

Laporan Tahunan
2008
Annual Report



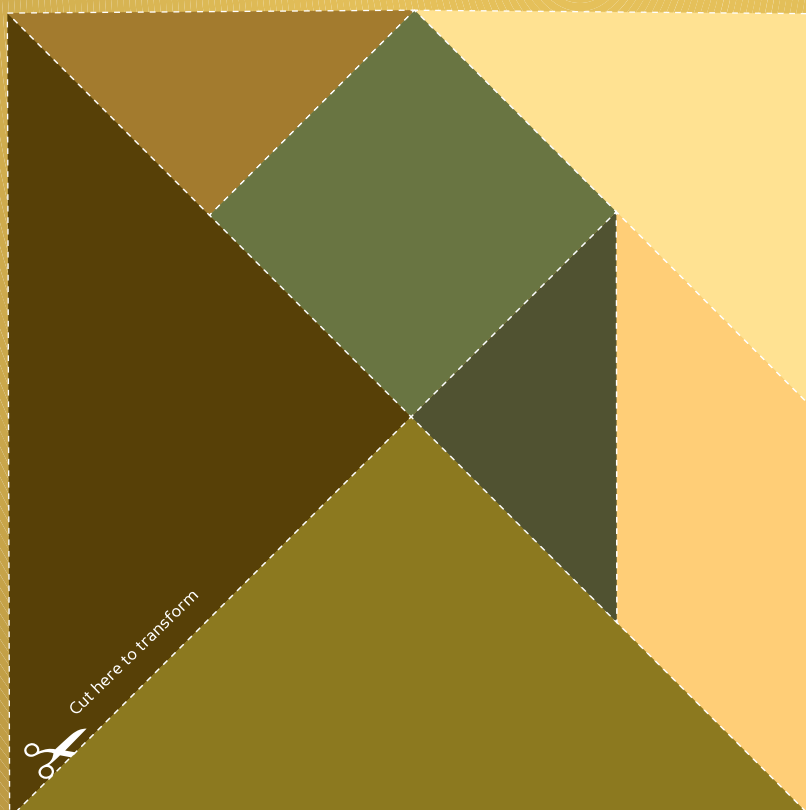
INNOVATIVE
Merangka pencapaian

MEASURES
yang inovatif

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Innovation will be the key driver of the Group as it reinvents to face the challenges of the future. The geometric wizardry and harmony of the tangram demonstrate the Group's endeavours to strengthen its primary business of nourishing a nation by way of transformation and reorganization at every juncture of the supply chain and customer touch points. All seven pieces of the tangram used throughout the report illustrates the Group's innate ability and flexibility in realizing this vision.

Innovasi menjadi kunci utama Kumpulan di mana perubahan dibentuk untuk menghadapi cabaran masa hadapan. Kepintaran geometrik dan keharmonian susun atur tangram melambangkan usaha Kumpulan untuk mengukuhkan lagi perniagaan utama dalam memberi kesejahteraan kepada semua menerusi transformasi dan penstrukturan semula di setiap peringkat rantaian bekalan dan titik perhubungan dengan pengguna. Kesemua tujuh kepingan susun atur yang digunakan dalam Laporan Tahunan ini adalah untuk menggambarkan keupayaan dan fleksibiliti Kumpulan dalam merealisasikan wawasan ini.

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.

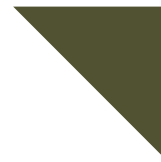
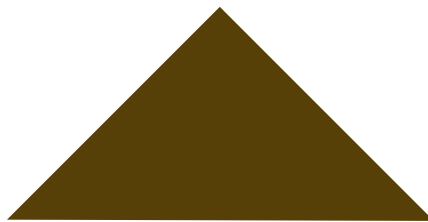
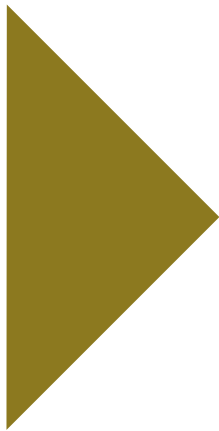


the core values

that reinforce our purpose are as follows:

nilai-nilai utama

yang mengukuhkan matlamat kami adalah:



Passionate and Responsive

Kesungguhan dan Tindakbalas

- To be passionate about being the best in all we do
- Being proactive to internal and external customers' needs
- Encourage a culture of open, honest and responsible communication to highlight and engage issues
- Kesungguhan dalam melakukan yang terbaik dalam semua perkara
- Proaktif kepada kehendak pelanggan dalaman dan luaran
- Menggalakkan budaya berkomunikasi secara terbuka, jujur dan bertanggungjawab dalam mengutarakan dan mengetengahkan isu

Integrity, Trust and Respect

Integriti, Keyakinan dan Hormat

- To promote transparency and trusts
- To be accountable, honest and fair in all our actions
- To respect the rights, beliefs, culture and religion of our employees, costumer and community
- Untuk meningkatkan ketelusan dan keyakinan
- Untuk bertanggungjawab, jujur dan adil dalam semua tindakan
- Untuk menghormati hak, kepercayaan, budaya dan agama kakitangan, pelanggan dan komuniti

Value Creation

Pembentukan Nilai

- To deliver quality products and services that exceeds customers' expectations
- To invest for the long term to generate sustainable returns to various stakeholder
- To make well informed and ethical decisions
- Untuk memberikan produk dan perkhidmatan yang berkualiti yang menjangkau kehendak pelanggan
- Untuk melabur dalam jangka masa yang panjang bagi mendapatkan pulangan yang terjamin yang boleh diberikan kepada pelbagai pemegang saham.
- Untuk membuat keputusan yang muktamad dan beretika.

Influencing every space by reaching out from within

Mempengaruhi setiap ruang melalui pencapaian dalaman

Change begins from within. With this in mind, we are embarking on a transformation and reorganization pivotal to our success in nourishing a nation by providing ample supply of rice and stability of rice prices for the benefit of all Malaysians.

Perubahan bermula dari dalam. Kami telah memulakan transformasi dan penstrukturan yang penting untuk menentukan kejayaan kami dalam menyediakan bekalan beras yang mencukupi dan penstabilan harga beras untuk kesejahteraan rakyat Malaysia.



Continuous Improvement

Pembaharuan yang Berterusan

- Unrelenting commitment towards excellence
- Continuously improve our ability to respond
- Do more, do well, do good with less and time
- Develop self and others to increase capability
- Komitmen yang jitu ke arah kecemerlangan
- Memperbaiki kemampuan untuk bertindakbalas secara berterusan
- Melakukan yang lebih banyak, dengan lebih baik, lebih memuaskan dan dalam masa yang lebih pendek
- Membentuk diri dan orang lain untuk meningkatkan keupayaan

Environmental Care

Penjagaan Persekitaran

- Encourage innovation to conserve energy, reduce waste and protect the environment
- Constant awareness of the impact of your actions on the environment
- Operate the business in a manner sensitive to the environment
- Menggalakkan inovasi ke arah penjimatan tenaga, pengurangan pembuangan sisa dan perlindungan alam sekitar
- Kesedaran berterusan terhadap kesan sesuatu tindakan terhadap alam sekitar
- Menjalankan operasi perniagaan yang sensitif terhadap alam sekitar

Entrepreneurial Mindset

Pemikiran Keusahawanan

- Inculcate entrepreneurial thinking with prudent risk management
- Bold thinking and courageous action
- Result oriented-produce useful and tangible outcome
- Menanam pemikiran keusahawanan dengan pengurusan risiko yang berhemah
- Pemikiran yang berani dan tindakan yang tegas
- Kejayaan berlandaskan prestasi dapat memberikan hasil bermutu dan ketara

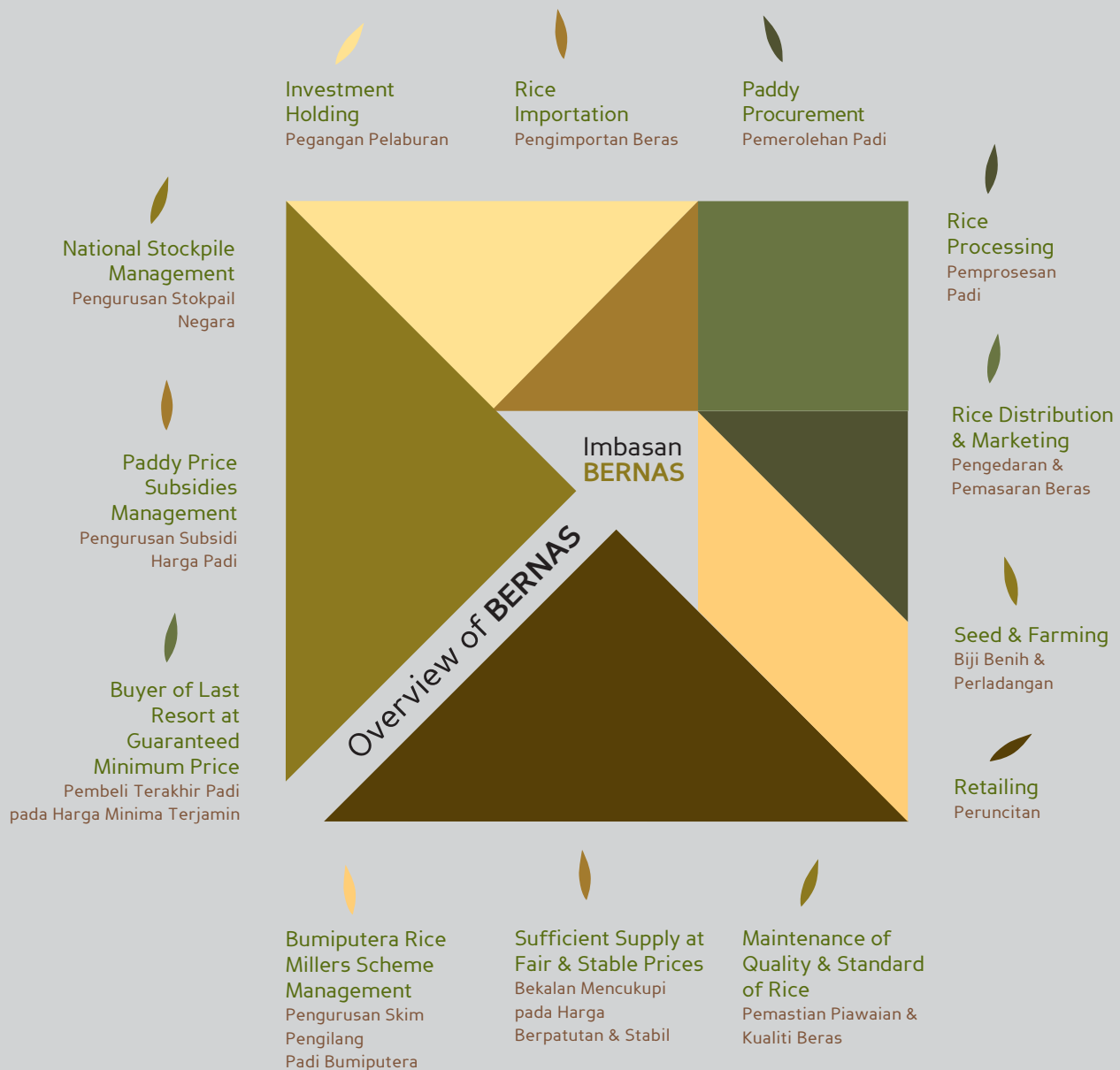
Caring Organisation

Organisasi yang Prihatin

- Recognise and reward high performers
- Team work, involvement and empowerment
- Harmonize Work-Life Balance
- To exercise empathy and care
- Provide safe and conducive working environment
- Penghargaan dan ganjaran kepada yang cemerlang
- Kerja sepasukan, penglibatan dan pelaksanaan
- Mengimbangi Kerja-Kehidupan yang Harmoni
- Untuk melatih kefahaman dan penjagaan
- Untuk menyediakan persekitaran kerja yang selamat dan selesa

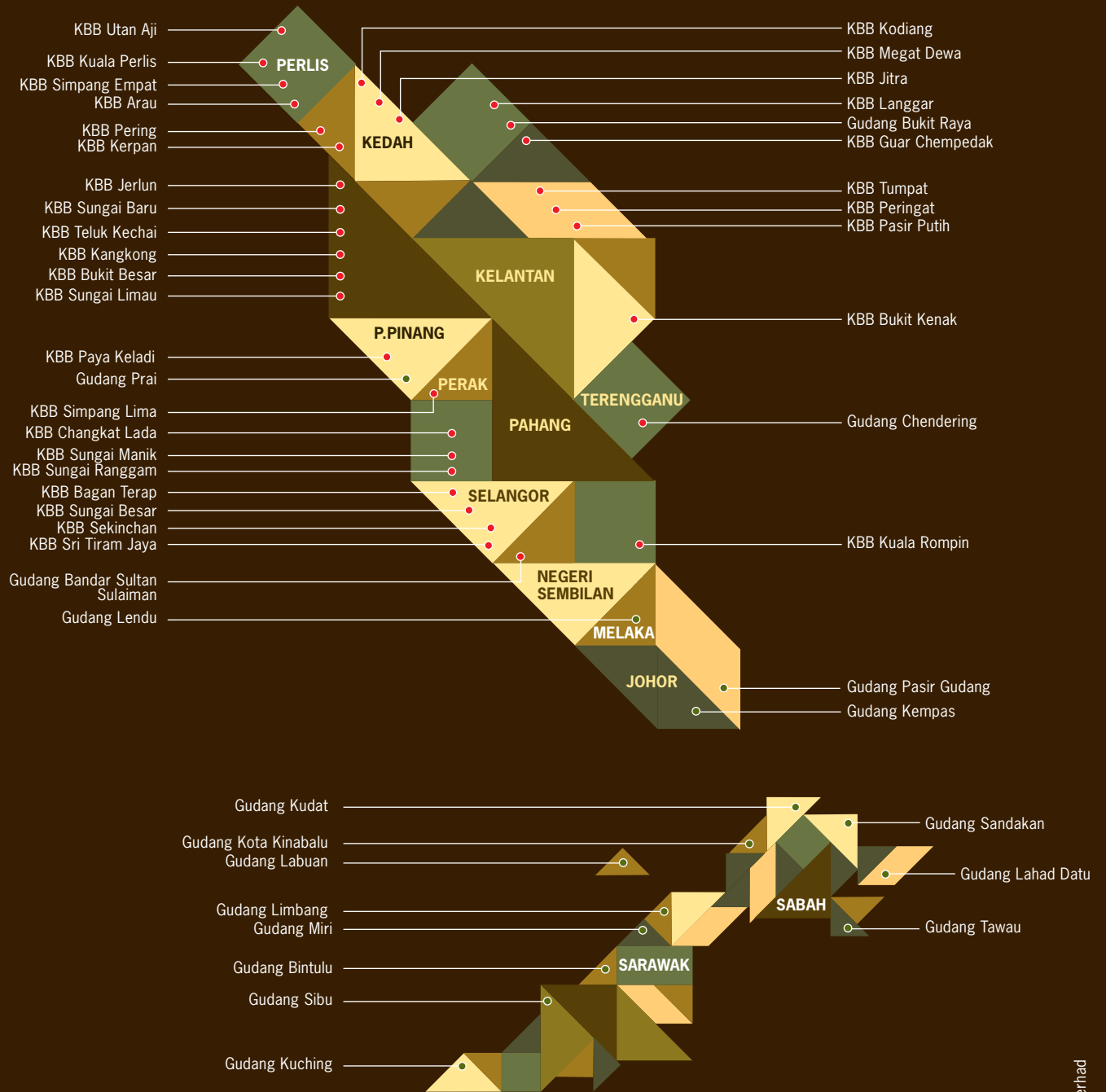
overview of BERNAS

Imbasan BERNAS



bernas rice mills & warehouses

kilang beras BERNAS (KBB) & gudang



Transforming the business of
nourishing a nation

Transformasi perniagaan untuk
kesejahteraan semua

Brown Rice
Beras Perang



Fragrant Rice
Beras Wangi



Glutinous Rice
Beras Pulut



Broken Rice
Beras Hancur



Local White Rice
Beras Putih Tempatan

Imported White Rice
Beras Putih Import



Basmati Rice
Beras Basmati



Parboiled Rice
Beras Rebus

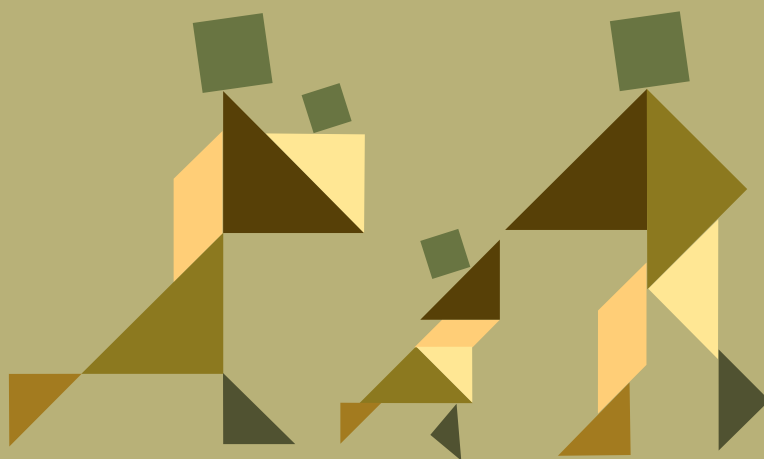
RICE TYPES

JENIS-JENIS BERAS DI
PASARAN MALAYSIA



Reshaping the future
with expertise and experience

*Membentuk semula masa depan
dengan kepakaran dan pengalaman*



We have a long and successful track record in the rice business, operations and corporate philanthropy. Building on from our rich heritage, we will succeed in our endeavour with expertise and experience drawn from a pool of experts.

Kami mempunyai rekod prestasi kejayaan yang panjang dalam perniagaan beras. Dengan mewarisi kejayaan yang terdahulu, kami akan terus membina kejayaan dengan pengalaman dan kepakaran sedia ada.

chairman's letter to shareholders

perutusan pengerusi kepada pemegang saham



assalamualaikum w.b.t

On behalf of the Board of Directors, it is my pleasure to present the Annual Report and Audited Financial Statements of Padiberas Nasional Berhad for the year ending 31 December 2008.

Bagi pihak Lembaga Pengarah, dengan sukacitanya dibentangkan Laporan Tahunan dan Penyata Kewangan Padiberas Nasional Berhad yang telah diaudit bagi tahun kewangan berakhir 31 Disember 2008.





The Year 2008 in Perspective

As you may recall, in my previous year's letter to you, I have alluded to the fact that year 2008 was going to be extremely difficult, mainly due to the sky-rocketing prices of rice in the international market and escalating fuel costs - a situation reminiscing the World Food Crisis of early 1970's. As it turned out, 2008 proved to be the most challenging and demanding year for BERNAS. The Company had to dig deep into its resources to stabilise the local rice industry, distressed by the effects of sharp increases in global rice prices and growing concerns from the authorities and public on the stability of price and the availability of rice in the domestic market.

In spite of the challenge, BERNAS rose to the occasion by mitigating the impact and severity of the crisis. At the height of the crisis, BERNAS continued to maintain its imported rice prices at previous level as well as continued to produce the controlled grade price of Super Tempatan 15% (ST 15), although both of these decisions were not commercially justifiable. These were done in the interest of the nation, as part of BERNAS' duties, as stipulated under the BERNAS' Privatisation Agreement.

Under normal circumstances, the loss in the production of local rice would be compensated by the profit from the importation of rice. This mechanism, however, did not work in 2008 because the international rice had to be procured at high prices while at the same time they had to be sold at lower prices in the domestic market, all in the interest of price stability. Even before the crisis reached its worrying stage, BERNAS had

presented this untenable situation to the Government. Gladly, after a series of discussions with the Government, the situation was rectified. Beginning from the third quarter of 2008, the Government had announced several measures to re-harmonise the market, in addition to cushioning the severe impact experienced by BERNAS. By the fourth quarter of the year, market harmonisation was successfully restored at all levels of the domestic supply chain.

As we all know, Malaysia is a deficit country whereby some of our rice requirements have to be sourced out internationally. As a nation that imports about 30% of its annual rice requirements, Malaysia was not insulated from the effects of the global rice crisis. When the international rice prices rose, news of tight market supply and default in deliveries of rice by exporters caused widespread anxiety and concern to the nation. In view of this situation, the Government quickly increased the national stockpile level from 92,000 MT previously to 292,000 MT. This move not only increased public psychological confidence about food security, but also placed us in a better position to stabilise the market should the need to do so arise.

The rapidity and intensity of the crisis, however, had adversely affected BERNAS' financial performance. For the financial year ending 31 December 2008, BERNAS posted a revenue of RM2.5 billion compared to RM2.2 billion in 2007. Despite this increase in revenue, the Group recorded an after-tax loss of RM57.5 million in 2008 compared to a profit after tax of RM107 million in 2007. Despite

this loss, which was not due to any fundamental weaknesses in the company, I am pleased to announce that a first and final dividend of 3%, amounting to RM10.6 million will be proposed for shareholders' approval at the forthcoming Annual General Meeting for the financial year ending 31 December 2008.

Moving Forward

Moving forward, BERNAS will continue to position itself to seize the many opportunities coming its way in spite of the present unfavourable economic climate. As clearly reflected in the design theme of this year's Annual Report, BERNAS is presently embarking on a transformation process from within by drawing and tapping on its internal resources to meet the challenges of tomorrow's external market forces. To this end, we have taken strategic actions to intensify our presence to create more value both in the upstream as well as downstream activities. At the same time, we will continue to uplift employees' competencies as well as focus on prudent cost management to ensure sustainable long-term growth.

Upstream, BERNAS has intensified its involvement in rice farming projects under the program called Rakan Ladang BERNAS. While we increase our involvement in the farming projects in the Peninsula, we have also launched similar projects in Sabah and Sarawak. The objective of forming this strategic alliance with the farming communities is not only to make farmers our partners, but more importantly to secure the procurement of good quality paddy produced by them.

chairman's letter to shareholders

perutusan pengerusi kepada pemegang saham



RM2.5 billion
compared to
RM2.2 billion
in 2007

Beginning April 2009, BERNAS has ventured into the retail market with the introduction of “Save More Community Store” retail outlets. Our aim is to invest in growth strategies in this area and increase our retail reach to capture at least 25% of the local consumer market for rice. In addition to providing more value to the consumers, this strategy will give BERNAS added bullets at its disposal to stabilise market prices should similar crisis like the one experienced in 2008 recur.

Other than providing more value at both upstream and downstream levels, BERNAS continually seeks to enhance its operation at all levels. In this regard, various projects have been undertaken to improve the efficiency and productivity of our milling operations as well as our distribution activities. These include the upgrading of our rice mills, seed plant, and warehouses.

Conventional wisdom states that the core asset of any company is its human capital. The desired result of upgraded facilities and systems cannot be realised unless the people who manned these upgraded facilities and systems are also upgraded. Based on this,

in 2008, BERNAS invested heavily in training and development of its staff at all levels. The various executive-and-management-level training and development programmes introduced and designed are expected to enhance staff knowledge, expand skill sets and adaptability to the company's changing corporate culture. This effort will be continued in 2009 and beyond.

Finally, on behalf of the Board, I would like to extend a very special thanks to the management and staff of BERNAS for their tireless efforts, perseverance, sacrifices and cooperation in contributing to the company's goals in an increasingly demanding and challenging environment. That all employees have intensified their efforts to weather the storm of 2008 is a clear indication of their commitment to the company. For that, I am forever grateful to them. My appreciation also extends to you shareholders, associates and other stakeholders, for your understanding and support during this difficult time. To the Government of Malaysia, I would like to extend our special gratitude for their guidance and endless support. Last but



certainly not least, I would like to extend my sincere gratitude to my fellow Board members for your contributions, guidance and wisdom in addressing the challenging issues and providing solutions and we certainly look forward to your continuing support in the ensuing years.

I would also like to welcome Dato' Mohd Mokhtar bin Ismail to the Board of the Company, and record our sincere appreciation to Dato' Dr Zulkifli bin Idris for his contributions

during his tenure as a Board member.

The worst of the rice crisis appears to be well behind us now. The valuable lessons learnt from this experience will hold us in good stead to face future challenges ahead. Even if it takes a year or two before we can get back to our previous performance level, and further improve from thereon, year 2009 certainly does look brighter than the year before.

Thank you and we look forward to a better 2009 for everyone.

Dato' Wira Syed Abdul Jabbar Bin Syed Hassan
Chairman

Tahun 2008 dalam Tinjauan

Dalam perutusan yang terdahulu, secara tidak langsung saya telah menyatakan bahawa tahun 2008 dijangkakan amat sukar, terutamanya disebabkan oleh peningkatan harga beras antarabangsa yang mendadak serta kenaikan kos bahan api – iaitu situasi yang hampir menyamai Krisis Makanan Dunia di awal 1970an. Seperti yang dijangkakan, 2008 terbukti merupakan tahun yang paling mencabar dan berliku untuk BERNAS. Syarikat terpaksa mempergunakan segala sumber yang ada demi menstabilkan industri beras tempatan yang tertekan kesan daripada peningkatan mendadak harga beras global dan kebimbangan pihak berkuasa serta orang ramai terhadap kestabilan harga dan kecukupan beras dalam pasaran domestik.

Walaupun bagaimanapun, BERNAS berjaya mengurangkan impak dan keperitan krisis ini. Di kemuncak krisis, BERNAS terus mengekalkan harga beras importnya di samping terus mengeluarkan beras gred harga kawalan Super Tempatan 15% (ST 15), walaupun kedua-duanya bukan

merupakan langkah yang wajar dari sudut komersil. Tindakan ini diambil demi kepentingan negara, sebagai sebahagian daripada tanggungjawab BERNAS seperti yang termaktub dalam Perjanjian Penswastaaan.

Dalam keadaan biasa, kerugian dalam pengeluaran beras tempatan akan dapat diimbangi oleh keuntungan perniagaan beras import. Walau bagaimanapun mekanisma ini tidak berkesan pada tahun 2008 memandangkan beras antarabangsa yang dibeli pada harga yang tinggi terpaksa dijual pada harga yang lebih rendah di pasaran domestik demi untuk kestabilan harga. Sebelum krisis ini sampai ke peringkat yang membimbangkan lagi, BERNAS telahpun mengemukakan keadaan yang tidak dapat dipertahankan ini kepada Kerajaan. Selepas beberapa siri perbincangan dengan pihak Kerajaan, situasi ini dapat diperbaiki. Bermula pada suku akhir ketiga tahun 2008, Kerajaan mengumumkan beberapa langkah untuk mengharmonikan semula pasaran, di samping mengurangkan impak yang dialami oleh BERNAS. Menjelang suku akhir keempat, keharmonian pasaran telah berjaya dikembalikan di setiap peringkat rantaian bekalan domestik.

Umum mengetahui bahawa Malaysia ialah sebuah negara defisit dalam pengeluaran beras di mana sebahagian daripada keperluan berasnya terpaksa diperolehi daripada sumber antrabangsa. Sebagai sebuah negara yang mengimport lebih kurang 30% keperluan beras setahun, Malaysia tidak terkecuali daripada tempias krisis global ini. Apabila harga beras antarabangsa meningkat, berita mengenai sekatan bekalan dan kegagalan penghantaran beras oleh negara-negara pengeksport telah menimbulkan kebimbangan kepada negara. Melihat keadaan ini, Kerajaan telah mengambil langkah segera dengan meningkatkan jumlah stokpail negara daripada 92,000 tan metrik



kepada 292,000 tan metrik. Langkah ini bukan sahaja telah meningkatkan keyakinan ke atas sekuriti makanan negara secara psikologi, tetapi juga meletakkan kita di kedudukan yang lebih baik untuk menstabilkan pasaran sekiranya keadaan memerlukan.

Namun, kepantasan dan kesan mendalam yang dibawa oleh krisis ini telah menjejaskan prestasi kewangan BERNAS. Untuk tahun kewangan berakhir 31 Disember 2008, BERNAS telah merekodkan perolehan sebanyak RM2.5 bilion berbanding RM2.2 bilion pada tahun 2007. Walaupun dengan peningkatan perolehan ini, Kumpulan telah merekodkan kerugian selepas cukai sebanyak RM57.5 juta pada tahun 2008 berbanding keuntungan selepas

chairman's letter to shareholders

perutusan pengerusi kepada pemegang saham

cukai sebanyak RM107 juta pada tahun 2007. Walaupun dengan kerugian ini, yang sebenarnya bukan berpunca daripada sebarang kelemahan asas Syarikat, saya dengan sukacitanya memaklumkan dividen pertama dan akhir sebanyak 3%, berjumlah RM10.6 juta secara keseluruhan, yang dicadangkan untuk kelulusan para pemegang saham di Mesyuarat Agung Tahunan bagi tahun kewangan kewangan berakhir 31 Disember 2008.

Melangkah ke Hadapan

Melangkah ke hadapan, BERNAS akan meneruskan usahanya untuk merebut segala peluang yang ada walaupun tercabar oleh suasana ekonomi yang kurang memberangsangkan sekarang. Seperti yang digambarkan dalam tema rekabentuk Laporan Tahunan ini, BERNAS kini sedang melalui proses transformasi dalaman melalui pembentukan dan penggunaan segala sumber dalaman untuk menghadapi cabaran pasaran luaran di masa akan datang. Sehingga kini, kami telah mengambil langkah-langkah strategik untuk mengukuhkan kedudukan bagi mewujudkan lebih nilai dalam kedua-dua aktiviti hulu dan hilir Syarikat. Pada masa yang sama, kami akan terus meningkatkan kecekapan kakitangan kami di samping terus fokus terhadap pengurusan kos secara berhemah bagi memastikan pertumbuhan jangka panjang yang lestari.



Di peringkat hulu, BERNAS telah meningkatkan lagi penglibatannya dalam projek-projek Rakan Ladang BERNAS, dengan pertambahan projek perladangan di Semenanjung juga pelancaran projek-projek seumpamanya di Sabah dan Sarawak. Objektif pembentukan perikatan strategik dengan komuniti petani ini bukan sahaja untuk membabitkan para petani sebagai rakan kongsi, bahkan juga untuk memastikan pemerolehan padi yang lebih berkualiti daripada mereka.

Bermula April 2009, BERNAS telah melibatkan diri dalam bidang pasaran runcit dengan memperkenalkan rangkaian kedai komuniti "Save More". Sasaran kami ialah untuk melabur dalam strategi pertumbuhan bidang ini dan meningkatkan pencapaian runcit kami dalam memperolehi sekurang-kurangnya 25% daripada pasaran pengguna beras tempatan. Selain dari memberikan lebih nilai kepada pengguna, strategi ini akan menyediakan BERNAS dengan kelengkapan untuk menstabilkan harga pasaran

sekiranya krisis seumpama tahun 2008 ini berlaku lagi.



Selain daripada menambah nilai aktiviti-aktiviti hulu dan hilir, BERNAS sentiasa mencari peluang untuk menambahbaikan operasinya di setiap peringkat. Sehubungan dengan itu, berbagai projek telahpun dijalankan untuk meningkatkan kecekapan dan produktiviti operasi pengilangan serta pengedaran kami. Ini termasuk menaikkan taraf kilang-kilang beras, loji benih dan gudang-gudang kami.

Kewajaran konvensional menyatakan bahawa aset utama bagi mana-mana syarikat ialah modal insannya. Pencapaian yang diharapkan daripada peningkatan taraf fasiliti dan sistem tidak mungkin dapat direalisasikan sekiranya kakitangan yang menguruskannya tidak turut diberi perhatian. Berdasarkan kesedaran ini, BERNAS telah menyediakan banyak latihan dan pembangunan kakitangannya di setiap peringkat. Pelbagai

increase our retail reach
to capture at least

25%

of the local consumer market for rice



program latihan dan pembangunan peringkat eksekutif dan pengurusan yang telah diperkenalkan dan dibentuk, diharap dapat menambahkan lagi pengetahuan dan memperkembangkan set-set kemahiran kakitangan, di samping memadankannya dengan budaya korporat syarikat yang sedang berubah. Usaha ini akan diteruskan di tahun 2009 dan berikutnya.

Akhir sekali, bagi pihak Lembaga Pengarah, saya ingin menyampaikan ucapan terima kasih yang tidak terhingga kepada pihak pengurusan dan kakitangan BERNAS di atas usaha mereka yang tidak mengenal penat lelah, serta ketabahan, pengorbanan dan kerjasama yang telah disumbangkan dalam mencapai matlamat Syarikat di dalam suasana yang kian mencabar dan penuh rintangan. Komitmen dan dedikasi yang telah dipamerkan dalam mengharungi kemelut tahun 2008 jelas menunjukkan komitmen mereka terhadap Syarikat. Untuk itu, saya amat berterima kasih kepada mereka. Saya juga ingin menyampaikan ucapan penghargaan kepada para pemegang saham, rakan-rakan perniagaan dan para pemegang amanah yang lain, di atas kefahaman dan sokongan di waktu penuh kesukaran ini. Setinggi-

tinggi penghargaan ditujukan kepada pihak Kerajaan di atas segala bimbingan dan sokongan yang diberikan secara berterusan. Akhir sekali, penghargaan ikhlas saya tujukan kepada rakan-rakan ahli Lembaga Pengarah yang lain di atas segala sumbangan dan bimbingan yang akan terus diperlukan untuk hari-hari yang mendatang.

