



Exuberant Progress,  
Promising Future

## The way of the paddy; Increasing substance with increasing humility

The Malay proverb denoting increasing substance arising from increasing humility aptly portrays the growth of BERNAS which despite being an influential Group, is always connected to society and consumers – always holding its own and attuned to its responsibilities and evolving from merely a corporate citizen to becoming a pillar of the nation.

The cover depicts a tapestry of a sheaf of paddy with words underpinning the vision, mission and development of the Group. The richness of the grains reflects the attributes achieved as a result of the steadfastness of BERNAS' vision and mission.

Ikut  
resmi  
padi;  
semakin  
tunduk,  
semakin  
berisi

Pepatah Melayu berdasarkan hasil pemerhatian ciri-ciri pertumbuhan padi ini amat bersesuaian dalam mentafsirkan BERNAS sebagai sebuah Kumpulan, yang walaupun berpengaruh namun kekal berhubung rapat dengan masyarakat dan pengguna. Sikap bertanggungjawab kekal utuh sehingga kini. BERNAS berdiri teguh di sepanjang perkembangannya daripada sebuah syarikat kepada sebuah badan yang menyokong tonggak kekuatan negara.

Konsep seberkas padi yang dibentuk oleh susunan kata-kata yang dipetik dari visi, misi dan perkembangan Kumpulan, menggambarkan bijirin padi berisi penuh hasil dari usaha yang dibentuk oleh ungkapan visi dan misi perjuangan BERNAS.

02	<b>Overview of BERNAS</b> Imbasan BERNAS	77	<b>Financial Statements</b> Penyata Kewangan
03	<b>Vision, Mission &amp; Corporate Values</b> Visi, Misi & Nilai-nilai Korporat	163	<b>List of Landed Properties</b> Senarai Hartanah
04	<b>The Core Values</b> Nilai-nilai Utama	165	<b>Analysis of Shareholdings</b> Analisa Pegangan Saham
06	<b>Rice Types</b> Jenis-jenis Beras	167	<b>Corporate Directory</b> Direktori Korporat
08	<b>Five-Year Financial Highlights</b> Maklumat Kewangan Lima-Tahun	171	<b>Notice of Annual General Meeting</b> Notis Mesyuarat Agung Tahunan
10	<b>Corporate Structure</b> Struktur Korporat	172	<b>Statement Accompanying the Notice of Annual General Meeting</b> Penyata yang Disertakan Bersama Notis Mesyuarat Agung Tahunan
12	<b>Corporate Information</b> Maklumat Korporat		<b>Proxy Form</b> Borang Proksi
14	<b>Board of Directors</b> Lembaga Pengarah		
20	<b>Senior Management</b> Pengurusan Kanan		
24	<b>Chairman's Letter to Shareholders</b> Perutusan Pengerusi kepada Pemegang Saham		
32	<b>Managing Director's Review of Operations</b> Tinjauan Operasi Pengarah Urusan		
46	<b>Corporate Relations</b> Perhubungan Korporat		
50	<b>Corporate Social Responsibility</b> Tanggungjawab Sosial Korporat		
56	<b>Statement on Corporate Governance</b> Penyata Tadbir Urus Korporat		
68	<b>Statement on Internal Control</b> Penyata Kawalan Dalaman		
71	<b>Audit Committee Report</b> Laporan Jawatankuasa Audit		

# Kandungan Contents

# Overview of BERNAS

Imbasan BERNAS

innovation resilience identity excellence momentum reliability consistency flexibility expertise appreciation health society spirit well-being challenge expectations confidence skill commitment courage passion determination success happiness



# Vision Visi

Our food products are consumed in every household in Malaysia. We are a Company deeply committed to nourishing 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:

## Brand Building

Pembinaan Jenama

## Product Performance

Prestasi Produk

## Customer Service

Perkhidmatan Pelanggan

# Corporate Values

## Nilai-nilai Korporat

**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 Tindak balas

- 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 trust
- To be accountable, honest and fair in all our actions
- To respect the rights, beliefs, culture and religion of our employees, customers 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 exceed customers' expectations
- To invest for the long term to generate sustainable returns to various stakeholders
- 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

Change begins from within. With this in mind, we are embarking on a transformation and reorganisation 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.

## Mempengaruhi setiap ruang melalui pencapaian dalaman

Perubahan bermula dari dalam. Kami telah memulakan transformasi dan penstrukturan yang penting untuk menentukan kejayaan kami dalam menyediakan bekalan beras yang mencukupi dan harga yang stabil 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 time
- Develop self and others to increase capability
- Komitmen yang jitu ke arah kecemerlangan
- Memperbaiki kemampuan untuk bertindak balas secara berterusan
- Melakukan yang lebih banyak, dengan lebih baik, lebih memuaskan dan dalam masa yang lebih singkat
- 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
- Harmonise 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



