malaysia Kesembilan (RMK9).

Insentif tambahan yang diperkenalkan oleh Kerajaan pada Mac 2007 iaitu untuk peningkatan 1% pengeluaran hasil sebenar setiap hektar, bonus insentif untuk penghasilan 10 tan metrik setiap hektar, dan input subsidi akan membantu para petani menghasilkan padi berkualiti pada skala yang lebih besar, melalui penggunaan biji benih padi sah yang diiktiraf dan memastikan Amalan Pertanian Baik (GAP) dilaksanakan. Berbeza dengan skim subsidi harga padi, pemberian insentif ini tidak terhad kepada petani individu yang berdaftar sahaja. Ianya turut diberikan kepada pertubuhan berdaftar yang menceburi projek perladangan berskala besar.

Walaupun dengan sokongan kewangan yang kukuh, pengeluaran padi di negara ini masih agak rendah, iaitu sebanyak 1.725 juta tan metrik pada tahun 2007 berbanding 1.743 juta tan metrik pada tahun 2006. Pengurangan 1% sebahagian besarnya berpunca daripada cuaca lembab di wilayah utara dan Rompin sewaktu musim penanaman yang menjejaskan proses pertanian di samping menggalakkan merebaknya penyakit tanaman serta gangguan haiwan perosak seperti siput gondang dan tikus.

Meninjau lanskap antarabangsa, harga-harga beras terus meningkat pada kadar yang membimbangkan. Ini secara langsung telah mengurangkan aktiviti penyeludupan beras ke dalam negara, melainkan di sempadan negeri Kelantan. Pasaran global telah menunjukkan tanda-tanda ketidakstabilan harga apabila negara-negara pengeksport kedua dan ketiga terbesar dunia iaitu Vietnam dan India menghadapi masalah bekalan beras dan menghadkan eksport mereka, mengakibatkan kenaikan harga beras eksport di pasaran global. Faktor kenaikan harga minyak mentah sehingga USD100 setiap tong dalam bulan Disember 2007 turut mempengaruhi kos operasi yang merangkumi kos pengangkutan, baja dan racun serangga untuk terus meningkat.

Dijangkakan sekiranya harga-harga beras dunia kekal tinggi, para pemain industri beras tempatan akan menekan Kerajaan supaya menaikkan harga padi tempatan. Para pengilang beras swasta akan bersaing hebat untuk mendapatkan bekalan padi yang terhad dan ini akan mengakibatkan kenaikan harga padi tempatan. Sewaktu penyata ini ditulis, harga padi tempatan ialah di sekitar RM650 hingga RM780 setiap tan metrik.

Managing Director's Review of Operations

Tinjauan Operasi Pengarah Urusan



MARKET Watch

Currently, paddy price ranges from

RM650-RM780

per metric tonne

It is expected that in the event that international rice prices continue to remain high, there will be intense pressure for the local rice players, i.e. licensed brokers and rice millers, in insisting that the Government increases the price of local price. The local millers will aggressively compete for the limited paddy supply and this will result in higher paddy prices. At present, paddy price ranges from RM650 to RM780 per metric tonne.

For the farmers and eventually the consumers, different responses are expected. Farmers would wish for additional subsidies or incentives on input items such as fertilisers and pesticides to minimize their paddy planting cost. On the contrary, consumers would not want to be burdened with absorbing the rice price increase at the other end of the supply chain. This complex situation had rendered the Government to explore new paddy plantation areas in East Malaysia so as to reduce our dependence on imported rice in the medium term.



BERNAS's paddy market share increased to

24%

BERNAS's paddy market share increased from 23% to 24% in 2007. This was achieved due to an extensive drive towards operational efficiency embarked since early 2006. These measures include the installation of cyclonic husk furnace at 27 integrated

Petani dan pengguna dijangka akan memberikan reaksi yang berbeza. Petani dijangka akan mengharapkan subsidi tambahan dan insentif ke atas input seperti baja dan racun serangga untuk mengurangkan kos penanaman padi mereka. Di penghujung rantaian bekalan yang bertentangan, pengguna tidak mungkin mahu dibebankan dengan kenaikan harga beras. Situasi yang kompleks ini telah menggerakkan pihak Kerajaan untuk meneroka kawasan-kawasan tanaman padi yang baru di Sabah dan Sarawak supaya negara tidak terlalu bergantung kepada beras import di masa akan datang.

Syer pasaran padi BERNAS meningkat daripada 23% kepada 24% dalam tahun 2007. Pencapaian ini adalah hasil daripada langkah-langkah ke arah kecekapan yang diambil dan dilaksanakan semenjak awal tahun 2006. Ini termasuk pemasangan 'cyclonic husk furnace' di 27 kompleks BERNAS bagi menggantikan tenaga disel yang berkos tinggi, pemasangan 'single polisher' untuk meningkatkan kadar perolehan kepala beras serta peningkatan operasi pengilangan dan pengeringan secara berterusan melalui amalan pengilangan yang baik. Untuk mengukuhkan peranan BERNAS dalam industri dan menyokong objektif Kerajaan dalam mencapai tahap sara diri beras tempatan, kilang-kilang kami telah melalui proses pembaikan dan peningkatan daya mengering daripada 7,639 tan metrik sehari kepada 10,777 tan metrik sehari untuk memenuhi keperluan peningkatan pengeluaran di masa akan datang.

mills in replacement of escalating diesel cost, installation of single polishers to increase rice recovery rate and continuous improvement in the milling and drying operations with good milling practice. In order to strengthen the role of BERNAS in the industry and to support the Government's objective of achieving the self sufficiency level, the mills have and will continue to undergo major improvements to replace old machineries and upgrade the drying capacity from the existing 7,639 metric tonnes per day to 10,777 metric tonnes per day in order to fulfill the operational requirement of an expected increase in production rate.

As the dominant player, BERNAS has also ventured into dedicated and contract farming activities with individuals and Government Agencies in securing additional guaranteed supply of paddy for BERNAS mills. These projects were realised under close supervision of BERNAS personnel with assistance provided in terms of input advances during the planting and harvesting period and usage of certified seeds. These programmes reflected part of BERNAS's overall planning in support of the Government's 90% SSL move as per the 9MP.

In meeting the SSL's expectation, the Government is encouraging the use of certified seeds for higher yield production at an incentive rate of RM500 per metric tonne of certified seeds produced. This move is expected to be made mandatory to all paddy farmers by 2009 in order for them to be eligible and be entitled for the paddy price subsidy scheme.

The present industry requirement of seed for paddy planting activities is at 74,000 metric tonnes annually and

BERNAS has been appointed as one of the four main certified seed producers, with BERNAS having a production quota of 25,000 metric tonnes in 2008 which will be increased to 30,500 metric tonnes by 2010. In fulfilling the quota, BERNAS, apart from developing its own capability has identified three major private seed producers in co-producing the required amount.

Sebagai pemain utama industri, BERNAS turut melibatkan diri dalam aktiviti perladangan kontrak bersama individu dan agensi-agensi Kerajaan untuk memperolehi bekalan tambahan yang terjamin bagi kilang-kilang BERNAS. Projek ini direalisasikan di bawah penyeliaan kakitangan BERNAS dengan bantuan yang diberikan dalam bentuk pendahuluan input pada musim penanaman dan penuaian serta penggunaan biji benih padi yang diiktiraf sah. Program seperti ini menggambarkan sebahagian daripada rancangan BERNAS untuk menyokong agenda Kerajaan dalam RMK9.

Dalam memenuhi jangkaan tahap sara diri beras tempatan, Kerajaan menggalakkan penggunaan biji benih padi sah untuk memastikan pengeluaran hasil yang lebih tinggi dengan memberikan insentif pada kadar RM500 setiap tan metrik biji benih padi sah yang dikeluarkan. Langkah ini akan dijadikan mandatori kepada semua petani menjelang 2009 bagi melayakkan mereka mendapatkan skim subsidi harga padi.

Keperluan industri untuk biji benih padi sah buat masa ini ialah sebanyak 74,000 tan metrik setahun. BERNAS telah dilantik sebagai salah satu daripada empat pengeluar utama biji benih padi sah dengan kuota pengeluarannya sebanyak 25,000 tan metrik bagi tahun 2008 yang dijangka akan meningkat kepada 30,500 tan metrik menjelang 2010. Untuk memenuhi kuota ini, BERNAS telah mengenalpasti tiga pengeluar biji benih padi swasta untuk mengeluarkan jumlah yang diperlukan secara bersama.

Dalam memenuhi tanggungjawab sosialnya, BERNAS telah mengambil langkah-langkah perlu untuk memastikan Harga Minima Terjamin (GMP) RM650 setiap tan metrik padi dipatuhi dan memastikan kapasiti mengering yang terdapat di kilang-kilang BERNAS sentiasa mencukupi untuk memproses lebihan padi yang dibeli pada bila-bila masa. Sebagai Pembeli Terakhir Padi, langkah untuk meningkatkan kapasiti pengeringan padi di kilang-kilang BERNAS akan membolehkan BERNAS memproses jumlah minimum 500,000 tan metrik setahun menjelang 2010. Dalam menguruskan Skim Pengilang Bumiputera, BERNAS sentiasa meninjau semula keberkesanan program-program Bumiputeranya supaya tidak terhad kepada pemberian bantuan kewangan semata-mata malah merangkumi proses transformasi pengilang-pengilang beras bumiputera untuk lebih berdaya saing dan mempunyai wawasan serta perspektif yang tersendiri.

Pengurusan BERNAS yakin bahawa ia berada di landasan yang betul untuk menjadi pemain industri padiberas tempatan yang lebih efisien. Di samping mengatur langkah-langkah perlu, keupayaan BERNAS menangani perubahan pasaran antarabangsa serta sokongan daripada Kerajaan adalah amat perlu dalam menentukan pencapaian yang efisien serta kestabilan bekalan dan harga dalam industri padi dan beras negara.

Jualan Dan Pengedaran

Jumlah jualan semasa BERNAS menunjukkan pengurangan 7% berbanding tahun 2006 iaitu daripada 1,042,000 tan metrik kepada 967,000 tan metrik. Walau bagaimanapun, beras tempatan telah mencatatkan peningkatan jualan sebanyak 10% daripada 205,000 tan metrik pada tahun 2006 kepada 226,000 tan metrik pada tahun 2007. Untuk jualan beras import, BERNAS mencatatkan penurunan sebanyak 11% daripada 837,000 tan metrik pada tahun 2006 kepada 741,000 tan metrik pada tahun 2007.

Managing Director's Review of Operations

Tinjauan Operasi Pengarah Urusan



MARKET Watch

BERNAS will process a minimum of

500,000

metric tonnes annually by 2010

In meeting its social obligation, BERNAS had taken adequate measures to ensure that the paddy Guaranteed Minimum Price (GMP) of RM650 per metric tonnes is enforced and sufficient drying capacity is available in-house to process excess paddy purchase at all times. As the Buyer of Last Resort, the present move to increase the mills drying capacity would eventually enable BERNAS to process a minimum of 500,000 metric tonnes annually by 2010. In managing the Bumiputra Millers, BERNAS is continuously reviewing the effectiveness of the Bumiputra Programmes, not only confined to assistance but also to transform them into competitive rice millers with greater vision and perspective.

The management is confident that BERNAS is well on its way to become a more dominant and efficient player in the domestic paddy and rice industry. In addition to adequate measures which BERNAS has put in place, our

ability to cope with changes in the international market, coupled with the support from the Government, will continue to remain fundamental in ensuring efficient performance, supply and price stability of the domestic paddy and rice industry.

Sales and Distribution

BERNAS's total rice sales showed a 7% decline compared to 2006 from 1,042,000 to 967,000 metric tonnes. Nevertheless, the sales of local rice have shown improvement by an increase of 10% to 226,000 in 2007 from 205,000 metric tonnes in 2006. In terms of imported rice, BERNAS registered a decline in sales by approximately 11% from 837,000 metric tonnes in 2006 to 741,000 metric tonnes in 2007.

Engineering & Facility

In 2007, BERNAS successfully constructed two new warehouses in Bukit Raya, Kedah and Kolombong, Sabah. These two warehouses, with a total investment of RM15 million, will be able to store a combined total of approximately 45,000 metric tonnes of rice. With the new addition of these warehouses, BERNAS is expecting an increase in our rice storage capacity.

Kejuruteraan Dan Fasiliti

Dalam tahun 2007, BERNAS telah mendirikan dua buah gudang baru di Bukit Raya, Kedah dan Kolombong, Sabah. Kedua-dua buah gudang tersebut, dengan jumlah perbelanjaan pembinaan sebanyak RM15 juta, mempunyai kemampuan untuk menyimpan kira-kira 45,000 tan metrik beras. Penambahan ini dijangka dapat meningkatkan kapasiti penyimpanan BERNAS secara keseluruhan.

Penyelidikan Dan Pembangunan

Seiring dengan hasrat Kerajaan agar syarikat-syarikat di Malaysia melabur dengan lebih giat dalam kegiatan penyelidikan dan pembangunan, BERNAS telah melanjutkan Memorandum Persefahaman yang telah ditandatangani dengan Universiti Putra Malaysia (UPM) untuk selama 10 tahun lagi bagi meneruskan usahasama strategik dalam aktiviti penyelidikan serta mempertingkatkan kapasiti dan keupayaan makmal UPM-BERNAS.

Peningkatan makmal ini merangkumi ruang serta peralatan tambahan bagi membolehkan BERNAS serta UPM melakukan penyelidikan analisa 'genotyping' (DNA), 'sensory' dan mikrobiologi, sebagai tambahan kepada analisa fizikal, kimia dan pemakanan yang dijalankan sekarang. Peningkatan keupayaan makmal ini dapat membantu BERNAS memenuhi permintaan pengguna yang semakin meningkat dan keperluan citarasa pengguna yang pelbagai.

Research and Development

In line with the Government's call for Malaysian companies to invest more in R&D, BERNAS extended the Memorandum of Understanding (MoU) signed with Universiti Putra Malaysia (UPM) for another 10 years to continue the strategic partnership to work on pure and applied research activities as well as expanding the capacities and capabilities of UPM-BERNAS laboratory.

The expansion of the laboratory consists of additional equipment and space to enable BERNAS-UPM to include research on the areas of genotyping (DNA), sensory and microbiology, in addition to the current physical and chemical analysis. The expansion will allow BERNAS to meet the consumers' growing demand and the different requirements of rice.

Human Resource

Staying true to its commitment to develop BERNAS's talent, the Group continued to focus on human resource development for effective career progression. Apart from functional competencies, leadership development programmes were rolled out to equip managers with relevant competencies to effectively perform within the network of working environment.

In accordance with the Group restructuring measures, Voluntary Separation Scheme (VSS) was implemented in April 2007. A total of 116 employees voluntarily joined the VSS exercise with total payout of RM14.2 million.

Acknowledgement

On behalf of the Management, I would like to take this opportunity to express our utmost gratitude to the Board of Directors for their guidance and wise counsel, all employees for their commitment and dedication, and all our valued shareholders, business partners, business associates, farmers, financiers, customers and consumers for their support and loyalty.

Last but not least, I would like to thank the Government of Malaysia and the various Government authorities and agencies for their continued support and trust they have placed in us. I am confident that together we will continue to successfully address the challenges that lie ahead.

Thank you.

Bakry bin Hamzah
Managing Director

Modal Insan

Dalam memenuhi komitmennya untuk memajukan modal insan, BERNAS terus fokus dalam pembangunan modal insan untuk tujuan perkembangan kerjaya yang efisien. Selain daripada fungsi kemahiran, program-program pembangunan kepimpinan diadakan untuk melengkapkan para pengurus dengan kemahiran yang bersesuaian sejajar dengan prestasi mereka.

Seiring dengan langkah penstrukturan semula Kumpulan, Skim Pemisahan Sukarela (VSS) telah dilaksanakan pada bulan April 2007. Seramai 116 orang kakitangan telah memilih untuk mengikuti skim tersebut secara sukarela yang melibatkan jumlah pembayaran keseluruhan sebanyak RM14.2 juta.

Penghargaan

Bagi pihak Pengurusan, saya ingin mengambil kesempatan ini untuk mengucapkan setinggi-tinggi terima kasih kepada semua ahli Lembaga Pengarah kerana bimbingan dan kepimpinan mereka; kepada semua kakitangan kerana komitmen dan dedikasi mereka; dan kepada para pemegang saham, rakan usahasama, rakan niaga, petani, pembiaya, pelanggan dan pengguna kerana kesetiaan dan sokongan yang mereka berikan.

Akhir kata, saya ingin merakamkan ucapan terima kasih kepada Kerajaan Malaysia dan pihak berkuasa serta agensi-agensi Kerajaan di atas sokongan dan kepercayaan terhadap BERNAS. Saya yakin, secara bersama, kita akan terus berjaya menghadapi segala cabaran yang akan datang.

Terima kasih.

Bakry bin Hamzah
Pengarah Urusan

Innovating change to tap into new, unlimited boundaries

Menempa pembaharuan
dalam menerokai
sempadan baru
tanpa batasan

Board of Directors

Lembaga Pengarah



**Dato' Wira Syed Abdul Jabbar
bin Syed Hassan**
Chairman **Pengerusi**



Encik Bakry bin Hamzah
Managing Director **Pengarah Urusan**

Dato' Wira Syed Abdul Jabbar bin Syed Hassan

Chairman **Pengerusi**

Aged 69, Dato' Wira Syed Abdul Jabbar bin Syed Hassan 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. He is also the Chairman of MMC Corporation Berhad, Tradewinds Plantation Berhad and MARDEC Berhad. He sits on the Board of Star Publications (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 Malaysian 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 five Board Meetings held during the financial year.

Encik Bakry bin Hamzah

Managing Director **Pengarah Urusan**

Aged 51, Encik Bakry bin Hamzah 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 and Tender Committees of the Board. A Malaysian citizen, Encik Bakry 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 in Bukhary Holdings Sdn Bhd and Assistant Director of Marketing in Lembaga Padi dan Beras Negara. Encik 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 convicted for offences within the past ten years other than traffic offences. He attended four out of five Board Meetings held during the financial year.

Berusia 69 tahun, Dato' Wira Syed Abdul Jabbar bin Syed Hassan dilantik sebagai Pengarah bebas, bukan eksekutif pada 10 Julai 2006. Beliau kemudiannya dilantik sebagai Pengerusi pada 17 Julai 2006. Dato' Wira Syed Abdul Jabbar turut mempengerusikan Jawatankuasa Eksekutif, Penamaan dan Imbuan Lembaga Pengarah. Dato' Wira Syed Abdul Jabbar juga adalah Pengerusi MMC Corporation Berhad, Tradewinds Plantation Berhad and MARDEC Berhad. Beliau turut menjadi ahli Lembaga Pengarah Star Publications (M) Berhad dan KAF Discounts Berhad. Beliau pernah memegang jawatan Ketua Pegawai Eksekutif di Kuala Lumpur Commodity Exchange pada tahun 1980 hingga 1996, Pengarah Eksekutif Malaysian 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 kelima-lima mesyuarat Lembaga Pengarah yang diadakan dalam tahun kewangan.