Saya juga ingin mengalu-alukan peralantikan Dato' Mohd Mokhtar bin Ismail sebagai ahli Lembaga Pengarah, di samping mengucapkan setulus penghargaan kepada Dato' Dr Zulkifli bin Idris di atas segala sumbangan di sepanjang tempoh perkhidmatan beliau sebagai ahli Lembaga Pengarah.

Krisis beras yang amat mencabar ini nampaknya sudah sampai ke penghujungnya. Pengajaran dari pengalaman ini amat bermakna dan sangat berguna untuk kita semua dalam mengharungi cabaran-cabaran baru di masa-masa akan datang. Walaupun mungkin setahun-dua diperlukan sebelum kita boleh mengecapi kejayaan sebelumnya, namun tahun 2009 tetap kelihatan lebih cerah berbanding tahun kewangan yang ditinjau.



Sekian dahulu, terima kasih saya ucapkan dan sama-samalah kita mengalu-alukan tahun 2009 yang lebih sejahtera untuk semua.

Dato' Wira Syed Abdul Jabbar Bin Syed Hassan Pengerusi

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Warm greetings to all members of our esteemed Board of Directors, stakeholders & employees.

Salam sejahtera kepada ahli-ahli Lembaga Pengarah, pemegang-pemegang saham dan kakitangan yang dihormati.





Overview

Since its inception, BERNAS had overcome many challenges and emerged even stronger after each trial. The year 2008 was arguably its toughest and most daunting. The Company continued to operate in a tough business environment with increased prices of world commodities, escalating fuel costs and subsequently the erroneously-perceived 'rice crisis' that plagued its reputation. In spite of the economic climate and global credit crunch, BERNAS continued to actively pursue its on-going rationalization and cost reduction initiatives, resulting in the Group's acceptable performance despite high international rice prices and a volatile supply outlook. Part of its success in cushioning the impact was contributed by its multiple-sourcing and long-term purchasing strategy and excellent relations with suppliers from rice-producing nations. This proved to be a wise strategy for food security from the reduction in weather-related production risks affecting specific geographical areas. This strategy is fundamental in BERNAS' ability

to 'lock in' sufficient rice supplies of the projected quantity required for our national consumption and stockpile, in addition to ensuring supply reliability in spite of the occasional uncertainties encountered in international rice trade. As such, BERNAS' import volume has been on a steady upward trend, marking an increase of 39% to over a million MT since 2008, with the bulk of the grain sourced from Thailand, Vietnam and Pakistan.

Profitability without ruthlessly profiteering has always been a key goal of BERNAS' initiatives, with social responsibility as its principal goal. As stipulated in the Privatisation Agreement in assuring the stability of the industry, ranging from farmers to consumers, BERNAS confronted the intricate issue of balancing the needs of stakeholders with divergent demand structures. BERNAS' ability to handle the rice crisis in 2008 despite the many challenges is essentially a reflection of its inherent understanding of these demands and its ability to provide an effective balance between the interests of stakeholders and people they serve.

World Rice Scenario 2008

The year 2008 was both unpredictable and volatile year for the global rice industry. Fear of tight supplies and soaring prices, in tandem with subsequent stable supplies and falling prices became the order of the day. Early in the year, rapidly rising prices forced India, Vietnam, Cambodia and Egypt to all ban exports, whilst perpetual fear of tight supplies led to Philippine importers to tender for enormous quantities, even at record prices. This was evident in the quote for Thai White Rice 100%B which soared from a low of USD 400 per MT to over USD 1000 per MT. Many governments further reduced import

tariffs, altered policy to encourage production, and negotiated bilateral purchases towards ensuring food security for their peoples.

Perceptions somewhat changed in the second half of 2008, with record harvests in rice-producing nations, driven by high prices. These nations jointly agreed to dismantle export bans while India in turn allowed limited exports. Despite of prices stabilizing at USD 580 per MT towards the end of December (for Thai White Rice 100%B), there was no corresponding upward trend in sales as a result of the speculative nature of prospective buying, which buyers either over-purchasing early in the year or holding it off in anticipation of prices to decline further.

For the outlook in 2009, Thai White Rice 100%B is expected to stabilize on improvement of short-term supplies and the high probability of India completely lifting its export bans in anticipation of domestic political stability. However, it is apparent that the global recession and present credit crunch will invariably create cash flow problems for farmers. Conversely, the current fears of full-blown global recession may increase demand for rice in developing nations as falling income forces the lower-income groups to scale back to less expensive staples. The International Rice Research Institute (IRRI) has warned that production uncertainties combined with strong demand growth points to only a small upward trend towards the end part of 2009, if not a stagnated growth altogether.

Perceived Crisis in the Domestic Rice Industry in 2008

As mentioned, one significant challenge that BERNAS faced in 2008 was addressing the incorrect

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but widely-held misconception that Malaysia suffered a serious food security crisis last year as a result of the 'rice shortage' faced by Malaysians (in June and July). This misconception of a supply contingency subsequently led to finger-pointing and political pressure towards BERNAS. BERNAS responded immediately and put in place several contingency measures to quickly address the shortage and restore public confidence in the administration of food security in Malaysia. There are several pertinent lessons learnt from this experience, and BERNAS values the joint effort of all parties particularly the Government of Malaysia and the Ministry of Agriculture and Agro-based industry, in adequately tackling this delicate and complex problem.

Foremost, three essential principles must be adhered to when designing counter measures or a failsafe mechanism to prevent recurrences of perceived threats to national food security. Firstly, the supply of rice itself, as the staple of all Malaysians has to be sufficient, secondly, that grain prices must be stable and finally, that the desired grade must be readily available. Nevertheless, it is imperative that some misconceptions need to be corrected prior to examining the valuable lessons that we may all glean from the crisis. It must be remembered that unlike the global crisis of 1972, the supply of rice was never threatened. Throughout the year 2008, and for the entire duration of

the perceived crisis, the requisite quantity was sufficient to meet the consumption requirement of the country. What created the crisis was the stability of consumer price, which was not maintained, leading to the prices of non-controlled grade rising by more than 70%. This subsequently triggered a widespread public perception that the supply of rice itself was inadequate. Traditionally, the demand for ST15% controlled grade rice was small and merely in the region of 10% of the total rice demand. During the 2008 price hike, many consumers switched to this controlled grade rice, inadvertently causing the demand to soar to 30%. The price of ST15% was controlled but the price of paddy increased from RM700 per MT to RM1,000 per MT. Since this controlled grade was no longer produced by other commercial millers, demand for it surged, causing mass anxiety and the misconception that the supply of rice (and effectively food security) itself was being threatened. BERNAS' bottom line was affected as a result of the increase in the cost of local rice by up to a high of 42% (rice conversion equivalent) and also the fact that it has not increased the imported rice prices for the first six months of 2008 (at the time of crisis), acting on the advice of the Government.

Despite the sudden increase in global rice prices, BERNAS remained averse to unilateral price increase with the intention of promoting domestic stability. However, since BERNAS only controlled approximately 25% of the local rice distribution, and devoid of a direct channel to the consumer markets, this effort was inadequate to meet the controlled grade supply requirement. There was little BERNAS could do to prevent excessive buying and hoarding amongst millers, wholesalers,

retailers and consumers, with some industry players further increasing prices in response to the stronger demand. Reverse smuggling activity (mostly along border states such as Kelantan and Sarawak) further aggravated the problem, as Malaysia is a deficit country as far as rice production is concerned. Our partial reliance on imported rice further led to intense competition to secure paddy supplies, registering an increase of RM700 per MT to RM1,100 per MT by the middle of 2008. With the increase in the price of paddy, coupled with the huge differential between controlled and non-controlled grades, most industry players chose not to produce the ST15% controlled grade so as to avoid financial losses.

With BERNAS' input and recommendation, by September, the government had successfully interlinked an alternate subsidy scheme to millers to enable them to continue producing controlled grade with minimal financial risks. Along with several other proactive measures, consumer prices were finally stabilized with adequate supplies of the required grade. With both BERNAS and the Government's efforts, continued threat to national food security was averted.

Two lessons may be learnt from this experience. Firstly, that BERNAS' financial standing may be compromised with unprecedented increases of international rice prices, and secondly, that BERNAS may encounter difficulties in executing its mandated function to ensure continued supply of the requisite grade to the Malaysian masses. It is evident that BERNAS would have been able to dampen the effects of price instability, as well as adequately address the acute shortage problem by commanding

a greater portion of the local rice sector in addition to having its own channel to directly market the commodity to consumers.

While the worst may be over, BERNAS still needs to stay focused and vigilant to both supply and price threats in 2009, particularly in light of the current economic climate. As strategic objectives in the medium term, BERNAS would seek to increase its supply position in the local rice sector from 25% to 50%, and to establish its own retail channel to command at least 25% of the consumer market share.

Financial Performance

For the financial year 2008, the Group registered RM 2.50 billion in revenue, compared to RM 2.24 billion in 2007 representing an increase of 11.7%. As mentioned, the past year was characterized by price volatility, increased fuel costs, supply irregularities and Government intervention by providing subsidised rice. As a result of the adverse operating environment, the Group's Gross Profit dropped to RM143.7 million in 2008 compared to RM355.4 million in 2007.

With regards to cash surpluses, profit-making initiatives coupled with sound credit management ensured a steady inflow of operating cash for BERNAS to manage its entire ambit of operations. Net finance cost at Group level for 2008 increased by RM 8.3 million to RM 23.1 million compared to RM 14.8 million in 2007, mainly in scalar terms to its increased size of operations, investments in Research and Development and employee optimization schemes.

Domestic Rice Operations

The Government's socio-economic agenda towards ensuring food security is attuned to increase the country's Self Sufficiency Level (SSL) from 70% to 90% by the year 2010, in tandem with agrarian objectives outlined in the Ninth Malaysia Plan (9MP). The introduction of additional incentives by the Government for increases in actual yield production

and input subsidies would eventually assist farmers in embracing economies of scale. Impetus must also be granted for farmers who employ Good Agriculture Practice (GAP) with continued utilisation of certified seeds. Still, despite the strong financial support from the Government, the production of paddy in the country remains relatively low at 1.85 million MT in 2008. Some of these inadvertent reductions in yield capacities may be attributed to unpredictable weather phenomena, declining rainfall patterns and large-scale plant diseases and pest invasions. BERNAS is actively pursuing tie-ups and synergistic efforts with both international bodies (such as the Consultative Group for International Agricultural Research) and local institutions of higher learning (such as Universiti Putra Malaysia) to address these natural threats. In addition, the volatility of the global petroleum industry continues to be a dominant factor in the increase of operating costs involving packaging, transportation, fertilizers and pest-control efforts.

In essence, the local rice sector performance in 2008 was largely driven by the global economic downturn and fluctuating oil prices. Increases in the price of imported rice significantly impacted upon local paddy pricing whilst the introduction of a new electricity tariff structure resulted in an uptrend of mill operating costs. To cushion the impact, up to RM13 million was spent to improve mill efficiency, in addition to strategic repositioning of mills into specific groups into six regions. This resulted in improved streamlining of procurement planning initiatives and ensures greater operational consistency.

Projected losses were further averted with the support of the Government-led rice subsidy programs whilst ensuring supply continuity, particularly of the Super 15% grade for lower and middle-income communities. Additionally, up to RM12 million was further spent to improve administrative initiatives

concerning the Bumiputra Millers Scheme, and in fulfilling BERNAS' Buyer-of-Last-Resort guarantee towards them.

Among the major challenges faced by BERNAS remains commanding its prior market share that has shrunk as a result of several issues and global economic developments described earlier. Further improvements in administration and infrastructure are necessary with regards to insufficient mill capacities, high reliance on external processing plants, reduction in rejected rates by farmers and achieving regularity in subsidy payments in 2009. Tangible outcomes in 2009 would include a proposal for BERNAS to offer the same pricing structure as offered by private millers, employing in-house fitters to improve mill maintenance whilst increasing mill capacities by 30%.

In a nutshell, BERNAS' domestic rice operation activities in 2008 remain largely focused on four key areas i.e. strengthening paddy market share with its social programs and secured farm projects, continuous improvement of its associated facilities and infrastructure, continuous management of the Bumiputra Rice Millers Scheme, 'Program Rakan Kilang BERNAS', and fulfilling seed accreditation programmes both in the Peninsular and East Malaysia.

The Bumiputra Programme has never deviated from its traditional role of forging smart partnerships between the Group and Bumiputera



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Millers and as such, continued support is paramount. To meet this objective, BERNAS funds the entire purchase of paddy stock sourced by these Bumiputra millers whilst simultaneously guaranteeing market shares of their produce at predetermined volumes, quality and price.

The Mill Efficiency Program in turn was focused on rehabilitating the millers' handling of operational activities at their mills whilst being cautious in managing the facilities developed. Additionally, various technologies were introduced via continuous R&D to include semi-drying facilities i.e. FBD (fluidized bed dryer) along with additional full drying to adequately address the capacity issue. Continuous installation of husk furnaces as diesel replacement energy for the drying process are also being introduced at more mill locations to curb the high cost of drying, subsequently reducing unnecessary emissions and its associated carbon footprint. In meeting government expectation to ensure sufficient supply of rice in the market, the milling facilities were further upgraded to maximise production level at all times. Finally, the Seed Program works towards the use of all seeds from certified varieties only by the end of 2010, to complement BERNAS'

strategy of procuring better quality paddy. At the close of 2008, BERNAS continues to make steady progress towards achieving the government-led objective of 74,000 MT certified seedlings towards achieving better production volumes to support the mills. BERNAS remains encouraged to have been awarded a quota of 27,500 MT i.e. 37% of certified seeds with subsidised pricing to be utilised in its domestic rice operations in 2009.

Market Characteristics

Due to many daunting challenges faced last year, BERNAS' paddy market share for the group decreased from 41% to 37% in 2008. Aside from the counter-measures adopted from the direct consequences of irregularities in supply and pricing structure, BERNAS has remained committed to increasing its operational efficiency. Technological advancements include the installation of semi-drying technology at key mills, installation of cyclonic husk furnaces at many integrated mills to substitute escalating diesel costs, new development and upgrading of mills at strategic locations to address operational capacity and efficiency issues and further improvements in the milling and drying processes. To-date, the mills continue to undergo major improvements to replace old

machineries whilst upgrading the respective drying capacities from the existing 6,760 MT to the expected 13,420 MT daily.

In the event that international rice prices continue to remain high, as with other commodities, there will invariably be intense pressure for millers to increase the price of local paddy. Aggressive competition for limited domestic supply will subsequently result in higher paddy prices, possibly even above the current range of RM950 to RM1,150 per MT. Different responses would obviously be elicited from both farmers and consumers. Farmers would undoubtedly seek additional subsidies or incentives on input items (such as fertilizers and pesticides) to minimize planting cost, whilst consumers would strive to avoid absorbing price increases at the other end of the supply chain. This Catch-22 situation has rendered both BERNAS and the Government to explore new large-scale paddy plantation initiatives in East Malaysia where land and irrigation is abundant, with the final aim of reducing our import dependence in the medium term.

As the dominant player, BERNAS has also ventured into dedicated and contract-farming activities with both commercial and regulatory entities in securing guaranteed supplies for BERNAS mills. These projects were realized under BERNAS' close supervision with assistance in terms of cash and input advances during the planting and harvesting period, as well as strict usage of certified seeds. These programmes are among BERNAS' overall prime strategy to support the Government's 90% SSL ambition.

In meeting this expectation, the Government further encourages



the use of certified seeds at an incentive rate of RM500 per MT, and eventually made mandatory to all farmers for continued entitlement for the subsidy scheme. The present industry requirement of seed for paddy planting activities at 74,000 MT annually required tremendous logistical support in terms of scale. As such, BERNAS is pleased to be entrusted with this mammoth task, being appointed as one of only four certified seed producers. At present, BERNAS' production quota is 27,500 MT in 2008, which it seeks to increase to 30,000 MT by 2010.

Aside from priding itself as a profitable partner in ensuring food security for all Malaysians, BERNAS remains committed in meeting its social obligations. Strict conformity is fundamental in ensuring success, as with the provision of sufficient in-house drying capacity to process surplus stock at all times. As the Buyer of Last Resort, the present effort to increase mill drying capacity would eventually enable BERNAS to process a minimum of half a million MT annually by 2010. In managing the Bumiputra Millers Scheme, 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 clout to meet future challenges in the global rice industry.

Sales and Distribution

With regards to sales and distribution, procurement is planned on a competitive platform to encourage competitive pricing and quality at the import sourcing level itself. A multi-sourcing strategy and healthy mix of both spot-and-forward contracts are continuously deployed in addition to BERNAS' in-house specifications for the various types of rice from partner nations. With the anticipated volatile trend in 2009, the choice of spot-and-forward-contracts in procurement becomes increasingly pertinent, and is undoubtedly crucial in ensuring continued supply at stabilized prices. BERNAS demonstrated this commitment by bringing in a record

of 1.034 million MT in 2008, which effectively translates to a record of 200,000 MT monthly, or three times its past capability. This achievement reflects BERNAS ability in managing the supply contingency and spurs us further to retain this degree of operational excellence in 2009. These choices, coupled with other measures namely resource optimization, improvements in warehouse infrastructure, contractually-guaranteed supply arrangements and mark to market pricing strategies have been appropriately deployed to attain better import volumes towards increasing BERNAS' stockpile.

For the record, total rice sales increased by 4% to 1.02 million MT compared to 0.98 million MT in 2007. The Government Subsidized Rice Programme (GSR) contributed 20% of the total rice sales. Imported rice sales increased 9% (inclusive of GSR sale) to 822,556 MT in 2008 from 752,564 MT in 2007 of which 25% was contributed by GSR sales. As a result of the introduction of the GSR as a temporary stop-gap measure, local rice sales decreased by 12% to 197,777 MT in 2008 compared to 225,945 MT in 2007.

Facilities and Infrastructure

BERNAS continued to invest heavily in 2008 to enhance its facilities and infrastructure concerning its storage and stockpile management, in spite of a significant portion of its cash reserves used to address the supply shortcomings described earlier. It is therefore encouraging that the foresight in 2007 paid handsome dividends, with BERNAS' successful construction and deployment of two new state-of-the-art warehouses in Bukit Raya, Kedah and Kolombong, Sabah. These two new warehouses, with a total investment of RM15 million proved to be able to store a combined total of 45,000 MT of rice. Additionally, the warehouse in Tawau, Sabah boasts a 58,000 sq. ft. facility, well able to store 35,000 MT of bagged rice and accommodate a reprocessing plant for the retail market, further cementing stockpile integrity in times of contingencies.

Other significant improvements in domestic rice infrastructure include the establishment of a 6 MT per hour Central Packaging Plant at Bukit Raya, completed and commissioned on 30 September, 2008. This facility consists of a complete rice processing plant to process and pack various grades (S5%, S10% and SST15%) comprising both local and imported rice. The Group also successfully installed an auto packing machine at its warehouse in Klang as well as a packaging plant in Prai, both completed on-schedule at the close of the fourth quarter. Other projects in the pipeline include the introduction of a co-generation system in Perlis at the beginning of the second quarter, 2009, and maintenance of several boiler systems within the Group's jurisdiction. Expected to cost close to RM2 million, the project strives to achieve both electricity-generation and a complete heating system for paddy drying.

Research and Development

BERNAS has long been a strong proponent of Research and Development in meeting its medium and long-term goals for superior paddy and rice quality, yield improvement and technological advancements in processing and distribution. As such, BERNAS has allocated up to RM5 million in research on rice-drying technology and studies concerning the health benefits of several types of locally-consumed rice. This initiative was demonstrated via the extension of the existing MOU with Universiti Putra Malaysia (UPM) for another 10 years to continue the strategic partnership to work on pure and applied research activities, in addition to expanding the analytical capacities and capabilities of the UPM-BERNAS laboratory. The expansion of the laboratory consists of additional equipment and space to enable BERNAS-UPM to include advanced research on the areas of genotyping seeds, sensory technology and microbiology (namely in understanding bacterial and viral threats), in addition to the current

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physical and chemical analyses regimes. This strong focus in domestic research and development further enables BERNAS to examine synergistic possibilities with the international scientific community, ranging from conducting experiments to publication of findings in reputed publications. International standards accreditation include achieving both the prestigious ISO 9001 and ISO 17025 certifications by the end of 2009. Several other R&D intensive research projects that have been successfully completed include establishing the physical and chemical properties of various types of rice, determining their associate energy contents and composition, developing cardio-protective and antioxidant properties of brown rice and the development of several types of rice-based foods for commercial purposes. BERNAS has also undertaken market research concerning the domestic rice industry by means of compliance surveys and documentation of comparison studies with regards to rice standards.

Developing Human Capital

Staying true to its commitment to develop its most valuable asset, i.e. BERNAS' pool of human capital, the Group continued to focus on human capital development for both the Group as well as in the interest of employees via effective career progression. Apart from functional competencies, leadership development programmes were rolled out to equip middle managers with relevant competencies to effectively perform within the network of BERNAS' working environment and corporate culture.

Additionally, BERNAS remains keen to explore direct sponsorship of both undergraduate and postgraduate students committed to the paddy and rice-based industries.

Heeding the Government's call for corporations to help resolve the issue of the overwhelming number of unemployed graduates in the country, BERNAS initiated its own Executive Development Program. Additionally, BERNAS also provides industrial training for graduating students in their third and final years, who also receive a monthly allowance throughout the duration of their practical training.

Aside from the provision of meaningful careers, BERNAS also believes that a strong and motivated pool of human capital remain its best insurance against external threats. As such, a variety of team-building activities were identified as crucial in ensuring the successful implementation of the Group's goals and aspirations. Throughout the past year, BERNAS has conducted various team-building sessions among its employees to develop their spiritual and mental resilience, assisting them to function more efficiently in their respective tasks and emerge more competitive. The management has also continuously articulated a clear direction on its strategies across the board, focusing on promoting effective management and refinement of operational improvement. This has further improved efficiency and contributed towards the improvement of BERNAS' performance during the past year. Simultaneously, BERNAS

has embarked on a Management Development Program to develop more utility players among its middle management. Looking ahead, BERNAS aspires to turn the program into a training ground to develop a suitable pool of human capital to groom future leaders that will serve both BERNAS as well as other key agencies in the nation.

Corporate Social Responsibilities

BERNAS strongly believes in the importance of giving back to the community through strong emphasis on its corporate social responsibility programmes.

Food security, which is arguably the principal focus of BERNAS' CSR agenda includes access to readily-available grains to all, particularly to the lower-income groups. Looking at the bigger picture, and in recognition that rice farming is also part of the bigger agrarian profile, BERNAS has also embarked in sponsorship for a variety of agricultural self-sufficiency projects such as angling competitions and other related aquaculture produce.

Additionally, BERNAS also looks to assist farmers in reducing their respective carbon footprints and haze-contributing pollutants via proper education and dissemination of information, by engaging field education officers to teach rural

market watch

BERNAS to increase its position in the local rice sector from

25% to 50%





farmers of the dangers of archaic and unsustainable farming methods such as slash-and-burn clearing etc. BERNAS also encourages innovation in farming technologies that ultimately conserves energy, reduces agricultural waste and protects the environment, by means of a simple impact assessment kit for farmers and related stakeholders. Nevertheless, BERNAS remains focused and committed to share its know-how with farmers in inculcating entrepreneurial thinking with prudent risk-management practices.

Retail Presence

Beginning April 2009, BERNAS introduced its “Save More Community Store” retail presence – a new chain of residential area-located convenience retail outlets that sell the full selection of BERNAS branded rice. The outlets also make available an assortment of other basic food items such as flour, sugar, cooking oil, as well as daily essentials.

The “Save More Community Store” is the embodiment of BERNAS’ business and corporate responsibility objective to ensure that Malaysian consumers have access to affordable, high quality rice at all times. The stores’ business philosophy is driven by the principle of providing quality at an affordable price, thus our retail presence will always look out for the best interest of Malaysians in good times and in bad – to show that we are committed to play our part in stabilizing rice prices and supply.

To date, four outlets have been opened in Setia Alam, Bukit Tinggi, Subang Perdana and Bukit Jelutong with more stores due to be opened within a year’s time.

Prospects for the Future

Despite 2008 being a tumultuous year for the global rice industry, BERNAS remains committed to improvements in operational efficiency and further cost reduction. For local rice, BERNAS would continue to focus on improving and upgrading its mills whilst the continued administration of the

Program Rakan Kilang BERNAS would serve to assist the Bumiputra millers toward achieving shared competitive advantage post-AFTA. Additionally, BERNAS would continue to form smart partnerships and synergistic tie-ups with the farming community to achieve sustainable farming by adopting Good Agricultural Practices, as well as initiating leadership towards achieving the green agenda.

On the marketing and distribution front, BERNAS’ focus is on strengthening its infrastructure (e.g. inventory and marketing centres) towards achieving logistical efficiency. Strategic positioning of well-equipped and administered warehouses would facilitate in serving the market better, particularly where access is concerned. In its move to further strengthen its position as a proponent of food security, BERNAS also looks to form other strategic alliances with established food players in the regional and global arena without compromising its domestic market share objectives.

The Group strives to be consistent and continually seeks new investments as long as there are synergies that will enhance its trading initiatives to continuously position itself as the nation’s partner in the domestic paddy and rice industry.

Closing Remarks

BERNAS’ ability to manage a difficult year mirrors its courage, vision and ability to both address contingencies and embrace needful changes whilst remaining committed to its prime objectives as Malaysia’s principal proponent of food security.

It is evident that these attributes have further spurred BERNAS’ to achieve greater heights and position itself as one of the more successful Government’s privatization initiatives to-date. Nevertheless, BERNAS remains vigilant and mindful of inadvertently regressing into the negative ‘C’ traits of the business, i.e. complacency, contentment and carelessness. With that in view, BERNAS will continue to move forward and strengthen the Group’s

overall operations by consolidating itself towards achieving both stability in supplies and pricing structure, as well as higher efficiency in processing, marketing and distribution.

As BERNAS sets to soar even higher, it is paramount that its efforts and actions to-date be sustained to further enhance the value of all stakeholders at the various levels of the supply chain. Together, we shall continue tirelessly in our pursuit to enhance the nation’s food and trading industry in general, and paddy and rice in particular, into a more vibrant and progressive sector.

Appreciation

I would like to take this opportunity to express my deepest appreciation to all our valuable employees for their loyalty and perseverance in facing the crisis. They have done a remarkable job by rising to the occasion when it matters most. I would also like to accord special mention to my Management for their tireless efforts at embracing change and innovation, ranging from members of the past to the present Board, for their counsel and guidance, to my predecessors for leading the way. Sincere appreciation also to our joint venture partners, mill associates, farmers, consumers and all members along the supply chain for their role as equal partners in shouldering the tremendous joint responsibility entrusted to us in ensuring food security for all. Lastly I would like to express my utmost gratitude and highest appreciation for the Government’s continued moral and fiscal support, without which BERNAS would cease to adequately fulfil its responsibilities.

As we continue to seek new ground and jointly tackle the many challenges before us, we intend to also record fresh successes. InshaAllah, we see further into the future that BERNAS is poised for a more glorious era of excellence.

Thank you.

Bakry Bin Hamzah
Managing Director

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Tinjauan

Sejak penubuhannya, BERNAS telah menempuh banyak cabaran dan selepas setiap cabaran kita nampaknya semakin bersemangat. Tahun 2008 adalah dianggap sebagai tahun yang paling sukar dan melemahkan. Syarikat terus beroperasi dalam suasana perniagaan yang mencabar dengan kenaikan harga komoditi dunia, peningkatan kos bahan api, seterusnya salah tanggapan 'krisis beras' yang telah menjejaskan reputasi Syarikat. Namun, walaupun dalam suasana iklim ekonomi global yang tidak menentu, BERNAS masih meneruskan inisiatif merasionalkan operasi dan mengurangkan kos secara aktif, dan hasilnya prestasi Kumpulan masih boleh diterima di sebalik kenaikan harga beras dunia yang begitu tinggi dan jangkaan bekalan yang tidak menentu. Impaknya dapat dikurangkan hasil dari strategi kepelbagaian sumber dan pembelian jangka panjang serta hubungan yang baik dengan pembekal dari negara-negara pengeluar. Strategi ini terbukti berkesan dalam mengendalikan sekuriti makanan dengan mengurangkan risiko berkaitan cuaca yang mungkin menjejaskan kawasan geografi tertentu. Strategi ini juga dianggap paling penting dalam menentukan keupayaan BERNAS mengunci jumlah pesanan dalam memastikan bekalan beras mencukupi pada kuantiti yang disasarkan untuk keperluan nasional dan stokpail. Ia juga berkesan dalam memastikan bekalan beras sentiasa boleh diperolehi walaupun di waktu harga beras dunia berada dalam keadaan yang tidak menentu. Justeru, jumlah import BERNAS menunjukkan arah aliran menaik secara berterusan, dengan peningkatan 39% kepada lebih daripada 1 juta tan metrik sejak

tahun 2008 berbanding 742,500 tan metrik pada tahun sebelumnya, dengan sebahagian besar sumber datang daripada Thailand, Vietnam dan Pakistan.

Berkeuntungan tanpa mengaut keuntungan secara berlebihan sentiasa menjadi matlamat utama BERNAS, melalui penekanan utama ke atas tanggungjawab sosial. Seperti yang termaktub dalam Perjanjian Penswastan iaitu memastikan kestabilan industri yang terdiri daripada petani hingga ke pengguna, BERNAS berhadapan dengan isu yang rumit dalam mengimbangi keperluan pihak-pihak berkepentingan yang mempunyai tuntutan yang amat berbeza. Kemampuan BERNAS menangani krisis beras tahun 2008 meskipun dicabar, jelas adalah refleksi kemampuannya memahami kehendak tuntutan yang berbeza ini dan keupayaannya mewujudkan keseimbangan di antara pelbagai pihak yang berkepentingan.

Senario Beras Dunia 2008

2008 merupakan tahun di luar jangkaan dan penuh dengan pergolakan untuk industri beras global. Kebimbangan terhadap ketidakcukupan bekalan dan lonjakan harga, diikuti oleh bekalan yang kemudiannya stabil dan kejatuhan harga menjadi tatabaca utama tahun yang ditinjau. Di awal tahun, kekerapan kenaikan harga telah memaksa India, Vietnam, Kemboja dan Mesir untuk menghentikan eksport mereka, manakala kebimbangan ketidakcukupan bekalan yang berterusan memaksa Filipina membida kuantiti beras yang banyak walaupun pada harga rekod. Ini dibuktikan oleh sebutharga Beras Putih Thai 100%B yang melambung melebihi Dolar AS1000 se tan metrik daripada Dolar AS400 se tan metrik.

Kebanyakan Kerajaan menurunkan tarif import, mengubah polisi untuk menggalakkan pengeluaran beras, dan membuat perundingan pembelian dua hala untuk menjamin sekuriti makanan bagi rakyat mereka.

Persepsi bagaimanapun berubah pada pertengahan tahun 2008, dengan rekod penuaian di negara-negara pengeluar, hasil dorongan harga yang tinggi. Negara-negara ini bersetuju untuk membubar sekatan eksport manakala India membenarkan eksport dalam kuantiti yang terhad. Walaupun stabil pada harga Dolar AS580 se tan metrik menjelang Disember (khususnya Beras Putih Thai 100%B), trend jualan didapati tidak meningkat, mungkin kerana pembeli telah membuat pembelian berlebihan pada awal tahun atau menahan pembelian dengan harapan harga akan terus menurun.

Meninjau tahun 2009, Beras Putih Thai 100%B dijangka stabil hasil daripada pemulihan bekalan jangka pendek dan kemungkinan besar India akan membubar sekatan eksportnya secara keseluruhan dengan ramalan kestabilan politik domestiknya. Walau bagaimanapun, agak jelas faktor kemelesetan ekonomi global dan keruntuhan kredit yang dialami sekarang akan menjejaskan aliran tunai para petani. Di sebaliknya pula, kebimbangan kemelesetan ekonomi global mungkin akan meningkatkan permintaan beras di negara-negara membangun akibat penurunan pendapatan yang memaksa golongan berpendapatan rendah mendapatkan makanan ruji yang lebih murah. Institut Penyelidikan Beras Antarabangsa (IRRI) mengingatkan bahawa pengeluaran yang tidak menentu ditambah pula dengan mata pertumbuhan permintaan

market watch

for the financial year 2008
the group registered
RM2.50 billion
in revenue

yang kecil pada akhir tahun 2008, memungkinkan tiada sebarang pertumbuhan secara keseluruhan.