Brown Rice  
Beras Perang



Fragrant Rice  
Beras Wangi



Glutinous Rice  
Beras Pulut



Broken Rice  
Beras Hancur



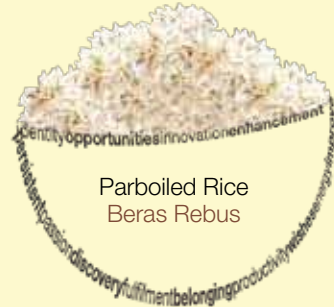
Local White Rice  
Beras Putih Tempatan



Imported White Rice  
Beras Putih Import



Basmati Rice  
Beras Basmati



Parboiled Rice  
Beras Rebus

# 8 Rice Types

Jenis-jenis Beras di  
Pasaran Malaysia



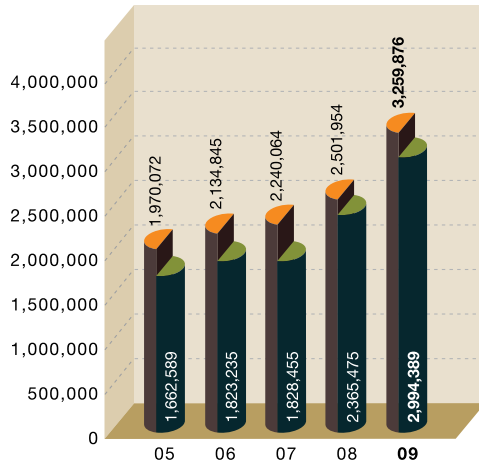
# Five-Year Financial Highlights

Maklumat Kewangan Lima-Tahun

	2005 RM'000	2006 RM'000	2007 RM'000	2008 RM'000	2009 RM'000
<b>Revenue</b>					
<b>Perolehan</b>					
Group Kumpulan	1,970,072	2,134,845	2,240,064	2,501,954	3,259,876
Company Syarikat	1,662,589	1,823,235	1,828,455	2,365,475	2,994,389
<b>Profit/(Loss) Before Tax</b>					
<b>Keuntungan/(Rugi) Sebelum Cukai</b>					
Group Kumpulan	166,139	178,205	145,139	(94,329)	238,326
Company Syarikat	150,696	190,017	96,817	(127,801)	209,171
<b>Profit/(Loss) After Tax</b>					
<b>Keuntungan/(Rugi) Selepas Cukai</b>					
Group Kumpulan	130,616	135,226	107,343	(57,472)	179,537
Company Syarikat	127,277	132,660	60,027	(92,075)	151,651
<b>Total Tangible Assets</b>					
<b>Jumlah Aset Ketara</b>					
Group Kumpulan	1,402,676	1,357,699	1,423,180	2,033,931	2,174,904
Company Syarikat	1,353,706	1,332,451	1,300,106	1,927,159	1,971,640
<b>Net Tangible Assets</b>					
<b>Aset Ketara Bersih</b>					
Group Kumpulan	832,384	916,239	967,356	861,045	1,018,115
Company Syarikat	757,553	827,066	835,172	715,121	856,187
<b>Earning Per Share (EPS)</b>					
<b>Perolehan Sesaham</b>					
Group Kumpulan	26.88	27.60	22.00	(16.20)	36.00
<b>Net Dividend Per Share</b>					
<b>Dividen Bersih Sesaham</b>					
Group Kumpulan	7.50	9.00	9.00	2.20	20.00

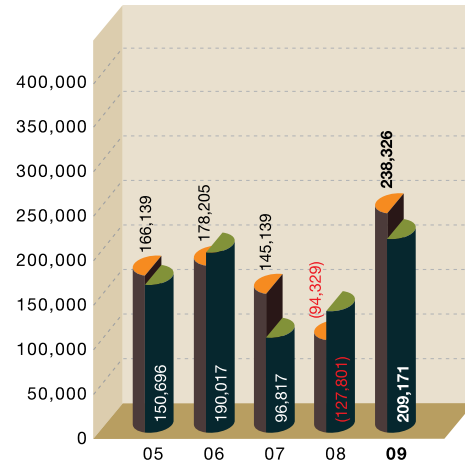
**Revenue (RM'000)**

Perolehan (RM'000)



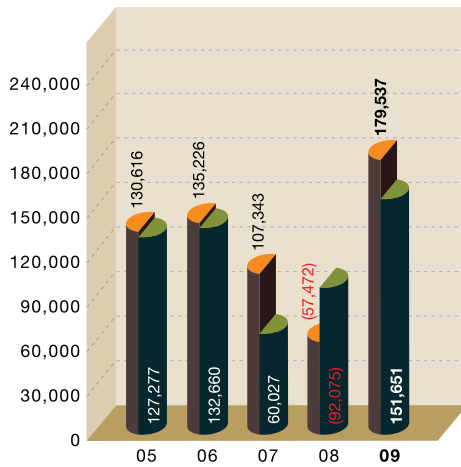
**Profit/(Loss) Before Tax (RM'000)**

Keuntungan/(Rugi) Sebelum Cukai (RM'000)



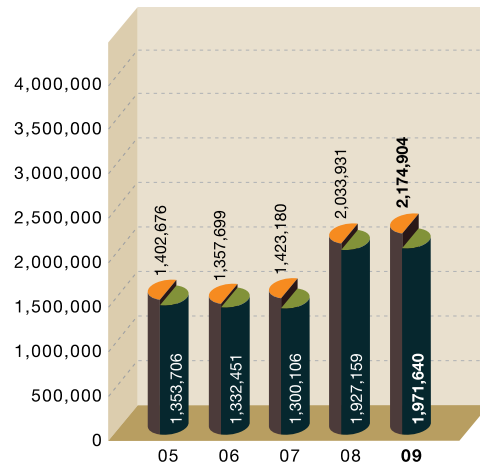
**Profit/(Loss) After Tax (RM'000)**

Keuntungan/(Rugi) Selepas Cukai (RM'000)



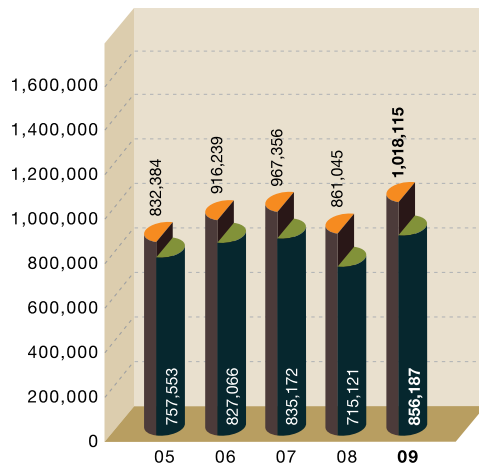
**Total Tangible Assets (RM'000)**

Jumlah Aset Ketara (RM'000)



**Net Tangible Assets (RM'000)**

Aset Ketara Bersih (RM'000)