Berusia 51 tahun, Encik Bakry bin Hamzah mula berkhidmat sebagai Pengarah pada 14 September 2005. Beliau dilantik sebagai Pengarah Urusan dan Pengarah Eksekutif, tidak bebas pada 9 April 2007. Beliau juga ialah ahli Jawatankuasa Eksekutif dan ahli Jawatankuasa Tender Lembaga Pengarah Syarikat. Warganegara Malaysia, Encik 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. Encik Bakry bin Hamzah tidak mempunyai sebarang pegangan saham dalam BERNAS atau mana-mana syarikat subsidiarinya. 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 empat daripada lima mesyuarat Lembaga Pengarah yang diadakan dalam tahun kewangan.

Board of Directors

Lembaga Pengarah



Dato' Dr Zulkifli bin Idris

Encik Azman bin Umar



Dato' Dr Zulkifli bin Idris

Aged 56, Dato' Dr Zulkifli 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 citizen 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 Ph.D (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 all of the five Board Meetings held during the financial year.

Dato' Mohd Mokhtar bin Ismail

Alternate Director **Pengarah Gantian**

Aged 56, Dato' Mohd Mokhtar was appointed Alternate Director to Dato' Dr Zulkifli bin Idris on 11 October 2006. He is currently the Deputy Secretary General (Development) of the Ministry of Agriculture and Agro-based Industry. Dato' 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.

Encik Azman bin Umar

Aged 54, Encik Azman joined the Board on 20 June 2006 and is a non-independent, non-Executive Director of BERNAS. He is currently the Deputy Under Secretary (Social Sector), Investment, MKD and Privatisation Division, 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 government agencies such as Economic Planning Unit, Prime Minister's Department, Ministry of Plantation Industries and Commodities and Ministry of Agriculture and Agro-based Industry. Encik 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 Master in Business Administration (Finance) from Oklahoma City University, USA. Encik 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 all of the five Board Meetings held during the financial year.

Berusia 56 tahun, Dato' Dr Zulkifli 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. 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 bin Idris tidak mempunyai sebarang pegangan saham dalam BERNAS atau mana-mana syarikat subsidiarinya. 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 kelima-lima mesyuarat Lembaga Pengarah yang diadakan dalam tahun kewangan.

Berusia 56 tahun, Dato' Mohd Mokhtar mula dilantik sebagai Pengarah Gantian kepada Dato' Dr Zulkifli bin Idris pada 11 Oktober 2006. Beliau kini bertugas sebagai Timbalan Ketua Setiausaha (Pembangunan), Kementerian Pertanian dan Industri Asas Tani. Warganegara Malaysia, Dato' Mohd Mokhtar memiliki Ijazah Sarjana Muda Ekonomi (Kepujian) dari Universiti Malaya, dan Ijazah Sarjana Sastera dalam Ekonomi dari Western Michigan University, Kalamazoo, USA.

Berusia 54 tahun, Encik Azman 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 di pelbagai Jabatan Kerajaan termasuk Unit Perancang Ekonomi, Jabatan Perdana Menteri, dan Kementerian Pertanian dan Industri Asas Tani. Warganegara Malaysia, Encik 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 turut memegang ijazah Sarjana Pentadbiran Perniagaan (Kewangan) dari Oklahoma City University, USA. Encik Azman bin Umar tidak mempunyai sebarang pegangan saham dalam BERNAS atau mana-mana syarikat subsidiarinya. 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 kelima-lima mesyuarat Lembaga Pengarah yang diadakan dalam tahun kewangan.

Board of Directors

Lembaga Pengarah



Datuk Azizan bin Ayob

YB Dato' Abdul Rahman bin Datuk Haji Dahlan



Tuan Haji Osman bin Makmor

Alternate Director **Pengarah Gantian**

Aged 55, Tuan Haji Osman was appointed Alternate Director to Encik Azman bin Umar on 20 June 2006. He is currently the Principal Assistant Secretary, Investment, MKD and Privatisation Division, Ministry of Finance. He 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.

Datuk Azizan bin Ayob

Aged 62, Datuk Azizan 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 Audit, Executive, Nomination and Remuneration 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 four out of five Board Meetings held during the financial year.

YB Dato' Abdul Rahman bin Datuk Haji Dahlan

Aged 43, YB Dato' Abdul Rahman 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. He is the Managing Director of H.R.P.M Consulting (M) Sdn Bhd. Currently, he is also the Member Parliament of Kota Belud, Sabah and the Secretary to UMNO Youth Malaysia. YB 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. YB 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 five Board Meetings held during the financial year.

Berusia 55 tahun, Tuan Haji Osman telah dilantik sebagai Pengarah Gantian kepada Encik Azman bin Umar pada 20 Jun 2006. Beliau bertugas sebagai Ketua Penolong Setiausaha, Bahagian Pelaburan, MKD dan Penswastaan, Perbendaharaan Malaysia, Kementerian Kewangan. Warganegara Malaysia, beliau 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.

Berusia 62 tahun, Datuk Azizan telah dilantik sebagai Pengarah tidak bebas, bukan eksekutif pada 30 September 2003. Beliau juga ialah Pengerusi Jawatankuasa Tender, ahli Jawatankuasa Audit, ahli Jawatankuasa Eksekutif, ahli Jawatankuasa Penamaan dan Imbuan Lembaga Pengarah Syarikat. Datuk Azizan juga ialah 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 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 empat daripada lima mesyuarat Lembaga Pengarah yang diadakan dalam tahun kewangan.

Berusia 43 tahun, YB Dato' Abdul Rahman telah dilantik sebagai Pengarah bebas, bukan eksekutif pada 15 Oktober 2002. Beliau juga merupakan ahli Jawatankuasa Audit dan ahli Jawatankuasa Imbuan. Beliau bertugas sebagai Pengarah Urusan H.R.P.M Consulting (M) Sdn Bhd. Beliau juga ialah Ahli Parlimen Kota Belud, Sabah dan Setiausaha Pergerakan Pemuda UMNO Malaysia. YB 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. YB Dato' Abdul Rahman tidak mempunyai sebarang pegangan saham dalam BERNAS atau mana-mana syarikat subsidiarinya. 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 empat daripada lima mesyuarat Lembaga Pengarah yang diadakan dalam tahun kewangan.

Board of Directors

Lembaga Pengarah



Tuan Syed Abu Bakar bin S Mohsin Almohdzar

Tuan Syed Abu Bakar bin S Mohsin Almohdzar

Aged 57, Tuan Syed Abu Bakar 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. Tuan 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. Tuan 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 of the five Board Meetings held during the financial year.

Berusia 57 tahun, Tuan Syed Abu Bakar 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 Lembaga Pengarah Syarikat. Warganegara Malaysia, Tuan 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. Tuan Syed Abu Bakar tidak mempunyai sebarang pegangan saham dalam BERNAS atau mana-mana syarikat subsidiarinya. 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 kelima-lima mesyuarat Lembaga Pengarah yang diadakan dalam tahun kewangan.

Senior Management

Pengurusan Kanan



Managing Director
Pegarah Urusan
Encik Bakry bin Hamzah



Senior General Manager, International
Trade Division Pengurus Besar Kanan,
Bahagian Perdagangan Antarabangsa
**Encik Abdul Hadi bin
Abdul Mubin**



Chief Operating Officer
Ketua Pegawai Operasi
**Encik Muhammad Ramdan
bin Yusof**



Senior General Manager, Engineering
& Facility Division Pengurus Besar Kanan,
Bahagian Kejuruteraan & Fasiliti
Encik Mohd Redha bin Talib



Chief Financial Officer
Ketua Pegawai Kewangan
**Encik Ahmad Tarmizi bin
Mohamed Hariri**



Senior General Manager,
Sales & Distribution Division
Pengurus Besar Kanan,
Bahagian Jualan & Pendedaran
Encik Wan Razif bin Wan Musa

Senior Management

Pengurusan Kanan



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General Manager Pengurus Besar
Bernas Production Sdn Bhd
**Encik Abdul Rahman bin
Mohd Nasri**

Executive Vice Chairman Naib
Pengerusi Eksekutif
Jasmine Food Corporation Sdn Bhd
Encik Azhar bin Abdullah

General Manager, Internal Audit
& Compliance Division Pengurus
Besar, Bahagian Audit Dalaman &
'Compliance'
**Encik Mohd Khusaini bin
Mohd Harumaini**

Chief Operating Officer Ketua
Pegawai Operasi
Beras Corporation Sdn Bhd
**Encik Mohammed Kamaluddin
bin Mohd Effendie**

General Manager, Human Capital
Division Pengurus Besar,
Bahagian Modal Insan
Encik Mohamad Bahari bin Aluan

Executive Director Pengarah Eksekutif
Era Bayam Kota Sdn Bhd
Puan Asiah binti Alimuda

Senior Management

Pengurusan Kanan



Assistant General Manager,
Entrepreneur Development
Department Penolong Pengurus Besar,
Jabatan Pembangunan Usahawan
**Encik Mohd Roslan bin
Bani Amin**

Assistant General Manager, Farmers
Management & Seed Production
Division Penolong Pengurus Besar,
Bahagian Pengurusan Pertanian &
Pengeluaran Benih
Tuan Haji Taharuddin bin Ghazali

Company Secretary
Setiausaha Syarikat
Cik Nasliza binti Mohd Nasir

Assistant General Manager
Financial Management Division
Penolong Pengurus Besar
Jabatan Pengurusan Kewangan
Bernas Production Sdn Bhd
Puan Normala binti Hassan

Assistant General Manager
Scheme Management Department
Penolong Pengurus Besar
Jabatan Pengurusan Skim
Encik Shalihudin bin Hussien

Statement on Corporate Governance

Penyata Tadbir Urus Korporat

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

The Board is pleased to provide the following Statement which outlines the main corporate governance practices that was in place during the financial year ended 31 December 2007 up to the date of this Statement.

A. Board of Directors

Board Composition

The Board currently consists of seven (7) members, one (1) Executive Director and six (6) Non Executive Directors with three (3) of them (including the Chairman) being Independent Directors. The present Board composition is in compliance with the Listing Requirement of Bursa Malaysia Securities Berhad, whereby at least one-third (1/3) of the Board is independent.

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

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

The profile of each Director is presented herein.

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; ii. Executive Committee; iii. Nomination Committee;
- iv. Remuneration Committee; and 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 2007, the Board met on four (4) occasions with one Special Meeting, 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.

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. The resolution passed by way of circular are then affirmed in the next Board meeting.

Details of each Director's attendance during the financial year ended 31 December 2007 are as follows:

Directors	Meeting Attendance				
Y Bhg Dato' Wira Syed Abdul Jabbar bin Syed Hassan	•	•	•	•	•
Encik Bakry bin Hamzah	•	•	•	•	•
Encik Azman bin Umar	•	•	•	•	•
Y Bhg Dato' Dr Zulkifli bin Idris	•	•	•	•	•
Y Bhg Datuk Azizan bin Ayob	•	•	•	•	•
Tuan Syed Abu Bakar bin S.Mohsin Almohdzar	•	•	•	•	•
YB Dato' Abdul Rahman bin Datuk Haji Dahlan	•	•	•	•	•

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 Nomination Committee composed of three (3) Non-Executive Directors, a majority of whom are independent. The Nomination Committee recommends the proposed appointment of a new member of the Board. The appointment to the Board is made in accordance with the Company's Articles of Association.

The duties and responsibilities of the Nomination Committee are as follows:

- Evaluate suitability of candidates against the organisation's objectives, goals and business nature based on the selection criteria and other means deemed necessary;
- Review contribution of individual Directors and effectiveness of the Board as a whole with the mix of skills and experience and other qualities, including independent non-executive directors as well as the managing director;
- Make recommendations to the Board on candidates for directorship for both the executive and non-executive on the Board of the Company and its Group;
- Recommend suitable orientation, educational and training programmes to continuously train and equip both existing and new Directors; and
- Examine the size of the Board to determine its effectiveness.

The Nomination Committee met once during the financial year ended 31 December 2007.

Re-election

In accordance with the Company's Articles of Association, one-third (1/3rd) 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.

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.

B. Directors' Remuneration

The Remuneration Committee consists exclusively of Non-Executive Directors. The Remuneration Committee is responsible in recommending Group's framework, policy and procedures used to determine and review specific remuneration packages of the Managing Director as well as the senior key management of the Group. Directors do not participate in decisions involving their own remuneration packages. The Remuneration Committee met twice during the financial year ended 31 December 2007.

The details of the Directors' remuneration for the financial year ended 31 December 2007 are as follows:

Category	Fees (RM)	Salaries & Bonuses (RM)	Benefits- in-kind (RM)
Executive-Directors	–	611,000	–
Non-Executive Directors	280,000	–	–
Total	280,000	611,000	–

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

Amount of Remuneration	Executive Director	Non-Executive Directors
Below RM50,000	–	5
RM50,001 to RM100,000	–	–
RM100,001 to RM150,000	–	1
RM150,001 and above	1	–

C. Shareholders

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

It has been the Company's practice to send the Notice of Annual General Meeting ("AGM") and related papers to shareholders at least twenty-one (21) days before the meeting. At the AGM, the shareholders are encouraged to ask questions both about the resolutions being proposed or about the 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.

D. 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 applicable 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 2008.

Statement on Corporate Governance

Penyata Tadbir Urus Korporat

Lembaga Pengarah Padiberas Nasional Berhad ("Lembaga Pengarah") 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 mengengapikan tanggungjawab korporat bagi mencapai objektif utama iaitu melindungi kepentingan semua pemegang saham.

Para Pengarah dengan ini membentangkan Penyata berikut yang menggariskan pelaksanaan pematuhan tadbir urus korporat Kumpulan yang telah dilaksanakan sepanjang tahun kewangan berakhir 31 Disember 2007 sehingga tarikh Penyata ini dikeluarkan.

A. Lembaga Pengarah

Komposisi Lembaga Pengarah

Lembaga Pengarah terdiri daripada tujuh (7) orang ahli, seorang pengarah eksekutif dan enam (6) orang pengarah bukan eksekutif, dengan tiga (3) daripada mereka (termasuk Pengerusi) ialah pengarah bebas. Komposisi ini mematuhi peruntukan Keperluan Penyenaraian Bursa Malaysia Securities Berhad, di mana satu pertiga (1/3) daripada ahli Lembaga Pengarah adalah pengarah bebas.

Pengerusi bertanggungjawab ke atas perihal dan peranan Lembaga Pengarah yang teratur manakala Pengarah Urusan, dengan merujuk kepada Jawatankuasa Eksekutif, bertanggungjawab ke atas urusan keseluruhan operasi harian Syarikat, dibantu oleh Ketua Pegawai Operasi, Ketua Pegawai Kewangan dan Pengurusan Kanan.

Lembaga Pengarah berpendapat bahawa komposisi Lembaga Pengarah sedia ada menggambarkan kepentingan pelaburan para pemegang saham Syarikat secara adil.

Profil setiap Pengarah dilampirkan di sini.

Tanggungjawab Lembaga Pengarah dan Jawatankuasa Lembaga Pengarah

Lembaga Pengarah mengekalkan kawalan penuh dan efektif terhadap Syarikat. Ianya termasuk mengenal pasti 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. Setiap jawatankuasa mempunyai terma rujukan masing-masing. Jawatankuasa Lembaga Pengarah akan membincangkan setiap cadangan dengan mendalam sebelum ianya dibawa kepada Para Pengarah untuk kelulusan. Jawatankuasa Lembaga Pengarah adalah seperti berikut: i. Jawatankuasa Audit; ii. Jawatankuasa Eksekutif; iii. Jawatankuasa Penamaan; iv. Jawatankuasa Imbuhan; dan v. Jawatankuasa Tender.

Mesyuarat Lembaga Pengarah dan Bekalan Maklumat

Lembaga Pengarah bermesyuarat sekurang-kurangnya empat (4) kali setahun iaitu pada setiap suku tahun. Sepanjang tahun kewangan 31 Disember 2007, Lembaga Pengarah telah bermesyuarat sebanyak empat (4) kali dengan satu Mesyuarat Khas, bagi membincangkan pelbagai perkara seperti prestasi kewangan Kumpulan, pelaksanaan penstrukturan korporat dan mengkaji operasi Syarikat.

Mesyuarat Lembaga Pengarah diatur mengikut agenda. Kertas kerja diedarkan sebelum mesyuarat diadakan untuk membolehkan para Pengarah mendalami setiap perkara yang akan dibincangkan dalam mesyuarat dan mempercepatkan proses membuat keputusan. Mana-mana perkara yang memerlukan kelulusan segera Lembaga Pengarah sebelum sesuatu mesyuarat itu diadakan, kelulusan adalah diperolehi menerusi resolusi secara edaran dan disahkan pada mesyuarat berikutnya.

Butiran kehadiran setiap Pengarah sepanjang tahun kewangan berakhir 31 Disember 2007 adalah seperti berikut:-

Pengarah	Kehadiran Mesyuarat				
Y Bhg Dato' Wira Syed Abdul Jabbar bin Syed Hassan	•	•	•	•	•
Encik Bakry bin Hamzah	•	•	•	•	•
Encik Azman bin Umar	•	•	•	•	•
Y Bhg Dato' Dr Zulkifli bin Idris	•	•	•	•	•
Y Bhg Datuk Azizan bin Ayob	•	•	•	•	•
Tuan Syed Abu Bakar bin S.Mohsin Almohdzar	•	•	•	•	•
YB Dato' Abdul Rahman bin Datuk Haji Dahlan	•	•	•	•	•

Semua Pengarah mempunyai akses tidak terhad ke atas sebarang maklumat berkaitan Syarikat serta berhak untuk mendapatkan khidmat dan nasihat Setiausaha Syarikat tanpa halangan, dan jika difikirkan perlu, boleh mendapatkan khidmat perunding profesional.

Perlantikan Ahli Lembaga Pengarah

Jawatankuasa Penamaan terdiri daripada tiga (3) orang Pengarah Bukan Eksekutif, dengan majoritinya terdiri daripada Pengarah bebas. Jawatankuasa Penamaan mencadangkan perlantikan Pengarah berdasarkan Tataurusan Syarikat.

Tugas-tugas dan tanggungjawab Jawatankuasa Penamaan adalah seperti berikut:

- Menilai kesesuaian calon dengan objektif, matlamat dan perniagaan syarikat berdasarkan kriteria pemilihan yang dianggap perlu;
- Meninjau sumbangan setiap ahli Lembaga Pengarah dan keberkesanan Lembaga Pengarah secara keseluruhan dengan pelbagai kemahiran dan pengalaman serta lain-lain kualiti yang merangkumi pengarah bukan eksekutif dan pengarah urusan;
- Mencadangkan calon-calon ahli Lembaga Pengarah untuk Pengarah eksekutif dan bukan eksekutif di peringkat Syarikat dan Kumpulan;
- Mencadangkan program-program orientasi pendidikan dan latihan yang bersesuaian kepada para pengarah sedia ada dan baru; dan
- Mengkaji saiz Lembaga Pengarah untuk menentukan keberkesannya.

Jawatankuasa Penamaan bermesyuarat sebanyak sekali dalam tahun kewangan berakhir 31 Disember 2007.

Lantikan Semula

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

Para Pengarah ini adalah layak untuk dilantik 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, sekiranya relevan.