Tanggapan Krisis dalam Industri Beras Domestik 2008

Seperti yang telah dinyatakan sebelum ini, cabaran utama yang dihadapi oleh BERNAS pada tahun 2008 ialah dalam menangani salah tanggapan yang meluas bahawa Malaysia mengalami krisis sekuriti makanan yang serius pada waktu itu, akibat 'kekurangan beras' yang dihadapi oleh rakyat Malaysia (di sekitar Jun dan Julai). Salah tanggapan mengenai bekalan luar jangka ini telah menyebabkan banyak pihak menuding jari dan memberi tekanan ke atas BERNAS. BERNAS bertindak segera dan mengambil beberapa langkah kontingensi untuk mengatasi kekurangan bekalan dan mengembalikan keyakinan rakyat terhadap pentadbiran sekuriti makanan di Malaysia. Beberapa pengajaran penting dapat diperolehi dari pengalaman ini, dan BERNAS menghargai usaha dan kerjasama yang diberikan oleh semua pihak, terutama Kerajaan Malaysia dan Kementerian Pertanian dan Industri Asas Tani dalam menangani permasalahan yang rumit dan kompleks ini.

Yang paling utama, tiga prinsip penting perlu dipatuhi dalam membentuk langkah-langkah

pengecualan atau mekanisme mengelakkan berulangnya apa yang dilihat sebagai ancaman terhadap sekuriti makanan negara. Pertama, bekalan beras yang menjadi makanan ruji rakyat Malaysia mestilah sentiasa mencukupi. Kedua, harga bijirin ini haruslah stabil dan akhir sekali, gred yang dikehendaki mestilah sentiasa tersedia. Namun begitu, amat penting agar beberapa tanggapan salah diperbetulkan terlebih dahulu sebelum menganalisa pengalaman yang dapat dipelajari daripada krisis ini. Perlu diingat bahawa berbeza dengan krisis global yang dialami pada tahun 1972, bekalan beras pada kali ini tidak sekali-kalipun terancam. Di sepanjang tahun 2008 dan di sepanjang tempoh tanggapan krisis, kuantiti sebenar yang diperlukan adalah mencukupi untuk memenuhi keperluan negara. Penyebab krisis sebenarnya datang daripada ketidakstabilan harga beras di peringkat pengguna, yang mengakibatkan harga beras gred-gred bukan di bawah harga kawalan melonjak naik melebihi 70%. Ia seterusnya mencetuskan tanggapan bahawa bekalan beras itu sendiri tidak mencukupi. Tradisinya, permintaan untuk beras harga kawalan gred ST15% hanyalah dalam lingkungan 10% sahaja daripada jumlah permintaan keseluruhan. Sewaktu kenaikan harga beras 2008, kebanyakan pengguna beralih kepada gred beras harga kawalan

ini, mengakibatkan permintaan untuknya meningkat sehingga 30%. Walaupun harga untuk beras gred ST15% ini dikawal, harga padi pula meningkat daripada RM700 se tan metrik kepada RM1000 se tan metrik. Oleh kerana gred harga kawalan ini tidak lagi dikeluarkan oleh pengilang-pengilang swasta lain, permintaan untuknya naik mendadak, mengakibatkan kebimbangan orang ramai dan salah tanggapan bahawa bekalan beras (seterusnya sekuriti makanan itu sendiri) terancam. Kedudukan kewangan BERNAS turut terjejas akibat peningkatan kos beras tempatan sehingga 42% (persamaan pertukaran beras) juga kerana BERNAS tidak menaikkan harga beras import pada enam bulan pertama tahun 2008 (tempoh krisis) atas nasihat Kerajaan.

Walaupun harga beras dunia meningkat secara mendadak, BERNAS tetap dengan pendirian tidak menaikkan harga secara unilateral untuk mempromosikan kestabilan pasaran domestik. Namun, oleh kerana BERNAS hanya mempunyai kawalan dalam lingkungan 25% sahaja ke atas beras tempatan, dan tidak mempunyai saluran untuk menghubungkannya secara langsung dengan pengguna, usaha ini didapati tidak mencukupi untuk memenuhi keperluan keseluruhan gred harga kawalan ini. Tidak banyak yang dapat dilakukan oleh BERNAS untuk

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market watch

BERNAS' seed production quota is

27,500 MT

which it seeks to increase to

30,000 MT

by 2010.

mencegah pembelian berlebihan dan kegiatan menyorok beras harga kawalan di kalangan pengilang, pemborong, peruncit dan pengguna – dengan sesetengah pemain industri mengambil kesempatan menaikkan harga di atas permintaan yang tinggi. Kegiatan penyeludupan ke luar negara (di sempadan negeri-negeri Kelantan dan Sarawak) pula memburukkan lagi keadaan, kerana Malaysia adalah negara defisit dalam pengeluaran beras. Sebahagian pergantungan kita kepada beras import turut membawa kepada pertandingan sengit untuk mendapatkan bekalan padi, dengan kenaikan harga padi daripada RM700 se tan metrik kepada RM1100 se tan metrik menjelang pertengahan tahun 2008. Dengan kenaikan harga padi, serta perbezaan yang ketara antara harga beras kawalan dan bukan kawalan, kebanyakan pemain industri memilih untuk tidak mengeluarkan beras harga kawalan gred ST15% bagi mengelakkan kerugian kewangan seterusnya.

Melalui cadangan dan input daripada BERNAS, menjelang September 2008, Kerajaan telah mengaitkan skim subsidi gantian kepada pengilang untuk membolehkan mereka terus mengeluarkan beras gred harga kawalan dengan risiko

kewangan yang minimum. Bersama langkah-langkah proaktif yang lain, harga peringkat pengguna kembali stabil dengan kecukupan bekalan gred beras yang dikehendaki. Melalui usaha-usaha Kerajaan dan BERNAS, ancaman berterusan ke atas sekuriti makanan berjaya dihindarkan.

Dua perkara dapat disimpulkan dari pengalaman ini. Pertama, kedudukan kewangan BERNAS mungkin dikompromi akibat kenaikan harga beras antarabangsa yang tidak pernah berlaku sebelumnya, dan kedua, BERNAS mungkin menghadapi kesukaran melaksanakan tugas yang telah dimandatkan kepadanya untuk memastikan bekalan beras gred tertentu kepada orang ramai secara berterusan. Agak jelas bahawa BERNAS mungkin lebih berupaya mengurangkan kesan ketidakstabilan harga, seterusnya menangani masalah kekurangan bekalan ini sekiranya ia mempunyai bahagian pengawalan yang lebih besar dalam sektor beras tempatan di samping mempunyai saluran sendiri untuk memasarkan beras secara langsung kepada pengguna.

Walaupun senario terburuk mungkin telah berlalu, masih perlu bagi BERNAS untuk terus fokus dan berwaspada terhadap ancaman-ancaman ke atas bekalan dan harga pada tahun 2009, terutama dalam suasana iklim ekonomi pada waktu ini. Objektif strategik BERNAS untuk jangkamasa sederhana ini ialah untuk meningkatkan kedudukan bekalan sektor beras tempatannya daripada 25% kepada 50%, di samping mewujudkan saluran runcitnya sendiri bagi mengawal sekurang-kurangnya 25% daripada syer pasaran pengguna.

Prestasi Kewangan

Bagi tahun kewangan 2008, Kumpulan telah mencatatkan perolehan sebanyak RM2.50 bilion, berbanding RM2.24 bilion pada tahun 2007, iaitu mewakili peningkatan 11.7%. Seperti yang telah dinyatakan, turun naik harga, peningkatan kos bahan api, bekalan yang tidak menentu, dan campur tangan Kerajaan melalui program beras subsidi merupakan ciri-ciri utama tahun kewangan yang ditinjau. Hasil daripada persekitaran operasi yang begitu sukar, Keuntungan Kasar Kumpulan telah menurun kepada RM143.7 juta pada 2008 berbanding RM355.4 juta pada 2007.

Menyentuh lebih tunai, inisiatif ke arah keuntungan serta pengurusan kredit yang baik telah memastikan kemasukan tetap operasi tunai untuk BERNAS menguruskan keseluruhan operasinya. Kos kewangan bersih pada peringkat Kumpulan untuk tahun 2008 meningkat sebanyak RM8.3 juta kepada RM23.1 juta berbanding RM14.8 juta pada 2007, terutamanya dalam terma skala pertambahan saiz operasi, pelaburan dalam Penyelidikan dan Pembangunan dan skim mengoptimum kakitangan.

Operasi Beras Domestik

Agenda sosio ekonomi Kerajaan ke arah memastikan jaminan sekuriti makanan, diwakili oleh peningkatan Tahap Sara Diri (SSL) beras negara daripada 70% kepada 90% menjelang tahun 2010, selaras dengan objektif pertanian yang terkandung dalam Rancangan Malaysia Kesembilan (RMK9). Pengenalan insentif tambahan oleh Kerajaan untuk menaikkan pengeluaran hasil sebenar dan pemberian subsidi input akan membantu petani menghayati ekonomi berskala besar. Dorongan

juga perlu diberikan kepada petani yang menggunakan Amalan Pertanian yang Baik (GAP) dengan penggunaan benih padi sah. Namun, walaupun disokong kuat dari segi kewangan daripada pihak Kerajaan, padi yang dihasilkan di negara ini masih agak rendah iaitu 1.85 juta tan metrik pada tahun 2008. Ini mungkin disebabkan oleh fenomena cuaca yang tidak dapat diramal, purata hujan yang menurun dan gangguan penyakit serta makhluk perosak. BERNAS secara aktif meninjau usahasama dan usaha sinergistik dengan beberapa badan antarabangsa (seperti *Consultative Group for International Agricultural Research*) serta institusi pengajian tinggi tempatan (seperti Universiti Putra Malaysia) dalam mengatasi masalah ancaman semula jadi ini. Dalam pada itu, pergolakan industri petroleum global terus menjadi faktor utama yang meningkatkan kos operasi yang melibatkan aktiviti pembungkusan, pengangkutan, baja dan pengawalan makhluk perosak. Pada dasarnya, prestasi sektor beras tempatan untuk tahun 2008 sebahagian besarnya dipengaruhi oleh kemelesetan ekonomi global dan harga minyak mentah yang turun naik. Kenaikan harga beras import telah memberikan impak yang ketara ke atas harga padi tempatan manakala struktur baru tarif elektrik telah mengakibatkan peningkatan kos operasi pengilangan. Untuk mengurangkan impak tersebut, sebanyak RM13 juta telah dibelanjakan untuk meningkatkan daya kecekapan pengilangan. Ini adalah tambahan kepada usaha penstrukturan semula kilang-kilang secara strategik kepada enam wilayah. Tindakan ini menghasilkan pelan pemerolehan yang lebih kemas dan memastikan peningkatan operasi yang lebih konsisten.

Anggaran kerugian yang lebih besar telah dapat dielakkan dengan sokongan Kerajaan melalui program-program subsidi di samping memastikan bekalan beras yang berterusan, khususnya bekalan beras gred ST 15% untuk golongan berpendapatan

rendah dan sederhana. Sebagai tambahan, sebanyak RM12 juta telah dibelanjakan untuk mempertingkatkan inisiatif pentadbiran Skim Pengilang Bumiputera dan memenuhi tanggungjawab jaminan Pembeli Terakhir daripada mereka.

Antara cabaran paling hebat yang masih perlu ditangani oleh BERNAS ialah untuk menguasai syer pasaran yang telah mengecil akibat beberapa isu dan perkembangan ekonomi global yang telah diutarakan di atas. Peningkatan berterusan dalam pentadbiran dan infrastruktur amat diperlukan bagi mengatasi masalah kapasiti pengilangan yang tidak memadai, pergantungan terhadap loji pemrosesan luaran, pengurangan kadar padi yang ditolak dan pencapaian kekerapan pembayaran subsidi untuk 2009. Antara hasil yang boleh dirasai pada tahun 2009 termasuklah cadangan BERNAS untuk menawarkan struktur harga yang sama dengan para pengilang swasta, pembaik-pulihan dalaman untuk peningkatan penyelenggaraan di samping menambah kapasiti pengilangannya sebanyak 30%.

Secara ringkas, dalam tahun 2008, kegiatan operasi beras domestik BERNAS tertumpu kepada empat bidang utama iaitu, memperkukuhkan syer pasaran padi melalui program-program sosial dan projek-projek perladangan, peningkatan fasiliti dan infrastruktur yang terlibat secara berterusan, meneruskan pengurusan Skim Pengilang Padi Bumiputera, dan

pencapaian program pengiktirafan biji benih sah di Semenanjung dan Malaysia Timur.

Program Bumiputera BERNAS tidak pernah menyimpang dari peranan asalnya untuk membentuk perkongsian pintar di antara Kumpulan dan para pengilang Bumiputera. Oleh itu, sokongan berterusan adalah penting. Untuk mencapai objektifnya, BERNAS membiayai keseluruhan pembelian stok padi hasil pemerolehan para pengilang Bumiputera ini di samping menjamin syer pasaran produk keluaran mereka pada jumlah, kualiti dan harga yang telah ditetapkan.

Program Kecekapan Pengilangan pula amat fokus terhadap pembaik-pulihan pengendalian para pengilang dalam kegiatan harian operasi pengilangan mereka. Sebagai tambahan, pelbagai teknologi diperkenalkan menerusi penyelidikan dan pembangunan secara berterusan untuk melibatkan fasiliti pengeringan separa FBD (fluidized bed dryer) bersama-sama dengan pengeringan penuh tambahan bagi menangani masalah kapasiti. Pemasangan 'husk furnace' untuk menggantikan penggunaan tenaga disel turut diperkenalkan di kilang-kilang secara berterusan dengan bertujuan untuk mengurangkan kos pengeringan, di samping mengurangkan emisi dan jejak karbon. Dalam memenuhi jangkaan Kerajaan untuk memastikan bekalan beras yang mencukupi di pasaran, fasiliti pengilangan



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telah dipertingkatkan untuk memaksimumkan kadar pengeluaran pada bila-bila masa.

Akhir sekali, Program Benih berkisar ke arah penggunaan biji benih dari varieti sah sahaja menjelang akhir tahun 2010. Ini melengkapkan strategi BERNAS untuk memperolehi padi yang berkualiti. Pada penghujung tahun 2008, BERNAS terus melangkah untuk mencapai objektif Kerajaan ke arah pengeluaran 74,000 tan metrik biji benih sah demi mencapai jumlah pengeluaran hasil yang lebih baik. BERNAS merasa bangga kerana dianugerahkan kuota sebanyak 27,500 tan metrik iaitu 37% daripada jumlah pengeluaran benih padi sah bagi kegunaan operasi domestik tahun 2009.

Ciri-ciri Pasaran

Disebabkan oleh cabaran-cabaran luar biasa yang dihadapi pada tahun lepas, syer pasaran padi BERNAS berkurangan daripada 41% kepada 37% pada tahun 2008. Selain daripada langkah-langkah yang telah diambil untuk menangani keadaan yang tidak terduga dalam

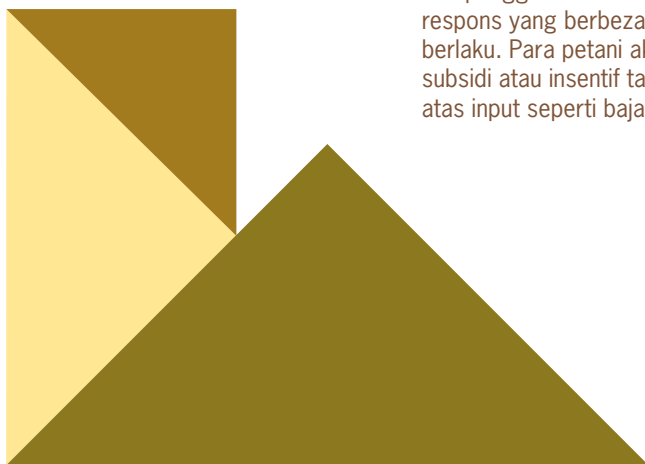
struktur bekalan dan harga, BERNAS terus komited untuk meningkatkan kecekapan operasinya. Kemajuan teknologi yang telah digunakan termasuklah pemasangan teknologi pengeringan separa di kilang-kilang utama, pemasangan 'cyclonic husk furnace' di kebanyakan kilang-kilang bersepadu untuk menggantikan penggunaan disel, memajukan dan meningkatkan keupayaan kilang di beberapa lokasi strategik bagi menangani isu kapasiti dan tahap efisien operasi, serta peningkatan berterusan dalam proses pengeringan dan pengilangan. Sehingga kini, kilang-kilang BERNAS masih terus menjalani proses perbaikan untuk menggantikan mesin-mesin lama, di samping usaha untuk menaik taraf kapasiti pengeringan daripada 6,760 tan metrik sehari kepada 13,420 tan metrik sehari.

Sekiranya harga beras antarabangsa kekal tinggi, seperti harga lain-lain komoditi, para pengilang akan tertekan untuk menaikkan harga padi tempatan. Persaingan sengit untuk mendapatkan bekalan domestik yang terhad akan menyebabkan harga padi meningkat lebih tinggi, mungkin melebihi paras harga semasa antara RM950 hingga RM1,150 se tan metrik. Jelas sekali kedua-dua petani dan pengguna akan menunjukkan respons yang berbeza sekiranya ini berlaku. Para petani akan menuntut subsidi atau insentif tambahan ke atas input seperti baja dan racun

makhhluk perosak bagi meminimalkan kos pengeluaran mereka, sementara di hujung rantaian bekalan yang bertentangan, para pengguna akan mengelak daripada terpaksa menyerap kos kenaikan harga ini. Situasi ini telah mendorong Kerajaan dan BERNAS untuk meninjau usaha penanaman padi berskala besar di Malaysia Timur yang mempunyai tanah dan pengairan yang banyak, dengan matlamat utama untuk mengurangkan pergantungan import.

Sebagai pemain utama, BERNAS juga telah menerokai aktiviti perladangan kontrak dengan entiti kerajaan dan komersil bagi menjamin bekalan padi ke kilang-kilang BERNAS. Projek ini dilaksanakan di bawah pemantauan rapi BERNAS, dengan memberikan bantuan kewangan dan input di musim penanaman dan penuaian, di samping hanya menggunakan benih padi sah. Program ini adalah di antara strategi BERNAS secara keseluruhan untuk menyokong hasrat Kerajaan mencapai matlamat 90% tahap sara diri beras tempatan.

Untuk mencapai cita-cita ini, Kerajaan seterusnya menggalakkan penggunaan biji benih sah pada kadar insentif RM500 se tan metrik, yang akan dijadikan syarat mandatori kepada semua petani untuk mendapatkan kelayakan skim subsidi. Keperluan industri untuk biji benih sah buat masa sekarang iaitu sebanyak 74,000 tan metrik setahun memerlukan sokongan logistik yang berskala tinggi. Justeru, BERNAS amat berbesar hati dengan perlantikannya memikul tugas sebagai salah satu daripada empat pengeluar benih padi sah. Buat masa sekarang kuota pengeluaran BERNAS ialah sebanyak 27,500 tan metrik untuk tahun 2008, dan akan dipertingkatkan kepada 30,000 tan metrik menjelang 2010.



Selain bangga dengan pencapaiannya sebagai rakan kongsi yang berkeuntungan dalam memastikan sekuriti makanan untuk seluruh rakyat Malaysia, BERNAS terus komited dalam memenuhi tanggungjawab sosialnya. Untuk menentukan kejayaan, pematuhan amat penting, begitu juga dengan persediaan dalam kapasiti pengeringan yang mencukupi untuk memproses lebihan stok pada bila-bila masa. Sebagai Pembeli Terakhir Padi, usaha mempertingkatkan kapasiti pengeringan di kilang-kilang, akan membolehkan BERNAS memproses setengah juta tan metrik minimum padi setahun menjelang 2010. Dalam menguruskan Skim Pengilang Padi Bumiputera, BERNAS sentiasa mengkaji keberkesanan program-program Bumiputeranya, bukan sahaja terhad kepada memberikan bantuan, malah untuk mengubah mereka menjadi pengilang yang berdaya saing dan berwawasan dalam menangani cabaran-cabaran industri beras global di masa akan datang.

Jualan dan Penedaran

Dari sudut penjualan dan penedaran, pemerolehan beras dirancang di atas platform persaingan untuk menggalakkan harga dan kualiti yang kompetitif di peringkat sumber. Strategi mempelbagaikan sumber dan mencampurkan kontrak belian secara *'spot-and-forward'* akan terus digunakan sebagai tambahan kepada spesifikasi yang telah ditentukan oleh BERNAS ke atas pelbagai jenis beras daripada negara-negara rakan. Dengan jangkaan trend yang tidak menentu untuk tahun 2009, pilihan kontrak belian *'spot-and-forward'* dalam kegiatan pemerolehan menjadi sangat penting dan perlu untuk memastikan bekalan beras diperolehi secara berterusan pada harga yang stabil. Ditambah pula dengan langkah-langkah lain seperti mengoptimumkan sumber, meningkatkan infrastruktur pergudangan, mengatur bekalan secara jaminan kontrak dan strategi harga *'mark to market'*, yang telah diambil bagi mendapatkan jumlah

import yang lebih baik ke arah peningkatan stok simpanan BERNAS.

Untuk tujuan rekod, jumlah jualan keseluruhan meningkat 4% kepada 1.02 juta tan metrik berbanding 0.98 juta tan metrik pada tahun 2007. Program Subsidi Beras Kerajaan (GSR) menyumbangkan sebanyak 20% daripada jumlah jualan keseluruhan. Jualan beras import turut meningkat sebanyak 9% (termasuk jualan GSR) kepada 822,556 tan metrik pada tahun 2008 daripada 752,564 tan metrik pada tahun 2007 di mana 25% adalah dari jualan GSR. Hasil pengenalan GSR sebagai langkah sementara untuk mengurangkan jurang, jualan beras tempatan Kumpulan merosot 12% kepada 197,777 tan metrik untuk tahun 2008 berbanding 225,945 tan metrik pada tahun 2007.

Fasiliti dan Infrastruktur

BERNAS terus melabur dengan banyak dalam tahun 2008 untuk menambah keupayaan fasiliti dan infrastruktur bagi tujuan penyimpanan dan pengurusan stokpailnya, walaupun sejumlah besar simpanan tunai telah digunakan untuk mengatasi masalah bekalan yang dinyatakan sebelum ini. Walau bagaimanapun, wawasan tahun 2007 ini nampaknya mendatangkan hasil lumayan, dengan kejayaan BERNAS membina dan menggerakkan dua buah gudang yang moden dan canggih di Bukit Raya, Kedah dan Kolombong, Sabah. Kedua-dua gudang dengan nilai pelaburan RM15 juta ini telah membuktikan keupayaannya untuk menempatkan sejumlah 45,000 tan metrik beras. Sebagai tambahan, gudang di Tawau, Sabah yang berkeluasan 58,000 kaki persegi berupaya menyimpan 35,000 tan metrik beras bungkus, di samping menempatkan kilang pemprosesan untuk pasaran runcit, yang dengan ini menguatkan lagi integriti stokpail di kala memerlukan.

Antara perubahan lain yang ketara dalam infrastruktur beras tempatan termasuklah penubuhan fasiliti pusat pembungkusan berkapasiti 6 tan metrik sejam di Bukit Raya

yang telah siap dan beroperasi pada 30 September 2008. Fasiliti ini mengandungi kilang pemprosesan beras yang lengkap untuk memproses dan membungkus pelbagai gred beras (S5%, S10%, dan SST15%) yang meliputi beras tempatan dan import. Kumpulan juga telah berjaya memasang mesin pembungkusan auto di gudangnya di Kelang serta kilang pembungkusan di Prai. Kedua-duanya berjaya disiapkan mengikut jadual pada penghujung suku akhir keempat. Projek-projek lain dalam perancangan termasuklah pengenalan sistem penjaanaan *'co-generation'* di Perlis pada permulaan suku kedua 2009, di samping penyenggaraan beberapa sistem dandang di bawah bidang kuasa Kumpulan. Dengan kos jangkaan mencecah RM2 juta, projek ini berusaha untuk mencapai kedua-dua matlamat penjaanaan elektrik dan pembekalan sistem haba yang lengkap untuk proses pengeringan padi.

Penyelidikan dan Pembangunan (R&D)

BERNAS sudah sekian lama menjadi penyokong kuat kegiatan Penyelidikan dan Pembangunan (R&D) sebagai memenuhi matlamat jangka panjang dan pendeknya dalam mengeluarkan padi dan beras yang unggul dan berkualiti, meningkatkan hasil tuaian dan memajukan teknologi pemprosesan dan penedaran. Oleh itu, BERNAS telah memperuntukkan sejumlah RM5 juta bagi tujuan penyelidikan dalam teknologi pengeringan beras dan kajian mengenai faedah-faedah kesihatan untuk beberapa jenis

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beras pilihan masyarakat tempatan. Kesungguhan dalam menjayakan inisiatif ini telah dibuktikan melalui lanjutan Memorandum Persefahaman yang sedia ada bersama Universiti Putra Malaysia (UPM) untuk jangka masa 10 tahun lagi, agar perkongsian strategik ini dapat diteruskan dalam menjalankan aktiviti-aktiviti penyelidikan tulen dan gunaan, sebagai tambahan kepada peningkatan keupayaan dan kapasiti analisis makmal UPM-BERNAS. Ini termasuklah menambah peralatan dan ruang bagi membolehkan BERNAS-UPM melakukan penyelidikan terkini dalam bidang 'genotyping' benih, teknologi rangsangan dan mikrobiologi (terutamanya dalam mengkaji ancaman-ancaman bakteria dan virus), sebagai tambahan kepada kaedah analisis kimia dan fizikal yang sedia ada. Tumpuan dalam penyelidikan dan pembangunan domestik akan membolehkan BERNAS mengkaji peluang-peluang sinergi dengan masyarakat saintifik antarabangsa, bermula dari menjalankan ujikaji kepada pewartaan hasil ujikaji dalam penerbitan yang mempunyai reputasi tinggi. Pentauliahan Piawaian Antarabangsa pula termasuklah usaha memperoleh kedua-dua sijil berprestij ISO 9001 dan ISO 17025 pada penghujung tahun 2009. Beberapa projek penyelidikan intensif lain yang telah berjaya disiapkan termasuklah mengenalpasti kandungan kimia dan fizikal dalam berbagai jenis beras, menentukan kandungan tenaga dan komposisi

yang berkaitan, mengembangkan perlindungan kardio dan kandungan antioksidan beras perang, dan mengembangkan potensi beberapa jenis makanan berasaskan beras untuk tujuan komersil. BERNAS juga telah melakukan penyelidikan pasaran mengenai industri beras tempatan melalui tinjauan pematuhan dan mendokumentasikan kajian-kajian perbandingan mengenai piawaian beras.

Perkembangan Modal Insan


Dalam mengekalkan komitmennya untuk mengembangkan aset yang paling berharga, iaitu modal insan, Kumpulan terus fokus terhadap kebaikan Kumpulan juga kakitangan melalui peningkatan kerjaya yang efektif. Selain daripada memajukan fungsi-fungsi kecekapan, program pembangunan kepimpinan juga turut diperkenalkan untuk melengkapkan pengurusan peringkat pertengahan dengan kecekapan-kecekapan yang relevan agar tugas mereka dapat dijalankan secara efektif dalam suasana kerja dan budaya korporat BERNAS. BERNAS juga terus berminat untuk menaja pelajar-pelajar peringkat ijazah dan lepasan ijazah yang komited dalam mendalami industri berasaskan padi dan beras. Menyahut seruan Kerajaan agar syarikat-syarikat korporat turut bersama menangani masalah pengangguran graduan yang semakin bertambah di negara ini, BERNAS telah mewujudkan Program Pembangunan Eksekutifnya sendiri. Sebagai tambahan, BERNAS turut menyediakan latihan berkaitan industri kepada para siswazah tahun ketiga dan tahun akhir pengajian, di samping pemberian elaun bulanan di sepanjang tempoh latihan praktikal mereka.

Selain dari peruntukan kerjaya yang bermakna, BERNAS juga percaya bahawa modal insan yang kuat dan bermotivasi akan kekal menjadi insuran yang terbaik terhadap sebarang ancaman luar. Oleh itu, berbagai aktiviti bina insan telah dikenalpasti sebagai langkah penting dalam memastikan kejayaan merealisasikan matlamat dan aspirasi Kumpulan. Di sepanjang tahun yang ditinjau, BERNAS telah mengadakan beberapa sesi latihan bina insan untuk kakitangannya demi membentuk kebingkasan rohani dan jasmani, membantu mereka untuk berfungsi secara cekap dalam menjalankan tugas masing-masing dan menjadikan mereka lebih kompetitif. Pihak pengurusan juga sentiasa menjelaskan halatuju strategi-strategi yang diambil oleh Syarikat dengan jelas kepada semua peringkat kakitangan, dengan memberikan tumpuan terhadap pengurusan yang efektif dan peningkatan operasi. Ini telah meningkatkan daya efisien dan turut membantu ke arah peningkatan prestasi kerja BERNAS pada tahun lepas. Di waktu yang sama, BERNAS telah memulakan Program Pembangunan Pengurusan untuk membentuk lebih ramai peserta yang berkebolehan di kalangan pengurusan pertengahan. Meninjau ke hadapan, BERNAS berhasrat untuk menjadikan program ini sebagai latihan asas dalam membina modal insan yang sesuai untuk diketengahkan sebagai pemimpin di masa hadapan yang akan berkhidmat untuk BERNAS atau agensi-agensi utama yang lain di negara ini.

Tanggungjawab Sosial Korporat (CSR)

BERNAS amat mempercayai kepentingan pemberian semula kepada masyarakat melalui penekanan ke atas program-program tanggungjawab sosial korporatnya.





Sekuriti makanan, yang merupakan fokus utama tanggungjawab sosial BERNAS, telah menggariskan kesediaan bekalan beras pada bila-bila masa dan kepada sesiapa sahaja, terutamanya golongan berpendapatan rendah, sebagai agenda utamanya. Menyedari hakikat bahawa penanaman padi hanya merupakan sebahagian daripada profil agrarian yang besar, BERNAS turut menaja berbagai projek pertanian mampu-diri yang lain seperti pertandingan memancing dan penghasilan akuakultur yang berkaitan.

BERNAS juga turut membantu para petani mengurangkan jejak karbon dan pencemaran hasil sampingan kegiatan pertanian mereka, melalui pendidikan dan penyebaran maklumat mengenai bahaya amalan pertanian kuno dan kaedah penebangan dan pembakaran kawasan, yang disampaikan secara langsung oleh para pegawai pertanian yang terlibat di kawasan-kawasan penanaman padi. BERNAS turut menggalakkan inovasi dalam teknologi pertanian yang mengutamakan pemuliharaan tenaga, pengurangan hasil buangan pertanian dan penjagaan alam sekitar, dengan menggunakan kit tafsiran kesan yang mudah untuk para petani dan mereka yang berkepentingan. BERNAS sentiasa fokus dan komited untuk berkongsi pengetahuan dengan petani dalam menyemai pemikiran keusahawanan dan amalan pengurusan risiko yang berhemah.

Kehadiran Runcit

Bermula April 2009, BERNAS memperkenalkan “Kedai Komuniti Save More” – untuk mewujudkan inisiatif peruncitan melalui rangkaian kedai runcit yang berdekatan dengan kawasan perumahan yang menjual

berbagai jenis beras berjenama BERNAS. Kedai komuniti ini turut menyediakan berbagai pilihan barangan makanan asas yang lain seperti tepung, gula, minyak masak, dan lain-lain barangan keperluan harian.

“Kedai Komuniti Save More” melambangkan satu bentuk perniagaan yang disertai oleh objektif tanggungjawab korporat BERNAS dalam memastikan para pengguna di Malaysia mempunyai kemudahan untuk mendapatkan beras yang berkualiti pada harga yang berpatutan, pada bila-bila masa. Falsafah perniagaan ini didorong oleh prinsip utamanya untuk menyediakan kemudahan yang berkualiti pada harga yang berpatutan, justeru kehadiran “Save More” akan sentiasa memastikan rakyat Malaysia mendapat yang terbaik pada setiap ketika – di samping menunjukkan bahawa kami komited dalam memainkan peranan untuk menstabilkan harga dan bekalan beras.

Terkini, empat buah cawangan telah berjaya dibuka di Setia Alam, Bukit Tinggi, Subang Perdana dan Bukit Jelutong dengan beberapa cawangan lagi dijangka dibuka dalam tempoh setahun ini.

Prospek Masa Hadapan

Walaupun 2008 merupakan tahun penuh kemelut untuk industri beras global, BERNAS tetap komited dalam memperbaiki kecekapan operasinya dan juga mengurangkan

kos seterusnya. Untuk beras tempatan, BERNAS akan terus fokus untuk memperbaiki dan menaik taraf kilang-kilangnya, manakala pentabiran Program Rakan Kilang BERNAS yang berterusan akan membantu pengilang-pengilang Bumiputera ke arah pencapaian perkongsian kompetitif selepas AFTA. BERNAS juga akan terus membentuk perkongsian pintar dan penggabungan sinergi dengan masyarakat petani untuk mencapai pertanian yang lestari melalui amalan pertanian yang baik (“*Good Agricultural Practice*”), di samping mewujudkan kepimpinan ke arah mencapai agenda bumi hijau.