Group Kumpulan

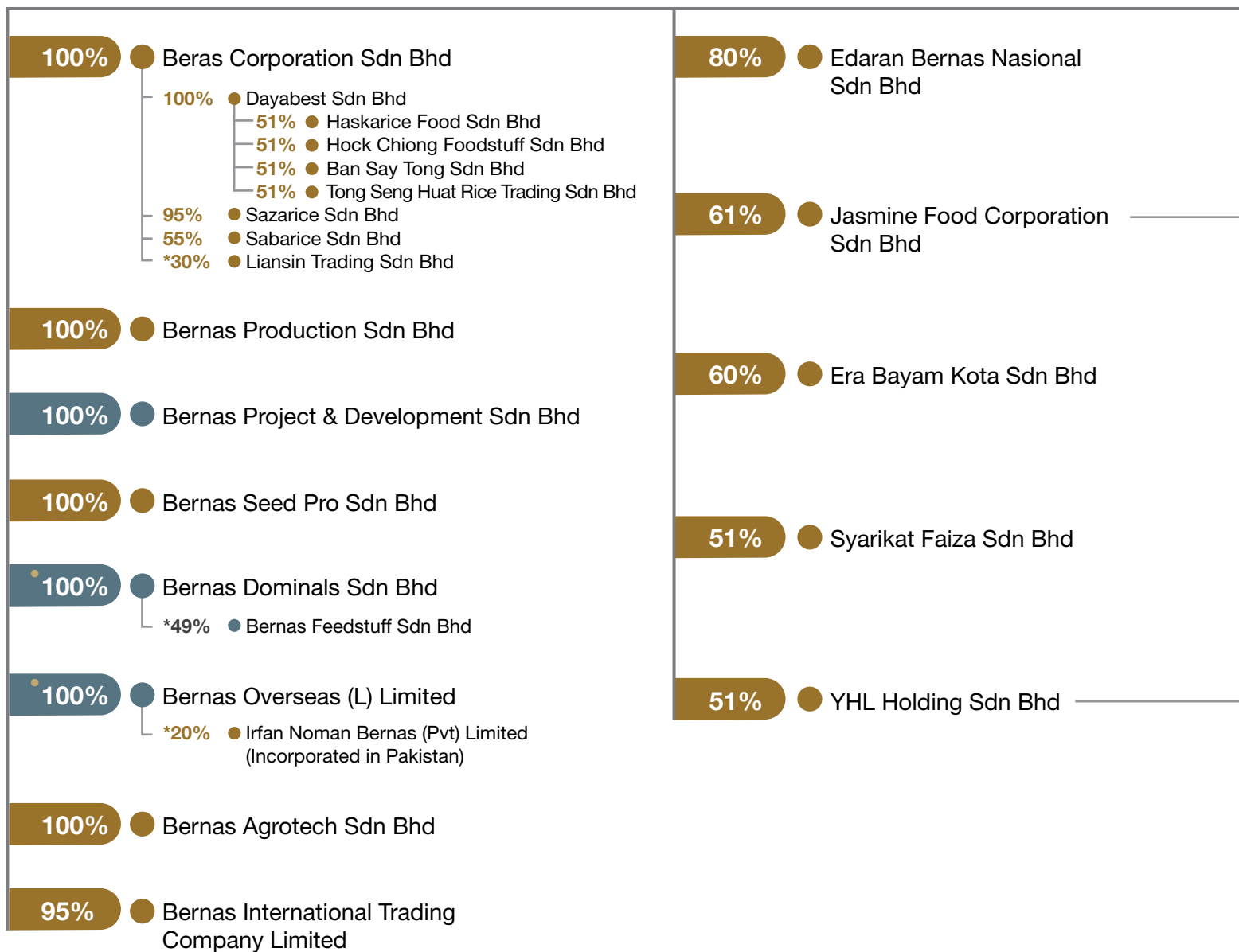
Company Syarikat

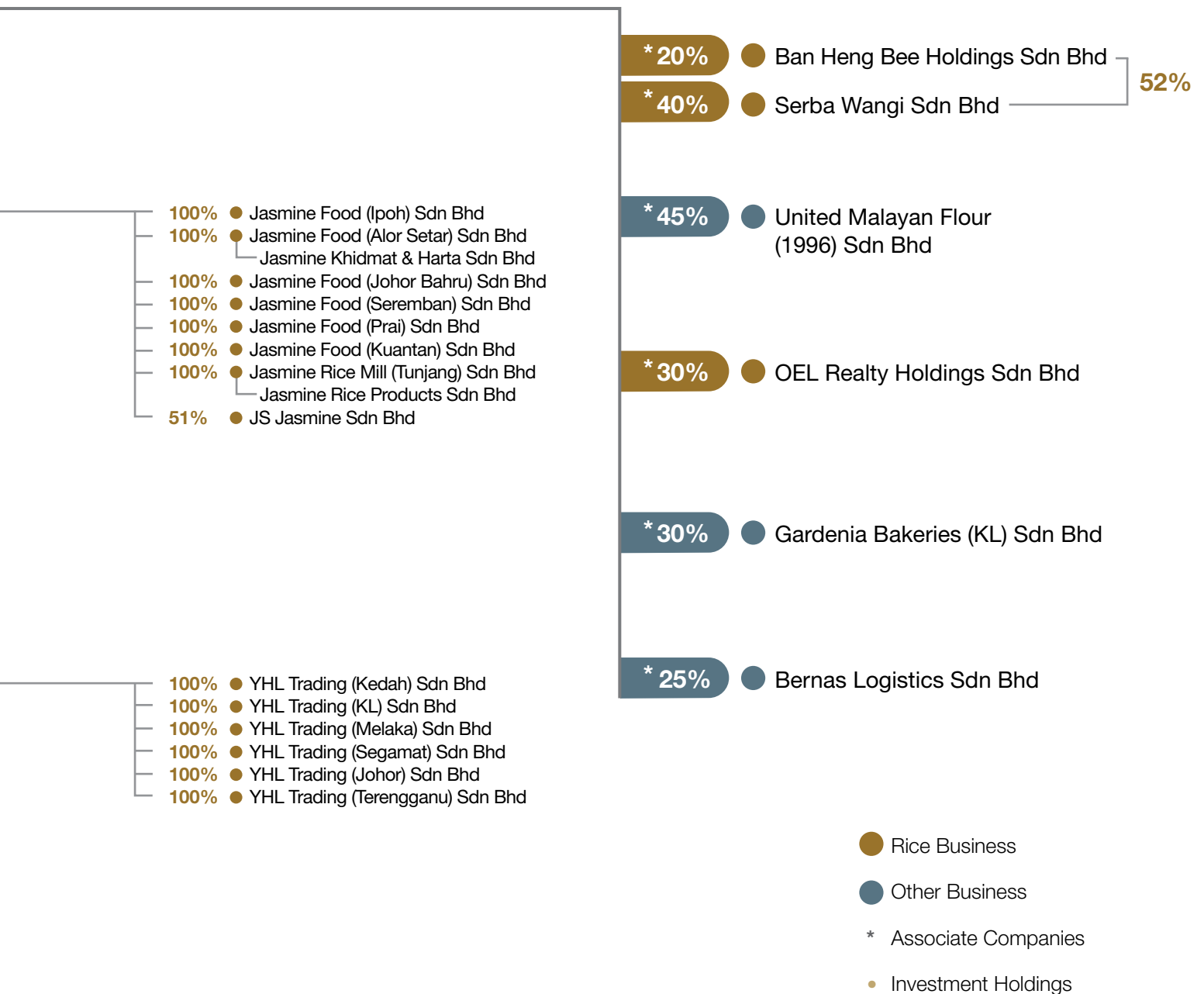
# Corporate Structure

Struktur Korporat



**BERNAS**





# Corporate Information

Maklumat Korporat

## **CORPORATE OFFICE**

Ibu pejabat Korporat

Level 27, Menara HLA  
No 3, Jalan Kia Peng  
50450 Kuala Lumpur  
Tel : 03-2174 9777  
Fax : 03-2161 1887

## **REGISTERED ADDRESS**

Pejabat Berdaftar

Level 31, Menara HLA  
No 3, Jalan Kia Peng  
50450 Kuala Lumpur  
Tel : 03-2161 1972  
Fax : 03-2161 1973

## **SHARE REGISTRAR**

Pendaftar Saham

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

## **PRINCIPAL BANKERS**

Bank-bank Utama

Affin Bank Berhad  
Alliance Bank Malaysia Berhad  
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

## **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

## **STOCK EXCHANGE LISTING**

Penyenaraian Bursa Saham

Main Market  
Bursa Malaysia  
Stock Name : BERNAS  
Stock Code : 6866



## Board of Directors

Lembaga Pengarah





*Sitting from left to right/Duduk dari kiri ke kanan*

**Dato' Mohd Mokhtar Bin Ismail**

Director/Pengarah

**Encik Bakry Bin Hamzah**

Managing Director/Pengarah Urusan

**Datuk Azizan bin Ayob**

Director/Pengarah

**Dato' Wira Syed Abdul Jabbar Bin Syed Hassan**

Chairman/Pengerusi

*Standing from left to right/Berdiri dari kiri ke kanan*

**Tuan Syed Abu Bakar Bin S Mohsin Almohdzar**

Director/Pengarah

**Encik Chuah Seong Tat @ Chuah Chee Tat**

Director/Pengarah

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

Director/Pengarah

**Encik Azman Bin Umar**

Director/Pengarah

## Board of Directors

### Lembaga Pengarah

#### **Dato' Wira Syed Abdul Jabbar Bin Syed Hassan**

Independent, Non-Executive Chairman  
Pengerusi Bebas, Bukan Eksekutif

Dato' Wira Syed Abdul Jabbar Bin Syed Hassan, a Malaysian, age 70, was appointed as Director on 10 July 2006 and Chairman on 17 July 2006. He chairs the Executive, Nomination and Remuneration Committees of the Board.

He is also the Chairman of MMC Corporation Berhad, Tradewinds (M) Berhad, Tradewinds Plantation Berhad, MARDEC Berhad and Aliran Ihsan Resources Berhad. He 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 (1980 –1996), the Executive Chairman of Malaysian Monetary Exchange (1996 – 1998) and the Executive Chairman of the Commodity and Monetary Exchange of Malaysia (1998 – 2000).