B. Imbuan Pengarah

Jawatankuasa Imbuan secara eksklusif terdiri daripada para Pengarah Bukan Eksekutif. Jawatankuasa Imbuan bertanggungjawab mengesyorkan rangka kerja, polisi dan prosedur Kumpulan yang diguna pakai untuk menentukan dan mengkaji semula pakej-pakej imbuan khusus bagi Pengarah Urusan serta pengurusan kanan dalam Kumpulan. Para Pengarah tidak terlibat dalam memutuskan pakej-pakej imbuan mereka sendiri. Jawatankuasa Imbuan bermesyuarat sebanyak dua (2) kali dalam tahun kewangan berakhir 31 Disember 2007.

Butiran imbuan Para Pengarah bagi tahun kewangan berakhir 31 Disember 2007 adalah seperti berikut:

Kategori	Yuran (RM)	Gaji & Bonus (RM)	Manfaat Bayaran (RM)
Pengarah Eksekutif	–	611,000	–
Pengarah Bukan Eksekutif	280,000	–	–
Jumlah	280,000	611,000	–

Imbuan Pengarah yang dibayar, dianalisa dalam lingkungan RM50,000 seperti berikut:

Jumlah Imbuan	Pengarah Eksekutif	Pengarah Bukan Eksekutif
Kurang dari RM50,000	–	5
RM50,001 ke RM100,000	–	–
RM100,001 ke RM150,000	–	1
RM150,001 dan ke atas	1	–

C. Pemegang Saham

Syarikat mengakui pentingnya komunikasi di antara Lembaga Pengarah, para pemegang saham dan lain-lain mereka yang berkepentingan. Laporan Tahunan, pengumuman prestasi kewangan suku tahunan, siaran akhbar dan pengumuman korporat adalah di antara pengantar utama untuk menyebarkan maklumat mengenai prestasi dan operasi Kumpulan.

Telah menjadi amalan Syarikat untuk menghantar Notis Mesyuarat Agung Tahunan dan dokumen berkaitan kepada para pemegang saham tidak kurang dari dua puluh satu (21) hari sebelum tarikh mesyuarat. Pada Mesyuarat Agung Tahunan, para pemegang saham digalakkan untuk bersoal jawab mengenai resolusi yang diusulkan ataupun mengenai operasi Syarikat secara umum. Sidang akhbar biasanya akan diadakan sejurus selepas mesyuarat untuk Lembaga Pengarah menjelaskan sebarang isu yang diutarakan.

D. Akauntabiliti & Audit

Laporan Kewangan

Lembaga Pengarah berhasrat untuk membekal dan menyampaikan penilaian yang seimbang dan sebenar mengenai prestasi kewangan dan prospek Syarikat dan Kumpulan, terutamanya melalui penyata kewangan tahunan, pengumuman keputusan suku tahunan dan Penyata Pengerusi serta tinjauan operasi yang terdapat 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 Para Pengarah Berkaitan Penyediaan Laporan Kewangan Yang Telah Diaudit

Lembaga Pengarah bertanggungjawab dalam memastikan penyata kewangan Kumpulan yang dibentangkan memberikan gambaran sebenar dan saksama mengenai 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 menurut peruntukan di dalam Akta Syarikat, 1965.

Lembaga Pengarah juga bertanggungjawab untuk mengambil langkah-langkah yang difikirkan wajar bagi melindungi aset-aset Kumpulan dan untuk mengesan dan mengelakkan berlakunya sebarang penipuan serta lain-lain hal yang tidak diingini.

Hubungan dengan Juruaudit

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

Penyata ini dibuat mengikut resolusi Lembaga Pengarah bertarikh 25 April 2008.

Statement on Internal Control

Penyata Kawalan Dalaman

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 2007.

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;
- Establishment of Risk Management Committee (RMC) to assist the Board of Director (BOD) 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;
- 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.

Internal Audit Function

The Internal Audit Department and BDO Governance Advisory Sdn Bhd through co-sourcing engagement 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 control systems 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
- 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 2008.

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 adalah komited untuk mengekalkan sistem kawalan dalaman Kumpulan dan menyediakan penyata berikut, yang mana menggariskan skop kawalan dalaman Kumpulan dalam tahun kewangan berakhir 31 Disember 2007.

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 Jawatankuasa Pengurusan Risiko bagi membantu Lembaga Pengarah dalam melaksanakan tugas dan tanggungjawab yang berkaitan dengan Aktiviti Pengurusan Risiko;
- Pembentukan dan pengkajian semula struktur pengurusan risiko yang menggariskan rangka kerja laporan dan tanggungjawab Lembaga Pengarah, Jawatankuasa Pengurusan Risiko, 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.

Fungsi Audit Dalaman

Jabatan Audit Dalaman serta penggunaan khidmat nasihat BDO Governance Advisory Sdn Bhd akan 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;
- 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 2008.

Audit Committee Report

Laporan Jawatankuasa Audit

Membership

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

Tuan Syed Abu Bakar bin S Mohsin Almohdzar
Chairman, Independent Non-Executive Director

Y Bhg Datuk Azizan bin Ayob
Member, Non-Independent Non-Executive Director

YB Dato' Abdul Rahman bin Datuk Haji Dahlan
Member, Independent Non-Executive Director

Terms of Reference

Objective of the Audit Committee

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

- Oversee the financial reporting and associated announcements
- Evaluate the internal and external audit processes
- Assess the adequacy and effectiveness of the Group's control environment, 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 and Head of Internal Audit and a representative of the external auditors shall normally attend meetings. The Committee may, as and when deemed necessary, invite other senior management members to attend the meetings.

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

Authority

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

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

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

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

Responsibilities and Duties

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

Risk management and internal control

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

Financial Reporting

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

Audit Process

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

Other Responsibilities and Duties

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

Attendance at Meetings

During the financial year ended 31 December 2007, the Audit Committee held a total of five (5) meetings of which were regular to deliberate the quarterly and the year-end financial statements.

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

Name of Directors	No. of Meetings Attended
Tuan Syed Abu Bakar bin S Mohsin Almohdzar	5/5
YB Dato' Abdul Rahman bin Datuk Haji Dahlan	5/5
Y Bhg Datuk Azizan bin Ayob ¹	–
Encik Bakry bin Hamzah ²	4/5

¹ Y Bhg Datuk Azizan Bin Ayob was appointed as a member on 29 November 2007

² Encik Bakry Bin Hamzah resigned on 29 November 2007

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 Audit Committee are assisted by BDO Governance Advisory Sdn Bhd through co-sourcing arrangement 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 together with BDO Governance Advisory Sdn Bhd are to give independent, objective assurance and consulting activity designed to add value and improve the organisation's operations. Internal audit reviews the internal controls within the key activities of the Group's businesses on the basis of an internal audit strategy and detailed annual internal audit plan presented to the Audit Committee for approval.

The internal audit function adopts a risk-based approach and prepares its audit strategy and plan based on the risk profiles of the business units of the Group. It helps the Company and Group to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management and governance process via the following:

1. Conducts reviews and evaluations of management practices and procedures within the Group and the reviews will include but are not limited to:
 - i. Evaluations of internal control systems, 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 management for improvement in, or correction of, inefficient practices and procedures.
2. Conducts special studies of procedural or problem areas as requested or directed by Audit Committee and Management.
3. Reviews the existing financial, operational and information systems to ensure that they are adequately defined, properly justified, and include the necessary internal controls.

Audit Committee Report

Laporan Jawatankuasa Audit

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 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.

Keahlian

Ahli Jawatankuasa Audit ("Jawatankuasa") terdiri dari:

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

Y Bhg Datuk Azizan Bin Ayob
Ahli, Pengarah Tidak Bebas Bukan Eksekutif

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

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 (4) kali setahun, dengan setiap mesyuarat dirancang bersesuaian 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 yang berkaitan kepada ahli-ahli Jawatankuasa, sekurang-kurangnya (1) minggu sebelum setiap mesyuarat diadakan.

Pengarah Urusan, Ketua Pegawai Kewangan, Ketua, Audit Dalaman dan wakil juruaudit luar lazimnya akan menghadiri mesyuarat. Jawatankuasa boleh menjemput pengurusan kanan yang lain untuk menghadiri mesyuarat, sekiranya perlu. Jawatankuasa akan mengawal tatacara perjalanan mesyuarat mengikut kelazimannya.

The Internal Audit Department together with BDO Governance Advisory Sdn Bhd 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 Internal Audit Department and BDO Governance Advisory Sdn Bhd are deliberated by the Audit Committee of the Board and recommendations made are acted upon by the Management.

Kuasa

Jawatankuasa mempunyai kuasa untuk memperolehi sebarang maklumat yang diperlukan dari mana-mana kakitangan Kumpulan dan semua kakitangan yang diarahkan untuk bekerjasama bagi 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 untuk 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 urus Kumpulan.
- Mengkaji dan mengesyor 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 Penyenaaraan Bursa Malaysia dan keperluan perundangan serta laporan yang lain.

Proses Audit

- Mengkaji kecukupan fungsi dan sumber Jabatan Audit Dalaman serta meluluskan skop dan rancangan kerja audit dalaman dengan kuasa yang diberikan.
- Mengkaji prestasi operasi audit dalaman secara tahunan.

- Menyelia segala perkara berkaitan audit luar termasuk perlantikan, prestasi, yuran audit dan pemberhentian sebelum membuat syor kepada Lembaga Pengarah.
- Mengkaji laporan audit luar dan dalaman untuk menilai penemuan hasil kerja mereka serta memastikan tindakan pembetulan yang wajar dan segera dilaksanakan oleh pihak pengurusan ke atas kekurangan kawalan atau prosedur yang telah dikenal pasti.

Tugas dan Tanggungjawab Lain

- Mengkaji semula sebarang transaksi dengan pihak-pihak berkaitan yang melibatkan Syarikat serta Kumpulan; dan
- Menerima tanggungjawab lain yang difikirkan perlu oleh Jawatankuasa dan Lembaga Pengarah.

Kehadiran Mesyuarat

Jawatankuasa telah mengadakan mesyuarat sebanyak lima (5) kali sepanjang tahun kewangan berakhir 31 Disember 2007 untuk membincangkan penyata-penyata kewangan suku tahunan dan tahunan.

Maklumat kehadiran Ahli Jawatankuasa adalah seperti berikut:

Nama Pengarah	Bilangan Mesyuarat yang Dihadiri
Tuan Syed Abu Bakar bin S Mohsin Almohdzar	5/5
YB Dato' Abdul Rahman bin Datuk Haji Dahlan	5/5
Y Bhg Datuk Azizan bin Ayob ¹	-
Encik Bakry bin Hamzah ²	4/5

¹ Y Bhg Datuk Azizan Bin Ayob dilantik sebagai ahli pada 29 November 2007

² Encik Bakry Bin Hamzah meletak jawatan pada 29 November 2007.

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 BDO Governance Advisory Sdn Bhd menerusi kerjasama yang diatur dalam mengekalkan sistem pengawasan dalaman yang berkesan bagi memberikan kepastian yang munasabah kepada ketidaktentuan yang mungkin timbul dalam operasi harian.

Jabatan Audit Dalam bersama BDO Governance Advisory Sdn Bhd 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 sistematis dan berdisiplin untuk menilai dan memperbaiki keberkesanan pengurusan risiko dan proses tadbir urus melalui cara-cara berikut:

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. Mengetahui 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.

Jabatan Audit Dalam bersama BDO Governance Advisory Sdn Bhd 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 dan BDO Governance Advisory Sdn Bhd dibincangkan oleh Jawatankuasa Audit dan cadangan-cadangan yang disyorkan akan dilaksanakan oleh pihak Pengurusan.

Corporate Social Responsibility

Tanggungjawab Sosial Korporat



We believe that the responsibility of BERNAS is to be successful and sustainable. In achieving this we aspire to balance the differing interests of our stakeholders. In addition to striving to meet our shareholders demands for a healthy return, BERNAS should act with integrity and ethically in all aspects of the business at all times.

Tanggungjawab utama BERNAS ialah untuk berjaya dan berdaya tahan. Untuk mencapainya, kami berhasrat untuk mengimbangi perbezaan keperluan mereka yang berkepentingan. Dalam memenuhi keinginan untuk memberikan pulangan yang lumayan kepada para pemegang saham, BERNAS akan sentiasa bertindak dengan penuh etika dan integriti dalam setiap aspek perniagaannya.

Business Ethics

The Board and the Management have made a clear commitment to ensuring that the Company operates to the highest standards of business ethics and integrity. The principles underlying this are included in the employee handbooks provided to all employees. The handbooks contain clear guidelines, expectations and company policies to all employees.

BERNAS also spent RM194,000 in 2007 to provide educational workshops and motivational courses aimed to assist children of BERNAS' staff to excel in public examinations. More than 640 participants who were sitting for the UPSR, PMR and SPM examinations this year attended the programs conducted in Kedah, Kelantan, Selangor, Sabah and Sarawak.

Etika Perniagaan

Lembaga Pengarah dan Pengurusan telah menyatakan komitmen yang jelas dalam memastikan Syarikat beroperasi mengikut standard etika perniagaan dan integriti yang tinggi. Prinsip Syarikat dalam hal ini digariskan dalam buku panduan kumpulan eksekutif dan bukan eksekutif yang telah diedarkan kepada semua kakitangan. Buku-buku panduan tersebut mengandungi garis panduan, harapan dan polisi syarikat terhadap semua kakitangan.

Enhancing Employee Performance

We are committed to offering our employees a safe and comfortable working environment and we are continuously looking at ways to further improve our relationships with our 1,500 employees nationwide.



We have invested substantially in the current year in providing training of all staff. Our training department runs a wide range of courses for staff at all levels. The Rice Quality Management Workshop, Certified Seed Accreditation Program, and other technical courses and seminars have led to significant on the job training programs designed to further improve efficiency and offered development opportunities for our staff.

**Spent
RM194,000**

to provide educational workshops and motivational courses



Collaboration with the Ministry of Women, Family and Community Development,

'Nur Ikhlas' program

continued to provide food-items on a bi-monthly basis to more than 1,000 poor families nationwide.

Mempertingkatkan Pencapaian Kakitangan

Kami komited dalam menyediakan suasana pekerjaan yang selesa dan selamat kepada kakitangan. Kami juga sentiasa mencari jalan untuk meningkatkan hubungan sesama kakitangan seramai 1,500 orang di seluruh negara.

Pada tahun yang ditinjau, kami telah membuat perbelanjaan yang besar dalam menyediakan latihan kemahiran kepada semua kakitangan. Jabatan Latihan BERNAS menyediakan pelbagai program latihan di setiap peringkat kakitangan. Kursus Pengurusan Kualiti Beras, Akreditasi Pengeluaran Benih Padi Sah, dan lain-lain latihan dan seminar teknikal telah banyak membantu kakitangan BERNAS dalam mempertingkatkan kecekapan dan kemahiran sewaktu bekerja.

BERNAS juga telah membelanjakan sejumlah RM194,000 pada tahun 2007 untuk mengadakan bengkel-bengkel pembelajaran dan kursus motivasi bertujuan untuk membantu anak-anak kakitangan yang menduduki peperiksaan awam. Lebih daripada 640 orang peserta yang bakal menduduki peperiksaan UPSR, PMR dan SPM telah menyertai kursus-kursus yang diadakan di Kedah, Kelantan, Selangor, Sabah dan Sarawak.

Responsibility to the Community

BERNAS always seeks to contribute positively to each community in which it operates. We are very much of the opinion that community involvement is not just about providing funds and putting our name to something but getting fully involved. As such, since 2005, in collaboration with the Ministry of Women, Family and Community Development, our 'Nur Ikhlas' program continued to provide food-items on a bi-monthly basis to more than 1,000 poor families nationwide. The food aid of rice, flour, sugar, milk, cooking oil, nutritious drinks and canned food items help provide the necessary nourishment for this underprivileged group.

Throughout 2007, BERNAS continued to provide assistance and rice contributions to orphanages, senior citizens homes, single mothers associations and other charitable organizations. We also continued to organise Umrah sponsorship programs in appreciation of our farmers' loyalty.

During natural disasters such as floods in the southern and northern parts of the Peninsular, we promptly responded by sending rice supplies to the unfortunate victims. Our own employees volunteered for these relief efforts to reach out directly to them.

Tanggungjawab kepada Masyarakat
BERNAS sentiasa menyumbang secara positif kepada setiap golongan masyarakat di mana kami beroperasi. Kami berpendapat sumbangan kepada masyarakat tidak harus terhad kepada sumbangan peruntukan dan penggunaan nama Syarikat semata-mata, tetapi merangkumi penglibatan yang menyeluruh. Oleh kerana itu, semenjak 2005, dengan kerjasama Kementerian Pembangunan Wanita, Keluarga dan Masyarakat, sumbangan bekalan bahan makanan kepada lebih 1,000 keluarga miskin tegar diteruskan melalui program 'Nur Ikhlas'. Bantuan bahan makanan seperti beras, tepung, gula, susu, minyak masak, minuman berkhasiat dan makanan dalam tin ini diharap dapat membantu membekalkan keperluan makanan asas kepada golongan ini.

Sepanjang tahun 2007, BERNAS menyalurkan bantuan dan sumbangan beras kepada rumah anak-anak yatim, rumah orang-orang tua, persatuan ibu-ibu tunggal dan pelbagai badan amal. BERNAS turut meneruskan penajaan program Umrah sebagai menghargai khidmat dan kesetiaan petani.

Sewaktu berlaku bencana alam seperti banjir di selatan dan utara Semenanjung, kami dengan segera menghantar bekalan beras kepada mangsa-mangsa banjir. Kakitangan kami sendiri secara sukarela memastikan bekalan tersebut terus sampai kepada mereka.

Corporate Social Responsibility

Tanggungjawab Sosial Korporat

Respecting the Environment

We are committed to maintain good environmental quality and soundness in all areas of our operation. In Malaysia, around 350,000 tonnes of rice husk is produced annually. This by-product of rice cultivation had been traditionally burnt in the field or trucked out and dumped. With the growing awareness of an improved environment management, practical alternatives have been developed to make use of this waste material.

Almost 22% of the total ground husk produced by BERNAS mills is used for the animal feed market. This move has solved some of the environmental plights while simultaneously creating an additional source of income for the farmers.

In Kilang Beras BERNAS Sungai Renggam, Perak, 100% of rice husk produced is used as fuel to generate electricity. Cyclonic husk furnaces are also being installed as diesel replacement energy for drying paddy in 27 of our mills. To date, our drying cost has been significantly reduced by more than 50% from RM69 per metric tonne in 2006 to RM32 per metric tonne. Again, the environmental concerns as well as disposal costs are minimised.

Promoting Healthy Choices

Rice is an iconic healthy staple. It makes an important contribution to the diets of all age groups. We continue to promote rice and healthier options within the rice category through our endorsement program, PILIHAN BERNAS. This program strives to meet the consumers demand by providing them only the 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.

Menghargai Alam Sekitar

Kami komited dalam usaha menentukan kualiti alam sekitar yang baik dan cara kerja yang betul dalam semua operasi kami. Di Malaysia, sekitar 350,000 tan sekam padi dikeluarkan setiap tahun. Sisa keluaran sampingan pengilangan padi ini secara tradisinya dibakar di sawah atau dibuang begitu sahaja. Dengan kesedaran tentang pentingnya peningkatan pengurusan alam sekitar, alternatif praktikal untuk menggunakan sisa keluaran ini telah dimajukan.

Hampir 22% daripada jumlah sekam padi yang dikeluarkan di kilang-kilang BERNAS digunakan untuk pasaran makanan ternakan. Langkah ini telah dapat mengurangkan masalah alam sekitar sambil mewujudkan satu lagi punca pendapatan petani.