Di sudut pemasaran dan pengedaran, fokus BERNAS ialah untuk memperkukuhkan infrastrukturnya (iaitu pusat-pusat inventori dan pemasaran) ke arah pencapaian kecekapan logistik. Penempatan strategik gudang-gudang yang mempunyai kelengkapan dan pentadbiran yang cekap akan membantu dalam menyediakan perkhidmatan yang lebih baik, terutamanya di mana kemasukan adalah utama. Dalam usaha untuk memperkukuhkan lagi kedudukannya sebagai pendokong utama sekuriti makanan, BERNAS akan membentuk perikatan strategik dengan pemain-pemain utama industri makanan yang lain di dalam dan di luar negara tanpa mengeneipkan objektif-objektif pasaran tempatannya.

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Kumpulan berusaha supaya konsisten dan berterusan dalam mencari pelaburan-pelaburan baru sekiranya terdapat sinergi yang akan menambah nilai inisiatif perniagaannya untuk terus meletakkan dirinya sebagai rakan kongsi utama dalam industri padi dan beras tempatan.

Penutup

Keupayaan BERNAS menghadapi tahun yang penuh pancaroba menunjukkan keberanian, wawasan dan keupayaannya dalam menghadapi sebarang kemungkinan, di samping melakukan perubahan yang diperlukan, namun kekal komited kepada objektif utamanya mendokong sekuriti makanan di Malaysia.

Jelas terbukti, segala peristiwa ini telah menambah semangat BERNAS untuk mencapai kedudukan yang lebih tinggi dan meletakkan dirinya sebagai salah satu daripada bukti kejayaan inisiatif penswastaan Kerajaan. Walau bagaimanapun, BERNAS akan sentiasa berhati-hati agar tidak merosot ke arah sifat-sifat negatif 'berpuas hati dan cuai' secara tidak sengaja, dalam menjalankan perniagaannya. Justeru, BERNAS akan terus bergerak maju dan memperkukuhkan operasi keseluruhan Kumpulan melalui penggabungan ke arah mencapai kestabilan struktur bekalan dan harga, serta tahap kecekapan yang lebih tinggi dalam kegiatan pemrosesan, pemasaran dan pengedaran.

BERNAS kini bersedia untuk terbang lebih tinggi – maka adalah penting untuk usaha-usaha dan tindakan yang diambil kini diteruskan untuk manambungkan lagi nilai semua pihak yang berkepentingan di setiap peringkat rantaian bekalan. Bersama,

kita akan meneruskan usaha ini tanpa jemu demi perkembangan industri makanan negara secara amnya, dan industri padi dan beras negara khususnya, agar menjadi sektor yang lebih bersemangat dan progresif.

Penghargaan

Saya ingin mengambil peluang ini untuk menyatakan setinggi-tinggi penghargaan kepada semua kakitangan di atas kesetiaan dan ketabahan mereka menghadapi krisis yang begitu buruk, serta mempamerkan dedikasi yang tinggi di waktu yang diperlukan. Saya juga ingin menyampaikan ucapan penghargaan khas kepada barisan pengurusan di atas usaha mereka yang tidak mengenal penat lelah menerokai perubahan dan inovasi; ahli-ahli lembaga pengarah yang terdahulu sehingga terkini, di atas bimbingan dan dorongan; juga kepada pemimpin yang terdahulu yang telah merintis jalan. Penghargaan yang tulus ikhlas juga ditujukan kepada semua rakan usahasama, persatuan-persatuan pengilang, petani-petani, dan pengguna serta semua ahli di sepanjang rantaian bekalan yang telah memainkan peranan mereka sebagai rakan yang telah bersama-sama memikul amanah tanggungjawab yang besar dalam memastikan keselamatan makanan untuk semua. Akhir kata, saya ingin mengucapkan setinggi-tinggi penghargaan kepada Kerajaan Malaysia yang telah memberikan sokongan moral dan fiskal selama ini, yang tanpanya BERNAS tidak mungkin dapat memenuhi tanggungjawabnya dengan sempurna.

Ketika kita terus melangkah untuk menerokai peluang baru, serta bersama-sama menghadapi segala cabaran di hadapan, kita juga

berhasrat untuk menempa kejayaan-kejayaan baru. InsyaAllah, kita akan melihat jauh ke hadapan dengan keyakinan bahawa BERNAS bersedia menempuhi era yang lebih gemilang.

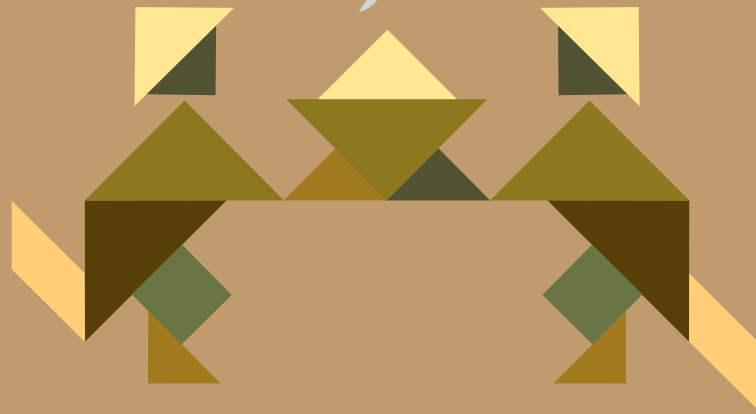
Terima kasih.

Bakry Bin Hamzah Pengarah Urusan



Our strengths lie in our diversity and unity derived from a common vision, mission and shared values from top-down and across all verticals. Every employee is critical to our total transformation success.

Kekuatan kami bergantung kepada kepelbagaian dan penyatuan yang terhasil dari visi, misi dan nilai yang sama yang dikongsi di setiap lapisan akar umbi. Setiap pekerja adalah penting di dalam menentukan kejayaan transformasi secara total.



Strengths in diverse forms
and functions

*Kekuatan dalam pelbagai
bentuk dan fungsi*

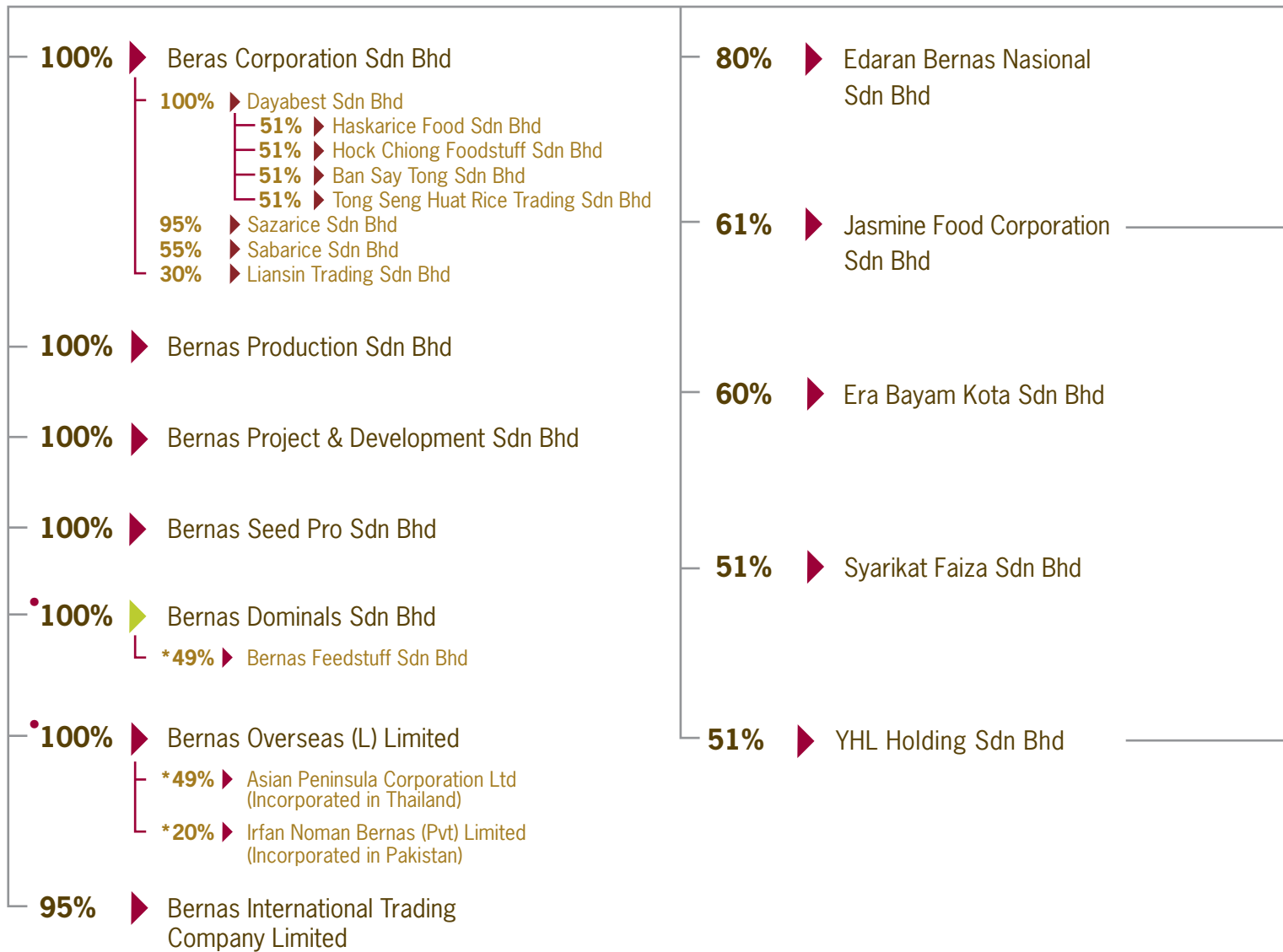
corporate structure

struktur korporat



BERNAS

Padiberas Nasional Berhad





- 100% ▶ Jasmine Food (Ipoh) Sdn Bhd
- 100% ▶ Jasmine Food (Alor Setar) Sdn Bhd
- 100% ▶ Jasmine Khidmat & Harta Sdn Bhd
- 100% ▶ Jasmine Food (Johor Bahru) Sdn Bhd
- 100% ▶ Jasmine Food (Seremban) Sdn Bhd
- 100% ▶ Jasmine Food (Prai) Sdn Bhd
- 100% ▶ Jasmine Food (Kuantan) Sdn Bhd
- 100% ▶ Jasmine Rice Mill (Tunjang) Sdn Bhd
- 100% ▶ Jasmine Rice Products Sdn Bhd
- 51% ▶ JS Jasmine Sdn Bhd

- 100% ▶ YHL Trading (Kedah) Sdn Bhd
- 100% ▶ YHL Trading (KL) Sdn Bhd
- 100% ▶ YHL Trading (Melaka) Sdn Bhd
- 100% ▶ YHL Trading (Segamat) Sdn Bhd
- 100% ▶ YHL Trading (Johor) Sdn Bhd
- 100% ▶ YHL Trading (Terengganu) Sdn Bhd

- *20% ▶ Ban Heng Bee Holdings Sdn Bhd
 - *40% ▶ Serba Wangi Sdn Bhd
- } 52%

- *45% ▶ United Malayan Flour (1996) Sdn Bhd

- *30% ▶ OEL Realty Holdings Sdn Bhd

- *30% ▶ Gardenia Bakeries (KL) Sdn Bhd

- *25% ▶ Bernas Logistics Sdn Bhd

▶ Rice Business

▶ Other Business

* Associate Companies

• Investment Holdings

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
Fax : 03 - 7660 4732
Website : www.bernas.com.my

Principal Bankers Bank-bank Utama

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

Stock Exchange Listing Penyenaraian di Bursa Saham

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

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

Company Secretary Setiausaha Syarikat

Nasliza Binti Mohd Nasir
(LS0008653)

Auditor Juruaudit

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

board of directors

lembaga pengarah



**Dato' Wira Syed Abdul Jabbar
Bin Syed Hassan**
Chairman/Pengerusi

Dato' Wira Syed Abdul Jabbar Bin Syed Hassan, 69, was appointed independent, non-executive Director of BERNAS on 10 July 2006. He was appointed as Chairman on 17 July 2006. Dato' Wira Syed Abdul Jabbar also chairs the Executive, Nomination and Remuneration Committees of the Board. Dato' Wira Syed Abdul Jabbar is the Chairman of MMC Corporation Berhad, Tradewinds Plantation Berhad, Tradewinds (M) Berhad and MARDEC Berhad. He also sits on the Board of Star Publications (M) Berhad and KAF Discounts Berhad. Dato' Wira Syed Abdul Jabbar 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 four Board Meetings held during the financial year.

Dato' Wira Syed Abdul Jabbar Bin Syed Hassan, 69 tahun, dilantik sebagai Pengarah bebas, bukan eksekutif pada 10 Julai 2006. Beliau dilantik sebagai Pengerusi pada 17 Julai 2006. Dato' Wira Syed Abdul Jabbar juga mempengerusikan Jawatankuasa Eksekutif, Penamaan dan Imbuan Lembaga Pengarah. Dato' Wira Syed Abdul Jabbar adalah Pengerusi MMC Corporation Berhad, Tradewinds Plantation Berhad, Tradewinds (M) Berhad dan 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, Pengerusi 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 adalah 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 keculi kesalahan trafik, jika ada. Beliau menghadiri kesemua empat mesyuarat Lembaga Pengarah yang diadakan dalam tahun kewangan.

board of directors

lembaga pengarah



Encik Bakry Bin Hamzah
Managing Director/Pengarah Urusan

Encik Bakry Bin Hamzah, 51, joined the Board on 14 September 2005. He was appointed Managing Director and non-independent executive Director on 9 April 2007. He is a member of Executive and Tender Committees of the Board.

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

Encik Bakry Bin Hamzah, 51 tahun, mula berkhidmat sebagai Pengarah pada 14 September 2005. Beliau dilantik sebagai Pengarah Urusan dan Pengarah Eksekutif, tidak bebas pada 9 April 2007.

Encik Bakry Bin Hamzah, warganegara Malaysia, adalah pemegang Ijazah Sarjana Muda Sastera (Kepujian) dari Universiti Malaya. Beliau adalah ahli Jawatankuasa Eksekutif dan Jawatankuasa Tender. Beliau adalah 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 kesemua empat mesyuarat Lembaga Pengarah yang diadakan dalam tahun kewangan.



Dato' Mohd Mokhtar Bin Ismail

Dato' Mohd Mokhtar, 56, was appointed on 16 December 2008 and is a non-independent, non-executive Director of BERNAS. He is currently the Secretary General 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. He started his career as an Assistant Secretary of Finance and Treasury Division in 1976 and subsequently served in various government agencies such as Economic Planning Unit, Prime Minister's Department, Ministry of Human Resources and Ministry of Entrepreneur Development. Dato' Mohd Mokhtar has no securities holdings in BERNAS or its subsidiaries. He has no family relationship with any other directors or major shareholders of BERNAS and has no conflict of interest with BERNAS. He has not been convicted for offences within the past ten years other than traffic offences. He attended two Board Meetings held during the financial year.

Dato' Mohd Mokhtar, 56 tahun mula dilantik sebagai Pengarah tidak bebas bukan eksekutif pada 16 Disember 2008. Beliau kini bertugas sebagai Ketua Setiausaha, 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. Beliau memulakan kerjaya sebagai Penolong Setiausaha, Bahagian Kewangan dan Perbendaharaan, Jabatan Perdana Menteri pada tahun 1976 dan seterusnya berkhidmat di pelbagai Jabatan Kerajaan termasuk Unit Perancang Ekonomi, Jabatan Perdana Menteri, Kementerian Sumber Manusia dan Kementerian Pembangunan Keusahawanan. Dato' Mohd Mokhtar 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 dua mesyuarat Lembaga Pengarah yang diadakan dalam tahun kewangan.

board of directors

lembaga pengarah



Encik Azman Bin Umar

Encik Azman Bin Umar, 54, joined the Board on 20 June 2006 and is a non-independent, non-executive Director of BERNAS. He is currently the General Manager of Langkawi Development Authority. Encik Azman 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. 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 Investment, MKD and Privatisation Division of Ministry of Finance, Economic Planning Unit, Prime Minister's Department, Ministry of Plantation Industries and Commodities and Ministry of Agriculture and Agro-based Industry. Encik Azman 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 four Board Meetings held during the financial year.

Encik Azman Bin Umar, 54 tahun, dilantik sebagai Pengarah tidak bebas, bukan eksekutif pada 20 Jun 2006. Beliau bertugas sebagai Pengurus Besar, Lembaga Pembangunan Langkawi. 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. Beliau memulakan kerjaya sebagai Penolong Setiausaha, Bahagian Kabinet, Jabatan Perdana Menteri pada tahun 1981 dan seterusnya berkhidmat di pelbagai Jabatan Kerajaan termasuk Bahagian Pelaburan, MKD dan Penswastaaan, Kementerian Kewangan, Unit Perancang Ekonomi, Jabatan Perdana Menteri, Kementerian Industri Tanaman dan Komoditi dan Kementerian Pertanian dan Industri Asas Tani. 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 kesemua empat mesyuarat Lembaga Pengarah yang diadakan dalam tahun kewangan.



Datuk Azizan Bin Ayob

Datuk Azizan Bin Ayob, 62, was appointed non-independent, non-executive Director of BERNAS on 30 September 2003. He is the Chairman of Tender Committee and a member of Audit, Executive, Nomination and Remuneration Committees of the Board. 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. He 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 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 four Board Meetings held during the financial year.

Datuk Azizan Bin Ayob, 62 tahun, telah dilantik sebagai Pengarah tidak bebas, bukan eksekutif pada 30 September 2003. Beliau adalah Pengerusi Jawatankuasa Tender, ahli Jawatankuasa Audit, ahli Jawatankuasa Eksekutif dan ahli Jawatankuasa Penamaan dan Imbuan. 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 adalah 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. 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 kesemua empat 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, 57, was appointed a Board member on 22 November 2005 and is an independent, non-executive Director. He is 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 Chartered Certified Accountant (FCCA, UK) and Malaysian Institute of Accountants (Malaysia). 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 three out of the four Board Meetings held during the financial year.

Tuan Syed Abu Bakar, 57 tahun, telah dilantik sebagai Pengarah bebas, bukan eksekutif pada 22 November 2005. Beliau adalah Pengerusi Jawatankuasa Audit dan ahli Jawatankuasa Tender serta ahli Jawatankuasa Penamaan Lembaga Pengarah Syarikat. Warganegara Malaysia, Tuan Syed Abu Bakar adalah ahli Chartered Certified Accountant (FCCA, UK) dan Malaysian Institute of Accountants (Malaysia). 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 tiga daripada empat mesyuarat Lembaga Pengarah yang diadakan dalam tahun kewangan.

Dato' Dr Baharom Bin Jani Alternate Director/Pengarah Gantian

Dato' Dr Baharom, 53, was appointed Alternate Director to Dato' Mohd Mokhtar bin Ismail on 16 December 2008. He is currently the Deputy Secretary General (Development) of the Ministry of Agriculture and Agro-based Industry. Dato' Dr Baharom is a Malaysian citizen and holds a Bachelor of Economics (Hons) degree from University Malaya, a Masters of Economics from University of Shiga, Japan and a PhD of Economics from University of Nagoya, Japan. He also holds a Diploma in Public Management from National Institute of Public Administration (INTAN). He served in various government agencies such as Economic Planning Unit, Prime Minister's Department, Ministry of Energy, Water and Communications and as a Deputy Secretary 1 (Development) Negeri Sembilan.

Dato' Dr Baharom, 53 tahun, mula dilantik sebagai Pengarah Gantian kepada Dato' Mohd Mokhtar bin Ismail pada 16 Disember 2008. Beliau kini bertugas sebagai Timbalan Setiausaha (Pembangunan), Kementerian Pertanian dan Industri Asas Tani. Warganegara Malaysia, Dato' Dr Baharom memiliki Ijazah Sarjana Muda Ekonomi (Kepujian) dari Universiti Malaya, Ijazah Sarjana dalam Ekonomi dari Universiti Shiga, Jepun, PhD dalam Ekonomi dari Universiti Nagoya, Jepun. Beliau juga memiliki Diploma Pengurusan Awam dari Institut Tadbir Awam Negara (INTAN). Beliau pernah berkhidmat di pelbagai Jabatan Kerajaan termasuk Unit Perancang Ekonomi, Jabatan Perdana Menteri, Kementerian Tenaga, Air dan Komunikasi dan juga sebagai Timbalan Setiausaha 1 (Pembangunan) Negeri Sembilan.



**YB Dato' Abdul Rahman
Bin Datuk Haji Dahlan**

YB Dato' Abdul Rahman Bin Datuk Haji Dahlan

YB Dato' Abdul Rahman, 43, 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. 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. 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. 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 two out of four Board Meetings held during the financial year.

Tuan Haji Osman Bin Makmor Alternate Director/Pengarah Gantian

Tuan Haji Osman Bin Makmor, 55, 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.

YB Dato' Abdul Rahman, 43 tahun, telah dilantik, sebagai Pengarah bebas, bukan eksekutif pada 15 Oktober 2002. Beliau juga merupakan ahli Jawatankuasa Audit dan ahli Jawatankuasa Imbuan. 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. Beliau bertugas sebagai Pengarah Urusan H.R.P.M Consulting (M) Sdn Bhd. Beliau juga ialah Ahli Parlimen Kota Belud, Sabah. 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 dua daripada empat mesyuarat Lembaga Pengarah yang diadakan dalam tahun kewangan.

Tuan Haji Osman Bin Makmor, 55 tahun 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 adalah 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.

senior management

pengurusan kanan



Left to right

Dari kiri ke kanan

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

**Encik Zurkarnain
Bin Mohd Yusoff**
Senior General Manager,
International Business Sector
Pengurus Besar Kanan,
Sektor Perniagaan Antarabangsa

Encik Bakry Bin Hamzah
Managing Director
Pengarah Urusan

Encik Wan Razif Bin Wan Musa
Senior General Manager,
Domestic Business Sector
Pengurus Besar Kanan,
Sektor Perniagaan Domestik

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



Left to right
Dari kiri ke kanan

Encik Azhar Bin Abdullah
Senior General Manager,
East Malaysia Business Sector
Pengurus Besar Kanan,
Sektor Perniagaan Malaysia Timur

**Encik Abdul Rahman
Bin Mohd Nasri**
General Manager,
Local Rice Business Sector
Pengurus Besar,
Sektor Perniagaan Beras Tempatan

Encik Ahmad Ridzuan Bin Dahari
Senior General Manager,
Special Project Division
Pengurus Besar Kanan,
Bahagian Projek Khas

Encik Zainudin Bin Hashim
Senior General Manager,
Corporate Planning &
Business Development Division
Pengurus Besar Kanan,
Bahagian Perancangan Korporat
& Pembangunan Perniagaan

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

senior management

pengurusan kanan



Left to right
Dari kiri ke kanan

Cik Nasliza Binti Mohd Nasir
Company Secretary
Setiausaha Syarikat

**Encik Mohamad Bahari
Bin Aluan**
General Manager,
Human Capital
& Administration Division
Pengurus Besar,
Bahagian Modal Insan
& Pentadbiran

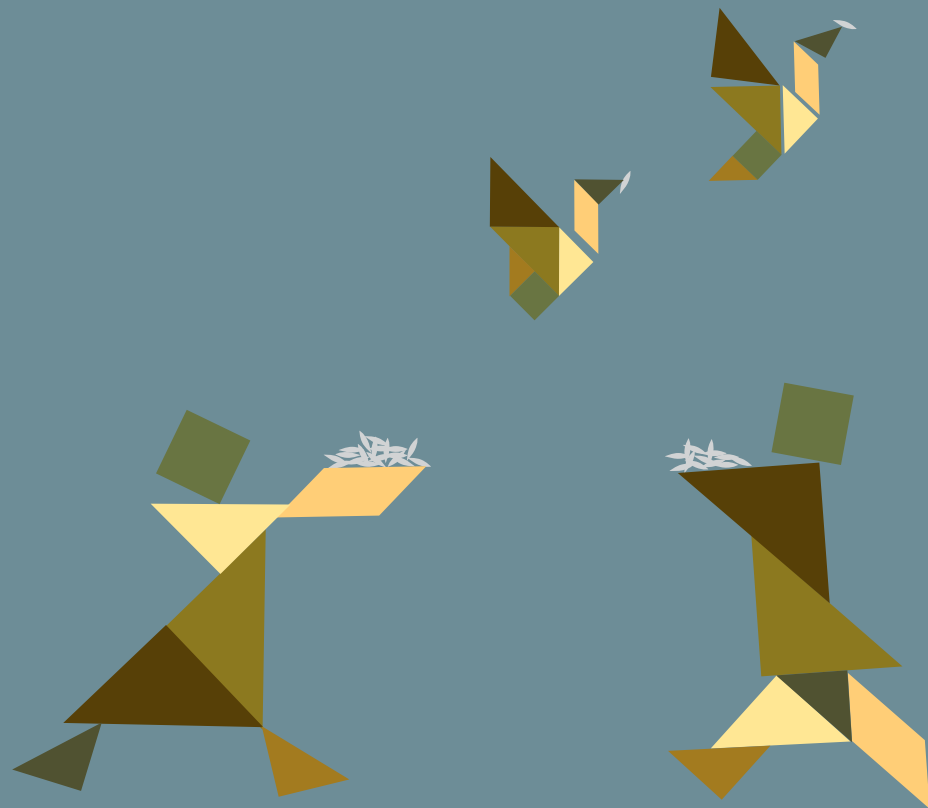
**Encik Shahri Abu Mansul
@ Abu Mansor**
General Manager,
Security Division
Pengurus Besar,
Bahagian Keselamatan

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

**Encik Mohd Azmy
Bin Abu Samah**
(not in the picture/tiada dalam gambar)
General Manager,
Finance Division
Pengurus Besar,
Bahagian Kewangan

Maximising people potential
through reorganisation

*Memaksimumkan potensi pekerja
menerusi penstrukturan semula*



People are our biggest asset. They are the core and heartbeat of our organisation. We will continue to focus on developing people potential for peak performance and results. Reorganisation and empowering employees will make us leaner, stronger and healthier in the long term.

Kakitangan adalah aset terbesar kami. Mereka adalah nadi utama syarikat. Kami akan terus fokus dalam membentuk potensi pekerja ke arah mencapai prestasi dan kejayaan yang tertinggi. Penstrukturan dan penguasaan pekerja akan menjadikan kami lebih tabah, kuat dan berdaya saing dalam jangkamasa yang panjang.

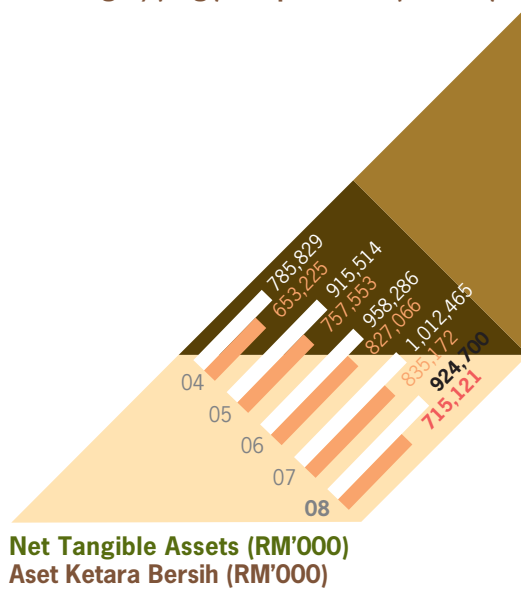
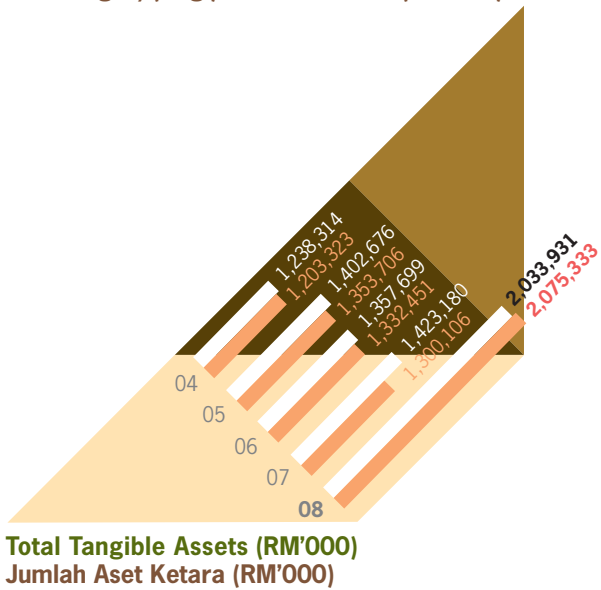
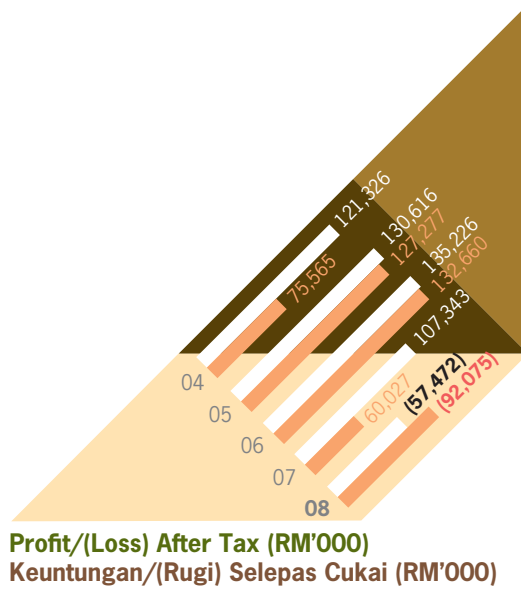
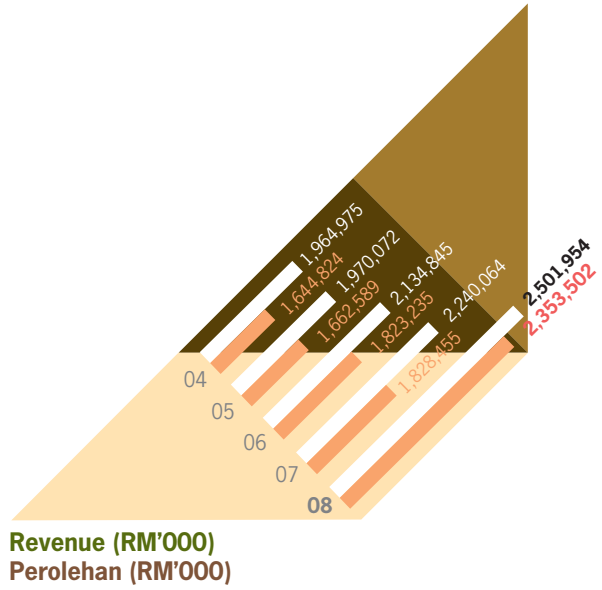
5-year financial highlights

maklumat kewangan lima-tahun



	2004 RM'000	2005 RM'000	2006 RM'000	2007 RM'000	2008 RM'000
Revenue Perolehan					
Group Kumpulan	1,964,975	1,970,072	2,134,845	2,240,064	2,501,954
Company Syarikat	1,644,824	1,662,589	1,823,235	1,828,455	2,353,502
Profit/(Loss) Before Tax Keuntungan/(Rugi) Sebelum Cukai					
Group Kumpulan	155,990	166,139	178,205	145,139	(94,329)
Company Syarikat	102,376	150,696	190,017	96,817	(127,801)
Profit/(Loss) After Tax Keuntungan/(Rugi) Selepas Cukai					
Group Kumpulan	121,326	130,616	135,226	107,343	(57,472)
Company Syarikat	75,565	127,277	132,660	60,027	(92,075)
Total Tangible Assets Jumlah Aset Ketara					
Group Kumpulan	1,238,314	1,402,676	1,357,699	1,423,180	2,033,931
Company Syarikat	1,203,323	1,353,706	1,332,451	1,300,106	2,075,333
Net Tangible Assets Aset Ketara Bersih					
Group Kumpulan	785,829	915,514	958,286	1,012,465	924,700
Company Syarikat	653,225	757,553	827,066	835,172	715,121
Earning Per Share (EPS) Perolehan Sesaham					
Group Kumpulan	26.11	26.88	27.60	22.00	(16.20)
Net Dividend Per Share Dividen Bersih Sesaham					
Group Kumpulan	4.50	7.50	9.00	9.00	2.25

Group Kumpulan
 Company Syarikat



corporate social responsibility

tanggungjawab sosial korporat



Balancing aspirations with sustainability

While ensuring shareholders expectations of profitability, BERNAS has never undermined the importance of cultivating good corporate social responsibility practices. Despite the difficult operating environment in 2008, BERNAS continued to expand its corporate social responsibility programmes to ensure maximum and better reach to all communities.

Mengimbangi aspirasi dengan kelestarian

Dalam memenuhi jangkaan para pemegang saham agar Syarikat mendapat keuntungan, BERNAS tidak pernah mengabaikan kepentingan memupuk amalan tanggungjawab sosial korporat yang baik. Walaupun berada dalam suasana operasi 2008 yang begitu sukar, BERNAS terus mengembangkan program-program tanggungjawab sosial korporatnya untuk menghubungkan Syarikat dengan semua komuniti yang terlibat.



Conducting business ethically through the lenses of our core values

We will promote healthy business ethics via the core values of passionate and responsive, integrity, trust and respect, value creation, continuous development, care and concern for the environment, developing entrepreneurial mindsets and creating a caring organisation. These core values permeate the Group, staff actions and underline every endeavour of the Group.