Dato' Wira Syed Abdul Jabbar 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. He has a direct share holding of 30,000 ordinary shares of RM1.00 each in BERNAS. He attended five out of the six Board Meetings held during the financial year.

#### **Encik Bakry Bin Hamzah**

Managing Director/Pengarah Urusan  
Non-Independent, Executive Director  
Pengarah Eksekutif Tidak Bebas

Encik Bakry Bin Hamzah, a Malaysian, age 52, joined the Board on 14 September 2005 and became Managing Director of the Company on 9 April 2007. He is a member of Executive and Tender Committees of the Board.

Encik Bakry holds a Bachelor of Arts (Hons) degree from University Malaya. He is also the Group Managing Director of Tradewinds (M) Berhad and sits on the Board of Tradewinds Plantation Berhad. He had held prominent positions in various companies including 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 attended all of the six Board Meetings held during the financial year.

Dato' Wira Syed Abdul Jabbar Bin Syed Hassan, warganegara Malaysia, 70 tahun, dilantik sebagai Pengarah pada 10 Julai 2006 dan kemudiannya dilantik sebagai Pengerusi pada 17 Julai 2006. Beliau mempengerusikan Jawatankuasa Eksekutif, Penamaan dan Imbuan Lembaga Pengarah.

Dato' Wira Syed Abdul Jabbar juga adalah Pengerusi MMC Corporation Berhad, Tradewinds (M) Berhad, Tradewinds Plantation Berhad, MARDEC Berhad dan Aliran Ihsan Resources Berhad. Beliau juga adalah 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.

Dato' Wira Syed Abdul Jabbar berkelulusan Ijazah Sarjana Muda Ekonomi dari University of Western Australia dan Sarjana Sains dalam Pemasaran dari University of Newcastle-Upon Tyne, United Kingdom. Beliau mempunyai pegangan saham secara langsung sebanyak 30,000 saham-saham biasa bernilai RM1.00 setiap satu. Beliau menghadiri lima daripada enam mesyuarat Lembaga Pengarah yang diadakan dalam tahun kewangan.

Encik Bakry Bin Hamzah, warganegara Malaysia, 52 tahun, dilantik sebagai Pengarah pada 14 September 2005. Beliau dilantik sebagai Pengarah Urusan pada 9 April 2007. Beliau adalah ahli Jawatankuasa Eksekutif dan Jawatankuasa Tender.