Di Kilang Beras BERNAS Sungai Renggam, Perak, 100% sekam padi yang dikeluarkannya digunakan sebagai tenaga untuk menghasilkan elektrik. 'Cyclonic husk furnace' turut dipasang di 27 buah kilang BERNAS untuk menggantikan disel dalam proses pengeringan padi. Sehingga hari ini, kos pengeringan padi telah berjaya dikurangkan melebihi 50% iaitu daripada RM69 setiap tan metrik dalam tahun 2006 kepada RM32 setiap tan metrik.

Menggalakkan Pilihan yang Sihat

Beras adalah lambang makanan ruji yang sihat. Ia adalah penyumbang utama dalam pemakanan setiap kumpulan umur. BERNAS terus mempromosikan pilihan beras dan kategori yang lebih sihat melalui program sokongan jenama kami, iaitu PILIHAN BERNAS. Dalam program ini kami berusaha untuk memenuhi tuntutan pengguna dengan menawarkan hanya beras-beras berkualiti terbaik di pasaran. Penyelidikan dan pembangunan berterusan yang dijalankan secara usahasama dengan UPM, yang merangkumi penubuhan makmal analisa makanan beriktiraf SAMM/ISO 17052, ditujukan ke arah meyakinkan pengguna tentang mutu keseluruhan dalam memenuhi janji kami kepada pengguna.

Corporate Relations Report

Laporan Perhubungan Korporat



May 05

Bernas' contingent at national-level Labour Day celebration at Stadium Bukit Jalil

June 26

13th AGM at Holiday Inn Glenmarie Kuala Lumpur, Shah Alam, Selangor

July 25

BERNAS participated in "Karnival Hari Pengguna Kebangsaan" at Stadium Shah Alam

2007

July-December

Contribution of food items to the nation's 1,000 hardcore poor families through "Nur Ikhlas" third year social program

August 26

Sponsorship of Berita Harian GP Joran Competition 2007

August 26

Launching of the National Farmers, Breeders and Fishermen's Day 2007 at Pantai Baru Buruk, Terengganu

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Corporate Relations Report

Laporan Perhubungan Korporat



September 08

The Managing Director of BERNAS, Encik Bakry Hamzah flagged off "Pencarian Khazanah BERNAS 2007" from CP Tower to Teluk Batik Resort, Perak

September 18

"Majlis Berbuka Puasa Bersama Petani" at KBB Sungai Limau, Kedah

September 19

"Majlis Berbuka Puasa Bersama Petani" at KBB Arau, Perlis

2007

September 24

"Majlis Berbuka Puasa Bersama Petani" at KBB Peringat, Kelantan

September 28

"Majlis Berbuka Puasa Bersama Petani" at KBB Sungai Renggam, Perak

October 02

"Majlis Berbuka Puasa Bersama Petani" at KBB Seri Tiram Jaya, Selangor





October 05

Ramadhan with media representatives, orphans and single mothers at Islamic Arts Museum Malaysia, Kuala Lumpur



October 22-27

"Hari Peladang, Penternak & Nelayan Peringkat Negeri Kedah"



October 27

Sponsorship of Berita Harian GP Joran Final Competition 2007, Kuala Kemaman, Terengganu

2007

November 06

Hari Raya Aidilfitri Open House at Tropicana Golf & Country Resort, Petaling Jaya

December 15-17

BULOG of Indonesia Visit led by Bapak Mustafa Abu Bakar, President Director of Perum BULOG



Corporate Relations Report

Laporan Perhubungan Korporat



January 10

BERNAS' contingent at national level "Maal Hijrah 1429"



January 19

Chairman's visit to MADA & KBB Jerlun, Kedah



January 25

MoU signing ceremony between BERNAS and Universiti Putra Malaysia

2008



January 31

BERNAS' appointment as agent of Zakat Padi and participation in "Karnival Zakat Daerah Sabak Bernam, Selangor"



February 12

"Majlis Penyampaian Insentif Peningkatan Hasil", Kedah State level

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February 14

"Majlis Penyampaian Insentif Peningkatan Hasil", Johor State level



April 22-24

"Umrah & Ziarah" sponsorship for the first and second batch of "Petani Setia BERNAS"



April 24

BERNAS joined "Hari Harta Intelek Negara 2008" organised by the Ministry of Domestic Trade and Consumer Affairs

Financial Statements

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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 2007.

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	Company
RM'000		
Profit for the year attributable to:		
Equity holders of the Company	103,586	60,027
Minority interests	3,757	–
	107,343	60,027

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.

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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 2006 were as follows:

RM'000	
In respect of the financial year ended 31 December 2006, as reported in the directors' report of that year:	
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
Final dividend of 5.0% tax exempt, on 470,401,501 ordinary shares, declared on 26 June 2007 and paid on 30 July 2007	23,520
	47,040
In respect of the financial year ended 31 December 2007:	
Interim dividend of 4.4% tax exempt and 0.8% taxable dividend less 27% taxation on 470,401, 501 ordinary shares, declared on 29 November 2007 and paid on 26 December 2007	23,520

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 December 2007 of 6.8% taxable dividend less 26% taxation on 470,401,501 ordinary shares, amounting to a dividend payable of RM23,515,200 (5 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 2008.

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

Datuk Azizan bin Ayob

YB Dato' Abdul Rahman bin Datuk Haji Dahlan

Tuan Syed Abu Bakar bin S Mohsin Almohdzar

Bakry bin Hamzah

Azman bin Umar *

Dato' Dr. Zulkifli bin Idris *

Tuan Haji Mohd Mokhtar bin Ismail (Alternate Director to Dato' Dr Zulkifli bin Idris)

Tuan Haji Osman bin Makmor (Alternate Director to Encik Azman bin Umar)

* 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.

Directors' Report

- 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 2008.

**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 63 to 113 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 2007 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 2008.

**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 63 to 113 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 2008.

Ahmad Tarmizi bin Mohamed Hariri

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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 63 to 113. 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 2007 and of the results and the cash flows of the Group and of the Company for the year then ended; and
 - ii. the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
- b. the accounting and other records and the registers required by the Act to be kept by the Company and by its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and the auditors' reports thereon of the subsidiaries of which we have not acted as auditors, as indicated in Note 35(a) to the financial statements, being financial statements that have been included in the consolidated financial statements.

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

- The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

Hanafiah Raslan & Mohamad

AF: 0002

Chartered Accountants

Ahmad Zahirudin bin Abdul Rahim

No. 2607/12/08(J)

Partner

Kuala Lumpur, Malaysia

25 April 2008

Income Statements for the Year Ended 31 December 2007

	Note	Group		Company	
		2007	2006	2007	2006
RM'000					
Revenue	3	2,240,064	2,134,845	1,828,455	1,823,235
Cost of sales	4	(1,884,686)	(1,763,943)	(1,641,114)	(1,622,824)
Gross profit		355,378	370,902	187,341	200,411
Other income	5	10,702	16,363	17,215	94,553
Selling and distribution expenses		(22,024)	(20,817)	(4,395)	(4,547)
Administrative expenses		(181,651)	(167,908)	(85,632)	(77,272)
Other expenses		(24,782)	(24,529)	(12,850)	(16,100)
Operating profit		137,623	174,011	101,679	197,045
Finance cost	6	(14,760)	(13,318)	(4,862)	(7,028)
Share of profit of associates		22,276	17,512	–	–
Profit before tax	7	145,139	178,205	96,817	190,017
Income tax expense	10	(37,796)	(42,979)	(36,790)	(57,357)
Profit for the year		107,343	135,226	60,027	132,660
Attributable to:					
Equity holders of the Company		103,586	130,047	60,027	132,660
Minority interests		3,757	5,179	–	–
		107,343	135,226	60,027	132,660
Earnings per share attributable to equity holders of the Company (sen):					
Basic/fully diluted	11	22.0	27.6		

Balance Sheets as at 31 December 2007

	Note	Group		Company	
		2007	2006 (restated)	2007	2006 (restated)
RM'000					
ASSETS					
Non-current assets					
Property, plant and equipment	13	321,336	277,426	191,297	160,072
Prepaid land lease payments	14	26,367	28,583	24,834	26,388
Investment in subsidiaries	15	–	–	326,776	326,776
Investment in associates	16	185,925	166,072	92,694	92,694
Other investments	17	42	6,052	–	6,000
Intangible assets	18	139	139	–	–
Investment property		184	–	–	–
Deferred tax assets	19	21,544	19,688	5,798	15,968
		555,537	497,960	641,399	627,898
Current assets					
Inventories	20	200,068	317,287	84,723	148,871
Trade and other receivables	21	410,923	358,093	391,648	439,453
Tax recoverable		810	4,264	–	–
Cash and bank balances	22	255,981	180,234	182,336	116,229
		867,782	859,878	658,707	704,553
TOTAL ASSETS		1,423,319	1,357,838	1,300,106	1,332,451
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	23	470,402	470,402	470,402	470,402
Reserves	24	497,093	445,976	364,770	356,664
		967,495	916,378	835,172	827,066
Minority interests		45,109	42,047	–	–
Total Equity		1,012,604	958,425	835,172	827,066
Non-current liabilities					
Retirement benefits obligations	25	51,516	49,394	35,134	34,265
Long term borrowings	26	13,390	9,554	–	–
Deferred tax liabilities	19	26,501	20,638	–	–
		91,407	79,586	35,134	34,265
Current liabilities					
Retirement benefits obligations	25	4,686	1,626	647	1,181
Short term borrowings	26	198,418	221,183	75,455	100,149
Trade and other payables	28	109,412	86,589	353,246	366,876
Dividend payable		–	2,453	–	–
Tax payable		6,792	7,976	452	2,914
		319,308	319,827	429,800	471,120
Total Liabilities		410,715	399,413	464,934	505,385
TOTAL EQUITY AND LIABILITIES		1,423,319	1,357,838	1,300,106	1,332,451

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

Consolidated Statement of Changes in Equity

for the Year Ended 31 December 2007

		← Attributable to equity holders of the Company →					
		Non-Distributable					
	Note	Share distributable capital (Note 23)	reserves (Note 24)	retained profits (Note 29)	Total	Minority interests	Total equity
RM'000							
At 1 January 2006							
As previously stated	36	470,402	34,402	347,190	851,994	63,659	915,653
Prior year adjustment		–	(559)	(21,269)	(21,828)	–	(21,828)
At 1 January 2006 (restated)		470,402	33,843	325,921	830,166	63,659	893,825
Currency translation differences		–	(531)	–	(531)	–	(531)
Transfer to Government Stockpile		–	(1,976)	–	(1,976)	–	(1,976)
Effects arising from acquisition of minority interest of subsidiaries	15	–	–	1,008	1,008	(19,322)	(18,314)
Net expense recognised directly in equity		–	(2,507)	1,008	(1,499)	(19,322)	(20,821)
Profit for the year		–	–	130,047	130,047	5,179	135,226
Total recognised income and expense for the year		–	(2,507)	131,055	128,548	(14,143)	114,405
Dividends		–	–	(42,336)	(42,336)	(7,469)	(49,805)
At 31 December 2006		470,402	31,336	414,640	916,378	42,047	958,425
At 1 January 2007		470,402	31,336	414,640	916,378	42,047	958,425
Currency translation differences		–	(531)	–	(531)	–	(531)
Transfer from Government Stockpile		–	(2,708)	–	(2,708)	–	(2,708)
Effects arising from acquisition of minority interest of subsidiary	15	–	–	(2,190)	(2,190)	(695)	(2,885)
Net expense recognised directly in equity		–	(3,239)	(2,190)	(5,429)	(695)	(6,124)
Profit for the year		–	–	103,586	103,586	3,757	107,343
Total recognised income and expense for the year		–	(3,239)	101,396	98,157	3,062	101,219
Dividends		–	–	(47,040)	(47,040)	–	(47,040)
At 31 December 2007		470,402	28,097	468,996	967,495	45,109	1,012,604

Statement of Changes in Equity for the Year Ended 31 December 2007

		← Attributable to equity holders of the Company →			
		Share capital (Note 23)	Non-distributable reserves (Note 24)	Distributable retained profits (Note 29)	Total
		Note			
RM'000					
Company					
At 1 January 2006					
As previously stated			470,402	23,783	263,368
Prior year adjustments	36		–	–	(21,269)
As restated					
Transfer from Government Stockpile			–	458	–
Total income recognised directly in equity			–	458	–
Profit for the year			–	–	132,660
Total recognised income for the year			–	458	132,660
Dividends	12		–	–	(42,336)
At 31 December 2006					
			470,402	24,241	332,423
At 1 January 2007					
Transfer to Government Stockpile			–	(4,881)	–
Total income recognised directly in equity			–	(4,881)	–
Profit for the year			–	–	60,027
Total recognised income for the year			–	(4,881)	60,027
Dividends	12		–	–	(47,040)
At 31 December 2007					
			470,402	19,360	345,410
					835,172

Cash Flow Statements for the Year Ended 31 December 2007

	Note	Group		Company	
		2007	2006	2007	2006
RM'000					
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before taxation		145,139	178,205	96,817	190,017
Adjustments for:					
Amortisation of prepaid land lease payments	7	2,216	2,216	1,554	1,554
Depreciation of property, plant and equipment	7	22,335	19,160	13,147	8,917
(Gain)/loss on disposal of property, plant and equipment	5,7	(85)	(23)	17	(78)
Property, plant and equipment written off	7	330	1,410	175	615
(Write back of)/provision for doubtful debts, net	7	(1,142)	6,253	(2,661)	(103)
Provision for retirement benefits	7	11,527	7,390	6,171	4,606
Write back of provision for retirement benefits relating to Voluntary Separation Scheme	7	(3,835)	–	(3,835)	–
Write back of impairment loss on investment	7	–	–	–	(990)
(Gain)/loss on disposal of investments	5,7	–	(1,494)	–	6,803
Gain on disposal of an associate	5	–	(639)	–	–
Interest expense	6	14,368	12,892	4,637	6,770
Interest income	5	(2,485)	(5,807)	(2,117)	(5,000)
Gross dividend income	5	–	–	(2,430)	(79,678)
Share of results from associates		(22,276)	(17,512)	–	–
(Write back of)/Provision for Voluntary Separation Scheme ("VSS") compensation costs		14,651	(5,757)	14,651	(5,757)
Operating profit before working capital changes		180,743	196,294	126,126	127,676
(Increase)/decrease in receivables		(43,628)	(16,086)	47,383	(43,047)
Decrease/(increase) in inventories		114,511	(2,144)	64,148	11,221
Increase/(decrease) in payables		22,823	(42,109)	(14,068)	(19,564)
Cash generated from operations		274,449	135,955	223,589	76,286
Interest paid		(14,368)	(12,892)	(4,637)	(6,770)
VSS compensation paid		(14,213)	(1,389)	(14,123)	(1,389)
Retirement benefits paid		(2,510)	(967)	(2,001)	(456)
Income tax paid		(32,745)	(21,363)	(28,540)	(14,665)
Net cash generated from operating activities		210,613	99,344	174,288	53,006

Cash Flow Statements for the Year Ended 31 December 2007

	Note	Group		Company	
		2007	2006	2007	2006
RM'000					
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest income received		2,485	5,807	2,117	5,000
Net dividend received from:					
– Subsidiaries		–	–	–	47,231
– Associates		–	13,281	–	13,281
Purchase of investment in subsidiaries		(2,825)	(2,064)	–	–
Purchase of property, plant and equipment		(63,977)	(80,192)	(44,593)	(60,443)
Proceeds from disposal of an associate		–	5,800	–	–
Proceeds from disposal of property, plant and equipment		618	1,533	29	85
Proceeds from disposal of other investment		6,319	–	6,000	–
Net cash (used in)/generated from investing activities		(57,380)	(55,835)	(36,447)	5,154
CASH FLOWS FROM FINANCING ACTIVITIES					
Drawdown of borrowings		613,254	663,624	332,870	360,018
Repayment of borrowings		(632,183)	(709,136)	(357,564)	(412,323)
Proceeds from the issuance of shares via the exercise of ESOS		(7,085)	–	–	–
Dividend paid		(47,040)	(66,168)	(47,040)	(61,152)
Net cash used in financing activities		(73,054)	(111,680)	(71,734)	(113,457)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		80,179	(68,171)	66,107	(55,297)
EFFECT OF FOREIGN EXCHANGE RATES CHANGES CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR		–	(559)	–	–
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	22	254,915	174,736	182,336	116,229

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 2008.

2. Significant Accounting Policies

2.1 Basis Of Preparation

The financial statements of the Group and the Company have been prepared under historical cost convention and comply with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards ("FRS") in Malaysia.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2006 except for the adoption of the revised amendments to FRSs effective 1 January 2007 as described fully in Note 2.3.

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.

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.

2. Significant Accounting Policies (cont'd)

2.2 Summary of Significant Accounting Policies (cont'd)

a. Basis of Consolidation (cont'd)

i. Subsidiaries (cont'd)

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.

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.

2. Significant Accounting Policies (cont'd)

2.2 Summary of Significant Accounting Policies (cont'd)

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 life 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.

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. 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%

2. Significant Accounting Policies (cont'd)

2.2 Summary of Significant Accounting Policies (cont'd)

c. Property, Plant and Equipment, and Depreciation (cont'd)

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. Any deficit in excess of the balance of the Stockpile Fluctuation Reserve is 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.

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.

2. Significant Accounting Policies (cont'd)

2.2 Summary of Significant Accounting Policies (cont'd)

e. Financial Instruments (cont'd)

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

i. Classification

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Lease of land and buildings are classified as operating or finance lease in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purpose of lease classification. All leases that do not transfer substantially all the risks and rewards are classified as operating lease.

ii. 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.

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 profit and loss 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).

iii. Operating lease - the Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentives as provided by the lessor is recognised as a reduction of rental expense over the lease term on straight-line basis.

iv. Operating lease – the Group as lessor

Assets leased out under operating leases are presented on the balance sheets according to the nature of the assets. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased assets and recognised on a straight-line basis over the lease term. Leasehold lands that are leased from the Federal Government at nominal amounts are also not depreciated. Other leasehold land is depreciated over the period of the lease, which ranges from 34 to 99 years.

2. Significant Accounting Policies (cont'd)

2.2 Summary of Significant Accounting Policies (cont'd)

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.

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").

2. Significant Accounting Policies (cont'd)

2.2 Summary of Significant Accounting Policies (cont'd)

j. Employee Benefits (cont'd)

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.

The last valuation of the retirement benefit obligation by a firm of professional actuaries was dated 16 March, 2007.

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.

2. Significant Accounting Policies (cont'd)

2.2 Summary of Significant Accounting Policies (cont'd)

k. Foreign Currencies (cont'd)

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:

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.

2. Significant Accounting Policies (cont'd)

2.2 Summary of Significant Accounting Policies (cont'd)

m. Impairment of Non-Financial Assets (cont'd)

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.

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

a. Adoption of revised FRSs

On 1 January 2007, the Group and the Company adopted the following revised FRS and amendment to FRS:

FRS 117 Leases

FRS 124 Related Party Disclosures

Amendment to FRS119²⁰⁰⁴ – Employee Benefits – Actuarial Gains and Losses, Group Plans and Disclosures

The MASB has also issued FRS 6: Exploration for and Evaluation of Mineral Resources which will be effective for annual periods beginning on or after 1 January 2007. This FRS is, however, not applicable to the Group or the Company.