Enhancing employee relations and well-being

BERNAS continued to invest in enhancing employee relations and development of staff through the many courses, workshops and training seminars to enhance soft-skill and new skills development of its staff. More than RM160,000 were allocated and spent to promote job training, orientation and skill development of its staff nationwide. To assist children of its staff to excel in public examinations, BERNAS conducted motivational and tuition courses for 676 children of its staff sitting for UPSR, PMR and SPM examinations (nationwide). To further motivate the students of the staff to excel, prizes were also given to students of staff who

scored straight A's in these public examinations.

Reaching out to the community

Recognising the fact that our employees are our best goodwill ambassadors, in August 2008, BERNAS established its own employee volunteer programme which was participated by 70 employees nationwide. The programme kicked off with the volunteers spending 90 hours volunteering at three private orphanages and tahfiz centres in Kota Bharu, Kelantan, Alor Star, Kedah and Sungai Besar, Selangor. The activities organised include building improvements and repairs, "gotong-royong", taking the orphans out shopping for clothes and spending quality time with them by playing the roles of "mom" and "dad" for a day in each centre. In addition, the volunteers also brought along physical donations to each centre such as rice, food items and household products.

We also sent our volunteers to provide rice supplies and relief efforts to the flood victims in Kedah, Perak, Pulau Pinang, Kelantan, Sabah and Sarawak. A total of 2,000 MT of rice were promptly sent to the unfortunate victims in these areas.

BERNAS also contributed rice provisions to orphanages, senior citizen homes, single mother associations and other charitable organisations. A total of 8,000 MT of rice were contributed to these organisations in 2008. The Umrah programme saw 100 farmers performing the Umrah in 2008 in appreciation of their dedication and loyalty to BERNAS.

We continued to support the popular GP Joran Competition by sponsoring rice for the competition winners. BERNAS has been a sponsor for GP Joran since 2000 and will continue to promote this popular recreation activity in Malaysia.

Reducing our Carbon Footprint

We are constantly reviewing our operations in tandem with promoting sustainable environmental practices to reduce our carbon footprint. In Malaysia, more than 350,000 MT of rice husks are produced annually as a result of paddy cultivation. These rice husks are traditionally burnt in the field or dumped in landfills.

BERNAS has found ways to reuse this waste material. To date more than 22% of total ground husk is reused as animal feed and at the Kilang Beras BERNAS Sungai Renggam, 100% of rice husk produced is used to generate electricity. Cyclonic husk furnaces have been introduced as diesel replacement energy for drying paddy in 27 of our mills thus creating a source for renewable energy. We hope to expand and introduce these green environmental practices across all our mills in the near future.

We will continue to explore new alternatives to find ways to reuse rice husks in new industries that use the husks as a base element or ingredient such as fibre-reinforced concrete for the furniture industry and many more.

Promoting Healthy Living

BERNAS in its research and development collaboration with Universiti Putra Malaysia (UPM) will continue to promote rice as a healthy staple diet through continuous development and introduction of rice varieties of the highest nutrition and value.

The “Pilihan Bernas” brand has proven to be popular and has helped consumers identify good rice brands from the variety of rice available in the market. Beginning April 2009, BERNAS introduced the “Save More Community Store” – a retail initiative to provide consumers with a seamless supply of affordable, quality rice at all times. This new initiative exemplifies our commitment to play our part in stabilising rice prices and supply while maintaining close ties with the community. To date, four outlets have been opened in Setia Alam, Bukit Tinggi, Subang Perdana and Bukit Jelutong with more stores to be opened in a year’s time.

Menjalankan Perniagaan Beretika Menerusi Lensa Nilai Utama Kami

Kami menggalakkan etika perniagaan yang sihat menerusi nilai-nilai utama yang bersemangat dan responsif, berintegriti, penuh percaya dan hormat, pembentukan nilai, kemajuan yang berterusan, prihatin dan memberi perhatian terhadap persekitaran, perkembangan pemikiran keusahawanan dan pembentukan sebuah organisasi yang prihatin. Nilai-nilai utama ini mempengaruhi Kumpulan, tindakan kakitangan dan menjadi garis utama dalam setiap usaha Kumpulan.

Meningkatkan Hubungan dan Kesejahteraan Kakitangan

BERNAS terus melabur dalam mempertingkatkan hubungan dan kesejahteraan kakitangan serta pembangunan kakitangannya menerusi pelbagai kursus, bengkel kerja dan latihan untuk meningkatkan kemahiran asas dan kemahiran baru. Sejumlah RM160,000 telah diperuntukkan dan dibelanjakan bagi menggalakkan latihan kerja, orientasi dan pembangunan kemahiran kakitangan BERNAS seluruh negara. Dalam membantu anak-anak kakitangan untuk berjaya dalam peperiksaan umum, BERNAS telah mengendalikan kursus motivasi dan tuisyen untuk 676 orang anak-anak kakitangan yang menduduki peperiksaan UPSR, PMR dan SPM (seluruh negara). Sebagai motivasi tambahan, hadiah-hadiah turut diberikan kepada mereka yang cemerlang dalam peperiksaan umum yang diduduki.

Menghulurkan Bantuan kepada Komuniti

Menyedari hakikat bahawa kakitangan adalah duta utama Syarikat, pada Ogos 2008, BERNAS telah menubuhkan program sukarelawan kakitangannya sendiri yang telah disertai oleh 70

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orang kakitangan seluruh negara. Program perintis dimulakan dengan sukarelawan menggunakan 90 jam waktu sukarela untuk bertugas di tiga buah rumah anak-anak yatim persendirian dan pusat tahfiz, di Kota Bharu, Kelantan, Alor Setar, Kedah dan Sungai Besar, Selangor. Di antara aktiviti-aktiviti yang dijalankan termasuklah membaik-pulih bangunan, kegiatan gotong-royong, membawa anak-anak yatim membeli belah pakaian dan meluangkan masa berkualiti seharian bersama mereka dengan memainkan peranan sebagai 'ibubapa sehari' di setiap pusat yang dikunjungi. Sebagai tambahan, para sukarelawan turut membawa bersama mereka sumbangan barangan keperluan seperti beras, produk makanan dan bahan-bahan keperluan harian.

Sukarelawan Kakitangan BERNAS juga turut dihantar untuk menyerahkan bekalan beras dan menjalankan aktiviti membantu mangsa banjir di Kedah, Perak, Pulau Pinang, Kelantan, Sabah dan Sarawak. Sejumlah 2,000 metrik tan beras telah dihantar dengan segera kepada mangsa-mangsa banjir di kawasan-kawasan yang terlibat. BERNAS juga turut menyampaikan sumbangan beras kepada rumah-rumah anak-anak yatim, rumah warga tua, persatuan ibu-ibu tunggal serta pertubuhan-pertubuhan amal yang lain. Sejumlah 8,000 metrik tan beras telah disumbangkan kepada pertubuhan-pertubuhan ini di sepanjang tahun 2008. Program tahunan Umrah pula telah memberikan peluang kepada 100 orang petani untuk mengerjakan Umrah pada tahun 2008, sebagai tanda penghargaan ke atas dedikasi dan kesetiaan mereka terhadap BERNAS.

Kami juga turut menyokong Pertandingan GP Joran yang begitu popular melalui penajaan hadiah kepada para peserta dan pemenang pertandingan. BERNAS telah menaja pertandingan ini semenjak tahun 2000 dan akan terus mempromosikan aktiviti rekreasi yang popular di Malaysia ini.

Mengurangkan Jejak Karbon ke atas Persekitaran

Kajian ke atas operasi sentiasa dilakukan sejajar dengan amalan kami untuk mengurangkan jejak karbon ke atas persekitaran di mana kami beroperasi. Di Malaysia, lebih daripada 350,000 tan metrik sekam padi dikeluarkan setahun, hasil sisa proses pengilangan padi. Sekam ini secara tradisinya dibakar atau dibuang begitu sahaja. BERNAS telah mengenalpasti usaha untuk mengguna semula hasil pembuangan ini. Setakat hari ini lebih daripada 22% jumlah sekam padi yang dikeluarkan digunakan untuk pasaran makanan ternakan. Di Kilang Beras BERNAS Sungai Renggam pula, 100% sekam padi yang dihasilkan digunakan sebagai tenaga untuk menjana elektrik. 'Cyclonic husk furnaces' pula telah diperkenalkan untuk menggantikan penggunaan disel dalam proses pengeringan padi di 27 buah kilang padi kami. Kami berharap untuk mengembangkan dan memperkenalkan amalan ke arah persekitaran hijau ini ke seluruh kilang-kilang kami di masa hadapan.

Kami akan terus mencari alternatif baru untuk mengguna semula sekam padi dalam industri-industri baru yang boleh menggunakan bahan ini sebagai bahan asas, seperti gentian konkrit bertetulang dalam industri perabot dan industri-industri lain.

Menggalakkan Kehidupan yang Sihat

BERNAS, menerusi kegiatan penyelidikan dan pembangunan hasil kerjasama Universiti Putra Malaysia (UPM), akan terus mempromosikan nasi sebagai diet asasi yang sihat melalui pembangunan produk secara berterusan dan pengenalan pelbagai varieti beras yang penuh nutrisi dan bermutu tinggi.

Jenama-jenama 'Pilihan Bernas' telah terbukti popular dan telah membantu pengguna untuk mengenalpasti jenama beras yang baik yang terdapat di pasaran. Bermula April 2009, BERNAS telah memperkenalkan Kedai Komuniti Save More - satu inisiatif runcit untuk membantu pengguna dalam membekalkan beras berkualiti pada harga yang berpatutan pada bila-bila masa. Inisiatif baru ini menggambarkan komitmen kami dalam memainkan peranan untuk menstabilkan harga dan bekalan beras dan di masa yang sama mengeratkan hubungan baik dengan komuniti. Setakat ini, empat buah kedai komuniti telah dibuka iaitu di Setia Alam, Bukit Tinggi, Subang Perdana dan Bukit Jelutong dengan banyak lagi cawangan yang akan dibuka dalam tempoh setahun ini.

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2008



◀◀
17 – 18 June 2008
 BERNAS' Chairman, Dato' Wira Syed Abdul Jabbar Syed Hassan launched "Program Umrah Petani 2008"



◀◀
23 June 2008
 14th AGM at Tropicana Golf & Country Resort, Petaling Jaya, Selangor

▶▶
24 – 27 July 2008
 Menteri Besar of Perlis, YAB Datuk Mat Isa Sabu visited BERNAS' booth after launching "Hari Peladang, Penternak & Nelayan Peringkat Negeri Perlis"



◀◀
12 – 23 August 2008
 "MAHA 2008 & Hari Peladang, Penternak & Nelayan Peringkat Kebangsaan" launched by Prime Minister, YAB Dato' Seri Abdullah Ahmad Badawi

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◀◀
14 September 2008
 BERNAS Employee Volunteer Program pilot project at Pertubuhan Kebajikan Anak-anak Yatim Kelantan

▶▶
18 September 2008

BERNAS brought joy to 100 residents of three orphanages by taking them for a Hari Raya shopping spree at Souq AlBukhary Alor Star, Kedah



◀◀
24 September 2008
 BERNAS Employee Volunteer Program & Majlis Berbuka Puasa at S.A.R Tahfiz, Sg Limau, Sg Besar Selangor

▶▶
29 October 2008

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



2008



◀◀
18 & 19 October 2008
 Sponsorship of Berita Harian GP Joran Final Competition 2008, Dungun, Terengganu

2008



◀◀
29 October 2008

BERNAS participated in "Sambutan Hari Peladang, Penternak & Nelayan Negeri Sembilan"



◀◀
29 October 2008

Honouring 18 retirees for their unwavering dedication to the company at "Malam Jasamu Dikenang 2008", Cititel Mid Valley Hotel, Kuala Lumpur

▶▶
29 December 2008

BERNAS' contingent at national level "Maal Hijrah 1430" celebration, Putrajaya International Convention Centre



2009



◀◀
31 January 2009

Soccer and netball friendly matches between BERNAS, TV3 and Harian Metro to raise contributions for the Palestinian Humanitarian Fund

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◀◀
13 February 2009

Collaborating with Aman Palestine to raise awareness on the issue of Palestine to BERNAS employees and the tenants of CP Tower, Petaling Jaya Selangor



◀◀
14 February 2009

Launching of the first commercial harvesting of Projek Rakan Ladang BERNAS in Kota Belud, Sabah

▶▶
9 March 2009

Participation in "Perhimpunan Maulidur Rasul Kebangsaan" at Dataran Merdeka, Kuala Lumpur

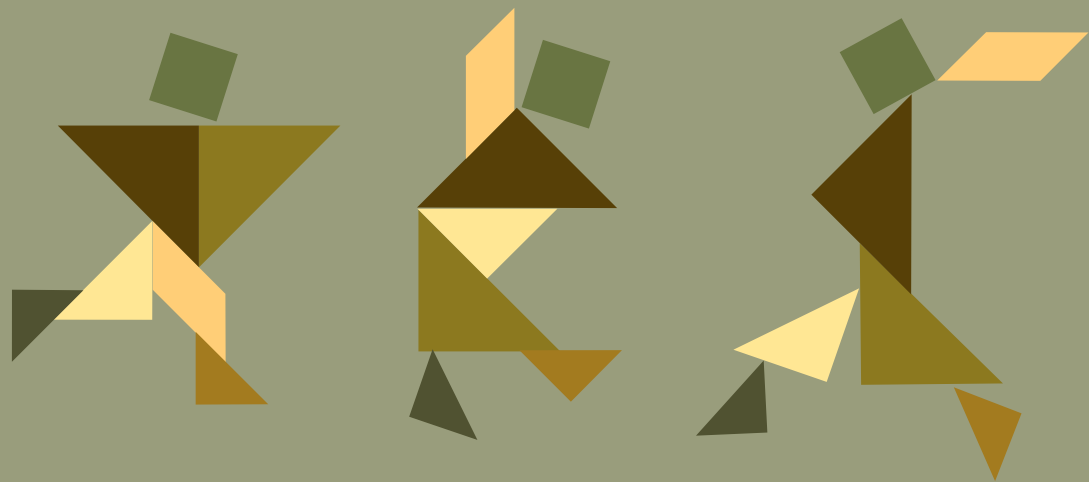


◀◀
9 April 2009

The opening of the first Kedai Komuniti Save More outlet in Setia Alam, Selangor

We will conduct our business with integrity, trust and respect and cultivate sustainable business practices that are legally, ethically and morally upright. We believe that integrity goes a long way and will see us through the challenges ahead.

Kami akan menjalankan perniagaan dengan penuh integriti, keyakinan dan hormat dan terus memupuk amalan perniagaan yang sah, beretika dan jujur. Kami percaya integriti adalah amalan jangka panjang dan akan membantu dalam menghadapi cabaran yang mendatang.



Balancing aspirations
with sustainability

*Mengimbangi aspirasi
dengan kelestarian*

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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 were in place during the financial year ended 31 December 2008 up to the date of this Statement.

A. BOARD OF DIRECTORS

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 operate within clearly defined terms of reference. The Committees deliberate the proposals in depth before any recommendation being put up to the Board. The Board Committees are:

- i. Audit Committee;
- ii. Executive Committee;
- iii. Nomination Committee;
- iv. Remuneration Committee; and
- v. Tender Committee.

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 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 profile of each Director as presented herein.

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 2008, 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 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 2008 are as follows:

Directors	Meeting Attendance
Dato’ Wira Syed Abdul Jabbar Bin Syed Hassan	4/4
Encik Bakry Bin Hamzah	4/4
Encik Azman Bin Umar	4/4
Dato’ Dr Zulkifli Bin Idris <i>(resigned on 16 December 2008)</i>	2/4
Datuk Azizan Bin Ayob	4/4
Tuan Syed Abu Bakar Bin S.Mohsin Almohdzar	3/4
YB Dato’ Abdul Rahman Bin Datuk Haji Dahlan	2/4
Dato’ Mohd Mokhtar Bin Ismail <i>(resigned as Alternate Director to Dato’ Dr Zulkifli Bin Idris and re-appointed as Director on 16 December 2008)</i>	2/4

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

Appointment of Board Members

The 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. As for the year 2008, the Committee had recommended the appointment of Dato' Mohd Mokhtar Bin Ismail and his alternate director, Dato' Dr. Baharom Bin Jani to the Board of BERNAS.

The Nomination Committee composed of three (3) Non-Executive Directors, a majority of whom are independent.

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 its mix of skills and experience and other qualities, including independent non-executive directors as well as chief executive officer;
- 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 on 13 November 2008 during the financial year ended 31 December 2008.

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 save and except for the newly appointed Alternate Director.

For the financial year 2008, All Directors have attended the following seminars/conference:

Director	Date Held	Seminars/Conferences	Organised By
Dato' Wira Syed Abdul Jabbar Bin Syed Hassan	2 April	Effective Chairmanship	Bursatra Sdn Bhd
	20 – 22 October	World Rice Commerce 2008	IBC Commodities, Thailand
	22 November	Directors & Group Management Workshop	Columbus Circle
	10 – 11 November	Director's Duties, Liabilities & Governance Reform 2008	Marcus Evans
	22 December	Directors & Group Management Workshop	Tradewinds (M) Berhad & Columbus Circle
Encik Bakry Bin Hamzah	20 – 22 October	World Rice Commerce 2008	IBC Commodities, Thailand
Datuk Azizan Bin Ayob	18 – 21 May	World Congress Information Technology	MDEC & PIKOM
Dato' Mokhtar Bin Ismail	27 – 31 July	Southern African International Dialogue	CPTM Limited
Encik Azman Bin Umar	26 – 27 March	Finance for Directors and Senior Executives	Harvard Club of Malaysia
Tuan Syed Abu Bakar Bin Syed Almohdzar	28 April – 1 May	4th World Islamic Economic Forum	Kuwaiti Chamber of Commerce and Industry
YB Dato' Abdul Rahman Bin Dahlan	27 – 31 July	Southern African International Dialogue	CPTM Limited

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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 once on 22 April 2008 during the financial year ended 31 December 2008.

The details of the Directors' remuneration for the financial year ended 31 December 2008 are as follows:

Category	Salaries & Emoluments (RM)	Benefits-in-kind (RM)	Fees (RM)
Executive-Director	1,068,000	-	0
Non-Executive Directors	0	-	398,000
Total	1,068,000	-	398,000

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	-	-
RM50,001 – RM100,000	1	6
RM100,001 – RM150,000	-	-

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 at the end of the financial year and of the results and cash flow of the Company and the Group for the financial year. In preparing the financial statements, the Board has ensured that applicable approved

accounting standards in Malaysia and the provisions of the Companies Act, 1965 have been applied.

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

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 21 April 2009.

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

Para Pengarah dengan ini membentangkan Penyata berikut yang mengariskan perlaksanaan pematuhan tadbir urus korporat Kumpulan yang telah dilaksanakan sepanjang tahun kewangan 2008 sehingga tarikh Penyata ini dikeluarkan.

A. LEMBAGA PENGARAH

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

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

- i. Jawatankuasa Audit;
- ii. Jawatankuasa Eksekutif;
- iii. Jawatankuasa Penamaan;
- iv. Jawatankuasa Imbuhan; dan
- v. Jawatankuasa Tender.

Komposisi Lembaga Pengarah

Lembaga Pengarah terdiri daripada tujuh (7) orang ahli, seorang (1) Pengarah Eksekutif dan enam (6) Pengarah Bukan Eksekutif yang mana tiga (3) daripada mereka (termasuk Pengerusi) adalah Pengarah Bebas Bukan Eksekutif.

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.

Profil setiap Pengarah dilampirkan disini.

Mesyuarat Lembaga Pengarah dan Bekalan Maklumat

Lembaga Pengarah bermesyuarat sekurang-kurangnya empat (4) kali setahun iaitu setiap suku tahun. Sepanjang tahun kewangan 31 Disember 2008, Lembaga Pengarah telah bermesyuarat sebanyak empat (4) kali bagi membincangkan pelbagai perkara seperti prestasi kewangan Kumpulan dan mengkaji operasi Syarikat.

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

Bagi mana-mana perkara yang memerlukan kelulusan Lembaga Pengarah sebelum sesuatu mesyuarat itu diadakan, kelulusan adalah diperolehi menerusi resolusi pekeliling. Resolusi yang telah diluluskan tersebut akan disahkan pada mesyuarat berikutnya.

Butiran kehadiran setiap Pengarah sepanjang tahun kewangan berakhir 31 Disember 2008 seperti berikut:

Pengarah	Kehadiran Mesyuarat
Dato' Wira Syed Abdul Jabbar Bin Syed Hassan	4/4
Encik Bakry Bin Hamzah	4/4
Encik Azman Bin Umar	4/4

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Dato' Dr Zulkifli Bin Idris <i>(meletak jawatan pada 16 Disember 2008)</i>	2/4
Datuk Azizan Bin Ayob	4/4
Tuan Syed Abu Bakar Bin S.Mohsin Almohdzar	3/4
YB Dato' Abdul Rahman Bin Datuk Haji Dahlan	2/4
Dato' Mohd Mokhtar Bin Ismail <i>(meletak jawatan sebagai Pengarah Ganti dan dilantik semula sebagai Pengarah pada 16 Disember 2008)</i>	2/4

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

Perlantikan Ahli Lembaga Pengarah

Jawatankuasa Penamaan mencadangkan perlantikan Pengarah baru. Perlantikan Pengarah adalah berdasarkan Tataurusan Syarikat. Bagi tahun 2008, Jawatankuasa Penamaan telah mencadangkan perlantikan Dato' Mohd Mokhtar Bin Ismail dan Pengarah Ganti beliau, Dato' Dr. Baharom Bin Jani sebagai Ahli Lembaga Pengarah BERNAS.

Jawatankuasa Penamaan terdiri daripada tiga (3) Pengarah Bukan Eksekutif dengan majoriti terdiri daripada Pengarah Bebas.

Tugas-tugas dan tanggungjawab Jawatankuasa Penamaan adalah seperti berikut:

- Menilai kesesuaian calon dengan objektif, matlamat dan perniagaan syarikat berdasarkan criteria pemilihan yang dianggap perlu.
- Mengkaji sumbangan setiap ahli Lembaga Pengarah dan keberkesanan Lembaga Pengarah secara keseluruhan dengan pelbagai kemahiran

dan pengalaman serta lain-lain kualiti 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.
- Mengkaji saiz Lembaga Pengarah bagi menentukan keberkesanannya.

Jawatankuasa Penamaan bermesyuarat sekali dalam tahun kewangan 31 Disember 2008 iaitu pada 13 November 2008.

Lantikan Semula Para Pengarah

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

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

Latihan Para Pengarah

Semua Pengarah telah menghadiri program *Mandatory Accreditation (MAP)* yang dikendalikan oleh Bursa Malaysia kecuali Pengarah Ganti yang baru dilantik.

Untuk tahun kewangan 2008, para pengarah telah menghadiri seminar/persidangan berikut:

Pengarah	Tarikh	Seminar/Persidangan	Anjuran
Dato' Wira Syed Abdul Jabbar Bin Syed Hassan	2 April 20 – 22 Oktober	Effective Chairmanship World Rice Commerce 2008	Bursatra Sdn Bhd IBC Commodities, Thailand
	22 November	Directors & Group Management Workshop	Columbus Circle
	10 – 11 November	Director's Duties, Liabilities & Governance Reform 2008	Marcus Evans
	22 Disember	Directors & Group Management Workshop	Tradewinds (M) Berhad & Columbus Circle
Encik Bakry Bin Hamzah	20 – 22 Oktober	World Rice Commerce 2008	IBC Commodities, Thailand
Datuk Azizan Bin Ayob	18 – 21 Mei	World Congress Information Technology	MDEC & PIKOM
Dato' Mokhtar Bin Ismail	27 – 31 Julai	Southern African International Dialogue	CPTM Limited
Encik Azman Bin Umar	26 – 27 Mac	Finance for Directors and Senior Executives	Harvard Club of Malaysia
Tuan Syed Abu Bakar Bin Syed Almohdzar	28 April – 1 Mei	4th World Islamic Economic Forum	Kuwaiti Chamber of Commerce and Industry
YB Dato' Abdul Rahman Bin Dahlan	27 – 31 Julai	Southern African International Dialogue	CPTM Limited

B. IMBUHAN PENGARAH

Jawatankuasa Imbuan secara eksklusif terdiri daripada para Pengarah Bukan Eksekutif. Jawatankuasa Imbuan adalah bertanggungjawab mengesyorkan rangka kerja, polisi dan prosedur Kumpulan yang diguna pakai untuk menentukan dan mengkaji semula pakej imbuan khusus bagi Pengarah Urusan serta Pengurusan Kanan dalam Kumpulan.

Pengarah tidak terlibat dalam memutuskan pakej imbuan sendiri.

Jawatankuasa Imbuan bermesyuarat sekali dalam tahun kewangan 31 Disember 2008 iaitu pada 22 April 2008.

Butiran imbuan Para Pengarah bagi tahun kewangan berakhir 31 Disember 2008 adalah seperti berikut:

Kategori	Gaji & Bonus (RM)	Manfaat Bayaran	Yuran (RM)
Pengarah Eksekutif	1,068,000	-	0
Pengarah Bukan Eksekutif	0	-	398,000
Jumlah	1,068,000	-	398,000

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

Jumlah Imbuan	Pengarah Eksekutif	Pengarah Bukan Eksekutif
Bawah RM50,000	-	-
RM50,001 – RM100,000	1	6
RM100,001 – RM150,000	-	-

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C. PEMEGANG SAHAM

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

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

D. AKAUNTABILITI & AUDIT

Laporan Kewangan

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

Penyata Tanggungjawab Pengarah Berkaitan dengan Penyediaan Laporan Kewangan yang Telah Diaudit

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

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

Hubungan dengan Juruaudit

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

Penyata ini dibuat mengikut resolusi Lembaga Pengarah bertarikh 21 April 2009.

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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 2008.

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 outsourcing 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,

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together with recommendations for Management actions, are reviewed by the Audit Committee and reported to the Board by the Audit Committee on a quarterly basis or as appropriate. Follow-up audits are conducted to assess the implementation of audit corrective actions and recommendations.

Other Risk and Control Processes

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

- Clearly defined delegation of responsibilities by the Board to Management of the Group, including authority limits for all aspects of the business;
- Key business processes of the major business units are governed by formalised and documented policies and procedures;
- Management and the Board are provided with regular and comprehensive financial information, which includes a review of the Group's financial performance and position;
- Detailed and systematic budgetary process in which the respective heads of department and division prepare budgets for the forthcoming financial year and subsequent financial quarters; continuous monitoring of results against planned activities and variances are followed up and actions taken, where necessary; and
- 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 21 April 2009.

Pengenalan

Bursa Malaysia Securities Berhad memerlukan agar Lembaga Pengarah bagi syarikat tersenarai awam melampirkan "penyata mengenai keadaan kawalan dalaman kumpulan" di dalam laporan tahunannya. Lembaga Pengarah perlu komited untuk memelihara sistem kawalan dalaman Kumpulan dan menyediakan penyata berikut, yang mana menggariskan skop kawalan dalaman Kumpulan dalam tahun kewangan berakhir 31 Disember 2008.

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 mengamankan 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 Kewangan, Pengurusan, Jabatan Pengurusan Risiko dan perwakilan risiko;
- Perlantikan para Perwakilan Risiko bagi setiap bahagian dalam Kumpulan;
- Pengkajian semula dan di mana sesuai, menyemak semula parameter risiko (kualitatif dan kuantitatif) bagi Kumpulan dan di peringkat unit perniagaan individu agar pelaksanaan proses pengurusan risiko lebih berkesan;
- Pendidikan dan latihan pengurusan risiko secara formal dan tidak formal yang berterusan di peringkat pengurusan dan kakitangan;
- Proses pengkajian semula dan perbaikan yang berterusan terhadap rangka kerja pengurusan risiko sedia ada untuk meningkatkan kesedaran risiko dalam Kumpulan dan memudahkan pernyataan semula keutamaan risiko serta latihan-latihan yang menyeluruh pelbagai syarikat-syarikat subsidiari, syarikat-syarikat bersekutu, bahagian-bahagian dan jabatan-jabatan;
- Pelaksanaan proses penilaian risiko secara meluas oleh pihak pengurusan termasuk mengenal pasti risiko-risiko penting yang dihadapi oleh setiap unit perniagaan, potensi kesan dan kemungkinan berlakunya risiko tersebut, keberkesanan kawalan dan pelan tindakan bagi mengurus risiko-risiko tersebut; dan

- Pembangunan Profil Risiko Kumpulan.

Fungsi Audit Dalaman

Jabatan Audit Dalaman dan BDO Governance Advisory Sdn. Bhd. menerusi perkhidmatan kontrak yang diatur, 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 pemuliharaan 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 dibuat mengikut resolusi Lembaga Pengarah bertarikh 21 April 2009.

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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)

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 2008, the Audit Committee held a total of five (5) meetings 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
Datuk Azizan Bin Ayob	5/5

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 outsourcing 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:

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- 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.
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.

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.

KEAHLIAN

Ahli Jawatankuasa Audit ("Jawatankuasa") terdiri dari:

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

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 empat (4) kali setahun, dengan setiap mesyuarat dirancang bersesuaian dengan tarikh-tarikh utama dalam pusingan laporan kewangan Syarikat, atau lebih kerap tertakluk kepada keadaan.

Setiasaha 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 satu (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.

Kuasa

Jawatankuasa mempunyai kuasa untuk memperoleh 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 Penyenaraian 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 pembedahan 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 2008 untuk membincangkan penyata-penyata kewangan suku tahunan dan tahunan.

Maklumat kehadiran Ahli Jawatankuasa adalah seperti berikut:

Nama Pengarah	Kehadiran Mesyuarat
Tuan Syed Abu Bakar Bin S Mohsin Almohdzar	5/5
YB Dato' Abdul Rahman Bin Datuk Haji Dahlan	5/5
Datuk Azizan Bin Ayob	5/5

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.

audit committee report

laporan jawatankuasa audit

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 perkhidmatan kontrak yang diatur dalam mengekalkan sistem pengawasan dalaman yang berkesan bagi memberikan kepastian yang munasabah kepada ketidaktentuan yang mungkin timbul dalam operasi harian.

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

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Towards profitability and accountability

Ke arah keuntungan dan akauntabiliti

directors' report

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2008.

PRINCIPAL ACTIVITIES

The principal activities of the Company are those to procure, collect, process, import, export, purchase rice, paddy and other grains, 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 36(a) to the financial statements.

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

RESULTS	Group RM'000	Company RM'000
Loss for the year	(57,472)	(92,075)
Attributable to:		
Equity holders of the Company	(76,018)	(92,075)
Minority interests	18,546	-
	(57,472)	(92,075)

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

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

DIVIDENDS

The amount of dividends paid by the Company since 31 December 2007 were as follows:

	RM'000
In respect of the financial year ended 31 December 2007, as reported in the directors' report of that year:	
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
Final dividend of 6.8% taxable dividend less 26% taxation, on 470,401,501 ordinary shares, declared on 26 June 2008 and paid on 21 July 2008	23,671
	47,191

DIVIDENDS (cont'd)

At the forthcoming Annual General Meeting, a first and final dividend in respect of the financial year ended 31 December 2008 of 3% taxable dividend less 25% taxation on 470,401,501 ordinary shares, amounting to a dividend payable of RM10,584,000 (2.2 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 2009.

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' Mohd Mokhtar Bin Ismail * (Resigned as Alternate Director to Dato' Dr Zulkifli Bin Idris and re-appointed as Director on 16 December 2008)

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

Dato' Dr. Baharom Bin Jani (Appointed as Alternate Director to Dato' Mohd Mokhtar Bin Ismail on 16 December 2008)

Dato' Dr. Zulkifli Bin Idris * (Resigned on 16 December 2008)

* 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, the interests of directors in office at the end of the financial year in shares in the Company during the financial year were as follows:

	Number of Ordinary Shares of RM1 Each			
	1 January 2008	Bought	Sold	31 December 2008
Direct Interest				
– Dato' Wira Syed Abdul Jabbar Bin Syed Hassan	30,000	–	–	30,000

None of the other directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

directors' report

OTHER STATUTORY INFORMATION

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

SIGNIFICANT AND SUBSEQUENT EVENTS

The significant and subsequent events are as disclosed in Note 35 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 21 April 2009.

**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 76 to 146 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 2008 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 21 April 2009.

**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 76 to 146 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 21 April 2009.

Ahmad Tarmizi Bin Mohamed Hariri

Before me,
Jaapar Bin Md. Jani
W487
Commissioner for Oaths

independent auditors' report

to the members of Padiberas Nasional Berhad (incorporated in Malaysia)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Padiberas Nasional Berhad, which comprise the balance sheets as at 31 December 2008 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 76 to 146.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements have been properly drawn up in accordance with applicable Financial Reporting Standards and the Companies Act 1965 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 2008 and of their financial performance and cash flows for the year then ended.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the financial statements and the auditors' reports of a subsidiary of which we have not acted as auditors, which is indicated in Note 36(a) to the financial statements, being financial statements that have been included in the consolidated financial statements.