Encik Bakry berkelulusan Ijazah Sarjana Muda Sastera (Kepujian) dari Universiti Malaya. Beliau juga adalah Pengarah Urusan Kumpulan Tradewinds (M) Berhad dan ahli Lembaga Pengarah Tradewinds Plantation Berhad. Beliau pernah memegang pelbagai jawatan utama di beberapa syarikat, antaranya 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 tidak mempunyai sebarang pegangan saham dalam BERNAS atau mana-mana syarikat subsidiarinya. Beliau menghadiri kesemua enam mesyuarat Lembaga Pengarah yang diadakan dalam tahun kewangan.

**Dato' Mohd Mokhtar Bin Ismail**

Non-Independent, Non-Executive Director  
Pengarah Tidak Bebas, Bukan Eksekutif

Dato' Mohd Mokhtar, a Malaysian, 57, was appointed to the Board on 16 December 2008. He is the Secretary General of the Ministry of Agriculture and Agro-based Industry. He 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 including the 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 attended all of the six Board Meetings held during the financial year.

Dato' Mohd Mokhtar, warganegara Malaysia, 57 tahun, dilantik sebagai Pengarah pada 16 Disember 2008. Beliau kini bertugas sebagai Ketua Setiausaha, Kementerian Pertanian dan Industri Asas Tani. Beliau berkelulusan 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 pernah berkhidmat di pelbagai Jabatan Kerajaan termasuk Unit Perancang Ekonomi, Jabatan Perdana Menteri, Kementerian Modal Insan dan Kementerian Pembangunan Keusahawanan. Dato' Mohd Mokhtar tidak mempunyai sebarang pegangan saham dalam BERNAS atau mana-mana syarikat subsidiarinya. Beliau menghadiri kesemua enam mesyuarat Lembaga Pengarah yang diadakan dalam tahun kewangan.

**Dato' Dr Baharom Bin Jani**

Alternate Director  
Pengarah Ganti

Dato' Dr Baharom, a Malaysian, 54, was appointed Alternate Director to Dato' Mohd Mokhtar bin Ismail on 16 December 2008. He is the Deputy Secretary General (Development) of the Ministry of Agriculture and Agro-based Industry. Dato' Dr Baharom 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 holds a Diploma in Public Management from National Institute of Public Administration (INTAN), and enrolled in an Executive Education Program: Leadership Best Practices in Harvard Business School, Boston, USA. He served in various government agencies such as the Economic Planning Unit, Prime Minister's Department, Ministry of Energy, Water and Communications and as a Deputy State Secretary 1 (Development) Negeri Sembilan.

Dato' Dr Baharom, warganegara Malaysia, 54 tahun, mula dilantik sebagai Pengarah Ganti kepada Dato' Mohd Mokhtar bin Ismail pada 16 Disember 2008. Beliau kini bertugas sebagai Timbalan Setiausaha (Pembangunan), Kementerian Pertanian dan Industri Asas Tani. Dato' Dr Baharom memiliki Ijazah Sarjana Muda Ekonomi (Kepujian) dari Universiti Malaya, Ijazah Sarjana dalam Ekonomi dari Universiti Shiga, Jepun, dan Ijazah Kedoktoran Ekonomi dari Universiti Nagoya, Jepun. Beliau memiliki Diploma Pengurusan Awam dari Institut Tadbir Awam Negara (INTAN) dan telah mengikuti Program Pembelajaran Eksekutif: 'Leadership Best Practices' di Harvard Business School, Boston, USA. Beliau pernah berkhidmat di pelbagai Jabatan Kerajaan termasuk Unit Perancang Ekonomi, Jabatan Perdana Menteri, Kementerian Tenaga, Air dan Komunikasi dan juga sebagai Timbalan Setiausaha Negeri 1 (Pembangunan) Negeri Sembilan.

## Board of Directors

### Lembaga Pengarah

#### Encik Azman Bin Umar

Non-Independent, Non-Executive Director  
Pengarah Tidak Bebas, Bukan Eksekutif

Encik Azman Bin Umar, a Malaysian, 55, joined the Board on 20 June 2006. He is the General Manager of Langkawi Development Authority. Encik Azman holds a Bachelor of Economics (Hons) degree in Accounting from Universiti Kebangsaan Malaysia and Diploma in Management Science 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 had 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 attended all of the six Board Meetings held during the financial year.

Encik Azman Bin Umar, warganegara Malaysia, 55 tahun, dilantik sebagai Pengarah pada 20 Jun 2006. Beliau kini bertugas sebagai Pengurus Besar, Lembaga Pembangunan Langkawi. Encik Azman 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 pernah berkhidmat di pelbagai Jabatan Kerajaan seperti Bahagian Pelaburan, MKD dan Penswastaan, Kementerian Kewangan, Unit Perancang Ekonomi, Jabatan Perdana Menteri, Kementerian Industri Tanaman dan Komoditi dan Kementerian Pertanian dan Industri Asas Tani. Encik Azman tidak mempunyai sebarang pegangan saham dalam BERNAS atau mana-mana syarikat subsidiarinya. Beliau menghadiri kesemua enam mesyuarat Lembaga Pengarah yang diadakan dalam tahun kewangan.

#### Tuan Haji Osman Bin Makmor

Alternate Director  
Pengarah Ganti

Tuan Haji Osman Bin Makmor, a Malaysian, 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 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.

Tuan Haji Osman Bin Makmor, warganegara Malaysia, 55 tahun, dilantik sebagai Pengarah Ganti 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 Suli kepada YAB Menteri Besar Selangor sebelum berkhidmat di Perbendaharaan Malaysia sehingga sekarang.

#### Datuk Azizan Bin Ayob

Non-Independent, Non-Executive Director  
Pengarah Tidak Bebas, Bukan Eksekutif

Datuk Azizan Bin Ayob, a Malaysian, 63, joined the Board 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 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 the Executive Director/CEO of Commerce Dot.Com Sdn Bhd. A former public servant, his last position in public service was as the Director General of the National Registration Department of Malaysia. Datuk Azizan has no securities holdings in BERNAS or its subsidiaries. He attended all of the six Board Meetings held during the financial year.