The adoption of the revised FRS 124 give rise to additional disclosures but did not result in significant changes in accounting policies of the Group and of the Company. The principal changes in accounting policies and their effects resulting from the adoption of the revised FRS 117 is discussed below:

FRS 117: Leases

Leasehold land held for own use

Prior to 1 January 2007, leasehold land held for own use was classified as property, plant and equipment and was stated at cost less accumulated depreciation and impairment losses. The adoption of the revised FRS 117 has resulted in a change in the accounting policy relating to the classification of leases of land and buildings. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification. Leasehold land held for own use is now classified as operating lease and where necessary, the minimum lease payments or the up-front payments made are allocated between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment relating to the land element represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

The Group has applied the change in accounting policy in respect of leasehold land in accordance with the transitional provisions of FRS 117. At 1 January 2007, the unamortised amount of leasehold land is retained as the surrogate carrying amount of prepaid lease payments as allowed by the transitional provisions. The reclassification of leasehold land as prepaid lease payments has been accounted for retrospectively and as disclosed in Note 2.3(b), certain comparatives have been restated. The effects on the balance sheets as at 31 December 2007 are set out below:

	Group	Company
RM'000		
Decrease in property, plant and equipment	(4,467)	(2,272)
Increase in prepaid land lease payments	4,467	2,272

There were no effects on the consolidated income statement for the year ended 31 December 2007 and the Company's separate financial statements.

2. Significant Accounting Policies (cont'd)

2.3 Changes in Accounting Policies and Effects Arising from Adoption of New and Revised FRS (cont'd)

b. Restatement of comparatives

The comparative amounts have been restated as a result of adopting FRS 117 are disclosed in Note 37 to the financial statements.

2.4 Standards and Interpretations Issued but Not Yet Effective

At the date of authorisation of these financial statements, the following new and revised FRS, amendment to FRS and Interpretations 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 periods beginning on or after
FRS 107: Cash Flow Statements	1 July 2007
FRS 111: Construction Contracts	1 July 2007
FRS 112: Income Taxes	1 July 2007
FRS 118: Revenue	1 July 2007
FRS 120: Accounting for Government Grants and Disclosure of Government Assistance	1 July 2007
FRS 134: Interim Financial Reporting	1 July 2007
FRS 137: Provisions, Contingent Liabilities and Contingent Assets	1 July 2007
FRS 139: Financial Instruments: Recognition and Measurement	Deferred
Amendment to FRS 121: The Effects of Changes in Foreign Exchange Rates	
– Net Investment in a Foreign Operation	1 July 2007
IC Interpretation 1: Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 July 2007
IC Interpretation 2: Members' Shares in Co-operative Entities and Similar Instruments	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 ²⁰⁰⁴	
– Financial Reporting in Hyperinflationary Economies	1 July 2007
IC Interpretation 8: Scope of FRS 2	1 July 2007

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

The other new and revised FRS, amendment 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.

2.5 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.

Contingent Liabilities – Litigation

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 (cont'd)

2.5 Significant Accounting Estimates and Judgements (cont'd)

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. 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.

ii. 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 of recognised and unrecognised deferred tax assets are disclosed in Note 19.

3. Revenue

	Group		Company	
	2007	2006	2007	2006
RM'000				
Sale of rice	1,749,513	1,918,421	1,575,961	1,613,293
Others	490,551	216,424	252,494	209,942
	2,240,064	2,134,845	1,828,455	1,823,235

4. Cost Of Sales

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

5. Other Income

	Group		Company	
	2007	2006	2007	2006
RM'000				
Dividend income from:				
– Subsidiaries	–	–	–	63,914
– Associates	–	–	2,430	15,764
Rental income	–	326	11,009	8,078
Gain on disposal of a subsidiary	–	1,494	–	–
Gain on disposal of an associate	–	639	–	–
Gain on disposal of property, plant and equipment	85	23	–	78
Interest income from deposits	2,485	5,807	2,117	5,000
Other	8,132	8,074	1,659	1,719
	10,702	16,363	17,215	94,553

Notes to the Financial Statements 31 December 2007

6. Finance Cost

	Group		Company	
	2007	2006	2007	2006
RM'000				
Interest expense on borrowings	14,368	12,892	4,637	6,770
Bank charges	392	426	225	258
	14,760	13,318	4,862	7,028

7. Profit Before Tax

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

	Group		Company	
	2007	2006	2007	2006
RM'000				
Employee benefits expense (Note 8)	106,332	110,955	45,418	46,976
Non-executive directors' remuneration (Note 9)	452	599	342	432
Auditors' remuneration:	619	815	192	408
Statutory audit	599	579	172	172
Other services	20	236	20	236
Depreciation of property, plant and equipment	22,335	19,160	13,147	8,917
(Gain)/loss on disposal of property, plant and equipment	(85)	(23)	17	(78)
Write off of property, plant and equipment	330	1,410	175	615
(Write back of)/provision for doubtful debts				(103)
– Subsidiaries	–	–	(1,519)	–
– Others	(1,142)	6,253	(1,142)	(103)
Provision for retirement benefit obligations	11,527	7,390	6,171	4,606
Write back of retirement benefits relating to Voluntary Separation Scheme (VSS)	(3,835)	–	(3,835)	–
Rental of land and buildings	17,346	18,039	10,213	12,193
Rental of plant and machinery	1,228	808	428	282
Write back of diminution in value of investments	–	–	–	(990)
Amortisation of prepaid land lease payments (Note 14)	2,216	2,216	1,554	1,554
(Gain)/loss of disposal of investments	–	(1,494)	–	6,803
Provision for/(write-back of) Voluntary Separation Scheme (VSS)	14,651	(5,757)	14,651	(5,757)

8. Employee Benefits Expense

	Group		Company	
	2007	2006	2007	2006
RM'000				
Wages and salaries	84,465	87,813	37,526	36,083
Termination benefits	–	1	–	–
Social security costs	1,003	1,316	308	330
(Write back of)/provision for short term accumulating compensated absences	(84)	31	(84)	31
Pension costs – defined contribution plan	10,288	9,103	4,637	5,354
Pension costs – defined benefit plan (Note 25)	7,692	7,390	2,337	4,606
Other staff related expenses	2,968	5,301	694	572
	106,332	110,955	45,418	46,976

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM3,972,000 (2006: RM4,343,000) and RM611,000 (2006:RMNil) as further disclosed in Note 9.

9. Directors' Remuneration

	Group		Company	
	2007	2006	2007	2006
RM'000				
Executive:				
Salaries, bonus and other emoluments	3,435	3,884	528	–
Pension costs – defined contribution plan	537	459	83	–
	3,972	4,343	611	–
Non-Executive:				
Fees	452	599	342	432
Total	4,424	4,942	953	432
Analysis excluding benefits-in-kind:				
Total executive directors' remuneration excluding benefits-in-kind	3,972	4,343	611	–
Total non-executive directors' remuneration excluding benefits-in-kind	452	599	342	432
Total directors' remuneration excluding benefits-in-kind	4,424	4,942	953	432

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

	Number of directors	
	2007	2006
Executive directors:		
RM50,001 – RM100,000	1	–
Non-executive directors:		
Below RM50,000	5	12
RM50,001 – RM100,000	1	1

10. Income Tax Expense

	Group		Company	
	2007	2006	2007	2006
RM'000				
Current income tax: Current income tax charge	32,793	34,849	24,492	49,052
Under provision in prior years	996	752	2,128	1,165
	33,789	35,601	26,620	50,217
Deferred tax (Note 19):				
Relating to origination and reversal of temporary differences	3,763	7,001	6,228	5,369
Relating changes to tax rates	244	1,286	263	1,379
Under/(over) provision in prior years	–	(909)	3,679	392
	4,007	7,378	10,170	7,140
Total income tax expense	37,796	42,979	36,790	57,357

10. Income Tax Expense (cont'd)

Domestic income tax is calculated at the Malaysian statutory tax rate of 27% (2006: 28%) of the estimated assessable profit for the year. The domestic statutory tax rate will be reduced to 26% from the current year's rate of 27%, effective year of assessment 2008. The computation of deferred tax as at 31 December 2007 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 (2006: RM500,000). For chargeable income in excess of RM500,000 (2006: RM500,000), the tax rate of 27% 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	
	2007	2006
RM'000		
Profit before taxation	145,139	178,205
Taxation at Malaysian statutory tax rate of 27% (2006: 28%)	39,188	49,897
Tax incentive obtained from differential tax rate of 20%	(35)	(70)
Effect of change in tax rates on opening balance of deferred tax	487	1,487
Deferred tax recognised at different tax rates	(3,712)	(201)
Effect of expenses not deductible for tax purposes	6,733	2,675
Effect of expenses eligible for double deduction	-	6
Utilisation of unrecognised tax losses and capital allowances brought forward from previous years	(2,498)	(7,833)
Deferred tax assets not recognised on unutilised tax losses and unabsorbed capital allowances	1,805	2,209
Utilisation of current year reinvestment allowance	-	(409)
Effect of income not subject to tax	(5,168)	(4,625)
Overprovision of deferred tax in prior years	-	(909)
Under provision of income tax in prior years	996	752
Tax expense for the year	37,796	42,979

	Company	
	2007	2006
RM'000		
Profit before taxation	96,817	190,017
Taxation at Malaysian statutory tax rate of 27% (2006: 28%)	26,141	53,205
Effect of change in tax rates on opening balance of deferred tax	493	820
Deferred tax assets recognised at different tax rates	(230)	(191)
Effect of expenses not deductible for tax purposes	4,837	6,465
Effect of income not subject to tax	(258)	(4,499)
Under provision of deferred tax in prior years	3,679	392
Under provision of income tax in prior years	2,128	1,165
Tax expense for the year	36,790	57,357

Tax savings recognised during the financial year arising from:

	Group	
	2007	2006
RM'000		
Utilisation of tax losses brought forward	2,158	2,676
Unutilised capital allowances brought forward	340	422

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.

	Group	
	2007	2006
RM'000		
Profit attributable to ordinary equity holders of the Company	103,586	130,047
Number of ordinary shares in issue/weighted average number of ordinary shares in issue ('000)	470,401	470,401
Basic earnings per share for the year (sen)	22.0	27.6

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.

12. Dividends

	Dividends in respect of Year		Dividends Recognised of Year	
	2007	2006	2007	2006
RM'000				
Recognised during the year:				
Final dividend for 2005: 4.0% tax exempt, on 470,401,501 ordinary shares (4.0 sen per ordinary shares)	–	–	–	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
Final dividend for 2006: 5.0% tax exempt, on 470,401,501 ordinary shares (5.0 sen per ordinary shares)	–	23,520	23,520	–
Interim dividend for 2007: 4.4% tax exempt and 0.8% tax payable less 27% taxation 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 2007: 6.8% taxable dividend less 26% taxation on 470,401,501 ordinary shares (5.0 sen per ordinary shares)	23,515	–	–	–
	47,035	47,040	47,040	42,336

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 December 2007 of 6.8% taxable dividend less 26% taxation on 470,401,501 ordinary shares, amounting to a dividend payable of RM23,515,200 (5 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 2008.

Notes to the Financial Statements 31 December 2007

13. Property, Plant And Equipment

GROUP	Freehold land	Buildings and infrastructure	Plant and machinery	Work-in-Progress	Others*	Total
RM'000						
At 31 December 2007						
Cost						
At 1 January 2007	36,293	73,486	213,408	37,802	72,035	433,024
Additions	630	19,043	20,816	2,850	23,505	66,844
Disposals	–	–	(591)	–	(3,269)	(3,860)
Write off	–	–	(327)	–	(584)	(911)
At 31 December 2007	36,923	92,529	233,306	40,652	91,687	495,097
Accumulated depreciation and impairment						
At 1 January 2007	–	13,043	78,025	–	64,530	155,598
Charge for the year	–	2,301	13,395	–	6,639	22,335
Disposals	–	–	(463)	–	(3,128)	(3,591)
Write off	–	–	(154)	–	(427)	(581)
At 31 December 2007	–	15,344	90,803	–	67,614	173,761
Net carrying amount						
At 31 December 2007	36,923	77,185	142,503	40,652	24,073	321,336
At 31 December 2006						
Cost						
At 1 January 2006	15,938	66,963	197,720	7,583	67,746	355,950
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)	–	–
At 31 December 2006	36,293	73,486	213,408	37,802	72,035	433,024
Accumulated depreciation and impairment						
At 1 January 2006	–	11,754	68,576	–	59,516	139,846
Charge for the year	–	2,252	10,604	–	6,304	19,160
Disposals	–	(910)	(382)	–	(539)	(1,831)
Write off	–	(53)	(773)	–	(751)	(1,577)
At 31 December 2006	–	13,043	78,025	–	64,530	155,598
Net carrying amount						
At 31 December 2006	36,293	60,443	135,383	37,802	7,505	277,426

13. Property, Plant And Equipment (cont'd)

COMPANY	Freehold land	Buildings and infrastructure	Plant and machinery	Work-in-Progress	Others*	Total
RM'000						
At 31 December 2007						
Cost						
At 1 January 2007	18,959	34,835	134,367	27,260	42,995	258,416
Additions	630	3,302	18,150	2,850	19,661	44,593
Disposals	–	–	–	–	(69)	(69)
Write off	–	–	(322)	–	(8)	(330)
At 31 December 2007	19,589	38,137	152,195	30,110	62,579	302,610
Accumulated depreciation and impairment						
At 1 January 2007	–	6,675	53,587	–	38,082	98,344
Charge for the year	–	1,390	8,102	–	3,655	13,147
Disposals	–	–	–	–	(23)	(23)
Write off	–	–	(152)	–	(3)	(155)
At 31 December 2007	–	8,065	61,537	–	41,711	111,313
Net carrying amount						
At 31 December 2007	19,589	30,072	90,658	30,110	20,868	191,297
At 31 December 2006						
Cost						
At 1 January 2006	–	32,421	125,177	430	42,011	200,039
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	34,835	134,367	27,260	42,995	258,416
Accumulated depreciation and impairment						
At 1 January 2006	–	5,682	48,628	–	36,560	90,870
Charge for the year	–	1,046	5,397	–	2,474	8,917
Disposals	–	–	–	–	(263)	(263)
Write off	–	(53)	(438)	–	(689)	(1,180)
At 31 December 2006	–	6,675	53,587	–	38,082	98,344
Net carrying amount						
At 31 December 2006	18,959	28,160	80,780	27,260	4,913	160,072

Notes to the Financial Statements 31 December 2007

13. Property, Plant And Equipment (cont'd)

* Others

GROUP	Furniture, fittings and office equipment	Renovations	Motor vehicles	Total
RM'000				
At 31 December 2007				
Cost				
At 1 January 2007	41,327	5,323	25,385	72,035
Additions	20,470	168	2,867	23,505
Disposals	(245)	(60)	(2,964)	(3,269)
Write off	(354)	(230)	–	(584)
At 31 December 2007	61,198	5,201	25,288	91,687
Accumulated depreciation and impairment				
At 1 January 2007	41,322	2,281	20,927	64,530
Charge for the year	4,507	613	1,519	6,639
Disposals	(215)	(15)	(2,898)	(3,128)
Write off	(302)	(125)	–	(427)
At 31 December 2007	45,312	2,754	19,548	67,614
Net carrying amount				
At 31 December 2007	15,886	2,447	5,740	24,073
At 31 December 2006				
Cost				
At 1 January 2006	39,296	4,469	23,981	67,746
Additions	2,891	854	2,134	5,879
Disposals	(255)	–	(500)	(755)
Write off	(605)	–	(230)	(835)
At 31 December 2006	41,327	5,323	25,385	72,035
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	5	3,042	4,458	7,505

13. Property, Plant And Equipment (cont'd)

* Others

COMPANY	Furniture, fittings and office equipment	Renovations	Motor vehicles	Total
RM'000				
At 31 December 2007				
Cost				
At 1 January 2007	35,155	2,872	4,968	42,995
Additions	19,535	126	–	19,661
Disposals	(9)	(60)	–	(69)
Write off	(8)	–	–	(8)
At 31 December 2007	54,673	2,938	4,968	62,579
Accumulated depreciation and impairment				
At 1 January 2007	32,769	616	4,697	38,082
Charge for the year	3,334	295	26	3,655
Disposals	(8)	(15)	–	(23)
Write off	(3)	–	–	(3)
At 31 December 2007	36,092	896	4,723	41,711
Net carrying amount				
At 31 December 2007	18,581	2,042	245	20,868
At 31 December 2006				
Cost				
At 1 January 2006	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

Notes to the Financial Statements 31 December 2007

13. Property, Plant And Equipment (cont'd)

- a. During the financial year, the Group acquired property, plant and equipment with an aggregate cost of approximately RM66,844,000 (2006: RM83,402,000) of which RM2,867,000 (2006: RM3,210,000) were acquired by means of hire purchase and finance lease arrangements. The net carrying amounts of property, plant and equipment held under hire purchase and finance lease arrangements are as follows:

RM'000	Group	
	2007	2006
Motor vehicles	2,814	873
Office equipment	1,054	–
Forklift	198	61
Plant and machinery	39,299	14,092
	43,365	15,026

Details of the terms and conditions of the hire purchase and finance lease arrangements are disclosed in Note 27.

- b. The net book values of property, plant and equipment of the Group pledged to financial institutions for bank borrowings as referred to in Note 26 are as follows:

RM'000	Group	
	2007	2006
Freehold land	7,307	13,648
Buildings and infrastructure	14,365	35,320
Plant and machinery	7,307	13,927
	15,961	37,195

14. Prepaid Land Lease Payments

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RM'000	Group		Company	
	2007	2006	2007	2006
At 1 January	28,583	30,799	26,388	27,942
Amortisation for the year (Note 7)	(2,216)	(2,216)	(1,554)	(1,554)
At 31 December	26,367	28,583	24,834	26,388
Analysed as				
Long term leasehold land	3,758	4,467	2,225	2,272
Short term leasehold land	22,609	24,116	22,609	24,116
	26,367	28,583	24,834	26,388

Short term leasehold land of the Group and of the Company are 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.

15. Investments In Subsidiaries

	Company	
	2007	2006
RM'000		
Unquoted shares, at cost	399,445	399,445
Less: Accumulated impairment losses	(72,669)	(72,669)
	326,776	326,776

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

a. Acquisition of additional equity interest in subsidiaries

On 1 January 2007, a wholly owned subsidiary of the Company, Beras Corporation Sdn Bhd ("BCSB") entered into the followings agreements:

- A Share Sale Agreement for the purchase of 660,000 ordinary shares of RM1.00 each representing the entire 22% equity interest in Sazarice Sdn Bhd ("Sazarice") for a total cash consideration of RM3,500,000. Upon completion BCSB's equity interest in Sazarice increased to 95%.
- A Subscription Shareholder Agreement between Tan Kien Chong Sdn Bhd ("TKCSB") and Sabarice Sdn Bhd ("Sabarice") in respect of the subscription of 802,500 new ordinary shares of RM1.00 each by BCSB and a TKCSB in Sabarice. Pursuant to the completion of the Agreement, BCSB owns 55% equity interest in Sabarice.