(c) We are satisfied that the accounts 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.

(d) The auditors' reports on the accounts 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.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Hanafiah Raslan & Mohamad
AF: 0002
Chartered Accountants

Ahmad Zahirudin Bin Abdul Rahim
No. 2607/12/10(J)
Chartered Accountant

Kuala Lumpur, Malaysia
21 April 2009

income statements

for the year ended 31 december 2008

	Note	Group		Company	
		2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Revenue	3	2,501,954	2,240,064	2,353,502	1,828,455
Cost of sales	4	(2,358,251)	(1,884,686)	(2,414,515)	(1,641,114)
Gross profit/(loss)		143,703	355,378	(61,013)	187,341
Other income	5	22,038	10,702	47,020	17,215
Selling and distribution expenses		(32,756)	(22,024)	(4,824)	(4,395)
Administrative expenses		(233,087)	(181,651)	(82,365)	(85,632)
Other expenses		(19,129)	(24,782)	(10,618)	(12,850)
Operating (loss)/profit		(119,231)	137,623	(111,800)	101,679
Finance cost	6	(23,051)	(14,760)	(16,001)	(4,862)
Share of profit of associates		47,953	22,276	-	-
(Loss)/Profit before tax	7	(94,329)	145,139	(127,801)	96,817
Income tax credit/(expense)	10	36,857	(37,796)	35,726	(36,790)
(Loss)/Profit for the year		(57,472)	107,343	(92,075)	60,027
Attributable to:					
Equity holders of the Company		(76,018)	103,586	(92,075)	60,027
Minority interests		18,546	3,757	-	-
		(57,472)	107,343	(92,075)	60,027
(Loss)/Earnings per share attributable to equity holders of the Company (sen):					
Basic/fully diluted	11	(16.2)	22.0		

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

balance sheets

as at 31 december 2008

	Note	Group		Company	
		2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	13	333,999	321,509	195,905	191,297
Prepaid land lease payments	14	27,285	26,367	23,280	24,834
Investment in subsidiaries	15	–	–	354,547	326,776
Investment in associates	16	210,508	185,925	99,273	92,694
Other investments	17	40	42	–	–
Intangible assets	18	210	139	–	–
Deferred tax assets	19	78,205	21,544	42,128	5,798
		650,247	555,526	715,133	641,399
Current assets					
Inventories	20	371,501	200,068	185,456	84,723
Non-current asset held for sale	21	4,276	–	2,856	–
Trade and other receivables	22	780,316	410,934	935,791	391,648
Tax recoverable		15,201	810	13,036	–
Cash and bank balances	23	212,600	255,981	74,887	182,336
		1,383,894	867,793	1,212,026	658,707
TOTAL ASSETS		2,034,141	1,423,319	1,927,159	1,300,106
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	24	470,402	470,402	470,402	470,402
Reserves	25	390,853	497,093	244,719	364,770
		861,255	967,495	715,121	835,172
Minority interests		63,655	45,109	–	–
Total Equity		924,910	1,012,604	715,121	835,172

balance sheets

as at 31 december 2008

	Note	Group		Company	
		2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Non-current liabilities					
Retirement benefits obligations	26	58,477	51,516	38,321	35,134
Long term borrowings	27	12,785	13,390	-	-
Deferred tax liabilities	19	32,500	26,501	-	-
		103,762	91,407	38,321	35,134
Current Liabilities					
Retirement benefits obligations	26	3,018	4,686	647	647
Short term borrowings	27	858,793	198,418	747,187	75,455
Trade and other payables	29	130,959	109,412	425,883	353,246
Tax payable		12,699	6,792	-	452
		1,005,469	319,308	1,173,717	429,800
Total Liabilities		1,109,231	410,715	1,212,038	464,934
TOTAL EQUITY AND LIABILITIES		2,034,141	1,423,319	1,927,159	1,300,106

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

consolidated statement of changes in equity

for the year ended 31 december 2008

← Attributable to equity holders of the Company →						
Note	Share capital (Note 24) RM'000	Non-distributable reserves (Note 25) RM'000	Distributable retained profits (Note 30) RM'000	Total RM'000	Minority Interests RM'000	Total Equity RM'000
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	12	-	(47,040)	(47,040)	-	(47,040)
At 31 December 2007	470,402	28,097	468,996	967,495	45,109	1,012,604

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

consolidated statement of changes in equity

for the year ended 31 december 2008

Note	← Attributable to equity holders of the Company →				Minority Interests RM'000	Total Equity RM'000
	Share capital (Note 24) RM'000	Non- distributable reserves (Note 25) RM'000	Distributable retained profits (Note 30) RM'000	Total RM'000		
At 1 January 2008	470,402	28,097	468,996	967,495	45,109	1,012, 604
Currency translation differences	-	58	-	58	-	58
Transfer from Government Stockpile	-	(6,609)	-	(6,609)	-	(6,609)
Net expense recognised directly in equity	-	(6,551)	-	(6,551)	-	(6,551)
Loss for the year	-	-	(76,018)	(76,018)	18,546	(57,472)
Total recognised income and expense for the year	-	(6,551)	(76,018)	(82,569)	18,546	(64,023)
Dividends	12	-	(23,671)	(23,671)	-	(23,671)
At 31 December 2008	470,402	21,546	369,307	861,255	63,655	924,910

statement of changes in equity

for the year ended 31 december 2008

Company	Note	Share capital (Note 24) RM'000	Non-distributable reserves (Note 25) RM'000	Distributable retained profits (Note 30) RM'000	Total RM'000
At 1 January 2007		470,402	24,241	332,423	827,066
Transfer to Government Stockpile		-	(4,881)	-	(4,881)
Total income recognised directly in equity		-	(4,881)	-	(4,881)
Profit for the year		-	-	60,027	60,027
Total recognised income for the year		-	(4,881)	60,027	55,146
Dividends	12	-	-	(47,040)	(47,040)
At 31 December 2007		470,402	19,360	345,410	835,172
At 1 January 2008		470,402	19,360	345,410	835,172
Transfer to Government Stockpile		-	(4,305)	-	(4,305)
Total income recognised directly in equity		-	(4,305)	-	(4,305)
Loss for the year		-	-	(92,075)	(92,075)
Total recognised income for the year		-	(4,305)	(92,075)	(96,380)
Dividends	12	-	-	(23,671)	(23,671)
At 31 December 2008		470,402	15,055	229,664	715,121

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

cash flow statements

for the year ended 31 december 2008

	Note	Group		Company	
		2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
(Loss)/profit before tax		(94,329)	145,139	(127,801)	96,817
Adjustments for:					
Amortisation of prepaid land lease payments	7	1,632	2,216	1,554	1,554
Depreciation of property, plant and equipment	7	29,334	22,335	19,090	13,147
(Gain)/loss on disposal of property, plant and equipment	5,7	(260)	(85)	(1)	17
Property, plant and equipment written off	7	1,405	330	365	175
Provision for/(write back of) doubtful debts, net	7	7,670	(1,142)	5,980	(2,661)
Provision for retirement benefits	7	7,125	11,527	4,780	6,171
Doubtful debts recovered	7	67	-	-	-
Write back of provision for retirement benefits	7	(196)	(3,835)	(196)	(3,835)
Write back of impairment loss on investment	7	-	-	(27,214)	-
Interest expense	6	21,394	14,368	14,532	4,637
Interest income	5	(3,003)	(2,485)	(2,323)	(2,117)
Gross dividend income	5	-	-	(28,962)	(2,430)
Share of results from associates		(47,953)	(22,276)	-	-
(Write back of)/Provision for Voluntary Separation Scheme ("VSS") compensation costs		-	14,651	-	14,651
Operating (loss)/profit before working capital changes		(77,114)	180,743	(140,196)	126,126

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES (cont'd)				
Operating profit before working capital changes	(77,114)	180,743	(140,196)	126,126
(Increase)/decrease in receivables	(356,654)	(43,628)	(533,575)	47,383
(Increase)/decrease in inventories	(171,433)	114,511	(100,733)	64,148
Increase/(decrease) in payables	21,547	22,823	72,637	(14,068)
Cash (used in)/generated from operations	(583,654)	274,449	(701,867)	223,589
Interest paid	(21,394)	(14,368)	(14,532)	(4,637)
VSS compensation paid	-	(14,213)	-	(14,123)
Retirement benefits paid	(1,636)	(2,510)	(1,397)	(2,001)
Income tax paid	(8,113)	(32,745)	(11,980)	(28,540)
Net cash (used in)/generated from operating activities	(614,797)	210,613	(729,776)	174,288
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest income received	3,003	2,485	2,323	2,117
Net dividend received from:				
- Subsidiaries	-	-	3,188	-
- Associates	-	-	25,774	-
Additional of investment in associates	(9,435)	-	(9,435)	-
Additional of investment in subsidiaries	-	(2,825)	-	-
Purchase of property, plant and equipment	(42,997)	(63,977)	(24,064)	(44,593)
Proceeds from disposal of property, plant and equipment	4,992	618	-	29
Proceeds from disposal of other investment	-	6,319	-	6,000
Net cash used in investing activities	(44,437)	(57,380)	(2,214)	(36,447)

cash flow statements

for the year ended 31 december 2008

	Note	Group		Company	
		2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES					
Drawdown of borrowings		1,511,045	613,254	1,313,952	332,870
Repayment of borrowings		(851,275)	(632,183)	(642,220)	(357,564)
Proceeds from the issuance of shares via the exercise of ESOS		–	(7,085)	–	–
Dividend paid		(47,191)	(47,040)	(47,191)	(47,040)
Net cash generated from/ (used in) financing activities		612,579	(73,054)	624,541	(71,734)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS					
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR		254,915	174,736	182,336	116,229
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	23	208,260	254,915	74,887	182,336

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

notes to the financial statements

31 december 2008

1. CORPORATE INFORMATION

The principal activities of the Company are those to procure, collect, process, import, export, purchase of rice, paddy and other grains, 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 36(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 21 April 2009.

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 ("FRSs") in Malaysia.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2007 except for the adoption of the revised amendments to FRSs effective 1 January 2008 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.

notes to the financial statements

31 december 2008

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)

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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary of Significant Accounting Policies (cont'd)

(a) Basis of Consolidation (cont'd)

(ii) Associates (cont'd)

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.

(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.

notes to the financial statements

31 december 2008

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary of Significant Accounting Policies (cont'd)

(b) Intangible Assets (cont'd)

(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 amount 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:

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary of Significant Accounting Policies (cont'd)

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

Buildings and infrastructure	2% to 10%
Renovation	10%
Plant and machinery	1% to 20%
Furniture, fittings and office equipment	10% to 33.3%
Motor vehicles	20%

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

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

(d) Inventories

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

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

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

The Company is vested with the duty to maintain and manage the Government Stockpile of rice of 239,000 (2007: 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.

notes to the financial statements

31 december 2008

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary of Significant Accounting Policies (cont'd)

(e) Financial Instruments (cont'd)

(i) Cash and Cash Equivalents

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

(ii) Other Non-current Investments

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

(iii) Trade Receivables

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

(iv) Trade Payables

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

(v) Interest Bearing Loans and Borrowings

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

(vi) Equity Instruments

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

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction, which would otherwise have been avoided.

(f) Leases

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary of Significant Accounting Policies (cont'd)

(f) Leases (cont'd)

(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.

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.

(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.

notes to the financial statements

31 december 2008

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary of Significant Accounting Policies (cont'd)

(h) Income Tax (cont'd)

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

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised 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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary of Significant Accounting Policies (cont'd)

(j) Employee Benefits (cont'd)

(ii) Defined Contribution Plans

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

(iii) Defined Benefit Plans

The Group operates an unfunded, defined benefit Retirement Benefit Scheme ("the Scheme") for its eligible employees. The Group's obligation under the Scheme, calculated using the Projected Unit Credit Method, is determined based on triennial actuarial computations by independent actuaries, through which the amount of benefit that employees have earned in return for their service in the current and prior years is estimated. That benefit is discounted in order to determine its present value.

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

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

The last valuation of the retirement benefit obligation by a firm of professional actuaries was dated 29 March, 2009.

(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.

notes to the financial statements

31 december 2008

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary of Significant Accounting Policies (cont'd)

(k) Foreign Currencies (cont'd)

(ii) Foreign Currency Transactions

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

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

Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, where that monetary item is denominated in a currency other than the functional currency of either the reporting entity or the foreign operation, are recognised in income statement for the period. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation, regardless of the currency of the monetary item, are recognised in income statement in the Company's financial statements or the individual financial statements of the foreign operation, as appropriate.

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

(iii) Foreign Operations

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

Assets and liabilities for each balance sheet presented are translated at the closing rate prevailing at the balance sheet;

Income and expenses for each income statement are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and

All resulting exchange differences are taken to the foreign currency translation reserve within equity.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary of Significant Accounting Policies (cont'd)

(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.

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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.

(n) Non-current Asset Held for Sale

Non-current asset held for sale that is expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the asset is remeasured in accordance with the Group's accounting policies. Thereafter generally the asset is measured at the lower of their carrying amount and fair value less cost to sell. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in the income statement. Gains are not recognised in excess of any cumulative impairment loss.

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

(i) Adoption of Revised FRSs

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2007 except for the adoption of the following revised and amendments to FRSs effective 1 January 2008.

On 1 January 2008, the Group and the Company adopted the following revised FRSs, amendments to FRS and Interpretations:

FRS 107 : Cash Flow Statements
FRS 111 : Construction Contracts
FRS 112 : Income Taxes
FRS 118 : Revenue
FRS 120 : Accounting for Government Grants and Disclosure of Government Assistance
FRS 134 : Interim Financial Reporting
FRS 137 : Provisions, Contingent Liabilities and Contingent Assets

Amendment to FRS 121 : The Effects of Changes in Foreign Exchange Rates – Net Investment in a Foreign Operation
IC Interpretation 1 : Changes in Existing Decommissioning, Restoration and Similar Liabilities
IC Interpretation 2 : Members' Shares in Co-operative Entities and Similar Instruments
IC Interpretation 5 : Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

(i) Adoption of Revised FRSs (cont'd)

IC Interpretation 6	: Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment
IC Interpretation 7	: Applying the Restatement Approach under FRS 129 Financial Reporting in Hyperinflationary Economies
IC Interpretation 8	: Scope of FRS 2

The revised FRS, amendment to FRS and Interpretations above do not have any significant impact on the financial statements of the Group and the Company.

(ii) 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 and Interpretations	Effective for financial periods beginning on or after
FRS 4 : Insurance Contracts	1 January 2010
FRS 7 : Financial Instruments: Disclosures	1 January 2010
FRS 8 : Operating Segments	July 2009
FRS 139 : Financial Instruments: Recognition and Measurement	1 January 2010
IC Interpretation 9 : Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10: Interim Financial Reporting and Impairment	1 January 2010

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 FRS and Interpretations above are expected to have no significant impact on the financial statements of the Group and the Company upon their initial application except for the changes in disclosures arising from the adoption of FRS 7.

2.4 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.

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2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.4 Significant Accounting Estimates and Judgements (cont'd)

(a) Critical Judgements Made in Applying Accounting Policies (cont'd)

Contingent Liabilities – Litigation

As disclosed in Note 33 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.

(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.

(iii) Provision for doubtful debts

The Group and the Company estimates provisions for doubtful debts based on management's assessment of recoverability. However, as the estimate is in respect of anticipated future recoverability, the eventual extent of unrecovered debt may be significantly different from the estimate made. As at 31 December 2008, the Group and the Company's gross trade receivables were RM615,698,000 (2007: RM385,756,000) and RM723,250,000 (2007: RM359,580,000) respectively and the provision for doubtful debts of the Group and the Company were RM25,018,000 (2007: RM51,327,000) and RM47,708,000 (2007: RM42,266,000) respectively.

3. REVENUE

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Sale of rice	2,196,171	1,749,513	2,077,096	1,575,961
Others	305,783	490,551	276,406	252,494
	2,501,954	2,240,064	2,353,502	1,828,455

4. COST OF SALES

Cost of local rice sold includes overhead costs of paddy mills and the lower recoverability of margin in relation of obligation as buyer of last resort.

5. OTHER INCOME

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Dividend income from :				
– Subsidiaries	–	–	3,188	–
– Associates	–	–	25,774	2,430
Doubtful debts recovered	67	–	–	–
Rental income	545	–	9,397	11,009
Gain on disposal of property, plant and equipment	10	85	–	–
Government incentive	4,562	1,159	4,562	1,159
Write-down of inventories to net realisable value	4,451	–	–	–
Interest income from deposits	3,003	2,485	2,323	2,117
Other	9,400	6,973	1,776	500
	22,038	10,702	47,020	17,215

6. FINANCE COST

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Interest expense on borrowings	21,394	14,368	14,532	4,637
Bank charges	1,657	392	1,469	225
	23,051	14,760	16,001	4,862

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7. (LOSS)/PROFIT BEFORE TAX

The following amounts have been included in arriving at (loss)/profit before tax:

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Employee benefits expense (Note 8)	125,580	106,332	49,911	45,418
Non-executive directors' remuneration (Note 9)	776	452	398	342
Auditors' remuneration :	667	619	200	192
Statutory audit	627	599	180	172
Other services	40	20	20	20
Depreciation of property, plant and equipment	29,334	22,335	19,090	13,147
(Gain)/loss on disposal of property, plant and equipment	(260)	(85)	-	17
Write off of property, plant and equipment (Write back of)/provision for doubtful debts	1,405	330	365	175
- Subsidiaries	-	-	-	(1,519)
- Others	7,670	(1,142)	5,980	(1,142)
Write back of retirement benefits relating to Voluntary Separation Scheme (VSS)	(196)	(3,835)	(196)	(3,835)
Rental of land and buildings	22,780	17,346	15,375	10,213
Rental of plant and machinery	23	1,228	-	428
Unrealised loss in foreign exchange	-	1,175	-	1,175
Write back of impairment provision against investments in subsidiaries	-	-	(27,214)	-
Amortisation of prepaid land lease payments (Note 14)	1,632	2,216	1,554	1,554
Write-down of net realisable value of inventories	-	-	8,344	-
Provision for/(write-back of) Voluntary Separation Scheme (VSS)	-	14,651	-	14,651

8. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Wages and salaries	98,547	84,465	39,030	37,526
Social security costs	925	1,003	354	308
Provision for/(write back of) short term accumulating compensated absences	371	(84)	371	(84)
Pension costs – defined contribution plan	8,640	10,288	4,581	4,637
Pension costs – defined benefit plan (Note 25)	6,929	7,692	4,584	2,337
Other staff related expenses	10,168	2,968	991	694
	125,580	106,332	49,911	45,418

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM4,822,000 (2007: RM3,972,000) and RM1,068,000 (2007: RM611,000) as further disclosed in Note 9.

9. DIRECTORS' REMUNERATION

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Executive:				
Salaries, bonus and other emoluments	4,455	3,435	1,068	528
Pension costs – defined contribution plan	367	537	–	83
	4,822	3,972	1,068	611
Non-Executive:				
Fees	776	452	398	342
Total	5,598	4,424	1,466	953
Analysis excluding benefits-in-kind:				
Total executive directors' remuneration excluding benefits-in-kind	4,822	3,972	1,068	611
Total non-executive directors' remuneration excluding benefits-in-kind	776	452	398	342
Total directors' remuneration excluding benefits-in-kind	5,598	4,424	1,466	953

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

	Number of directors	
	2008	2007
Executive directors:		
RM50,001 – RM100,000	1	1
Non-executive directors:		
Below RM50,000	–	5
RM50,001 – RM100,000	6	1

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10. INCOME TAX CREDIT/(EXPENSE)

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Current income tax:				
Current income tax charge	14,081	32,793	–	24,492
(Over)/under provision in prior years	423	996	604	2,128
Tax refunded	(699)	–	–	–
	13,805	33,789	604	26,620
Deferred tax (Note 19):				
Relating to origination and reversal of temporary differences	(49,088)	3,763	(34,824)	6,228
Relating changes to tax rates	1,636	244	1,685	263
(Over)/under provision in prior years	(3,210)	–	(3,191)	3,679
	(50,662)	4,007	(36,330)	10,170
Total income tax expense	(36,857)	37,796	(35,726)	36,790

Domestic income tax is calculated at the Malaysian statutory tax rate of 26% (2007: 27%) of the estimated assessable profit for the year. The domestic statutory tax rate will be reduced to 25% from the current year's rate of 26%, effective year of assessment 2009. The computation of deferred tax as at 31 December 2008 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 (2007: RM500,000). For chargeable income in excess of RM500,000 (2007: RM500,000), the tax rate of 26% (2007: 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	
	2008	2007
(Loss)/profit before taxation	(94,329)	145,139

10. INCOME TAX CREDIT/(EXPENSE) (cont'd)

	Group	
	2008 RM'000	2007 RM'000
Taxation at Malaysian statutory tax rate of 26% (2007: 27%)	(24,526)	39,188
Tax incentive obtained from differential tax rate of 20%	-	(35)
Effect of change in tax rates on opening balance of deferred tax	1,685	487
Deferred tax recognised at different tax rates	(6,753)	(3,712)
Effect of expenses not deductible for tax purposes	8,799	6,733
Utilisation of unrecognised tax losses and capital allowances brought forward from previous years	-	(2,498)
Deferred tax assets not recognised on unutilised tax losses and unabsorbed capital allowances	-	1,805
Effect of income not subject to tax	(13,275)	(5,168)
Overprovision of deferred tax in prior years	(3,210)	-
Under provision of income tax in prior years	423	996
Tax expense for the year	(36,857)	37,796

	Company	
	2008 RM'000	2007 RM'000
(Loss)/profit before taxation	(127,801)	96,817
Taxation at Malaysian statutory tax rate of 26% (2007: 27%)	(33,228)	26,141
Effect of change in tax rates on opening balance of deferred tax	346	493
Deferred tax assets recognised at different tax rates	1,339	(230)
Effect of expenses not deductible for tax purposes	7,326	4,837
Effect of income not subject to tax	(8,922)	(258)
(Over)/under provision of deferred tax in prior years	(3,191)	3,679
Under provision of income tax in prior years	604	2,128
Tax expense for the year	(35,726)	36,790

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.

	2008 RM'000	2007 RM'000
(Loss)/profit attributable to ordinary equity holders of the Company	(76,018)	103,586
Number of ordinary shares in issue/weighted average number of ordinary shares in issue ('000)	470,402	470,402
Basic earnings per share for the year (sen)	(16.2)	22.0

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11. EARNINGS PER SHARE (cont'd)

(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 in Year	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Recognised during the year:				
Interim dividend for 2006: 5.0% tax exempt, on 470,401,501 ordinary shares (5.0 sen per ordinary shares)	-	-	-	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
Final dividend for 2007: 6.8% taxable dividend less 26% taxation on 470,401,501 ordinary shares (5.0 sen per ordinary shares)	23,671	-	23,671	-
Proposed for approval at AGM (not recognised as at 31 December)				
First and Final dividend for 2008 : 3% taxable dividend less 25% taxation on 470,401,501 ordinary shares (2.2 sen per ordinary share)	10,584	-	-	-
	34,255	-	23,671	47,040

At the forthcoming Annual General Meeting, a first and final dividend in respect of the financial year ended 31 December 2008 of 3% taxable dividend less 25% taxation on 470,401,501 ordinary shares, amounting to a dividend payable of RM10,584,000 (2.2 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 2009.

13. PROPERTY, PLANT AND EQUIPMENT

GROUP	Freehold land RM'000	Buildings and infrastructure RM'000	Plant and machinery RM'000	Work-in- Progress RM'000	Others* RM'000	Total RM'000
At 31 December 2008						
Cost						
At 1 January 2008	36,923	92,702	233,306	40,652	91,687	495,270
Additions	-	10,330	21,536	2,171	13,924	47,961
Disposals	-	(1,088)	(4,403)	-	(845)	(6,336)
Write off	-	(1,024)	(880)	-	(78)	(1,982)
Reclassification	-	12,311	-	(12,351)	40	-
At 31 December 2008	36,923	113,231	249,559	30,472	104,728	534,913
Accumulated depreciation and impairment						
At 1 January 2008	-	15,344	90,803	-	67,614	173,761
Charge for the year	-	3,359	17,917	-	8,058	29,334
Disposals	-	-	(957)	-	(647)	(1,604)
Write off	-	-	(514)	-	(63)	(577)
Reclassification	-	(8)	-	-	8	-
At 31 December 2008	-	18,695	107,249	-	74,970	200,914
Net carrying amount						
At 31 December 2008	36,923	94,536	142,310	30,472	29,758	333,999
At 31 December 2007						
Cost						
At 1 January 2007	36,293	73,659	213,408	37,802	72,035	433,197
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	92,702	233,306	40,652	91,687	495,270
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	77,358	142,503	40,652	24,073	321,509

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13. PROPERTY, PLANT AND EQUIPMENT

COMPANY	Freehold land RM'000	Buildings and infrastructure RM'000	Plant and machinery RM'000	Work-in- Progress RM'000	Others* RM'000	Total RM'000
At 31 December 2008						
Cost						
At 1 January 2008	19,589	38,137	152,195	30,110	62,579	302,610
Additions	-	6,005	10,646	-	7,413	24,064
Disposals	-	-	-	-	(41)	(41)
Write off	-	-	(873)	-	(46)	(919)
Reclassification	-	-	2,816	(2,816)	-	-
At 31 December 2008	19,589	44,142	164,784	27,294	69,905	325,714
Accumulated depreciation and impairment						
At 1 January 2008	-	8,065	61,537	-	41,711	111,313
Charge for the year	-	2,166	11,575	-	5,349	19,090
Disposals	-	-	-	-	(40)	(40)
Write off	-	-	(513)	-	(41)	(554)
Reclassification	-	-	-	-	-	-
At 31 December 2008	-	10,231	72,599	-	46,979	129,809
Net carrying amount						
At 31 December 2008	19,589	33,911	92,185	27,294	22,926	195,905
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

13. PROPERTY, PLANT AND EQUIPMENT (cont'd)

* Others	Furniture, fittings and office equipment RM'000	Renovations RM'000	Motor vehicles RM'000	Total RM'000
GROUP				
At 31 December 2008				
Cost				
At 1 January 2008	61,198	5,201	25,288	91,687
Additions	7,658	1,302	4,964	13,924
Disposals	(339)	(36)	(470)	(845)
Write off	(57)	(21)	-	(78)
Reclassification	40	-	-	40
At 31 December 2008	68,500	6,446	29,782	104,728
Accumulated depreciation and impairment				
At 1 January 2008	45,312	2,754	19,548	67,614
Charge for the year	6,374	334	1,350	8,058
Disposals	(163)	(14)	(470)	(647)
Write off	-	(54)	(9)	(63)
Reclassification	8	-	-	8
At 31 December 2008	51,531	3,020	20,419	74,970
Net carrying amount				
At 31 December 2008	16,969	3,426	9,363	29,758
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

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13. PROPERTY, PLANT AND EQUIPMENT (cont'd)

GROUP (cont'd)	Furniture, fittings and office equipment RM'000	Renovations RM'000	Motor vehicles RM'000	Total RM'000
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
COMPANY				
At 31 December 2008				
Cost				
At 1 January 2008	54,673	2,938	4,968	62,579
Additions	5,799	1,032	582	7,413
Disposals	(41)	-	-	(41)
Write off	(41)	(5)	-	(46)
At 31 December 2008	60,390	3,965	5,550	69,905
Accumulated depreciation and impairment				
At 1 January 2008	36,092	896	4,723	41,711
Charge for the year	5,291	16	42	5,349
Disposals	(40)	-	-	(40)
Write off	(40)	(1)	-	(41)
At 31 December 2008	41,303	911	4,765	46,979
Net carrying amount				
At 31 December 2008	19,087	3,054	785	22,926

13. PROPERTY, PLANT AND EQUIPMENT (cont'd)

COMPANY (cont'd)	Furniture, fittings and office equipment RM'000	Renovations RM'000	Motor vehicles RM'000	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

- (a) During the financial year, the Group and the Company acquired property, plant and equipment with an aggregate cost of approximately RM50,267,000 (2007: RM66,844,000) and RM26,370,000 (2007: RM44,593,000) of which RM4,964,000 (2007: RM2,867,000) and RMnil (2007: RMnil) 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:

	Group	
	2008 RM'000	2007 RM'000
Motor vehicles	4,336	2,814
Office equipment	-	1,054
Forklift	140	198
Plant and machinery	25,127	39,299
	29,603	43,365

Details of the terms and conditions of the hire purchase and finance lease arrangements are disclosed in Note 28.

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13. PROPERTY, PLANT AND EQUIPMENT (cont'd)

(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 27 are as follows:

	2008 RM'000	2007 RM'000
Freehold land	7,307	7,307
Buildings and infrastructure	13,239	13,648
Plant and machinery	13,647	14,365
	34,193	35,320

14. PREPAID LAND LEASE PAYMENTS

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
At 1 January	26,367	28,583	24,834	26,388
Addition for current year	2,550	-	-	-
Amortisation for the year (Note 7)	(1,632)	(2,216)	(1,554)	(1,554)
At 31 December	27,285	26,367	23,280	24,834
Analysed as				
Long term leasehold land	3,971	3,758	2,225	2,225
Short term leasehold land	23,314	22,609	21,055	22,609
	27,285	26,367	23,280	24,834

15. INVESTMENTS IN SUBSIDIARIES

	Company	
	2008 RM'000	2007 RM'000
Unquoted shares, at cost	400,003	399,445
Less: Accumulated impairment losses	(45,456)	(72,669)
	354,547	326,776

Details of the subsidiaries are shown in Note 36(a).

15. INVESTMENTS IN SUBSIDIARIES (cont'd)

Acquisition of additional equity interest in subsidiaries

- i) On 16 July 2008, the Company had entered into three (3) share acquisition agreements with Marditech Corporation Sdn Bhd ("MARDITECH") which involved the following acquisition by the Company:
- 975,000 ordinary share of RM1.00 each representing MARDITECH's entire 39% equity interests in Bernas Agrotech Sdn Bhd ("BMA") for a total purchase consideration of RM8,249.00.
 - 122,500 ordinary share of RM1.00 each representing MARDITECH's entire 24.5% equity interests in Bernas Seed Pro Sdn Bhd (formerly known as Bernas Marditech Seed Sdn Bhd) ("BMS") for a total purchase consideration of RM61,250.00.
 - 1 ordinary share of RM1.00 representing MARDITECH's entire 50% equity interests in Bernas Project & Development Sdn Bhd ("BMPD") for a total purchase consideration of RM0.50 which was arrived on a willing buyer willing seller basis.

Pursuant to the completion of the Agreements, BMA, BMS and BMPD became wholly owned subsidiaries of BERNAS.

Acquisition of new subsidiaries

- ii) On 27 August 2008, the Company entered into shareholders' agreements with Mr. Pornchai Tantivirasut ("PT") and Bernas Production Sdn. Bhd. ("BPro") to form a joint venture company limited by shares known as Bernas International Trading Ltd. ("BIT") in Thailand for the purpose of carrying on the business of processing and trading of rice and other related food products and such other activities incidental and ancillary thereto.

Pursuant to this shareholders' agreement, the Company subscribed to 95% of the total issued share capital of BIT represented by 475,000 ordinary share of Thai Baht 10.00 (RM1.03) each.

- iii) On 23 July 2008, Jasmine Food Corporation Sdn. Bhd. ("JFC"), a subsidiary of the Company had acquired 100% equity interest in Jasmine Food (Kuantan) Sdn. Bhd. (formerly known as Corporate Skyline (Pahang) Sdn. Bhd.) representing 30,000 ordinary shares for a total purchase consideration of RM80,000. The company is incorporated in Malaysia and involved as trader, distributor and supplier of rice.

The above acquisition do not have a material impact on the financial statements of the Group.

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16. INVESTMENT IN ASSOCIATES

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
In Malaysia:				
Unquoted shares, at cost	101,975	97,196	101,573	94,994
Share of post-acquisition reserves	94,056	85,037	-	-
	196,031	182,233	101,573	94,994
Less: Accumulated impairment losses	(2,300)	(2,300)	(2,300)	(2,300)
	193,731	179,933	99,273	92,694
Outside Malaysia:				
Unquoted shares, at cost	2,650	3,011	-	-
Share of post-acquisition reserves	14,127	2,981	-	-
	16,777	5,992	-	-
	210,508	185,925	99,273	92,694

Details of the associates, are shown in Note 36(b).

The financial statements of the associates as mentioned 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 2008 have been used and appropriate adjustments have been made for the effects of significant transactions between that date and 31 December 2008.

The summarised financial statements of the associates are as follows:

	2008 RM'000	2007 RM'000
Assets and liabilities		
Current assets	784,620	751,471
Non-current assets	426,711	386,322
Total assets	1,211,331	1,137,793
Current liabilities	602,791	667,746
Non-current liabilities	104,525	68,062
Total liabilities	707,316	735,808
Results		
Revenue	2,690,655	2,149,141
Profit for the year	162,366	68,057

17. OTHER INVESTMENTS

	Group	
	2008 RM'000	2007 RM'000
Unquoted shares, at cost	4	4
Quoted shares in Malaysia, at cost	9	9
Golf club membership	29	29
	42	42
Less: Accumulated impairment losses	(2)	-
	40	42
Market value of quoted shares	7	12

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.