Datuk Azizan Bin Ayob, warganegara Malaysia, 63 tahun, dilantik sebagai Pengarah pada 30 September 2003. Beliau adalah Pengerusi Jawatankuasa Tender dan ahli Jawatankuasa Audit, Jawatankuasa Eksekutif, Jawatankuasa Penamaan dan Jawatankuasa Imbuhan. Datuk Azizan berkelulusan Ijazah Sarjana Muda Sastera (Kepujian) dalam Ekonomi dari Universiti Malaya dan Ijazah Sarjana Pentadbiran Awam dari University of Southern California, USA. Beliau merupakan Pengarah Eksekutif/Ketua Pegawai Eksekutif Commerce Dot.Com Sdn Bhd. Beliau pernah berkhidmat di pelbagai Jabatan Kerajaan dan jawatan terakhir beliau dalam perkhidmatan awam adalah sebagai Ketua Pengarah, Jabatan Pendaftaran Negara Malaysia. Datuk Azizan tidak mempunyai sebarang pegangan saham dalam BERNAS atau mana-mana syarikat subsidiarinya. Beliau menghadiri kesemua enam mesyuarat Lembaga Pengarah yang diadakan dalam tahun kewangan.

### **Tuan Syed Abu Bakar Bin S Mohsin Almohdzar**

Independent, Non-Executive Director  
Pengarah Bebas, Bukan Eksekutif

Tuan Syed Abu Bakar, a Malaysian, 58, joined the Board on 22 November 2005. He is the Chairman of Audit Committee and a member of Tender and Nomination Committees of the Board. Tuan Syed Abu Bakar is a member of the Chartered Certified Accountant (FCCA, UK) and Malaysian Institute of Accountants (MIA). He was the Managing Director of Tradewinds (M) Berhad from 1996 to 2004. Tuan Syed Abu Bakar has no securities holdings in BERNAS or its subsidiaries. He attended all of the six Board Meetings held during the financial year.

Tuan Syed Abu Bakar, warganegara Malaysia, 58 tahun, dilantik sebagai Pengarah pada 22 November 2005. Beliau adalah Pengerusi Jawatankuasa Audit, ahli Jawatankuasa Tender serta ahli Jawatankuasa Penamaan. Tuan Syed Abu Bakar adalah ahli Chartered Certified Accountant (FCCA, UK) dan Malaysian Institute of Accountants (MIA). Beliau ialah bekas Pengarah Urusan 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 menghadiri kesemua enam mesyuarat Lembaga Pengarah yang diadakan dalam tahun kewangan.

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

Independent, Non-Executive Director  
Pengarah Bebas, Bukan Eksekutif

YB Dato' Abdul Rahman, a Malaysian, 44, joined the Board on 15 October 2002. He is a member of Audit and Remuneration Committees of the Board. Currently, he is the Member Parliament of Kota Belud, Sabah and the Managing Director of H.R.P.M Consulting (M) Sdn Bhd. YB Dato' Abdul Rahman holds a Bachelor degree in Economics and Management from Sonoma State University, California State University System, Rohnert Park, California, USA. YB Dato' Abdul Rahman has no securities holdings in BERNAS or its subsidiaries. He attended four out of six Board Meetings held during the financial year.

YB Dato' Abdul Rahman, warganegara Malaysia, 44 tahun, dilantik sebagai Pengarah pada 15 Oktober 2002. Beliau adalah ahli Jawatankuasa Audit dan Jawatankuasa Imbuan. Beliau kini adalah Ahli Parlimen Kota Belud, Sabah dan merupakan Pengarah Urusan H.R.P.M Consulting (M) Sdn Bhd. YB Dato' Abdul Rahman berkelulusan ijazah Sarjana Muda Ekonomi dan Pengurusan dari Sonoma State University, California State University System, Rohnert Park, California, USA. Beliau tidak mempunyai sebarang pegangan saham dalam BERNAS atau mana-mana syarikat subsidiarinya. Beliau menghadiri empat daripada enam mesyuarat Lembaga Pengarah yang diadakan dalam tahun kewangan.

### **Encik Chuah Seong Tat @ Chuah Chee Tat**

Non-Independent, Non-Executive Director  
Pengarah Tidak Bebas, Bukan Eksekutif

Encik Chuah Seong Tat, a Malaysian, 59, joined the Board on 11 February 2010. He holds a Bachelor degree in Applied Science (Hons) from Universiti Sains Malaysia and a Masters of Business Administration, Australian Graduate School of Management, University of New South Wales. He is currently a Director of Tradewinds (M) Berhad and Tradewinds Plantation Berhad. He had also held prominent positions in various companies such as, the Director in Bukhary Sdn Bhd and KHSB Marketing Sdn Bhd, an Executive Director in Botly Securities Sdn Bhd, Chief Dealer in UMBS Securities Sdn Bhd, Senior General Manager in Alor Setar Securities Sdn Bhd, Corporate Finance Officer in Asian International Merchant Bankers Berhad and as an engineer in Intel Technology Sdn Bhd and NS Electronics Malacca Sdn Bhd. Encik Chuah Seong Tat has no securities holdings in BERNAS or its subsidiaries.

Encik Chuah Seong Tat, warganegara Malaysia, 59 tahun, telah dilantik sebagai Pengarah pada 11 Februari 2010. Beliau berkelulusan Ijazah Sarjana Muda Sains Gunaan (Kepujian) dari Universiti Sains Malaysia dan Ijazah Sarjana Pentadbiran Perniagaan, Australian Graduate School of Management, University of New South Wales. Beliau adalah Pengarah di Tradewinds (M) Berhad dan Tradewinds Plantation Berhad. Beliau pernah memegang pelbagai jawatan utama di beberapa syarikat, termasuk sebagai Pengarah di Bukhary Sdn Bhd dan KHSB Marketing Sdn Bhd, Pengarah Eksekutif, Botly Securities Sdn Bhd, "Chief Dealer", UMBS Securities Sdn Bhd, Pengurus Besar Kanan, Alor Setar Securities Sdn Bhd, Pegawai Kewangan Korporat, Asian International Merchant Bankers Berhad dan sebagai jurutera di Intel Technology Sdn Bhd dan NS Electronics Malacca Sdn Bhd. Encik Chuah Seong Tat tidak mempunyai sebarang pegangan saham dalam BERNAS atau mana-mana syarikat subsidiarinya.