The acquisition of BCSB was 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.

b. Disposal of a subsidiary

On 4 April 2007, a 51% owned subsidiary of the Company, namely Syarikat Faiza Sdn Bhd ("SFSB") 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").

16. Investment In Associates

	Group		Company	
	2007	2006	2007	2006
RM'000				
In Malaysia:				
Unquoted shares, at cost	97,196	97,196	94,994	94,994
Share of post-acquisition reserves	85,037	65,184	–	–
	182,233	162,380	94,994	94,994
Less: Accumulated impairment losses	(2,300)	(2,300)	(2,300)	(2,300)
	179,933	160,080	92,694	92,694
Outside Malaysia:				
Unquoted shares, at cost	3,011	3,011	–	–
Share of post-acquisition reserves	2,981	2,981	–	–
	5,992	5,992	–	–
	185,925	166,072	92,694	92,694

Notes to the Financial Statements 31 December 2007

16. Investment In Associates (cont'd)

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

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 2007 have been used and appropriate adjustments have been made for the effects of significant transactions between 31 December 2007 and that date.

The summarised financial statements of the associates are as follows:

	2007	2006
RM'000		
Assets and liabilities		
Current assets	751,471	706,522
Non-current assets	386,322	363,214
Total assets	1,137,793	1,069,736
Current liabilities	667,746	650,381
Non-current liabilities	68,062	66,292
Total liabilities	735,808	716,673
Results		
Revenue	2,149,141	2,365,132
Profit for the year	68,057	46,969

17. Other Investments

	Group		Company	
	2007	2006	2007	2006
RM'000				
Unquoted shares, at cost	4	6,000	–	6,000
Quoted shares in Malaysia, at cost	9	23	–	–
Golf club membership	29	29	–	–
	42	6,052	–	6,000
Less: Accumulated impairment losses	–	–	–	–
	42	6,052	–	6,000
Market value of quoted shares	12	24		

18. Intangible Assets

Intangible assets represent trademarks obtained through business combinations and which have been assessed as having indefinite useful life.

The basis for annual impairment review of the Group's trademarks are as follows:

a. Allocation of Trademarks

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

18. Intangible Assets (cont'd)

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.

19. Deferred Tax

	Group		Company	
	2007	2006	2007	2006
RM'000				
At 1 January	(950)	6,428	15,968	23,108
Recognised in the income statement (Note 10)	(4,007)	(7,378)	(10,170)	(7,140)
At 31 December	(4,957)	(950)	5,798	15,968
Presented after appropriate offsetting as follows:				
Deferred tax assets	21,544	19,688	5,798	15,968
Deferred tax liabilities	(26,501)	(20,638)	–	–
	(4,957)	(950)	5,798	15,968

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	Provision for Doubtful Debts	Tax Losses and Unabsorbed Capital Allowances	Others	Total
RM'000					
At 1 January 2007	11,059	7,482	4,463	4,374	27,378
Recognised in the income statement	1,564	(1,709)	2,511	(3,643)	(1,277)
At 31 December 2007	12,623	5,773	6,974	731	26,101
At 1 January 2006	9,807	8,120	224	16,362	34,513
Recognised in the income statement	1,252	(638)	4,239	(11,988)	(7,135)
At 31 December 2006	11,059	7,482	4,463	4,374	27,378

Notes to the Financial Statements 31 December 2007

19. Deferred Tax (cont'd)

Deferred Tax Liabilities of the Group:

	Accelerated Capital Allowances	Others	Total
RM'000			
At 1 January 2007	24,348	3,980	28,328
Recognised in the income statement	7,082	(4,352)	2,730
At 31 December 2007	31,430	(372)	31,058
At 1 January 2006	24,523	3,562	28,085
Recognised in the income statement	(175)	418	243
At 31 December 2006	24,348	3,980	28,328

Deferred Tax Assets of the Company:

	Retirement Benefit Obligations	Provision for Doubtful Debts	Others	Total
RM'000				
At 1 January 2007	9,570	6,947	2,784	19,301
Recognised in the income statement	(267)	(1,709)	(665)	(2,641)
At 31 December 2007	9,303	5,238	2,119	16,660
At 1 January 2006	8,763	7,843	10,258	26,864
Recognised in the income statement	807	(896)	(7,474)	(7,563)
At 31 December 2006	9,570	6,947	2,784	19,301

Deferred Tax Liabilities of the Company:

	Accelerated Capital Allowances
RM'000	
At 1 January 2007	3,333
Recognised in the income statement	7,529
At 31 December 2007	10,862
At 1 January 2006	3,756
Recognised in the income statement	(423)
At 31 December 2006	3,333

19. Deferred Tax (cont'd)

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

	Group	
	2007	2006
RM'000		
Unutilised tax losses	60,916	60,916
Unabsorbed capital allowances	–	22,538
Unused reinvestment allowances	–	28
Retirement benefits obligations	11,375	11,375
Provision for doubtful debts	1,159	1,159
	73,450	96,016

The available unutilised tax losses and unabsorbed capital allowances for offsetting against future taxable profits of the respective 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 arose in subsidiaries that have a recent history of losses.

20. Inventories

	Group		Company	
	2007	2006	2007	2006
RM'000				
Cost				
Paddy and rice	187,039	296,624	84,545	148,735
Spares and consumables	5,503	8,727	178	136
Raw materials	2,771	4,395	–	–
Finished goods	4,755	7,541	–	–
	200,068	317,287	84,723	148,871

21. Trade And Other Receivables

	Group		Company	
	2007	2006	2007	2006
RM'000				
Trade Receivables:				
Due from subsidiaries	–	–	166,827	222,714
Due from associates	51,078	73,550	69,411	66,392
Third parties	334,678	272,392	123,342	103,701
	385,756	345,942	359,580	392,807
Less: Provision for doubtful debts	(51,327)	(54,895)	(42,266)	(45,204)
Total Trade Receivables	334,429	291,047	317,314	347,603

Notes to the Financial Statements 31 December 2007

21. Trade And Other Receivables (cont'd)

	Group		Company	
	2007	2006	2007	2006
RM'000				
Other Receivables:				
Due from subsidiaries	–	–	54,563	56,740
Due from associates	8,571	26,665	13,638	25,174
Advances to farmers	16,658	13,608	16,658	13,608
Insurance claims recoverable	326	5,840	326	5,840
Sundry receivables	63,431	36,858	9,298	16,219
	88,986	82,971	94,483	117,581
Less: Provision for doubtful debts	(12,492)	(15,925)	(20,149)	(25,731)
Total Other Receivables	76,494	67,046	74,334	91,850
Total Trade and Other Receivables	410,923	358,093	391,648	439,453

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.

Included in trade receivables of the Group is an aggregate amount of RM1,660,000 (2006: RM1,660,000) 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.

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

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Included in other receivables of the Group is an amount of RM5,108,400 (2006: RM5,108,400) being rental deposits paid to Yew Poe Hai and Yew Chor Khooi; 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.

22. Cash And Bank Balances

	Group		Company	
	2007	2006	2007	2006
RM'000				
Cash on hand and at banks	81,592	96,100	20,256	44,084
Deposits with: Licensed banks	67,709	65,794	56,400	54,805
Other financial institutions	106,680	18,340	105,680	17,340
	255,981	180,234	182,336	116,229

22. Cash And Bank Balances (cont'd)

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

	Group	
	2007	2006
RM'000		
Credit facility granted to certain subsidiaries as referred to in Note 26.	7,867	2,860

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

	Group		Company	
	2007	2006	2007	2006
%				
Licensed banks	3.2 – 3.5	3.0 – 3.7	3.2 – 3.5	3.0 – 3.5
Other financial institutions	3.3 – 3.5	3.0 – 3.3	3.3 – 3.5	3.0 – 3.0

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

	Group		Company	
	2007	2006	2007	2006
Days				
Licensed banks	172	172	14	14
Other financial institutions	28	28	28	28

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

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

	Group		Company	
	2007	2006	2007	2006
RM'000				
Cash and bank balances	255,981	180,234	182,336	116,229
Bank overdrafts	(1,066)	(5,498)	–	–
Total cash and cash equivalents	254,915	174,736	182,336	116,229

Notes to the Financial Statements 31 December 2007

23. Share Capital

	Number of Shares of RM1.00 Each		Amount	
	2007	2006	2007	2006
			RM	RM
Authorised:				
At 1 January and 31 December 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
Issued and fully paid:				
At 1 January and 31 December Special Share of RM1.00 (note a)	1	1	1	1
Ordinary shares of RM1.00 each	470,401,500	470,401,500	470,401,500	470,401,500

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.

24. Reserves

	Note	Group		Company	
		2007	2006 (Restated)	2007	2006 (Restated)
RM'000					
Non-distributable:					
Capital reserve	a	2,864	2,864	600	600
Stockpile fluctuation reserve	b	6,609	9,317	4,305	9,186
Capital redemption reserve	c	12,520	12,520	7,370	7,370
Foreign exchange reserve	d	(981)	(450)	–	–
Share premium		7,085	7,085	7,085	7,085
		28,097	31,336	19,360	24,241
Distributable:					
Retained profit (Note 29)		468,996	414,640	345,410	332,423
		497,093	445,976	364,770	356,664
a. Capital reserve					
At 1 January/31 December		2,864	2,864	600	600
b. Stockpile fluctuation reserve					
At 1 January		9,317	11,293	9,186	8,728
Transfer (to)/from Government Stockpile		(2,708)	(1,976)	(4,881)	458
At 31 December		6,609	9,317	4,305	9,186
c. Capital redemption reserve					
At 1 January/31 December		12,520	12,520	7,370	7,370
d. Foreign exchange reserve					
At 1 January		(450)	81	–	–
Arising during the year		(531)	(531)	–	–
At 31 December		(981)	(450)	–	–

25. Retirement Benefits Obligations

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

	Group		Company	
	2007	2006	2007	2006
RM'000				
Present value of unfunded defined benefits obligations	56,202	51,020	35,781	35,446
Analysed as:				
Current:	4,686	1,626	647	1,181
Non-current:				
Later than 1 year but not later than 2 years	1,519	1,456	1,872	561
Later than 2 years but not later than 5 years	9,496	9,105	6,481	4,991
Later than 5 years	40,501	38,833	26,781	28,713
	51,516	49,394	35,134	34,265
	56,202	51,020	35,781	35,446

Notes to the Financial Statements 31 December 2007

25. Retirement Benefits Obligations (cont'd)

The amounts recognised in the income statements are as follows:

	Group		Company	
	2007	2006 (Restated)	2007	2006 (Restated)
RM'000				
Current service cost	7,072	4,587	2,749	2,447
Interest cost	2,556	2,803	1,524	2,159
Write back of retirements benefits	(1,936)	–	(1,936)	–
Total, included in employee benefits expense (note 8)	7,692	7,390	2,337	4,606

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

	Group		Company	
	2007	2006 (Restated)	2007	2006 (Restated)
RM'000				
At 1 January	51,020	44,597	35,446	31,296
Provision for the year	11,527	7,390	6,171	4,606
Reversal relating to Voluntary Separation Scheme (VSS)	(3,835)	–	(3,835)	–
Contributions paid	(2,510)	(967)	(2,001)	(456)
At 31 December	56,202	51,020	35,781	35,446

Principal actuarial assumptions used:

	2007	2006
%		
Discount rate	6.0	7.0
Expected rate of salary increases	5.0	5.0

26. Borrowings

	Group		Company	
	2007	2006	2007	2006
RM'000				
Short term borrowings				
Secured:				
Term loans	1,898	5,959	–	–
Hire purchase and finance lease payables (Note 27)	2,205	3,721	–	–
	4,103	9,680	–	–
Unsecured:				
Bank overdrafts	1,066	5,498	–	–
Bankers' acceptances	187,699	201,315	75,455	100,149
Revolving credit	5,550	4,690	–	–
	194,315	211,503	75,455	100,149
	198,418	221,183	75,455	100,149

26. Borrowings (cont'd)

	Group		Company	
	2007	2006	2007	2006
RM'000				
Long term borrowings				
Secured:				
Term loans	9,052	3,667	–	–
Hire purchase and finance lease payables (Note 27)	4,338	5,887	–	–
	13,390	9,554	–	–
Total borrowings				
Bank overdrafts	1,066	5,498	–	–
Bankers' acceptances	187,699	201,315	75,455	100,149
Revolving credit	5,550	4,690	–	–
Term loans	10,950	9,626	–	–
Hire purchase and finance lease payables (Note 27)	6,543	9,608	–	–
	211,808	230,737	75,455	100,149
Maturity of borrowings (excluding hire purchase and finance lease payables):				
Within one year	196,213	217,462	75,455	100,149
More than 1 year and less than 2 years	5,544	1,573	–	–
More than 2 years and less than 5 years	3,508	2,094	–	–
	205,265	221,129	75,455	100,149

The secured borrowings of the Group are secured by certain assets of the Group as disclosed in Notes 13 and 22 to the financial statements.

The term loans are secured by the followings:

- First legal charge over the freehold land and buildings of the Group as disclosed in Note 13(b) to the financial statements; and
- Deposits placed with a licensed bank as disclosed in Note 22(a) to the financial statements.

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27. Hire Purchase And Finance Lease Liabilities

	Group	
	2007	2006
RM'000		
Future minimum hire purchase and lease payments:		
Not later than 1 year	2,548	4,274
Later than 1 year and not later than 2 years	2,523	3,596
Later than 2 years and not later than 5 years	2,065	2,923
	7,136	10,793
Less: Future finance charges	(593)	(1,185)
Present value of hire purchase and finance lease liabilities	6,543	9,608

Notes to the Financial Statements 31 December 2007

27. Hire Purchase And Finance Lease Liabilities (cont'd)

	Group	
	2007	2006
RM'000		
Analysis of present value of hire purchase and finance lease liabilities:		
Not later than 1 year	2,205	3,721
Later than 1 year and not later than 2 years	2,357	3,173
Later than 2 years and not later than 5 years	1,981	2,714
	6,543	9,608
Less: Amount due within 12 months (Note 26)	(2,205)	(3,721)
Amount due after 12 months (Note 26)	4,338	5,887

The hire purchase and finance lease liabilities bear interest rates ranging from 2.90% to 6.90% (2006: 2.90% to 6.90%) per annum.

28. Trade And Other Payables

	Group		Company	
	2007	2006	2007	2006
RM'000				
Current				
Trade payables				
Due to associates	–	5,096	–	5,005
Third parties	36,843	25,908	3,927	7,346
Total trade payables	36,843	31,004	3,927	12,351
Other payables				
Due to subsidiaries	–	–	299,132	298,426
Due to associates	904	36	–	–
	904	36	299,132	298,426
Accruals and sundry payables	71,665	55,549	50,187	56,099
Total other payables	72,569	55,585	349,319	354,525
Total trade and other payables	109,412	86,589	353,246	366,876

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.

Included in trade payables of the Group is an amount of RM146,000 (2006: RM181,663) 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.

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

29. Retained Profits

Prior to the year of assessment 2008, Malaysian companies adopted the full imputation system. In accordance with the Finance Act 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ("single tier system"). However, there is a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the 108 balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the 108 balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act 2007.

The Company and all its Malaysia incorporated subsidiaries did not elect for the irrevocable option to disregard the 108 balance. Accordingly, during the transitional period, the Company may utilise the credit in the 108 balance as at 31 December 2007 to distribute cash dividend payments to ordinary shareholders as defined under the Finance Act 2007. As at 31 December 2007, the Company has sufficient credit in the 108 balance to pay franked dividends out of its entire retained earnings.

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:

RM'000	Company	
	2007	2006
At 1 January	64,853	64,344
Add: Government subsidy funds received	400,000	445,000
Interest income	1,785	1,259
Less: Payments made during the year	(441,124)	(445,750)
At 31 December	25,514	64,853

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

RM'000	Group		Company	
	2007	2006	2007	2006
Capital expenditure:				
Approved and contracted for:				
Property, plant and equipment	13,846	11,650	–	–
Investments	–	8,000	–	8,000
	13,846	19,650	–	8,000
Approved but not contracted for:				
Property, plant and equipment	25,341	24,878	–	–
Investments	–	4,303	–	–
	25,341	29,181	–	–
	39,187	48,831	–	8,000

32. Contingent Liabilities

	Group		Company	
	2007	2006	2007	2006
RM'000				
Unsecured				
Corporate guarantee for bank facilities of certain subsidiaries	–	–	61,074	78,120
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

- a. 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:
- 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");
 - 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;
 - 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;
 - General damages of RM112 million to be paid by the Company to the Joint Venture Company;
 - Rebate of RM760,000;
 - 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
 - Injunction and Costs and other relief's as the Court deem just.

- The Company filed the application to strike out the said Statement of Claim against the Company on the ground that there is no valid cause of action. The Senior Assistant Registrar had dismissed the Company's application to strike out.

The Company's Notice of Appeal to Judge in Chambers against the Senior Assistant Registrar's decision on 7 May 2007 pertaining to the Company's striking out application is now fixed for mention on 19 June 2008 pending the filing of the notice of Change of Solicitors by KBK's Solicitors.

- 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:
- 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
 - Instruct the Company to resume selling, hiring and supplying rice to the Plaintiff.

KBK's application for injunctive relief has been fixed for Mention on 19 June 2008 pending the filing of the Notice of change of Solicitors by KBK's Solicitors. The Company had instructed its solicitors to set aside the said injunction application.

- c. The Company was served with 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:

32. Contingent Liabilities (cont'd)

- 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.
- iv. 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 as against the said Defendants be struck out as it discloses no reasonable course of actions, scandalous, frivolous, vexatious and/or is an abuse of process of the Court;
- ii. That the cost of the said Order to be borne by the Plaintiffs; and
- iii. 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 payable to Bernas but dismissed the Company's application to strike out the 2nd to 12th Defendants on 3 September 2007. On 3 March 2008, the Court dismissed the Company's application to strike out the 2nd to 12th Defendants from being the party to the suit. The Company solicitors had on 17 April 2008, filed Statements of Defence for 2nd to 12th Defendants.

- d. 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 Plaintiffs 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 Court had on 13th March 2008 allowed Plaintiff's application with cost. The Company's solicitors are in the midst of filing the Grounds of Appeal to the Court of Appeal.

There are no other changes in contingent liabilities since the last annual balance sheet as at 31 December 2006. The Group does not have any contingent assets.

Notes to the Financial Statements 31 December 2007

33. Related Party Disclosures

a. Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities, directly or indirectly, including any director (whether executive or otherwise).