(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.

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19. DEFERRED TAX

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
At 1 January	(4,957)	(950)	5,798	15,968
Recognised in the income statement (Note 10)	50,662	(4,007)	36,330	(10,170)
At 31 December	45,705	(4,957)	42,128	5,798

Presented after appropriate offsetting as follows:

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Deferred tax assets	78,205	21,544	53,231	16,660
Deferred tax liabilities	(32,500)	(26,501)	(11,103)	(10,862)
	45,705	(4,957)	42,128	5,798

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

	Retirement Benefit Obligations RM'000	Provision for Doubtful Debts RM'000	Tax Losses and Unabsorbed Capital Allowances RM'000	Others RM'000	Total RM'000
At 1 January 2008	12,623	5,773	6,974	731	26,101
Recognised in the income statement	5,880	(201)	39,397	16,828	61,904
At 31 December 2008	18,503	5,572	46,371	17,559	88,005
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

19. DEFERRED TAX (cont'd)

Deferred Tax Liabilities of the Group:

	Accelerated Capital Allowances RM'000	Others RM'000	Total RM'000
At 1 January 2008	31,430	(372)	31,058
Recognised in the income statement	11,242	-	11,242
At 31 December 2008	42,672	(372)	42,300
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

Deferred Tax Assets of the Company:

	Retirement Benefit Obligations RM'000	Provision for Doubtful Debts RM'000	Tax Losses and Unabsorbed Capital Allowances RM'000	Others RM'000	Total RM'000
At 1 January 2008	9,303	5,238	-	2,119	16,660
Recognised in the income statement	439	(201)	36,913	(580)	36,571
At 31 December 2008	9,742	5,037	36,913	1,539	53,231
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

Deferred Tax Liabilities of the Company:

	Accelerated Capital Allowances RM'000
At 1 January 2008	10,862
Recognised in the income statement	241
At 31 December 2008	11,103
At 1 January 2007	3,333
Recognised in the income statement	7,529
At 31 December 2007	10,862

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19. DEFERRED TAX (cont'd)

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

	Group	
	2008 RM'000	2007 RM'000
Unutilised tax losses	1,677	60,916
Unabsorbed capital allowances	304	–
Retirement benefits obligations	–	11,375
Provision for doubtful debts	–	1,159
	1,981	73,450

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	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Cost				
Paddy and rice	348,760	187,039	185,456	84,545
Spares and consumables	9,619	5,503	–	178
Raw materials	10,369	2,771	–	–
Finished goods	2,753	4,755	–	–
	371,501	200,068	185,456	84,723

21. NON-CURRENT ASSET HELD FOR SALES

The non-current asset held for sales consist of the following:

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Investment in associates	4,276	–	2,856	–

The non-current asset held for sales relates to pending disposal of investment in Keongco Holdings Sdn. Bhd. as disclosed in Note 35 (a).

22. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Trade Receivables:				
Due from subsidiaries	–	–	345,312	166,827
Due from associates	71,962	51,078	71,962	69,411
Third parties	338,718	334,678	125,976	123,342
	410,680	385,756	543,250	359,580
Less: Provision for doubtful debts	(25,018)	(51,327)	(47,708)	(42,266)
Total Trade Receivables	385,662	334,429	495,542	317,314
Other Receivables:				
Due from subsidiaries	–	–	64,629	54,563
Due from associates	16,711	8,571	16,711	13,638
Advances to farmers	19,398	16,658	19,398	16,658
Insurance claims recoverable	1,075	326	1,076	326
Due from Government of Malaysia	273,616	–	273,616	–
Sundry receivables	102,368	63,442	84,968	9,298
	413,168	88,997	460,398	94,483
Less: Provision for doubtful debts	(18,514)	(12,492)	(20,149)	(20,149)
Total Other Receivables	394,654	76,505	440,249	74,334
Total Trade and Other Receivables	780,316	410,934	935,791	391,648

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, associates and due from Government of Malaysia 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 (2007: 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.

Included in other receivables of the Group is an amount of RM5,108,400 (2007: 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.

The amount due from Government of Malaysia due to the subsidised amount recoverable from the Government of Malaysia. The amount was fully received from the government subsequent to the balance sheet date.

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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23. CASH AND BANK BALANCES

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Cash on hand and at banks	147,670	81,592	42,287	20,256
Deposits with:				
Licensed banks	3,859	67,709	–	56,400
Other financial institutions	61,071	106,680	32,600	105,680
	212,600	255,981	74,887	182,336

(a) Included in deposits with licensed banks of the Group is RM27,828,000 (2007: RM7,867,000) which have been pledged to the banks for credit facilities granted to certain subsidiaries as referred to in Note 27.

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

	Group		Company	
	2008 %	2007 %	2008 %	2007 %
Licensed banks	3.10 – 3.50	3.20 – 3.50	3.10 – 3.50	3.20 – 3.50
Other financial institutions	3.10 – 3.45	3.30 – 3.50	3.10 – 3.45	3.30 – 3.50

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

	Group		Company	
	2008 Days	2007 Days	2008 Days	2007 Days
Licensed banks	197	172	14	14
Other financial institutions	27	28	12	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	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Cash and bank balances	212,600	255,981	74,887	182,336
Bank overdrafts (Note 27)	(4,340)	(1,066)	–	–
Total cash and cash equivalents	208,260	254,915	74,887	182,336

24. SHARE CAPITAL

	Numbers of Shares of RM1.00 Each		Amount	
	2008 RM	2007 RM	2008 RM	2007 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.

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25. RESERVES

	Note	Group		Company	
		2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Non-distributable :					
Capital reserve	(a)	2,864	2,864	600	600
Stockpile fluctuation reserve	(b)	-	6,609	-	4,305
Capital redemption reserve	(c)	12,520	12,520	7,370	7,370
Foreign exchange reserve	(d)	(923)	(981)	-	-
Share premium		7,085	7,085	7,085	7,085
		21,546	28,097	15,055	19,360
Distributable:					
Retained profit (Note 29)		369,307	468,996	229,664	345,410
		390,853	497,093	244,719	364,770

		Group		Company	
		2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
(a) Capital reserve					
At 1 January/31 December		2,864	2,864	600	600
(b) Stockpile fluctuation reserve					
At 1 January		6,609	9,317	4,305	9,186
Transfer from Government Stockpile		(6,609)	(2,708)	(4,305)	(4,881)
At 31 December		-	6,609	-	4,305
(c) Capital redemption reserve					
At 1 January/31 December		12,520	12,520	7,370	7,370
(d) Foreign exchange reserve					
At 1 January		(981)	(450)	-	-
Arising during the year		58	(531)	-	-
At 31 December		(923)	(981)	-	-

26. RETIREMENT BENEFITS OBLIGATIONS

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

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Present value of unfunded defined benefits obligations	61,495	56,202	38,968	35,781
Analysed as:				
Current:	3,018	4,686	647	647
Non-current:				
Later than 1 year but not later than 2 years	4,301	1,519	1,872	1,872
Later than 2 years but not later than 5 years	13,617	9,496	6,481	6,481
Later than 5 years	40,559	40,501	29,968	26,781
	58,477	51,516	38,321	35,134
	61,495	56,202	38,968	35,781

The amounts recognised in the income statements are as follows:

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Current service cost	4,562	7,072	2,965	2,749
Interest cost	3,227	2,556	1,815	1,524
Write back of retirements benefits	(860)	(1,936)	(196)	(1,936)
Total, included in employee benefits expense (Note 8)	6,929	7,692	4,584	2,337

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

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
At 1 January	56,202	51,020	35,781	35,446
Provision for the year	7,125	11,527	4,780	6,171
Write back of retirements benefits	(196)	(3,835)	(196)	(3,835)
Benefits paid	(1,636)	(2,510)	(1,397)	(2,001)
At 31 December	61,495	56,202	38,968	35,781

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26. RETIREMENT BENEFITS OBLIGATIONS (cont'd)

Principal actuarial assumptions used:

	2008 %	2007 %
Discount rate	6.0	6.0
Expected rate of salary increases	5.0	5.0

27. BORROWINGS

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Short term borrowings				
Secured:				
Term loans	2,356	1,898	-	-
Hire purchase and finance lease payables (Note 28)	3,337	2,205	-	-
	5,693	4,103	-	-
Unsecured :				
Bank overdrafts	4,340	1,066	-	-
Bankers' acceptances	843,126	187,699	747,187	75,455
Revolving credit	5,634	5,550	-	-
	853,100	194,315	747,187	75,455
	858,793	198,418	747,187	75,455

27. BORROWINGS (cont'd)

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Long term borrowings				
Secured :				
Term loans	7,541	9,052	-	-
Hire purchase and finance lease payables (Note 28)	5,244	4,338	-	-
	12,785	13,390	-	-
Total borrowings				
Bank overdrafts (Note 23)	4,340	1,066	-	-
Bankers' acceptances	843,126	187,699	747,187	75,455
Revolving credit	5,634	5,550	-	-
Term loans	9,897	10,950	-	-
Hire purchase and finance lease payables (Note 28)	8,581	6,543	-	-
	871,578	211,808	747,187	75,455
Maturity of borrowings (excluding hire purchase and finance lease payables):				
Within one year	856,000	196,213	747,187	75,455
More than 1 year and less than 2 years	2,219	5,544	-	-
More than 2 years and less than 5 years	4,778	3,508	-	-
	862,997	205,265	747,187	75,455

The secured borrowings of the Group are secured by certain assets of the Group as disclosed in Notes 13 and 23 to the financial statements.

The term loans are secured by the following:

- (a) First legal charge over the freehold land and buildings of the Group as disclosed in Note 13(b) to the financial statements; and
- (b) Deposits placed with a licensed bank as disclosed in Note 23(a) to the financial statements.

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28. HIRE PURCHASE AND FINANCE LEASE LIABILITIES

	Group	
	2008 RM'000	2007 RM'000
Future minimum hire purchase and lease payments:		
Not later than 1 year	3,643	2,548
Later than 1 year and not later than 2 years	2,843	2,523
Later than 2 years and not later than 5 years	2,615	2,065
	9,101	7,136
Less : Future finance charges	(520)	(593)
Present value of hire purchase and finance lease liabilities	8,581	6,543
Analysis of present value of hire purchase and finance lease liabilities:		
Not later than 1 year	3,337	2,205
Later than 1 year and not later than 2 years	2,700	2,357
Later than 2 years and not later than 5 years	2,544	1,981
	8,581	6,543
Less: Amount due within 12 months (Note 27)	(3,337)	(2,205)
Amount due after 12 months (Note 27)	5,244	4,338

The hire purchase and finance lease liabilities bear interest rates ranging from 2.90% to 6.90% (2007: 2.90% to 6.90%) per annum.

29. TRADE AND OTHER PAYABLES

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Current				
Trade payables				
Due to associates	6,302	-	6,302	-
Third parties	39,718	36,843	19,804	3,927
Total trade payables	46,020	36,843	26,106	3,927
Other payables				
Due to subsidiaries	-	-	347,736	299,132
Due to associates	8,314	904	7,973	-
	8,314	904	355,709	299,132
Accruals and sundry payables	76,625	71,665	44,068	50,187
Total other payables	84,939	72,569	399,777	349,319
Total trade and other payables	130,959	109,412	425,883	353,246

29. TRADE AND OTHER PAYABLES (cont'd)

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 (2007: RM146,000) 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.

30. 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 2008 to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Act 2007. As at 31 December 2008, the Company has sufficient credit in the 108 balance to pay franked dividends out of its entire retained earnings

31. PADDY PRICE SUBSIDY ACCOUNT

The Company is vested with the responsibility to administer the Government's Paddy Price Subsidy Scheme. The movement of the paddy price subsidy account which represents the paddy price subsidy to be distributed to the registered paddy farmers on behalf of the Government are as follows:

	Company	
	2008 RM'000	2007 RM'000
At 1 January	25,514	64,853
Add: Government subsidy funds received	564,000	400,000
Interest income	1,252	1,785
Less: Payments made during the year	(516,425)	(441,124)
At 31 December	74,341	25,514

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.

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32. CAPITAL COMMITMENTS

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Capital expenditure: Approved and contracted for: Property, plant and equipment	-	13,846	-	-
	-	13,846	-	-
Approved but not contracted for: Property, plant and equipment	32,477	25,341	4,768	-
	32,477	25,341	4,768	-
	32,477	39,187	4,768	-

33. CONTINGENT LIABILITIES

(a) The Group and the Company have issued the following corporate guarantees:

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Unsecured				
Corporate guarantee for bank facilities of associates				
- Bernas Feedstuff Sdn. Bhd.	-	3,400	-	-
- Serba Wangi Sdn. Bhd.	-	30,000	-	-

(b) The Company was served with a Writ and Statement of Claim dated 14 October 2005 by Konsortium Pemborong Beras (Melayu) Kelantan Sdn Bhd ("KBK") and was named as the First Defendant. KBK is seeking, the following:

- (i) A declaration that the Company violated the terms of the Joint Venture Agreement ("JVA") by not complying with its duties and obligations as a member/partner of (JVA) by not complying with its duties and obligations as a member/partner of Formula Timur Sdn Bhd ("the Joint Venture Company");
- (ii) A declaration that the Company's action in stopping the supply of rice to the Joint Venture Company is contrary to the provisions of the JVA, was wrongful and invalid;
- (iii) A declaration that the Company by commission or omission committed a fraud upon the minority shareholders of the Joint Venture Company and/or abuse of power;
- (iv) General damages of RM112 million to be paid by the Company to the Joint Venture Company;

33. CONTINGENT LIABILITIES (cont'd)

- (v) Rebate of RM760,000;
- (vi) Interest under Section 11 of the Civil Law Act, 1965 and in equity on the damages at 8% per annum from August 2003 till payment; and
- (vii) Injunction and Costs and other relief 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 decision on 20 May 2009.

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

KBK's application for injunctive relief has been fixed for mention on 22 June 2009 pending the filing of the Notice of change of Solicitors by KBK's Solicitors. The Company had given instruction to its Solicitors to set aside the said injunction application.

- (d) 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 2006 initiated by A Halim Bin Hamzah & 291 others (the Plaintiffs). The civil suit is brought by the Plaintiffs against the Company & 24 others ("the Defendants") for, inter alia, the following claims:
 - (i) A declaration that the 2000 VSS scheme initiated by the Company is void and of no effect.
 - (ii) A declaration that the Defendants had by unlawful means conspired and combined together to defraud or injure the Plaintiffs.
 - (iii) Alternatively, a declaration that the Defendants had acted in furtherance of a wrongful conspiracy to injure the Plaintiffs.
 - (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;

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33. CONTINGENT LIABILITIES (cont'd)

(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. The Courts has fixed for mention of case management on 7 May 2009.

(e) The Company on 6 June 2006 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.

34. 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	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Short-term employee benefits	7,444	6,957	6,947	4,050
Post-employment benefits defined contribution plan	1,116	1,043	967	589
Other benefits	905	846	861	846
	9,465	8,846	8,775	5,485

Included in the total key management personnel compensation above are:

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Directors' remuneration	5,598	4,424	1,466	953

(b) Others

	Company	
	2008 RM'000	2007 RM'000
(a) Purchases from and services rendered by subsidiaries	-	28,405
(b) Sales to subsidiaries	1,354,471	1,342,286
(c) Sales to associates		
- Bernas Feedstuff Sdn. Bhd.	37,968	28,963
- Serba Wangi Sdn. Bhd. and its subsidiaries	180,929	155,196
- OEL Realty Holdings Sdn. Bhd. and its subsidiaries	143,374	161,664
(d) Purchases from associates		
- Irfan Noman Bernas (Pvt) Limited	42,574	38,317
- Asian Peninsula Corporation Ltd	54,685	49,217

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34. RELATED PARTY DISCLOSURES (cont'd)

(b) Others (cont'd)

	Group	
	2008 RM'000	2007 RM'000
(e) Transactions with subsidiaries' director related companies and other related parties		
(i) Syarikat Faiza Sdn. Bhd. Group ("SFSB")		
Purchases from Faiza Marketing Sdn. Bhd., an enterprise in which directors (namely Faiza Bawumi Bt Syed Ahmad and Najwa Bt Abu Bakar) have interest	1,303	600
Sales to Pasar Mini Enterprise, an enterprise in which certain directors (namely Faiza Bawumi Bt Syed Ahmad and Najwa Bt Abu Bakar) have interest	681	200
Rental of land for factory to SFSB in which the land owned by a director (namely Faiza Bawuni Bt Syed Ahmad)	18	-
Transportation charged to SFSB including maintenance, road tax and maintenance of lorry by Iman Cargo which the son of director (namely Faiza Bawuni Bt Syed Ahmad) has interest	5,174	-
Rental of land for factory to SFSB in which the land owned by a director (namely Najwa Bt Najwa Bt Abu Bakar)	12	-
Sale and purchase of rice and transportations fee charged to SFSB by Melia Best Sdn. Bhd. which the family of the director (namely Faiza Bawuni Bt Syed Ahmad) have interest	36,664	-
(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	4,502	3,470
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	5,791	-

34. RELATED PARTY DISCLOSURES (cont'd)

(b) Others (cont'd)

	Group	
	2008 RM'000	2007 RM'000
(e) Transactions with subsidiaries' director related companies and other related parties (cont'd)		
(ii) Jasmine Food Corporation Sdn. Bhd. Group ("JFC") (cont'd)		
Rental of premises paid to Asian Net Sdn. Bhd., a company in which the directors of JFC and its subsidiaries have substantial financial interest	871	866
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	146	231
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	430
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	330
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	3,186	2,901
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.	4,814	3,515

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34. RELATED PARTY DISCLOSURES (cont'd)

(b) Others (cont'd)

	Group	
	2008 RM'000	2007 RM'000
(e) Transactions with subsidiaries' director related companies and other related parties (cont'd)		
(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	10,222	6,700
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	3,989	1,900
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	1,161	1,452
Rental of premises paid to Yew Chye Seng, a director of YHLH	300	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	1,353	1,692
Transport charges paid to Xeng Heng Sdn. Bhd. ("XHSB"), a company in which certain directors are connected by virtue of their family relationships with the directors of XHSB	87	-
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	244	293

34. RELATED PARTY DISCLOSURES (cont'd)

(b) Others (cont'd)

	Group	
	2008 RM'000	2007 RM'000
(e) Transactions with subsidiaries' director related companies and other related parties (cont'd)		
(iv) Beras Corporation Sdn. Bhd. Group ("BCSB")		
Rental charged to Tong Seng Huat Sdn. Bhd. ("TSH"), by TSH Realty Sdn. Bhd. a company in which the directors TSH (namely Tan Gee Huat and Tho Lai Hock) have interest	174	90
Sales to Ban Say Tong Sdn. Bhd. ("BST"), an entity owned by Kueh Peng Ho, a director and substantial shareholder of BST	1,515	1,500
Rental charged to BST by Wangang Sdn. Bhd., a company in which the directors of BST (namely Kueh Ching and Kong Kuok Chu) have interest	36	36
Sales to Syarikat Welly Trading, a company in which a director has substantial financial interest	248	540
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	842	491

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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35. SIGNIFICANT AND SUBSEQUENT EVENTS

- (a) The Company has on 20 November 2008 entered into a Sale and Purchase Agreement ("SPA") to dispose of its entire shareholding of 2,856,000 ordinary shares of RM1.00 each ("Sale Shares") in Keongco Holdings Sdn Bhd ("KHSB"), representing 20% of the issued and paid-up capital of KHSB for a total cash consideration of RM1,428,000.00 to the Existing Shareholders of KHSB ("the Purchasers") subject to the terms and conditions of the SPA ("Proposed Disposal").

The completion of the proposed disposal is pending the full payment made by the Purchasers on cash consideration of RM1,428,000. The Purchasers are required to pay 10% of total consideration amounted to RM142,800 as deposit and the balance 90% of cash consideration amounted to RM1,285,200 to be paid by way of eleven (11) equal monthly installments of RM116,836.36 commencing from the subsequent month of the date of this SPA.

- (b) On 20 November 2008, a wholly owned subsidiary of the Company, Bernas Overseas (L) Ltd. ("BOL") entered into a Sale and Purchase Agreement ("SPA") with Keongco Holdings Sdn Bhd ("KHSB" or "the Purchaser") to dispose of its entire shareholding of 12,000 ordinary shares of United States Dollars One (USD1.00) each ("Sale Shares") in Keongco Overseas Limited ("KOL"), representing 20% of the issued and paid-up capital of KOL for a total cash consideration of USD12,000 payable as follows:-of KOL for a total cash consideration of USD12,000 payable as follows:

The completion of the proposed disposal depends on full payment made by the Purchasers on cash consideration of USD12,000. Upon execution of SPA, the Purchasers are required to pay 10% of total consideration amounted to USD1,200 as deposit and the balance 90% of cash consideration amounted to USD10,800 to be paid on or before completion date.

- (c) On 31 January 2008, a wholly owned subsidiary of the Company, Bernas Overseas (L) Ltd. ("BOL") with Yusof Bai Lin (YBL") being shareholders or Bernas China Corporation ("JV Company") have mutually agreed to terminate the Shareholder's Agreement dated 1 August 1999 which agreement was entered into by YBL for the joint establishment to carry out the business of international and general trading based in China and arrangements have been made to strike off the Joint Venture Company from its Register in Hong Kong.
- (d) On 5 January 2009, the Company had entered into a Share Acquisition Agreement ("SAA") to acquire 903,730 ordinary shares of RM1.00 each representing 10% equity interest in Jasmine Food Corporation Sdn Bhd ("JFC") from Dato' Ismail bin Kasim ("Vendor") for a total cash consideration of RM4,250,000.00 or approximately RM4.70 per share. Subsequent to the completion of the SAA, the Group's equity interest in JFC increased to 61%.

36. SUBSIDIARIES AND ASSOCIATES

(a) SUBSIDIARIES

Name of Subsidiaries	Proportion of Ownership Interest		Principal activities
	2008 %	2007 %	
Incorporated in Malaysia			
<i>Subsidiaries of the Company</i>			
Bernas Production Sdn. Bhd	100	100	Rice processing
Era Bayam Kota Sdn. Bhd.	60	60	Trader, distributor and supplier of rice
Syarikat Faiza Sdn. Bhd.	51	51	Trader, distributor and supplier of rice
Consolidated Bernas United Distributors Sdn. Bhd.	100	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.	100	75.5	Paddy seed production
Bernas Agrotech Sdn. Bhd.	100	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

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36. SUBSIDIARIES AND ASSOCIATES (cont'd)

(a) SUBSIDIARIES (cont'd)

Name of Subsidiaries	Proportion of Ownership Interest		Principal activities
	2008 %	2007 %	
Incorporated in Malaysia (cont'd)			
<i>Subsidiaries of the Company (cont'd)</i>			
Bernas Realty & Development Sdn. Bhd.	100	100	Dormant
Valorlite Resources Sdn. Bhd	100	100	Dormant
Bernas Utama Sdn. Bhd.	100	100	Dormant
Bernas Perdana Sdn. Bhd.	100	100	Dormant
Belikmat Corporation Sdn. Bhd.	100	100	Dormant
Bernas (Sabah) Sdn. Bhd.	100	100	Dormant
Bernas (Sarawak) Sdn. Bhd.	100	100	Dormant
Bernas Food Catering Sdn. Bhd.	100	100	Dormant
Bernas Shipping Agencies Sdn. Bhd.	100	100	Dormant
Bernas Organic Soil (M) Sdn. Bhd	100	100	Dormant
Bernas Agroproduce Sdn. Bhd	100	100	Dormant
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	100	50	Dormant

36. SUBSIDIARIES AND ASSOCIATES (cont'd)

(b) SUBSIDIARIES (cont'd)

Name of Subsidiaries	Proportion of Ownership Interest		Principal activities
	2008 %	2007 %	
Incorporated in Malaysia (cont'd)			
<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 (Johor Bahru) Sdn. Bhd.	51	51	Trader, distributor and supplier of rice
Jasmine Food (Alor Setar) Sdn. Bhd.	51	51	Trader, distributor and supplier of rice
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
Jasmine Food (Kuantan) Sdn. Bhd. (Formerly known as Corporate Skyline Sdn. Bhd.)	51	–	Trader, distributor and supplier of rice
<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

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36. SUBSIDIARIES AND ASSOCIATES (cont'd)

(a) SUBSIDIARIES (cont'd)

Name of Subsidiaries	Proportion of Ownership Interest		Principal activities
	2008 %	2007 %	
Incorporated in Malaysia (cont'd)			
Subsidiaries of YHL Holding Sdn. Bhd. (cont'd)			
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
Subsidiary of Jasmine Rice Mill (Tunjang) Sdn. Bhd.			
Jasmine Rice Products Sdn. Bhd.	51	51	Manufacturing and sale of vermicelli
Subsidiary of Bernas Agrotech Sdn. Bhd			
Padi Gedong Sdn. Bhd.	61	61	Dormant
Subsidiaries of Beras Corporation Sdn. Bhd.			
Sazarice Sdn. Bhd.	95	95	Trader, distributor and supplier of rice
Dayabest Sdn. Bhd.	100	100	Investment holding
Sabarice Sdn. Bhd.	55	55	Trader, distributor and supplier of rice
Subsidiaries of Dayabest Sdn. Bhd.			
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.

36. SUBSIDIARIES AND ASSOCIATES (cont'd)

(a) SUBSIDIARIES (cont'd)

Name of Subsidiaries	Proportion of Ownership Interest		Principal activities
	2008 %	2007 %	
Incorporated in Malaysia (cont'd)			
Subsidiaries of Dayabest Sdn. Bhd. (cont'd)			
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
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	Rice trading
Incorporated in Thailand			
Subsidiary of the Company			
Bernas International Trading Ltd.*	95	-	Processing and trading of rice and other related food products

* Audited by firms of chartered accountants other than Hanafiah Roslan & Mohamad.

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36. SUBSIDIARIES AND ASSOCIATES (cont'd)

(b) ASSOCIATES

Name of Associates	Proportion of Ownership Interest		Principal activities
	2008 %	2007 %	
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

36. SUBSIDIARIES AND ASSOCIATES (cont'd)

(b) ASSOCIATES (cont'd)

Name of Associates	Proportion of Ownership Interest		Principal activities
	2008 %	2007 %	
Incorporated in Malaysia (cont'd)			
Subsidiaries of Kilang Beras Fajar Sdn. Bhd. (cont'd)			
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
Subsidiaries of Serba Wangi Sdn. Bhd.			
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
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

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36. SUBSIDIARIES AND ASSOCIATES (cont'd)

(b) ASSOCIATES (cont'd)

Name of Associates	Proportion of Ownership Interest		Principal activities
	2008 %	2007 %	
Incorporated in Malaysia (cont'd)			
Subsidiaries of OEL Realty Holdings Sdn. Bhd.			
OEL Distribution (Kedah) Sdn. Bhd.	30	30	Trader, distributor and supplier of rice
OEL Distribution (Perak) 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.	30	30	Trader, distributor and supplier of rice
OEL Distribution (Johor) Sdn. Bhd.	30	30	Trader, distributor and supplier of rice
OEL Distribution (Selangor) Sdn. Bhd.	18	18	Trader, distributor and supplier of rice
OEL Distribution (KL) Sdn. Bhd.	18	18	Trader, distributor and supplier of rice
OEL Food Manufacturing Sdn. Bhd	30	30	Manufacturing of health drinks
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

36. SUBSIDIARIES AND ASSOCIATES (cont'd)

(b) ASSOCIATES (cont'd)

Name of Associates	Proportion of Ownership Interest		Principal activities
	2008 %	2007 %	
Incorporated in Malaysia (cont'd)			
Subsidiaries of Gardenia Bakeries (KL) Sdn. Bhd.			
Gardenia Sales & Distribution Sdn. Bhd.	30	30	Sales and distribution of bread
Everday Bakery & Confectionery Sdn. Bhd.	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.

The investment cost has been reclassified as non-current assets held for sale

notes to the financial statements

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37. FINANCIAL INSTRUMENTS

(a) Financial Risk Management Objectives and Policies

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

(b) Interest Rate Risk

The Group's primary interest rate risk relates to interest-bearing debt as at 31 December 2008. 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.

37. FINANCIAL INSTRUMENTS (cont'd)

(f) Fair Values

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

	Group		Company	
	Carrying Amount RM'000	Fair Value RM'000	Carrying Amount RM'000	Fair Value RM'000
Financial Assets				
At 31 December 2008:				
Amounts due from subsidiaries and associates (non-trade) (Note 22)	16,711	*	81,340	*
At 31 December 2007:				
Amounts due from subsidiaries and associates (non-trade) (Note 22)	8,571	*	68,201	*
Financial Liabilities				
At 31 December 2008:				
Amounts due to subsidiaries and associates (non-trade) (Note 29)	8,314	*	355,709	*
Hire purchase and finance lease payables (Note 28)	8,581	12,067	-	-
At 31 December 2007:				
Amounts due to subsidiaries and associates (non-trade) (Note 29)	904	*	299,132	*
Hire purchase and finance lease payables (Note 28)	6,543	7,675	-	-

* 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.

notes to the financial statements

31 december 2008

37. FINANCIAL INSTRUMENTS (cont'd)

(f) Fair Values (cont'd)

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.

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.

(iii) Borrowings

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

It is not practical to estimate the fair value of contingent liabilities (as disclosed in Note 32 to the financial statement) reliably due to uncertainties of timing, costs and eventual outcome.