Save as disclosed, none of the Directors has:-

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

Kecuali yang dinyatakan, semua Pengarah tidak mempunyai:-

- 1 Sebarang hubungan kekeluargaan dengan mana-mana pengarah atau pemegang saham utama Syarikat;
- 2 Sebarang konflik kepentingan dengan Syarikat; dan
- 3 Sebarang penyabitian kesalahan dalam tempoh sepuluh (10) tahun kecuali kesalahan trafik, sekiranya ada.

# Senior Management

Pengurusan Kanan



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



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



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



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



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



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



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



**Encik Mohamad Nazuir Bin Ahmad Toeë**  
Senior General Manager, Human Capital & Administration Division  
Pengurus Besar Kanan, Bahagian Modal Insan & Pentadbiran



**Encik Mohd Khusaini Bin Harumaini**  
General Manager, Compliance Division  
Pengurus Besar, Bahagian Pematuhan



**Encik Mohd Azmy Bin Abu Samah**  
General Manager, Finance Division  
Pengurus Besar, Bahagian Kewangan

## Senior Management

Pengurusan Kanan



**Puan Sabrina Binti Yon**

General Manager, Corporate Affairs Division  
Pengurus Besar, Bahagian Perhubungan Korporat



**Encik Shahri Abu Mansul @ Abu Mansor**

General Manager, Security Division  
Pengurus Besar, Bahagian Keselamatan



**Cik Nasliza Binti Mohd Nasir**

Company Secretary  
Setiausaha Syarikat



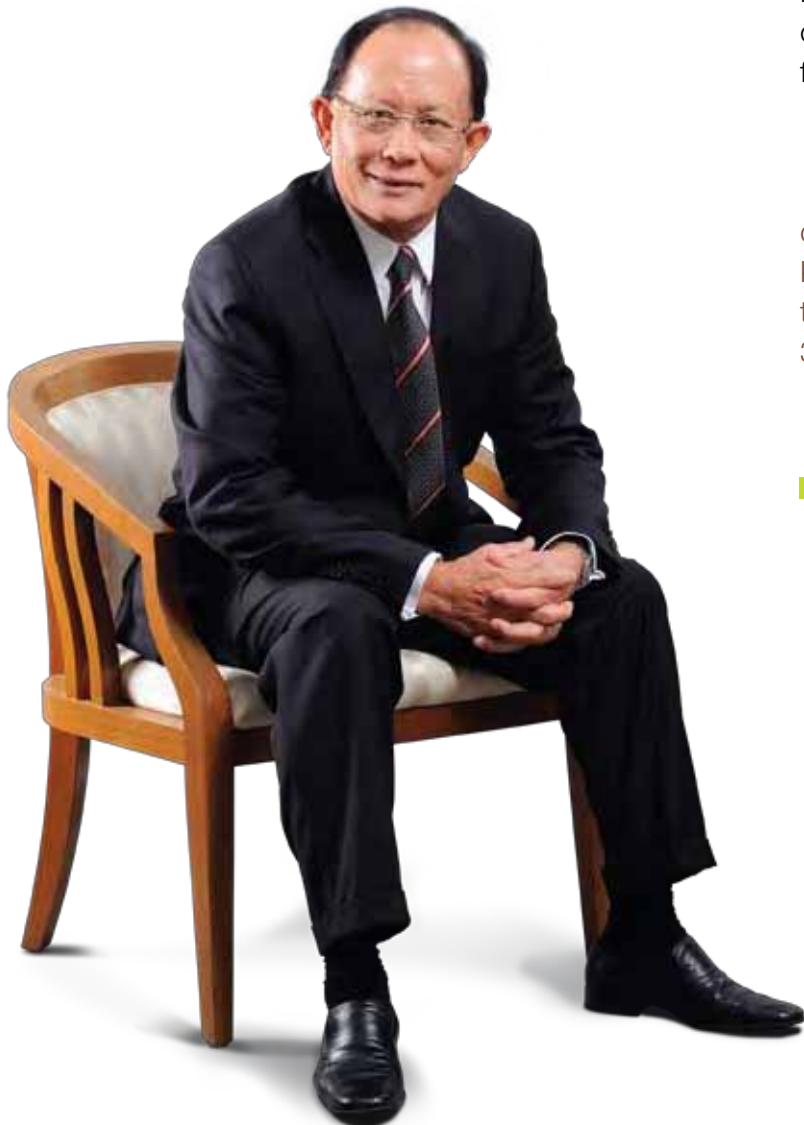
**Encik Mohamad Bahari Bin Aluan**

General Manager, Change Management, Human Capital &  
Administration Division  
Pengurus Besar, Pengurusan Perubahan, Bahagian Modal  
Insan & Pentadbiran



## Chairman's Letter to Shareholders

Perutusan Pengerusi kepada Pemegang Saham



*Assalamualaikum w.b.t*

On behalf of the Board of Directors of Padiberas Nasional Berhad, it is my pleasure to present to you the Annual Report and the Audited Financial Statements of the Company and the Group for the financial year ended 31 December 2009.

Bagi pihak Lembaga Pengarah Padiberas Nasional Berhad, dengan sukacitanya dibentangkan Laporan Tahunan dan Penyata Kewangan Syarikat dan Kumpulan yang telah diaudit bagi tahun kewangan berakhir 31 Disember 2009.

“

I am also pleased to report that profit, revenue and volume of rice sold recorded in 2009 were the highest since BERNAS' privatisation.”

### The Rice Crisis Revisited

As you may recollect, in my last two letters I have explained the rice crisis we experienced in the latter part of 2007 and the whole of 2008. The global food shortages and consequent sharp increases in food prices during this period were also felt in Malaysia. With regard to rice, the availability of adequate supply of rice at stable prices was of prime concern to both the Government and BERNAS.

At the outset, I must say that we have discharged our responsibilities well to the extent that at the height of the crisis, BERNAS practically had to forego its profit objective for national interest; in fact we posted a record loss in 2008. After the dust has settled, what is clear is this - we had done our job well. Firstly, even though the international prices of rice, especially the white variety, had shot up by 175% to 215%, prices in the domestic market only increased by 30% to 50%. Furthermore, as the local paddy prices increased in tandem with international rice prices, it became uneconomical for other commercial millers to produce the cheap Super Tempatan 15% ("ST15") grade rice. We took up the slack by producing this grade of rice and, even though the supply of this grade was insufficient to meet national demand, we worked with the Government to import rice to supplement the supply of ST15 to the nation. Finally and most importantly, at no point in time was there a shortage of rice in the country.