The key management personnel compensation is as follows:

	Group		Company	
	2007	2006	2007	2006
RM'000				
Short-term employee benefits	6,957	6,848	4,050	2,964
Post-employment benefits defined contribution plan	1,043	866	589	407
Other benefits	846	1,015	846	848
	8,846	8,729	5,485	4,219

Included in the total key management personnel compensation above are:

	Group		Company	
	2007	2006	2007	2006
RM'000				
Directors' remuneration	4,424	4,942	953	432

b. Others

	Company	
	2007	2006
RM'000		
a. Purchases from and services rendered by subsidiaries	28,405	69,267
b. Sales to subsidiaries	1,342,286	1,303,520
c. Sales to associates		
– Bernas Feedstuff Sdn Bhd	28,963	24,884
– Serba Wangi Sdn Bhd and its subsidiaries	155,196	198,342
– OEL Realty Holdings Sdn Bhd and its subsidiaries	161,664	120,799
d. Purchases from associates		
– Irfan Noman Bernas (Pvt) Limited	218	218
– Asian Peninsula Corporation Ltd	6,824	7,183
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	600	494
Sales to Pasar Mini Enterprise, an enterprise in which certain directors (namely Faiza Bawumi Bt Syed Ahmad and Najwa Bt Abu Bakar) have interest	200	316

33. Related Party Disclosures

b. Others

	Company	
	2007	2006
RM'000		
e. Transactions with subsidiaries' director related companies and other related parties (cont'd)		
ii. Jasmine Food Corporation Sdn Bhd Group ("JFC")		
Purchases from Jasmine Rice Mill (Kerpan) Sdn Bhd, a company in which a director of JFC, Lim Kiam Lai @ Lim Kean Lai is a substantial shareholder	3,470	2,477
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
Rental of premises paid to Asian Net Sdn Bhd, a company in which the directors of JFC and its subsidiaries have substantial financial interest	866	841
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	231	258
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	430	387
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	330	300
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	2,901	379
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	3,515	3,378
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	6,700	4,810
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	1,900	1,505
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, a director of YHLH	374	374
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	1,692
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

33. Related Party Disclosures (cont'd)

b. Others (cont'd)

RM'000	Company	
	2007	2006
e. Transactions with subsidiaries' director related companies and other related parties		
iii. YHL Holding Sdn Bhd Group ("YHLH") (cont'd)		
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
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
Sales to Ban Say Tong, an entity owned by Kueh Peng Ho, a director and substantial shareholder of BST	1,500	1,016
Sales to Syarikat Welly Trading, a company in which a director has substantial financial interest	540	431
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
Transport charges paid to Saza Enterprise, a company owned by a director, Sisamdin bin Bugan	–	194

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.

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34. Significant And Subsequent Events

- a. On 1 January 2007, Beras Corporation Sdn Bhd ("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.

34. Significant And Subsequent Events (cont'd)

- b. On 4 April 2007, a 51% owned subsidiary of the Company, namely Syarikat Faiza Sdn Bhd ("SFSB") 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, SFSB, 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 SFSB, 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.
- c. 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
	2007 %	2006 %	
Incorporated in Malaysia			
Subsidiaries of the Company			
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	100	Dormant
Jasmine Food Corporation Sdn Bhd	51	51	Trader, distributor and supplier of rice
YHL Holding Sdn Bhd	51	51	Investment holding
Bernas Seed Pro Sdn Bhd (formerly known as Bernas Marditech Seed Sdn Bhd)	75.5	75.5	Paddy seed production
Bernas Agrotech Sdn Bhd (formerly known as 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	80	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
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
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 Project Development Sdn Bhd (formerly known as Bernas Marditech Project Development Sdn Bhd)	50	50	Dormant

35. Subsidiaries And Associates (cont'd)
A. Subsidiaries (cont'd)

Name of Subsidiaries	Proportion of Ownership Interest		Principal Activities
	2007 %	2006 %	
<i>Subsidiary of Syarikat Faiza Sdn Bhd</i> Lee Hup & Company Sendirian Berhad	–	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	100	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
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
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 Bernas Agrotech Sdn Bhd (formerly known as BM Agrotech Sdn Bhd)</i> Padi Gedong Sdn Bhd	61	61	Dormant
<i>Subsidiaries of Beras Corporation Sdn Bhd</i>			
Sazarice Sdn Bhd	95	73	Trader, distributor and supplier of rice
Dayabest Sdn Bhd	100	100	Investment holding
Sabarice Sdn Bhd	55	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 (cont'd)

A. Subsidiaries (cont'd)

Name of Subsidiaries	Proportion of Ownership Interest		Principal Activities
	2007 %	2006 %	
Subsidiary of Bernas Dominals Sdn Bhd Bernas Chaff Products Sdn Bhd	51	51	Dormant
Incorporated in the British Virgin Islands Subsidiary of Bernas Overseas (L) Limited Bernas China Corporation	95	95	Rice trading

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

B. ASSOCIATES

Name of Associates	Proportion of Ownership Interest		Principal Activities
	2007 %	2006 %	
Incorporated in Malaysia Associates of the Company			
Gardenia Bakeries (KL) Sdn Bhd	30	30	Bread manufacturing and bakery
Kilang Beras Fajar Sdn Bhd	49	49	Dormant
Formula Timur Sdn Bhd	40	40	Dormant
Ban Heng Bee Holdings Sdn Bhd	20	20	Rice miller
Serba Wangi Sdn Bhd**	52	52	Trader, distributor and supplier of rice
OEL Realty Holdings Sdn Bhd	30	30	Investment holding
Bernas Logistics Sdn Bhd	25	25	Provision of logistics services
United Malayan Flour (1996) Sdn Bhd	45	45	Manufacturing and trading of wheat flour
Associates of Bernas Dominals Sdn Bhd			
Bernas Feedstuff Sdn Bhd	49	49	Trading in all kinds of rice brand and broken rice
Associate of Beras Corporation Sdn Bhd			
Liansin Trading Sdn Bhd	30	30	Wholesale and trading of rice and rice related products
Subsidiaries of Kilang Beras Fajar Sdn Bhd			
Fajar Jerlun Sdn Bhd	49	49	Dormant
Fajar Jerlun (Negeri Sembilan) Sdn Bhd	49	49	Dormant
Subsidiaries of Serba Wangi Sdn Bhd			
Serba Wangi (KL) Sdn Bhd **	52	52	Trader, distributor and supplier of rice
Serba Wangi JH Sdn Bhd	26.5	26.5	Trader, distributor and supplier of rice
Serba Wangi (PG) Sdn Bhd	46.8	46.8	Trader, distributor and supplier of rice
Serba Wangi (Perak) Sdn Bhd **	52	52	Trader, distributor and supplier of rice
Eng Chuan Chan Sdn Bhd	41.6	41.6	Trader, distributor and supplier of rice
Serba Wangi ML Sdn Bhd	26.5	26.5	Trader, distributor and supplier of rice
SW Transport Sdn Bhd **	52	52	Provision of transport services

Notes to the Financial Statements 31 December 2007

35. Subsidiaries And Associates (cont'd)

B. ASSOCIATES (cont'd)

Name of Associates	Proportion of Ownership Interest		Principal Activities
	2007 %	2006 %	
Subsidiaries of Keongco Holdings Sdn Bhd			
Keongco Malaysia Sdn Bhd	20	20	Investment holding and importing, wholesaling and exporting commodities consisting of garlic, onion, dried chillies, ginger, beans and rice
Honeyco Food Industries Sdn Bhd	20	20	Processing and sale of fried onions
Central Eight (M) Sdn Bhd	20	20	Letting of properties
Subsidiaries of OEL Realty Holdings Sdn Bhd			
OEL Distribution (Kedah) Sdn Bhd (formerly known as Ong Eng Lee (Trading) Sdn Bhd)	30	30	Trader, distributor and supplier of rice
OEL Distribution (Perak) Sdn Bhd (formerly known as Sing Weng Guan Enterprise Sdn Bhd)	30	30	Trader, distributor and supplier of rice
OEL Origin (Kedah) Sdn Bhd	30	30	Trader, distributor and supplier of rice
OEL Distribution (Penang) Sdn Bhd (formerly known as OEL Wawasan Enterprise Sdn Bhd)	30	30	Trader, distributor and supplier of rice
OEL Distribution (Johor) Sdn Bhd (formerly known as Perusahaan Kargo Selatan Sdn Bhd)	30	30	Trader, distributor and supplier of rice
OEL Distribution (Selangor) Sdn Bhd (formerly known as Setia Saujana Sdn Bhd)	18	18	Trader, distributor and supplier of rice
OEL Distribution (KL) Sdn Bhd (formerly known as Best Field Enterprise Sdn Bhd)	18	18	Trader, distributor and supplier of rice
OEL Food Manufacturing Sdn Bhd	30	30	Manufacturing of healthdrinks
Subsidiaries of Liansin Trading Sdn Bhd			
Liantye Trading Sdn Bhd	30	30	General trading and rice wholesaler
Liansin Trading (Miri) Sdn Bhd	30	30	Dormant
Subsidiaries of Gardenia Bakeries (KL) Sdn Bhd			
Gardenia Sales & Distribution Sdn Bhd	30	30	Sales and distribution of bread
Everday Bakery & Confectionery Sdn	30	30	Bread manufacturing and bakery
Incorporated in Thailand			
Associate of Bernas Overseas (L) Limited			
Asian Peninsula Corporation Ltd.	49	49	Rice trading
Incorporated in Pakistan			
Associate of Bernas Overseas (L) Limited			
Irfan Noman Bernas (Pvt) Limited	20	20	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.

36. Prior Year Adjustments

- a. During the year, the management identified overstatements in the computation of deferred tax assets of the Group and of the Company as included in the financial statements for prior years. This has resulted in over recognition of deferred tax assets of RM21.3 million in the financial statements as at 31 December 2005. This overstatement has been adjusted for by way of prior year adjustments to the opening balances of the shareholders' equity of the current year and comparative financial years (as reflected in the Statement of Changes in Equity of the Group and of the Company). The effect of the prior year adjustment is disclosed in Note 37 to the financial statements.
- b. In prior years, the financial statements of certain subsidiaries which apply the revaluation basis was not adjusted upon consolidation to reflect Group's cost basis of accounting for property, plant and equipment. In order to apply consistent accounting policies as required by FRS 127, Consolidated and Separate Financial Statements, the consolidated property, plant and equipment, revaluation reserve and deferred tax have been adjusted retrospectively to reflect the historical cost basis of accounting for property, plant and equipment.

37. Restatement Of Comparatives

The following comparatives amounts have been restated as a result of adopting FRS 117 and the prior year adjustments as described below:

Description of change	Previously Stated	← Increase/(Decrease) →		Restated
		FRS 117 Note 2.3 (b)	Prior year adjustments Note 36(a) Note 36(b)	
RM'000				
Group				
As of 31 December 2006				
Property, plant and equipment	283,351	(4,467)	– (1,458)	277,426
Prepaid land lease payments	24,116	4,467	–	28,583
Trade and other receivables	359,600	(1,507)	–	358,093
Deferred tax assets	40,957	–	(21,269)	19,688
Distributable retained profit	435,909	–	(21,269)	414,640
Non-distributable revaluation surplus	(1,400)	–	– 1,400	–
Deferred tax liabilities	(20,696)	–	– 58	(20,638)
Company				
As of 31 December 2006				
Property, plant and equipment	162,344	(2,272)	–	160,072
Prepaid land lease payments	24,116	2,272	–	26,388
Trade and other receivables	440,960	(1,507)	–	439,453
Deferred tax assets	37,237	–	(21,269)	15,968
Distributable retained profit	353,692	–	(21,269)	332,423

38. 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 2007. The investments in financial assets are mainly short term in nature and they are not held for speculative purposes.

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

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

c. Foreign Exchange Risk

The Group operates internationally and is exposed to various currencies, mainly United States Dollar. 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 21.

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:

38. Financial Instruments (cont'd)

f. Fair Values (cont'd)

	Group		Company	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
RM'000				
Financial Assets				
At 31 December 2007:				
Amounts due from subsidiaries and associates (non-trade) (Note 21)	8,571	*	68,201	*
At 31 December 2006:				
Amounts due from subsidiaries and associates (non-trade) (Note 21)	26,665	*	81,914	*
Financial Liabilities				
At 31 December 2007:				
Amounts due to subsidiaries and associates (non-trade) (Note 28)	904	*	299,132	*
Hire purchase and finance lease payables (Note 27)	6,543	7,675	–	–
At 31 December 2006:				
Amounts due to subsidiaries and associates (non-trade) (Note 28)	36	*	298,426	*
Hire purchase and finance lease payables (Note 27)	9,608	10,317	–	–

* 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.

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.

39. 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 21 April 2008

Authorised Capital:	RM1,000,000,000.00
Issued & 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	221	11,387	0.00
100 – 1,000	1,035	864,181	0.18
1,001 – 10,000	8,762	25,810,433	5.49
10,001 – 100,000	1,026	27,246,400	5.79
100,001 < 5% issued shares	131	90,092,500	19.15
5% & above of issued shares	4	326,376,600	69.38

Category of Shareholder for Each Class

Category	No. of Holders	No. of Shares	%
Individuals	10,056	53,453,588	11.36
Banks/Finance Companies	19	29,483,899	6.27
Trusts/Foundation/Charity	43	2,675,000	0.57
Private/Limited Companies	193	186,892,050	39.73
Government Agencies/Institutions	1	6,000	0.00
Nominees	867	197,890,964	42.07

Substantial Shareholders

Name	No. of Shares Held		%
	Direct	Indirect	
Budaya Generasi (M) Sdn Bhd	144,829,500	–	30.79
Wang Tak Company Limited	–	120,048,900*	25.52
Serba Etika Sdn Bhd	30,058,000	250,000 [#]	6.39
Lembaga Tabung Haji	29,123,600	–	6.19

* 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. Shareholder	No. of Shares Held	%
1. Budaya Generasi (M) Sdn Bhd	144,829,500	30.79
2. HSBC Nominees (Asing) Sdn Bhd Exempt An For Credit Suisse (SG BR-TST-Asing)	122,365,500	26.01
3. Serba Etika Sdn Bhd	30,058,000	6.39
4. Lembaga Tabung Haji	29,123,600	6.19
5. AIBB Nominees (Tempatan) Sdn Bhd Pledged Sec A/C for Batu Bara Resources	20,924,000	4.45
6. Citigroup Nominees (Asing) Sdn Bhd CBNY for DFA Emerging Markets Fund	4,807,300	1.02

Top Thirty (30) Shareholders cont'd

No.	Shareholder	No. of Shares Held	%
7.	Citigroup Nominees (Asing) Sdn Bhd GSCO For M.Kindom Offshore N.V.	4,616,225	0.98
8.	Wah Seong (Malaya) Trading Co Sdn Bhd	2,753,500	0.59
9.	HSBC Nominees (Tempatan) Sdn Bhd Nomura Asset Mgt Malaysia For Employees Provident Fund	2,500,000	0.53
10.	KAF Trustee Berhad KAF Fund Mgt S/B For Malaysian Assurance Alliance Bhd	2,500,000	0.53
11.	Yayasan Pok Rafeah Berdaftar	2,250,000	0.48
12.	Citigroup Nominees (Asing) Sdn Bhd CB LDN For Stichting Shell Pensioenfond	2,058,700	0.44
13.	DB (Malaysia) Nominee (Asing) Sdn Bhd BNP Paribas Noms S'Pore P/L For Contend Investment Ltd	1,805,700	0.38
14.	Amanah Raya Nominees (Tempatan) Sdn Bhd Public Islamic Dividend Fund	1,665,000	0.35
15.	Citigroup Nominees (Asing) Sdn Bhd GSCO For Kingdom Associates	1,541,928	0.33
16.	Citigroup Nominees (Asing) Sdn Bhd CBNY for DFA Emerging Markets Small Cap Series	1,478,200	0.31
17.	CIMB Nominees (Tempatan) Sdn Bhd Economic Planning Unit Approved Investors	1,374,000	0.29
18.	AMSEC Nominees (Tempatan) Sdn Bhd Assar Asset Mgt Sdn Bhd for Tabung Baitulmal Sarawak	1,362,900	0.29
19.	Mayban Securities Nominees (Tempatan) Sdn Bhd Pledge Securities Account For Lee Keng Hong	1,220,500	0.26
20.	Mayban Nominees (Asing) Sdn Bhd DBS Bank For Timbarra Services Limited	1,200,000	0.26
21.	Batu Bara Resources Corporation Sdn Bhd	1,155,500	0.25
22.	Amanah Raya Nominees (Tempatan) Sdn Bhd Public Small Cap Fund	1,030,000	0.22
23.	Quarry Lane Sdn Bhd	1,000,000	0.21
24.	HSBC Nominees (Asing) Sdn Bhd Exempt An For Morgan Stanley & Co International	1,000,000	0.21
25.	AM Nominees (Tempatan) Sdn Bhd Perbadanan Nasional Berhad	992,900	0.21
26.	HSBC Nominees (Asing) Sdn Bhd BNY Brussels For City Of New York Group Trust	959,300	0.20
27.	Citigroup Nominees (Asing) Sdn Bhd CBNY For Dimensional Funds II PLC	920,400	0.20
28.	Batu Bara Sdn Bhd	834,000	0.18
29.	Amsec Nominees (Tempatan) Sdn Bhd KAF Fund Management Sdn Bhd (FM-KAF-SGC)	800,000	0.17
30.	HSBC Nominees (Asing) Sdn Bhd Pictet And Cie for Gestor SA (CL Ref Gestor)	750,100	0.16

List of Landed Properties

as at 31 December 2007

Location	Description & Existing Use	Tenure & Expiry Date	Age of Buildings	Net Book Value As At 31 December 2007 (RM)	Date of Acquisition & Date of Revaluation
Selangor No. 2, Jalan Pasak Bumi Bukit Jelutong 40510 Shah Alam, Selangor	Vacant land	Freehold	N/A	19,589,194.82	26 August 2006
Lot No. 3802 Batu 6 1/4 Jalan Klinik Bukit Kemuning Seksyen 32, 40460 Selangor	Vacant Land	Freehold	N/A	11,430,000.00	22 September 2002 7 February 2005
Lot No. 66, Hicom Glenmarie Industrial Park (Phase 1) HS (D) 136183, PT No.1 Bandar Glenmarie Daerah Petaling Jaya Selangor	Building	Freehold	14	5,996,466.81	20 April 2004
Lot No. 8 Jalan 25/123, Seksyen 25 40000 Shah Alam Selangor	Building	Freehold	12	5,431,314.69	20 April 2004 14 November 2005
● 116 Kedah Lot No. 1451 & 1452 Batu 18 1/2 Jalan Kodiang Mukim Padang Perahu Kubang Pasu 60000 Jitra, Kedah	Business Land & Building	Freehold	13	11,964,442.00	28 May 1996 11 September 2003
Kelantan Lot 37, Kawasan Perindustrian Pengkalan Chepa II Padang Tembak 1 16000 Kota Bharu Kelantan	Land	Lease		4,727,961.21	29 April 2005

Location	Description & Existing Use	Tenure & Expiry Date	Age of Buildings	Net Book Value As At 31 December 2007 (RM)	Date of Acquisition & Date of Revaluation
Sabah & Sarawak Lot 193 Sedco Light Industrial Estate Phase 2 Batu 3 Jalan Utara PPM No. 433 90000 Sandakan Sabah	Business Land & Building	31 December 2037	2	4,544,665.00	15 July 2004
Lot 85(A) Kompleks Perindustrian Sedco Likas Lorong Mega 1 88995 Kolombong Inanam, Sabah	Business Land & Building	31 December 2034	4	4,134,435.32	31 December 2003
Level 8 Lot 2-8-1 & 2-8-2 Wisma San Hin Wawasan Plaza 88837 Kota Kinabalu Sabah	Building	1 January 2087	6	3,168,056.20	19 December 2001
Lot 1019 Kawasan Perindustrian Kidurong 97000 Bintulu Sarawak	Business Land & Building	9 May 2051	12	3,076,311.10	18 January 1996
No. 96-M, Lot 2654-2656 Block 195 KNLD Jalan Green, 93150 Kuching Sarawak	Building	April 2063	8	2,262,974.63	19 June 2003