38. SEGMENT INFORMATION

The activities of the Group during the current and previous financial years substantially relate to the procurement, importing, buying, processing and selling of rice, rice by-products and paddy and were predominantly conducted in Malaysia. Accordingly, no segmental information is presented. The directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

list of landed properties

as at 31 December 2008

Location	Description & Existing Use	Tenure & Expiry Date	Age of Buildings	Net Book Value @ 31 December 2008 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	15	6,932,959.25	20 April 2004
Lot No. 8, Jalan 25/123 Seksyen 25 40000 Shah Alam Selangor	Building	Freehold	13	5,431,314.69	20 April 2004 & 14 November 2005
Kedah					
Lot No. 1451 & 1452 Batu 18 1/2, Jalan Kodiang Mukim Padang Perahu Kubang Pasu 60000 Jitra, Kedah	Business Land & Building	Freehold	14	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	Leasehold	N/A	4,654,674.01	29 April 2005

list of landed properties

as at 31 December 2008

Location	Description & Existing Use	Tenure & Expiry Date	Age of Buildings	Net Book Value @ 31 December 2008 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	3	4,379,525.21	15 July 2004
Lot 85(A), Kompleks Perindustrian Sedco Likas, Lorong Mega 1 88995 Kolombong Inanam, Sabah	Business Land & Building	31 December 2034	5	9,524,044.37	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	7	3,078,224.80	19 December 2003
Lot 1019, Kawasan Perindustrian Kidurong, 97000 Bintulu, Sarawak	Business Land & Building	9 May 2051	13	2,993,420.34	18 January 1996
No. 96-M, Lot 2654-2656 Block 195 KNLD Jalan Green 93150 Kuching, Sarawak	Building	April 2063	9	2,191,859.03	19 June 2003

analysis of shareholdings

as at 22 April 2009

Authorised Capital : RM1,000,000,001.00
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	259	13,289	0
100 – 1,000	1,064	883,979	0.19
1,001 – 10,000	8,685	25,742,383	5.47
10,001 – 100,000	1,005	25,888,850	5.50
100,001 < 5% issued shares	115	71,389,300	15.18
5% & above of issued shares	4	346,483,700	73.66

Category of Shareholder for Each Class

Category	No. of Holders	No. of Shares	%
Individuals	10,024	52,424,136	11.14
Banks/Finance companies	15	29,477,300	6.27
Trusts/Foundation/Charity	44	2,725,000	0.58
Private/Limited Companies	193	183,252,350	38.96
Government Agencies/Institutions	2	321,000	0.07
Nominees	854	202,201,715	42.98

Substantial Shareholders

Name	No. of Shares Held		%
	Direct	Indirect	
Budaya Generasi (M) Sdn Bhd	144,829,500	-	30.79
Wang Tak Company Limited	-	139,067,600*	29.56
Serba Etika Sdn Bhd	29,829,300	250,000#	6.39
Lembaga Tabung Haji	29,336,800	-	6.24

* 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 (SGBR-TST-Asing)	142,488,100	30.29
3. Serba Etika Sdn Bhd	29,829,300	6.39
4. Lembaga Tabung Haji Sdn Bhd	29,336,800	6.24
5. AIBB Nominees (Tempatan) Sdn Bhd Pledged Sec Acc for Batu Bara Resources	22,079,000	4.69
6. Citigroup Nominees (Asing) Sdn Bhd CBNY for DFA Emerging Markets Fund	4,690,300	0.99

analysis of shareholdings

as at 22 April 2009

Top Thirty (30) Shareholders

No. Shareholder	No. of Shares Held	%
7. Wah Seong (Malaya) Trading Co. Sdn Bhd	2,853,500	0.61
8. Yayasan Pok Rafeah Berdaftar	2,250,000	0.48
9. HSBC Nominees (Asing) Sdn Bhd Exempt An For JPMorgan Chase Bank, National Association	1,958,300	0.42
10. DB (Malaysia) Nominee (Asing) Sdn Bhd BNP Paribas Noms S'Pore P/L Contend Investment Ltd	1,805,700	0.38
11. Amanah Raya Nominees (Tempatan) Sdn Bhd Public Islamic Dividend Fund	1,665,000	0.35
12. CIMB Nominees (Tempatan) Sdn Bhd Economic Planning Unit Approved Investors	1,374,000	0.29
13. AMMB Nominees (Tempatan) Sdn Bhd Assar Asset Mgt S/B for Tabung Baitulmal Sarawak	1,362,900	0.29
14. Mayban Securities Nominees (Tempatan) Sdn Bhd Pledge Securities Acc For Lee Keng Hong	1,220,500	0.26
15. Mayban Nominees (Asing) Sdn Bhd DBS Bank For Timbarra Services Limited	1,200,000	0.26
16. Citigroup Nominees (Asing) Sdn Bhd CBNY for DFA Emerging Markets Small Cap Series	1,175,200	0.25
17. Amanah Raya Nominees (Tempatan) Sdn Bhd Public Smallcap Fund	1,030,000	0.22
18. Citigroup Nominees (Asing) Sdn Bhd CBNY For Dimensional Funds II PLC	920,400	0.20
19. Batu Bara Sdn Bhd	834,000	0.18
20. KAF Trustee Berhad KAF Fund Mgt Sdn Bhd	800,000	0.18
21. HSBC Nominees (Asing) Sdn Bhd BNY Brussels For City of New York Group Trust	762,300	0.16
22. Amanah Raya Nominees (Tempatan) Sdn Bhd Public Islamic Sector Select Fund	730,000	0.16
23. HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd For Singular Asia Flexible FU	714,200	0.15
24. PM Nominees (Tempatan) Sdn Bhd PCB Asset Management Sdn Bhd	600,000	0.13
25. Lim Kim Ong	572,300	0.12
26. A.A.Anthony Nominees (Tempatan) Sdn Bhd Pledged Sec Acc For Lee Seng Low	516,000	0.11
27. MIDF Amanah Investment Nominees (Asing) Sdn Bhd Pledged Sec For Connie Cheng Chew Wai Ka	500,000	0.11
28. Citigroup Nominees (Asing) Sdn Bhd CBNY For Emerging Market Core Equity Portfolio DFA	496,800	0.11
29. Rosni Binti Rahmat	460,000	0.10
30. TA Nominees (Tempatan) Sdn Bhd Pledged Sec For Oh Kim Sun	450,000	0.10

corporate directory

direktori korporat

RICE BUSINESS PERNIAGAAN BERAS

Bernas Production Sdn Bhd
(428934-K)
Pejabat BERNAS Wilayah Utara
Level 4, Souq Al-Bukhary
Commercial Centre, Jalan Langgar
Alor Star, Kedah
Tel : 04 9178 720
Fax : 04 9179 7720

Beras Corporation Sdn Bhd
(480493-H)
Lot 2-8-2, 7th Floor Wisma San Hin
Wawasan Plaza, Coastal Highway
PO Box 13311, 88837
Kota Kinabalu, Sabah
Tel : 088 311 541
Fax : 088 311 522

Ban Say Tong Sdn Bhd (100912-T)
No. 2, Jalan Pedada P.O Box 28
97007 Bintulu Sarawak
Tel : 086-335316
Fax : 086-355002/317

Ban Heng Bee Holdings Sdn Bhd
(690130-W)
450, 1st Floor, Jalan Raja,
05000 Alor Setar, Kedah
Tel : 04 735 5620
Fax : 04 730 6620

Edaran Bernas Nasional Sdn Bhd
(390534-M)
Level 3B, CP Tower No. 11, Section
16/11, Jalan Damansara,
46350 Petaling Jaya, Selangor
Tel : 03 7665 2855
Fax : 03 7665 2866/77

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 : 09 744 7878

Haskarice Food Sdn Bhd (437804-P)
Lot 895, Jalan Belian,
93661 Kuching, Sarawak
Tel : 082 334 442
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
Fax : 082 335 599

OEL Realty Holdings Sdn Bhd
(395528-W)
Lot 54623, Jalan Kuala Kangsar
31200 Ipoh, Perak
Tel : 05 291 5555
Fax : 05 291 2233

Sabarice Sdn Bhd (658854-M)
Lot 85 (A), Kompleks Perindustrian
SEDCO Likas, 88999 Kolombong
Inanam, Kota Kinabalu, Sabah
Tel : 088 433 586/640
Fax : 088 433 539

Sazarice Sdn Bhd (385374-U)
Lot 85, Kompleks Perindustrian
SEDCO Likas, 88999 Kolombong
Inanam, Kota Kinabalu, Sabah
Tel : 088 433 586/640
Fax : 088 433 539

Serba Wangi Sdn Bhd (280872-A)
450, 1st Floor, Jalan Raja
05000 Alor Setar, 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, 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 : 03 554 23228
Fax : 03 554 23213

**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 PERNIAGAAN 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

corporate directory

direktori korporat

BERNAS RICE MILLS **KILANG BERAS BERNAS (KBB)**

Arau

KBB Arau, 02600 Arau, Perlis
Tel : 04 986 4558
Fax : 04 986 3770

Bagan Terap

KBB Bagan Terap
45300 Sungai Besar, Selangor
Tel : 03 3216 4240
Fax : 03 3224 7025

Bukit Besar

KBB Bukit Besar
06800 Alor Setar, Kedah
Tel : 04 769 1297
Fax : 04 769 3414

Bukit Kenak

KBB Bukit Kenak
22000 Jerteh, Terengganu
Tel : 09 697 1221
Fax : 09 697 1412

Bukit Raya

KBB Bukit Raya
06700 Pendang, Kedah
Tel : 04 759 6227
Fax : 04 759 7429

Changkat Lada

KBB Changkat Lada
36800 Kampong Gajah, Perak
Tel : 05 655 1872
Fax : 05 655 1875

Guar Chempedak

KBB Guar Chempedak
08800 Gurun, Kedah
Tel : 04 468 0694
Fax : 04 468 1618

Jerlun

KBB Jerlun
06150 Alor Setar, Kedah
Tel : 04 794 0229
Fax : 04 794 9669

Jitra

KBB Jitra, 06000 Jitra, Kedah
Tel : 04 917 1235
Fax : 04 917 3032

Kangkong

KBB Kangkong
06650 Alor Setar, Kedah
Tel : 04 764 1278
Fax : 04 764 2137

Kerpan

KBB Kerpan
06510 Alor Setar, Kedah
Tel : 04 794 0228
Fax : 04 794 9671

Kodiang

KBB Kodiang
06100 Kodiang, Kedah
Tel : 04 925 5346
Fax : 04 925 2877

Kuala Perlis

KBB Kuala Perlis
02000, Kuala Perlis
Tel : 04 985 4133
Fax : 04 985 5487

Kuala Rompin

KBB Rompin
26800 Kuala Rompin, Pahang
Tel : 09 414 6575
Fax : 09 414 5793

Langgar

KBB Langgar
06650 Langgar, Kedah
Tel : 04 787 6571
Fax : 04 787 7116

Megat Dewa

KBB Megat Dewa
06510 Alor Setar, Kedah
Tel : 04 925 1349
Fax : 04 925 1679

Pasir Puteh

KBB Pasir Putih
16800 Pasir Puteh, Kelantan
Tel : 09 786 6330
Fax : 09 786 9927

Paya Keladi

KBB Paya Keladi
13200 Kepala Batas, P.Pinang
Tel : 04-575 7558
Fax : 04-575 1148

Pering

KBB Pering, Jln. Sanglang
06000 Kodiang, Kedah
Tel : 04 925 2673
Fax : 04 925 3526

Peringat

KBB Peringat
16400 Melor Kota Bharu, Kelantan
Tel : 09 712 8389
Fax : 09 712 7310

Sekinchan

KBB Sekinchan
45400 Sekinchan, Selangor
Tel : 03 3241 0001
Fax : 03 3241 1300

Seri Tiram Jaya

KBB Seri Tiram Jaya,
45500 Tanjung Karang, Selangor
Tel : 03 3269 8101
Fax : 03 3269 8568

Simpang Empat, Perlis

KBB Spg. 4, 02700 SPG. 4, Perlis
Tel : 04 980 7244
Fax : 04 980 7191

Simpang Lima, Perak

KBB Spg. Lima
34200 Parit Buntar, Perak
Tel : 05 716 1279
Fax : 05 716 4795

Sungai Baru

KBB Sg. Baru
06250 Alor Setar, Kedah
Tel : 04 733 0896
Fax : 04 733 2173

Sungai Besar

KBB Sg. Besar
45300 Sungai Besar, Selangor
Tel : 03 3224 2204
Fax : 03 3224 1601

Sungai Limau

KBB Sg. Limau, 06910 Yan, Kedah
Tel : 04 769 3616
Fax : 04 769 3617

Sungai Manik

KBB Sg. Manik
36000 Telok Intan, Perak
Tel : 05 623 4542
Fax : 05 621 2551

Sungai Ranggung

KBB Sg. Ranggung
36800 Kampong Gajah, Perak
Tel : 05 655 1428
Fax : 05 655 1608

Telok Kechai

KBB Telok Kechai
06600, Kuala Kedah, Kedah
Tel : 04 762 1844
Fax : 04 762 1103

Tumpat

KBB Tumpat
16200 Tumpat Kelantan
Tel : 09 725 7377
Fax : 09 725 7334

Utah Aji

KBB Utah Aji, 01000 Kangar, Perlis
Tel : 04 976 1133
Fax : 04 976 5155

**BERNAS DISTRIBUTION CENTRES/
WAREHOUSES
PUSAT PENGEDARAN/GUDANG****WEST MALAYSIA
MALAYSIA BARAT****Gudang BSS 1**

Lot 30, Lengkongan Sultan
Hishamuddin 1, Pelabuhan Klang
Tel : 03 3176 3311
Fax : 03 3176 2154

Gudang EBN

Lot 30, Lengkongan Sultan
Hishamuddin 1, Pelabuhan Klang
Tel : 03 3176 3311
Fax : 03 3176 2154

Gudang Prai

Lot 331, MK 1, Solok Perusahaan 4
Perindustrian Perai, Seberang Prai
Tengah
Tel : 04 399 0801
Fax : 04 397 3287

PASIR GUDANG**Gudang Pasir Gudang**

Lot 86, Jalan Pekeliling
P.O.Box 63 81707 Pasir Gudang
Tel : 07 252 9798
Fax : 07 251 5457

Gudang Lendu

Lot 451, Mukim Kelemak
78000 Alor Gajah, Melaka
Tel : 06 556 2868
Fax : 06 556 2505

Gudang Kempas

Lot 6600, Jalan Kempas Baru
81200 Johor
Tel : 07 234 4526
Fax : 07 254 4527

Gudang Chendering

Gudang EBN, Jalan Kubang Ikan
21080 K. Terengganu
Tel : 09 616 1551
Fax : 09 616 1552

Gudang Bt. Berendam A & B (YHL)

ACT 13, Mukim Village Batu
Berendam, Melaka

Gudang Bukit Raya (BERNAS)

Lot PT S28 & 30, Mukim Bukit Raya
Pendang, Kedah
Tel : 04 759 6227
Fax : 04 759 7429

**EAST MALAYSIA
TIMUR****SABAH****Gudang Kota Kinabalu**

BCSB, Lot 85, Komplek
Perindustrian Sedco
Likas Inanam, Kota Kinabalu
Tel : 088 423 267
Fax : 088 422 322

Gudang Limbang

Lot 692, Jalan Kubu
98700 Limbang

Gudang Sandakan

BCSB, Gdg By 3 ABC
Jalan Bomba, Bt 3
Jalan Labuk, Sandakan
Tel : 089 213 500
Fax : 089 219 311

Gudang Tawau

BCSB, TB 1774, Gdg Apas
KM 5.5, Jalan Apas, Tawau
Tel : 089 911 017
Fax : 089 912 952

Gudang Lahad Datu

BCSB, MDLD 2637 KK 5
Jln Kastam Baru, Lahad Datu
Tel : 089 881 452
Fax : 089 881 411

Gudang Labuan

BCSB, Lot 12, Jln Arshat Ranca-
Ranca, Wilayah Labuan
Tel : 087 424 493
Fax : 087 421 929

Gudang Kudat

BCSB, Jln Pantai Bandar
WDT 33, Kudat
Tel : 088 612 987
Fax : 088 621 214

SARAWAK**Gudang Kuching**

BCSB, Lot 895
Jalan Belian Biawak
Kuching
Tel : 082 349 672
Fax : 082 343 745

Gudang Sibul

BCSB, Lot 478
Jalan Lanang Ulu, Sibul
Tel : 084 212 733
Fax : 084 216 251

Gudang Bintulu

BCSB, Lot 1019
Kaw. Perindustrian Kidurong
Sarawak
Tel : 086 253 934
Fax : 086 253 842

notice of annual general meeting

NOTICE IS HEREBY GIVEN THAT the 15th 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 Tuesday, 23 June 2009 at 10.00 a.m. for the following purposes:

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2008 together with the Reports of the Directors and Auditors thereon. **Resolution 1**
2. To declare a first and final dividend of 3% less tax of 25% for the financial year ended 31 December 2008. **Resolution 2**
3. To re-elect the following Directors who retire in accordance with the Articles of Association of the Company:

Article 110 (2)
Dato’ Mohd Mokhtar Bin Ismail **Resolution 3**

Article 115
Encik Azman Bin Umar **Resolution 4**
Datuk Azizan Bin Ayob **Resolution 5**
4. To re-appoint Messrs Hanafiah Raslan & Mohamad as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 6**

SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolution:

ORDINARY RESOLUTIONS

- Authority to Allot Shares **Resolution 7**
5. “THAT pursuant to Section 132D of the Companies Act, 1965, the Board of Directors be and is hereby empowered to issue shares of the Company at any time until the conclusion of the next Annual General Meeting (AGM) of the Company upon such terms and conditions and for such purposes as the Board of Directors may, in its absolute discretion deem fit, provided that the aggregate number of shares to be issued does not exceed 10% of the issued and paid-up capital of the Company at the time of issue AND THAT the Board of Directors be authorised to obtain the approvals of Bursa Malaysia Securities Berhad for the listing and quotation for the additional shares and other relevant approvals, as may be necessary.”
- Directors’ Fees
6. “That the payment of Directors’ Fees not exceeding RM500,000 for each financial year commencing from the financial year ending 31 December 2009 be approved.” **Resolution 8**
 7. 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 15th AGM, a first and final dividend of 3% less tax of 25% will be payable on 21 July 2009 to Depositors whose names appear in the Records of Depositors on 30 June 2009.

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 2009 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
1 June 2009

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 7, 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 8, if passed, will empower the Board to pay Directors' Fees of not exceeding RM500,000 for each financial year commencing from the year ending 31 December 2009 pursuant to Article 111 of the Articles of Association of the Company.

notis mesyuarat agung tahunan

DENGAN INI DIMAKLUMKAN BAHAWA Mesyuarat Agung Tahunan Padiberas Nasional Berhad (“Syarikat”) yang ke-15 akan diadakan di Dewan Besar, Tropicana Golf & Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor pada hari Selasa, 23 Jun 2009 jam 10.00 pagi, bagi tujuan-tujuan berikut:

URUSAN BIASA

1. Untuk menerima Penyata Kewangan yang telah diaudit beserta dengan Laporan Pengarah dan Juruaudit bagi tahun kewangan berakhir 31 Disember 2008. **Resolusi 1**
2. Untuk meluluskan pembayaran dividen pertama dan akhir sebanyak 3% ditolak cukai 25% bagi tahun kewangan berakhir 31 Disember 2008. **Resolusi 2**
3. Untuk memilih semula para Pengarah berikut yang bersara mengikut Tataurusian Syarikat:

Artikel 110(2)
Dato’ Mohd Mokhtar Bin Ismail **Resolusi 3**

Artikel 115
Encik Azman Bin Umar **Resolusi 4**
Datuk Azizan Bin Ayob **Resolusi 5**
4. Untuk melantik semula Tetuan Hanafiah Raslan & Mohamad sebagai Juruaudit Syarikat dan memberi kuasa kepada para Pengarah untuk menetapkan imbuhan mereka. **Resolusi 6**

URUSAN KHAS

untuk dipertimbangkan dan jika difikirkan wajar, meluluskan resolusi-resolusi berikut:

RESOLUSI BIASA

5. Kuasa untuk para Pengarah menerbitkan saham mengikut Seksyen 132D, Akta Syarikat, 1965 **Resolusi 7**

“BAHAWA tertakluk kepada Seksyen 132D, Akta Syarikat 1965, para Pengarah dengan ini diberi kuasa untuk menerbitkan saham-saham Syarikat pada bila-bila masa sehingga berakhirnya Mesyuarat Agung Tahunan Syarikat yang akan datang berdasarkan terma-terma dan syarat-syarat tertentu yang difikirkan sesuai oleh para Pengarah, mengikut budi bicara mereka sepenuhnya, dengan syarat bahawa jumlah agregat saham yang akan diterbitkan tidak melebihi 10% daripada modal saham terbitan Syarikat buat masa ini dan bahawa para Pengarah juga diberi kuasa untuk mendapatkan kelulusan daripada Bursa Malaysia Securities Berhad bagi penyenaraian dan sebut harga bagi saham-saham tambahan yang akan diterbitkan dan mana-mana kelulusan berkaitan, sekiranya diperlukan.
- Yuran Pengarah
6. Bahawa bayaran Yuran Pengarah tidak melebihi RM500,000.00 bagi setiap tahun mulai tahun kewangan berakhir 31 Disember 2009 diluluskan. **Resolusi 8**
 7. Untuk mengendalikan urusan-urusan lain yang mana notis sewajarnya telah diberikan.

Notis Kelayakan Dan Pembayaran Dividen

DENGAN INI DIMAKLUMKAN BAHAWA, tertakluk kepada kelulusan Pemegang Saham pada Mesyuarat Agung Tahunan ke-15, dividen pertama dan akhir sebanyak 3% ditolak cukai 25% akan dibayar pada 21 Julai 2009 kepada pendeposit yang berdaftar dalam Rekod Pendaftar pada 30 Jun 2009.

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 2009 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

1 Jun 2009

Nota:

- i. 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.
- ii. 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.
- iii. 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.
- iv. Suratcara perlantikan 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

- v. Resolusi 7, 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.
- vi. Resolusi 8, sekiranya diluluskan akan memberi kuasa kepada Pengarah untuk membayar Yuran Pengarah tidak melebihi RM500,000.00 bagi setiap tahun kewangan berkuatkuasa mulai tahun kewangan berakhir 31 Disember 2009 menurut Artikel 111, Artikel Syarikat.

statement accompanying the notice of annual general meeting

penyata yang disertakan bersama notis mesyuarat agung tahunan

(Paragraph 8.28(2) of the Listing Requirement of Bursa Malaysia Securities Berhad)
(Para 8.28 (2), Keperluan Penyenaraian Bursa Malaysia Securities Berhad)

Details of the Director who is standing for re-election pursuant to Article 110(2) of the Company's Articles of Association as follows:
Butiran Pengarah yang bersara dan menawarkan diri untuk dilantik semula menurut Artikel 110(2), Tataurusn Syarikat adalah:

Name/ Nama	Dato' Mohd Mokhtar Bin Ismail Non-Independent, Non-Executive Director <i>Pengarah Tidak Bebas, bukan eksekutif</i>
Age/ Umur	56
Nationality/ Warganegara	Malaysian <i>Malaysia</i>
Qualification/ Pendidikan	<ul style="list-style-type: none"> • Bachelor of Economics (Hons), University Malaya <i>Ijazah Sarjana Muda Ekonomi (Kepujian) dari Universiti Malaya</i> • Masters of Arts in Economics, Western Michigan University, Kalamazoo, USA <i>Ijazah Sarjana Sastera dalam Ekonomi dari Western Michigan University, Kalamazoo, USA</i>
Profession/ Kerjaya	Secretary General of the Ministry of Agriculture and Agro-based Industry <i>Ketua Setiausaha, Kementerian Pertanian dan Industri Asas Tani</i>
Experience/ Pengalaman	<ul style="list-style-type: none"> • Deputy Secretary General (Development) of the Ministry of Agriculture and Agro-based Industry <i>Timbalan Ketua Setiausaha (Pembangunan), Kementerian Pertanian dan Industri Asas Tani</i> • Secretary of Crops, Livestock & Fishery Industrial Division, Ministry of Agriculture and Agro-based Industry <i>Setiausaha, Bahagian Tanaman, Ternakan & Industri Perikanan</i> • Secretary of Program and Project Division, Ministry of Entrepreneur Development <i>Setiausaha, Bahagian Program dan Projek, Kementerian Pembangunan Usahawan</i> • Head Assistant Director of Human Resource Management Division, Ministry of Human Resources <i>Ketua Penolong Pengarah, Bahagian Pengurusan Sumber Manusia, Kementerian Sumber Manusia</i> • Head Assistant Director of Macro Section, Economic Planning Unit, Prime Minister's Department <i>Ketua Penolong Pengarah, Seksyen Makro, Ekonomi Perancang Unit, Jabatan Perdana Menteri</i> • Head Assistant Planning and Principles Division, Ministry of Agriculture and Agro-based Industry <i>Ketua Penolong Perancangan dan Prinsipal, Kementerian Pertanian dan Asas Tani</i> • Head Assistant Director of Economic Planning Unit, Prime Minister's Department <i>Ketua Penolong Pengarah Ekonomi Perancang Unit, Jabatan Perdana Menteri</i> • Assistant Director of Budget & Treasury Division <i>Penolong Pengarah, Bahagian Budget dan Perbendaharaan</i> • Assistant Secretary of Finance & Treasury Division <i>Penolong Setiausaha, Bahagian Kewangan dan Perbendaharaan</i>
Other Directorships of Public Companies/ Pengarah Syarikat Awam Lain	Nil <i>Tiada</i>
Appointed to the Board/ Perantikan Lembaga Pengarah	16 December 2008 <i>16 Disember 2008</i>
Attendance for Board Meetings/ Kehadiran Mesyuarat	2/4
Securities holding in BERNAS and its subsidiaries/ Pegangan Saham BERNAS dan subsidiari	Nil <i>Tiada</i>
Any family relationship with any director/major shareholder of BERNAS and companies that have entered into any transactions with BERNAS or its subsidiaries/ Sebarang hubungan kekeluargaan dengan mana-mana Pengarah/Pemegang saham utama BERNAS dan Syarikat yang ada transaksi dengan BERNAS atau mana-mana subsidiari	Nil <i>Tiada</i>
List of convictions for the past 10 years other than traffic offences, if any/ Senarai kesalahan yang disabitkan tempoh 10 tahun yang lalu kecuali kesalahan trafik	Nil <i>Tiada</i>

statement accompanying the notice of annual general meeting

penyata yang disertakan bersama notis mesyuarat agung tahunan

(Paragraph 8.28(2) of the Listing Requirement of Bursa Malaysia Securities Berhad)
(Para 8.28 (2), Keperluan Penyenaraian Bursa Malaysia Securities Berhad)

Details of the Director who is standing for re-election pursuant to Article 115 of the Company's Articles of Association as follows:
Butiran Pengarah yang bersara dan menawarkan diri untuk dilantik semula menurut Artikel 115, Tataurusan Syarikat adalah:

Name/ Nama	Encik Azman Bin Umar Non-Independent, Non-Executive Director <i>Pengarah Tidak Bebas, bukan eksekutif</i>
Age/ Umur	54
Nationality/ Warganegara	Malaysian <i>Malaysia</i>
Qualification/ Pendidikan	<ul style="list-style-type: none"> Bachelor of Economics (Hons) degree in Accounting from University Kebangsaan Malaysia <i>Ijazah Sarjana Muda (Kepujian) Perakauanan, University Kebangsaan Malaysia</i> Master in Business Administration (Finance) from Oklahoma City <i>Ijazah Sarjana Pentadbiran (Kewangan), Oklahoma City University, USA</i> Diploma in Science Administration from National Institute of Public Administration (INTAN) <i>Diploma Sains Pengurusan, Institut Pentadbiran Awam Negara (INTAN)</i>
Profession/ Kerjaya	General Manager, Langkawi Development Authority <i>Pengurus Besar, Penguatkuasa Kemajuan Langkawi</i>
Experience/ Pengalaman	<ul style="list-style-type: none"> Deputy Under Secretary (Social Sector), Investment, MKD and Privatisation Division, Ministry of Finance <i>Timbalan Setiausaha (Sektor Sosial), Bahagian Pelaburan, MKD dan Penswastaaan, Kementerian Kewangan</i> 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 <i>Berkhidmat dipelbagai Jabatan seperti Unit Perancangan Ekonomi, Jabatan Perdana Menteri Kementerian Industri Bahagian Komoditi, Kementerian Pertanian dan Asas Tani</i>
Other Directorships of Public Companies/ Pengarah Syarikat Awam Lain	Nil <i>Tiada</i>
Appointed to the Board/ Perlantikan Lembaga Pengarah	20 June 2006 20 Jun 2006
Attendance for Board Meetings/ Kehadiran Mesyuarat	4/4
Securities holding in BERNAS and its subsidiaries/ Pegangan Saham BERNAS dan subsidiari	Nil <i>Tiada</i>
Any family relationship with any director/major shareholder of BERNAS and companies that have entered into any transactions with BERNAS or its subsidiaries/ Sebarang hubungan kekeluargaan dengan mana-mana Pengarah/Pemegang saham utama BERNAS dan Syarikat yang ada transaksi dengan BERNAS atau mana-mana subsidiari	Nil <i>Tiada</i>
List of convictions for the past 10 years other than traffic offences, if any/ Senarai kesalahan yang disabitkan tempoh 10 tahun yang lalu kecuali kesalahan trafik	Nil <i>Tiada</i>

statement accompanying the notice of annual general meeting

penyata yang disertakan bersama notis mesyuarat agung tahunan

(Paragraph 8.28(2) of the Listing Requirement of Bursa Malaysia Securities Berhad)
(Para 8.28 (2), Keperluan Penyenaraian Bursa Malaysia Securities Berhad)

Details of the Director who is standing for re-election pursuant to Article 115 of the Company's Articles of Association as follows:
Butiran Pengarah yang bersara dan menawarkan diri untuk dilantik semula menurut Artikel 115, Tataurusn Syarikat adalah:

Name/ Nama	Datuk Azizan Bin Ayob Non-independent, Non-Executive Director <i>Pengarah Tidak Bebas, bukan eksekutif</i>
Age/ Umur	62
Nationality/ Warganegara	Malaysian <i>Malaysia</i>
Qualification/ Pendidikan	<ul style="list-style-type: none"> • Bachelor of Arts (Hons), Economics from University Malaya <i>Ijazah Sarjana Muda (Kepujian) Ekonomi Universiti Malaya</i> • Masters in Public Administration, University of Southern California, USA <i>Ijazah Sarjana Pentadbiran Awam, University of Southern California, USA</i>
Profession/ Kerjaya	Executive Director/ Chief Executive Officer of Commerce Dot.Com Sdn Bhd <i>Pengarah Eksekutif/ Ketua Pegawai Eksekutif Commerce Dot.Com Sdn Bhd</i>
Experience/ Pengalaman	<ul style="list-style-type: none"> • Executive Director/Chief Executive Officer of Commerce Dot.Com Sdn Bhd from 2003 to present <i>Pengarah Eksekutif/Ketua Pegawai Eksekutif Commerce Dot.Com Sdn Bhd hingga kini</i> • Director General of the National Registration Department of Malaysia from 1997 to 2003 <i>Ketua Pengarah, Jabatan Pendaftaran Negara Malaysia dari tahun 1997 hingga 2003</i>
Other Directorships of Public Companies/ Pengarah Syarikat Awam Lain	Nil <i>Tiada</i>
Appointed to the Board/ Perlantikan Lembaga Pengarah	30 September 2003 <i>30 September 2003</i>
Attendance for Board Meetings/ Kehadiran Mesyuarat	4/4
Securities holding in BERNAS and its subsidiaries/ Pegangan Saham BERNAS dan subsidiari	Nil <i>Tiada</i>
Any family relationship with any director/major shareholder of BERNAS and companies that have entered into any transactions with BERNAS or its subsidiaries/ Sebarang hubungan kekeluargaan dengan mana-mana Pengarah/Pemegang saham utama BERNAS dan Syarikat yang ada transaksi dengan BERNAS atau mana-mana subsidiari	Nil <i>Tiada</i>
List of convictions for the past 10 years other than traffic offences, if any/Senarai kesalahan yang disabitkan tempoh 10 tahun yang lalu kecuali kesalahan trafik	Nil <i>Tiada</i>



Proxy Form

Borang Proksi

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

I/We Saya/Kami _____ of/di alamat _____

being a member of Padiberas Nasional Berhad hereby appoint/sebagai pemegang saham Padiberas Nasional Berhad dengan ini melantik

of/di alamat _____

or failing him/her, the Chairman of the Meeting as my/our proxy, to vote for me/us on my/our behalf at the 15th Annual General Meeting of Padiberas Nasional Berhad ("the Company") to be held at Grand Ballroom, Tropicana Golf & Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor on Tuesday, 23 June 2009 at 10.00 a.m. and at any adjournment thereof, in the manner indicated below:

atau ketiadaan beliau, Pengerusi sebagai proksi saya/kami, untuk mengundi bagi pihak saya/kami pada Mesyuarat Agung Tahunan Padiberas Nasional Berhad ("Syarikat") yang ke 15 yang akan diadakan di Dewan Besar, Tropicana Golf & Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor pada hari Selasa, 23 Jun 2009 jam 10.00 pagi dan mana-mana penangguhnya, mengundi seperti berikut:

Resolution Resolusi	As Ordinary Business Sebagai Urusan Biasa	For Bersetuju	Against Menentang
1	To receive the Audited Financial Statements for the financial year ended 31 December 2008 together with the Reports of the Directors and Auditors thereon. <i>Untuk menerima Penyata Kewangan yang telah diaudit beserta dengan Laporan Pengarah dan Juruaudit bagi tahun kewangan berakhir 31 Disember 2008.</i>		
2	To declare a first and final dividend of 3% less tax of 25% for the financial year ended 31 December 2008. <i>Untuk meluluskan pembayaran dividen pertama dan akhir sebanyak 3% ditolak cukai 25% bagi tahun kewangan berakhir 31 Disember 2008.</i>		
3	To re-elect the following Directors who retire in accordance with the Articles of Association of the Company: <i>Untuk memilih semula para Pengarah berikut yang bersara mengikut Tataurusan Syarikat:</i> <i>Article / Artikel 110(2)</i> Y. Bhg Dato' Mohd Mokhtar Bin Ismail		
4	<i>Article / Artikel 115</i> Encik Azman Bin Umar		
5	Y. Bhg. Datuk Azizan Bin Ayob		
6	To re-appoint Messrs Hanafiah Raslan & Mohamad as Auditors of the Company and to authorize the Directors to fix their remuneration. <i>Untuk melantik semula Tetuan Hanafiah Raslan & Mohamad sebagai Juruaudit Syarikat dan memberi kuasa kepada para Pengarah untuk menetapkan imbuhan mereka.</i>		
Resolution Resolusi	As Special Business Sebagai Urusan Khas	For Bersetuju	Against Menentang
7	Authority to Allot Shares. <i>Memberi kuasa untuk menerbitkan saham.</i>		
8	Directors' Fees. <i>Yuran Pengarah.</i>		

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

Dated this/Bertarikh _____ day of _____ 2009

Signature/Seal Tandatangan/Meterai _____

Notes:

- A member of the Company is entitled to appoint a proxy to attend and vote in his stead and a proxy may but need not be a member of the Company. Where a member appoints one or more proxies (subject to a maximum of two (2) proxies), the member must specify in each proxy form the proportion of the member's shareholdings to be presented by each proxy.
- Where a member of the Company is an authorised nominee as defined under the Central Depositories Act, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to credit of the said securities account.
- The instrument appointing a proxy must be in writing under the hand of the appointer or his attorney duly appointed under a power of attorney or if such appointer is a corporation, either under its common seal or under the hand of its attorney.
- The instrument appointing a proxy must be deposited at the registered office of the Company of Level 19, CP Tower, No. 11, Section 16/11, Jalan Damansara, 46350 Petaling Jaya, Selangor not less than forty eight (48) hours before the time for holding the meeting or any adjournment thereof.

Nota:

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

Please fold here to seal


sila lipat disini untuk digam

Company Secretary
Padiberas Nasional Berhad
Level 19A, CP Tower
No. 11, Section 16/11
Jalan Damansara
46350 Petaling Jaya
Selangor Darul Ehsan

Affix Postage Stamp
Tampalkan Setem

Please fold here to seal

sila lipat disini untuk digam



Padiberas Nasional Berhad
295514-U
Level 19, CP Tower
No 11, Section 16/11
Jalan Damansara
46350 Petaling Jaya
Selangor Darul Ehsan

T• 03 7651 1600
F• 03 7660 4732

www.bernas.com.my