Corporate Directory

Direktori Korporat

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

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 Holdings Sdn Bhd 690130-W

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 Sibu, 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

Liainsin 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 Peindustrian
SEDCO Likas, 88999 Kolombong
Inanam, Kota Kinabalu, Sabah
Tel : 088 433 586/640
Fax : 088 433 539

Sazarice Sdn Bhd 385374-U

Lot 85, Kompleks Peindustrian
SEDCO Likas, 88999 Kolombong
Inanam, Kota Kinabalu, Sabah
Tel : 088 433 586/640
Fax : 088 433 539

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

Syarikat Faiza Sdn Bhd 247191-D
PLO 442 Jalan Wawasan 16
Kawasan Perindustrian Sri Gading
83300 Batu Pahat, Johor
Tel : 07 455 6900
Fax : 07 455 7900

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 3368/3792
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

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

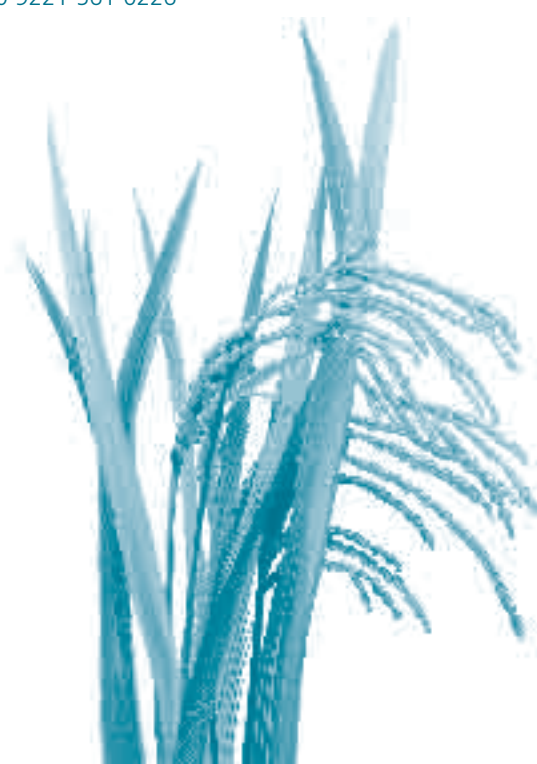
Keongco Holdings Sdn Bhd 501026-U
Lot 8920, Jalan Besar
Telok Gong
42000 Pelabuhan Klang
Selangor
Tel : 03 3134 3388
Fax : 03 3134 3584/3588

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 6025/6028
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



Notice of Annual General Meeting

Notis Mesyuarat Agung Tahunan

NOTICE IS HEREBY GIVEN THAT the 14th Annual General Meeting of Padiberas Nasional Berhad ("the Company") will be held at Grand Ballroom, Tropicana Golf & Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor on Monday, 23 June 2008 at 10.00 a.m. for the following purposes:

	Resolution		Resolution
1. To receive the Audited Accounts for the financial year ended 31 December 2007 together with the Reports of the Directors and Auditors thereon.	1	7.1 Ordinary Resolution – Authority to Director to issue shares pursuant to Section 132D of the Companies Act, 1965.	8
2. To approve the payment of a final dividend of 6.8% less tax of 26% for the financial year ended 31 December 2007.	2	"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".	
3. To approve the payment of the Directors' fees amounting to RM280,000.00 for the financial year ended 31 December 2007.	3		
4. To re-elect the following Directors who retire in accordance with the Articles of Association of the Company: <u>Article 115</u> YB Dato' Abdul Rahman Bin Datuk Haji Dahlan Tuan Syed Abu Bakar S Mohsin Almohdzar	4 5		
5. To approve the payment of Directors' fees for the ensuing financial year.	6		
6. To re-appoint Messrs Hanafiah Raslan & Mohamad as Auditors of the Company and to authorise the Directors to fix their remuneration.	7	7.2 Special Resolution – Amendment of Articles of Association	
7. As special business, to consider and if thought fit, to pass the following resolution:		"THAT the Articles Of Association of the Company be altered as follows: By inserting immediately after the existing Article 125 (2) the following Articles 125 (3) and 125 (4):	9

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 at 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 8, 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 9, if passed, will enable the Company to amend Articles 125 by inserting the new Article 125 (3) and 125 (4) of the Company's Articles of Association.



125 (3) For the purpose of Article 125 (1) and subject to the laws at the time being in force, the contemporaneous linking together by an instantaneous telecommunication device of a number of the Directors being not less than the quorum, whether or not any one or more of the Directors is out of Malaysia, is deemed to constitute a meeting of the Directors and all provisions of these Articles as to meetings of the Directors will apply to such meeting held by instantaneous telecommunication device so long as the following conditions are met:

- a. All the Directors shall have received notice of a meeting by instantaneous telecommunication device for the purpose of such meeting. Notice of any such meeting will be given on instantaneous telecommunication device or in any other manner permitted by these Articles;
- b. At the commencement of the meeting each Director acknowledges his/her presence thereof to all the other Directors taking part and such participation shall be deemed to be presence in person;
- c. Each of the Directors taking part is able to be heard and hear each of the other Directors throughout the meeting subject as hereinafter mentioned;
- d. The Directors present at the commencement of the meeting do not leave the meeting by disconnecting the instantaneous telecommunication device but the meeting shall be deemed to have been conducted validly notwithstanding that the telecommunication device is accidentally disconnected during the meeting and provided that no decisions should be made in respect of matters by the Directors during the disconnection and that if the telecommunication device cannot be reconnected at all, meeting shall be then be adjourned; and
- e. All information and documents are made equally available to all participants prior to, at or during the meeting.

125 (4) Minutes of the proceedings of Directors' meeting by instantaneous telecommunication device will be sufficient evidence of such proceedings and of the observance of all necessary formalities if certified as correct minutes by the Chairman of the meeting.

For the purpose of this Article, "instantaneous telecommunication device" means any telecommunication conferencing device with or without visual capacity.

8. 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 14th Annual General Meeting, a final dividend of 6.8% less tax of 26% will be payable on 21 July 2008 to Depositors whose names appear in the Records of Depositors on 30 June 2008.

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 30 June 2008 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

Nasliza binti Mohd Nasir
(LS0008653)
Company Secretary

Petaling Jaya
30 May 2008

Notice of Annual General Meeting

Notis Mesyuarat Agung Tahunan

DENGAN INI DIMAKLUMKAN BAHAWA Mesyuarat Agung Tahunan Padiberas Nasional Berhad ("Syarikat") yang ke-14 akan diadakan di Dewan Besar, Tropicana Golf & Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor pada hari Isnin, 23 Jun 2008 jam 10.00 pagi, bagi tujuan-tujuan berikut:

	Resolusi		Resolusi
1. Untuk menerima Penyata Kewangan yang telah diaudit beserta dengan Laporan Pengarah dan Juruaudit bagi tahun kewangan berakhir 31 Disember 2007.	1	7.1 Kuasa untuk para Pengarah menerbitkan saham mengikut Seksyen 132D, Akta Syarikat, 1965	8
2. Untuk meluluskan pembayaran dividen akhir sebanyak 6.8% ditolak cukai 26% bagi tahun kewangan berakhir 31 Disember 2007.	2	"BAHAWA tetakluk 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 akan diterbitkan.	
3. Untuk meluluskan yuran Pengarah sebanyak RM280,000.00 bagi tahun kewangan berakhir 31 Disember 2007.	3		
4. Untuk memilih semula para Pengarah berikut yang bersara mengikut Tataurusan Syarikat:			
<u>Artikel 115</u>	4		
YB Dato' Abdul Rahman Bin Datuk Haji Dahlan	5		
Tuan Syed Abu Bakar S Mohsin Almohdzar	6		
5. Untuk meluluskan yuran Pengarah pada tahun kewangan berikutnya.	6		
6. Untuk melantik semula Tetuan Hanafiah Raslan & Mohamad sebagai Juruaudit Syarikat dan memberi kuasa kepada para Pengarah untuk menetapkan imbuhan mereka.	7	7.2 Resolusi Khas – Cadangan Pindaan Tataurusan Syarikat	
		BAHAWA Tataurusan Syarikat adalah dipinda seperti berikut:	9
7. Sebagai urusan khas, mempertimbangkan dan jika difikirkan wajar, meluluskan resolusi-resolusi berikut:		Dengan menambah Artikel 125 (3) dan 125 (4) selepas Artikel 125 (2):	

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 peguamnya yang telah diberi kuasa sewajarnya secara bertulis atau jika pihak yang melantik itu sebuah perbadanan, mestilah di bawah meterai rasmi atau ditandatangani oleh peguamnya.
- Suratcara perantikan proksi mestilah di hantar ke alamat pejabat berdaftar Syarikat di Aras 19, CP Tower, No.11, Seksyen 16/11, Jalan Damansara, 46350 Petaling Jaya, Selangor tidak lewat dari empat puluh lapan (48) jam sebelum bermulanya mesyuarat atau sebarang penangguhannya.

Penerangan tentang Urusan Khas

- Resolusi 8, 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 akan datang.
- Cadangan Resolusi 9 sekiranya diluluskan, pindaan akan dibuat ke atas Tataurusan Syarikat dengan memasukkan Artikel 125 (3) dan 125 (4) yang baru di dalam Tataurusan Syarikat.



125 (3) Bagi tujuan Artikel 125 (1) dan tertakluk kepada undang-undang pada masa ianya dikuatkuasakan, penggunaan alat telekomunikasi bagi menghubungkan para Pengarah, haruslah tidak kurang dari jumlah korum bagi sesuatu mesyuarat, samada salah seorang atau lebih Pengarah pada masa tersebut berada di luar Malaysia, mesyuarat yang diadakan dikira sah selama mana syarat-syarat berikut dipenuhi:

- a. Semua Pengarah telah menerima notis mesyuarat tersebut menerusi alat telekomunikasi. Notis bagi mana-mana mesyuarat dihantar menerusi alat telekomunikasi atau menerusi apa-apa cara yang dibenarkan oleh Artikel ini;
- b. Pada masa mesyuarat dimulakan, setiap Pengarah haruslah memaklumkan kehadiran mereka kepada para Pengarah yang lain yang turut serta di dalam mesyuarat tersebut dan kehadiran Pengarah tersebut di anggap hadir oleh para Pengarah lain;
- c. Setiap Pengarah yang hadir pada mesyuarat tersebut haruslah boleh mendengar dan di dengar oleh setiap ahli Pengarah yang lain sepanjang Mesyuarat tersebut berlangsung.
- d. Para Pengarah yang hadir pada masa bermulanya mesyuarat tidak dibenarkan meninggalkan mesyuarat dengan memutuskan alat telekomunikasi tetapi mesyuarat tetap dikira berlangsung walaupun alat telekomunikasi tersebut diputuskan dengan tidak sengaja dengan syarat tiada perkara diputuskan pada masa tersebut. Sekiranya, alat telekomunikasi tersebut tidak boleh disambungkan, mesyuarat haruslah ditangguhkan; dan
- e. Segala maklumat dan dokumen perlu disediakan kepada semua Pengarah sebelum, atau semasa berlangsungnya mesyuarat tersebut.

125 (4) Minit Mesyuarat yang merekodkan perjalanan mesyuarat dengan penggunaan alat telekomunikasi yang disahkan benar oleh Pengerusi Mesyuarat adalah diterimapakai sebagai bukti bahawa perjalanan dan syarat-syarat telah dipatuhi pada mesyuarat tersebut.

Bagi tujuan Artikel ini, "alat telekomunikasi" bermaksud mana-mana alat persidangan telekomunikasi sama ada dengan kapasiti visual atau sebaliknya.

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

Notis Kelayakan dan Pembayaran Dividen

DENGAN INI DEBERITAHU BAHAWA, tertakluk kepada kelulusan Pemegang Saham pada Mesyuarat Agung Tahunan ke-14, dividen akhir sebanyak 6.8% ditolak cukai 26% akan dibayar pada 21 Julai 2008 kepada pendeposit yang berdaftar dalam Rekod Pendaftar pada 30 Jun 2008.

Pendeposit yang layak untuk menerima dividen berhubung dengan:

- Saham-saham yang dipindahkan ke dalam Akaun Sekuriti Pendeposit sebelum jam 4.00 petang pada 30 Jun 2008 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

Nasliza binti Mohd Nasir
(LS0008653)
Setiausaha Syarikat

Petaling Jaya
30 Mei 2008

Statement Accompanying the Notice of Annual General Meeting

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

Directors who are standing for re-election pursuant to Article 115 of the Company's Articles of Association are as follows:

- i. YB Dato' Abdul Rahman bin Datuk Haji Dahlan
- ii. Tuan Syed Abu Bakar bin S Mohsin Almohdzar

and further details of the abovementioned Directors:

Name:	YB Dato' Abdul Rahman bin Datuk Haji Dahlan	Tuan Syed Abu Bakar bin S Mohsin Almohdzar
Age:	Independent, Non-Executive Director	Independent, Non-Executive Director
Nationality:	43	57
Qualification:	Malaysian	Malaysian
Profession:	Bachelor in Economics and Management, Sonoma State University (SSU), California State University System, Rohnert Park, California, USA	A Member of Malaysian Institute Accountants (Malaysia) of Chartered Certified Accountant (FCCA, UK)
Experience:	<ul style="list-style-type: none"> • Member Parliament, Kota Belud, Sabah • Secretary to UMNO Youth Malaysia • Managing Director of H.R.P.M Consulting (M) Sdn Bhd 	Company Director
Other Directorships of Public Companies:	Business Development Officer, Ace Averberg Sdn Bhd, General Manager, Ace Commercial Enterprise Sdn Bhd	Accountant, PERNAS (1974-1975) Audit Manager, Khoo Junus & Co (1976-1978) Executive Director, Pernas Securities Sdn Bhd (1979-1995) Chief Executive Director, Tradewinds (M) Berhad (1996-2004)
Appointed to the Board:	Nil	Nil
Attendance for Board Meetings:	15 October 2002	22 November 2005
Securities holding in BERNAS and its subsidiaries:	4/5	5/5
Any family relationship with any director/major shareholder of BERNAS and companies that have entered into any transactions with BERNAS or its subsidiaries:	Nil	Nil
List of convictions for the past 10 years other than traffic offences, if any:	Nil	Nil

Penyata Yang Disertakan Bersama Notis Mesyuarat Agung Tahunan

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

Para Pengarah yang bersara dan menawarkan diri untuk pemilihan semula mengikut Artikel 115, adalah seperti berikut:

- i. YB Dato' Abdul Rahman bin Datuk Haji Dahlan
- ii. Tuan Syed Abu Bakar bin S Mohsin Almohdzar

dan maklumat lanjut tentang Pengarah berkenaan adalah seperti berikut:

Nama:	YB Dato' Abdul Rahman bin Datuk Haji Dahlan	Tuan Syed Abu Bakar bin S Mohsin Almohdzar
Umur:	43	57
Warganegara:	Malaysia	Malaysia
Pendidikan:	Bachelor in Economics and Management, Sonoma State University (SSU), California State University System, Rohnert Park, California, USA	Ahli Malaysian Institute of Accountants (Malaysia) Chartered Certified Accountant (FCCA, UK)
Kerjaya:	<ul style="list-style-type: none">• Ahli Parlimen, Kota Belud, Sabah• Setiausaha Pemuda UMNO Malaysia• Pengarah Urusan H.R.P.M Consulting (M) Sdn Bhd	Pengarah Syarikat
Pengalaman:	Pegawai Pembangunan Perniagaan, Ace Averberg Sdn Bhd, Pengurus Besar, Ace Commercial Enterprise Sdn Bhd	Akauntan, PERNAS (1974-1975) Pengurus Audit, Khoo Junus & Co (1976-1978) Pengarah Eksekutif, Pernas Securities Sdn Bhd (1979-1995) Ketua Pengarah Eksekutif, Tradewinds (M) Berhad (1996-2004)
Pengarah Syarikat Awam lain:	Tiada	Tiada
Lantikan sebagai Pengarah:	15 Oktober 2002	22 November 2005
Kehadiran Mesyuarat:	4/5	5/5
Pegangan Saham BERNAS atau subsidiari:	Tiada	Tiada
Hubungan kekeluargaan dengan mana-mana Pengarah/Pemegang saham majoriti dan syarikat yang berkaitan yang ada transaksi dengan BERNAS atau syarikat subsidiari:	Tiada	Tiada
Senarai kesalahan yang disabitkan dalam tempoh 10 tahun selain daripada kesalahan trafik:	Tiada	Tiada



Proxy Form

Borang Proksi

Number of shares held Bilangan saham	
CDS Account No. No. Akaun CDS	

I/We saya/kami _____ IC/Passport/Co no. _____
of yang beralamat di _____

being a member of Padiberas Nasional Berhad hereby appoint sebagai pemegang saham Padiberas Nasional Berhad, dengan ini melantik _____ IC/Passport/Co no. _____

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 14th Annual General Meeting of the Company to be held at Grand Ballroom, Tropicana Golf & Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor on Monday, 23 June 2008 at 10.00 a.m. 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-14 yang akan diadakan di Dewan Utama, Tropicana Golf & Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor pada hari Isnin, 23 Jun 2008 pada 10.00 pagi dan mana-mana penangguhannya, mengundi seperti berikut:

Resolution Resolusi	As Ordinary Business Sebagai Urusan Biasa	For Bersetuju	Against Menentang
1	To receive the Audited Accounts for the financial year ended 31 December 2007 together with the Reports of the Directors and Auditors thereon Untuk menerima Penyata Kewangan yang telah diaudit berserta Laporan Pengarah dan Juruaudit mengenainya bagi tahun kewangan berakhir 31 Disember 2007		
2	To approve the payment of a final dividend of 6.8% less tax of 26% for the financial year ended 31 December 2007 Untuk meluluskan pembayaran dividen akhir sebanyak 6.8% ditolak cukai sebanyak 26% bagi tahun kewangan berakhir 31 Disember 2007		
3	To approve the payment of the Directors' fees amounting to RM280,000.00 for the financial year ended 31 December 2007 Untuk meluluskan yuran Pengarah sebanyak RM280,000.00 bagi tahun kewangan berakhir 31 Disember 2007		
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/Artikel 115</u> YB Dato' Abdul Rahman bin Datuk Haji Dahlan		
5	Tuan Syed Abu Bakar bin S Mohsin Almohtdar		
6	To approve the payment of Directors' fees for the ensuing financial year Untuk meluluskan yuran Pengarah bagi tahun kewangan berikutnya		
7	To re-appoint Messrs Hanafiah Raslan & Mohamad as Auditors of the Company and to authorize the Directors to fix their remuneration Untuk melantik semula Tetuan Hanafiah Raslan & Mohamad sebagai Juruaudit Syarikat dan memberi kuasa kepada para Pengarah untuk menetapkan imbuhan mereka		
Resolution Resolusi	As Special Business Sebagai Urusan Khas	For Bersetuju	Against Menentang
8	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		
9	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 _____ 2008

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 di mana saham biasa Syarikat kekal sebagai kredit di dalam akaun sekuriti tersebut.
- Suratcara perlantikan 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 di bawah meterai rasmi atau ditandatangani oleh peguamnya.
- Suratcara perlantikan proksi mestilah dihantar ke alamat pejabat berdaftar Syarikat di Aras 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.

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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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