In this regard, I would like to put on record that without the Government's intervention and strong support during this critical period, the impact of the rice crisis would have been a lot worse. For that reason, I would like to extend our gratitude to the Government, not only for the confidence in BERNAS in discharging its responsibilities, but more importantly, for extending a much needed helping hand during the critical times.



By early 2009, the food price crisis was practically over. The international prices of rice settled to more reasonable and manageable levels, albeit still higher compared to pre-crisis level. Through prudent management and better reading of the market, we were able to steer the Group back to the pink of health. I am pleased to report that for the year under review, the Group recorded a profit after tax of RM179.5 million, compared with a net loss of RM57.5 million in the previous year. Revenue rose by 30.2%, from RM2.5 billion in 2008 to RM3.25 billion in 2009. Volume of rice sold increased by 22%, from 1.07 million metric tonnes (MT) of rice in 2008 to 1.31 million MT in 2009.

I am also pleased to report that profit, revenue and volume of rice sold recorded in 2009 were the highest since BERNAS' privatisation.

In light of the record performance achieved last year, it is my pleasure to announce the distribution of 24% dividend per every ordinary share. Of this, 12% has been paid in February 2010 as interim dividend while another 12% upon the approval by the shareholders during the incoming Annual General Meeting. This 24% dividend is the highest ever declared, which is appropriate to reward you the shareholders, given our record performance in 2009.

### Highlights

Notwithstanding the financial results, the main highlight of the year was the acquisition of BERNAS by Tradewinds (M) Berhad (TWM). By February 2010, TWM owned 72.3% of equity in BERNAS, having completed the acquisition of BERNAS shares from Wang Tak Co. Limited, Budaya Generasi (M) Sdn Bhd and from the mandatory general offer exercise to the other shareholders. The acquisition of BERNAS' equity from Wang Tak was a significant development because the substantial equity stake held by a foreign company was brought home, thereby putting to rest public concerns that a company with national interest such as BERNAS was substantially foreign-owned.

# Chairman's Letter to Shareholders

Perutusan Pengerusi kepada Pemegang Saham

More importantly, this development will enable both BERNAS and TWM to synergize their future operations by sharing distribution networks, expertise, infrastructure and resources. For example, when BERNAS opened its community Save More outlets in 2009, the chain of outlets not only made available BERNAS' brands directly to consumers, but also provided an outlet for a whole range of TWM and the Group's products, including price-controlled staple foods like sugar, flour and bread, to be channelled directly to consumers. Working under the same roof, BERNAS and the TWM Group can be expected to play a dynamic and effective role in ensuring sufficient supply of these basic consumer products at controlled prices in the market.

In the local rice production sector, we have expanded our *Program Rakan Ladang (PRL)* to assist the farming community towards improving yield and quality of the paddy produced, thereby increasing their income and indirectly contributing towards the Government's aspiration of achieving a higher Self Sufficiency Level (SSL) in the national rice production. PRL will not only benefit farmers or the nation, but this programme will also strengthen our paddy supply base, both quantity and quality, in line with our milling expansion programme. In this connection, our *Skim Upah Mengering dan Kisar (SUMK)* for Bumiputra millers, which is part and parcel of our development programme, will also stand to benefit from our PRL initiative.

The year 2009 also saw our greater involvement in Sabah and Sarawak. Besides being the main supplier of the Government Subsidised Rice (GSR) in these two states, BERNAS has increased its stockpile in East Malaysia from 20,000 MT to 108,000 MT to comply with the Government's new stockpile requirements. Our direct involvement in paddy production through PRL in these two states, especially in Sabah, which was initiated in 2006, has shown good results. At the end of 2009, close to 3,000 farmers were already in our PRL, covering an area about 7,000 acres, as compared to only 979 farmers covering 4,200 acres in 2008.

Last but not least, I am pleased to report that some of our initiatives in enhancing our work culture have produced good results. These include institutionalising continuous improvement culture through the establishment of small group activities in all of our rice mills, streamlining of logistic operations especially to cater for new stockpile level and requirements, and computerisation of management performance systems. We will continue to invest in such initiatives to ensure that we will be more effective, efficient and productive to meet the challenges ahead.



Looking back, it would not be superfluous to say that we have been doing commendably well since BERNAS was privatised in 1996, including for the last few years. We managed to fulfil our mandated duties and obligations to the nation well both before and during the crisis, made a respectable profit as the crisis ended, and progressed reasonably well with our various social, commercial and improvement programs. To top it all, we continue to be a socially responsible corporate citizen. In this respect, I am pleased to announce that last year we spent close to RM25 million for Corporate Social Responsibility (CSR) programmes. These include: sending loyal farmers for Umrah, rice donation to various orphanages, charity to surau and mosques, sponsorship of various social and recreational activities, donation to victims of natural disasters, donation to various NGOs, National Heart Institute and educational institutions.

## Outlook

I believe the worst is over, and we are not likely to see a similar rice crisis as that in 2007/2008 anytime soon. The last time a comparable rice crisis happened, was more than three decades ago, namely in 1972-1973. That said, it does not mean that all will be smooth sailing. In fact, we expect the current year to be more challenging than 2009. World rice production dropped in the latter part of 2009, following widespread droughts, and this is cause for concern to rice importing countries. Additionally, the Ketsana and Parma typhoons in the Philippines devastated the rice granary in Central Luzon and forced the country to secure its 2010 rice needs early. India too has largely been out of the export market since 2008/2009 season, with the likelihood of it entering the import market. All these indications suggest prices for international rice in 2010 will be firmer as compared to 2009. In spite of all these, we do not foresee prices reaching the highs recorded in 2008.

While it may be difficult to repeat the record profit of 2009, the future does look promising for BERNAS. With the global and national economies recovering from recession, the paddy and rice industry too will likely return to normal.

As rice is a staple food, the overall demand is not greatly affected by economic conditions, but the grades and varieties of rice demanded, however, may shift accordingly. Before the rice crisis, it was estimated that the demand for the lower quality grade, namely ST15, was only between 5% to 10% of national consumption. As a result of the rice crisis, the demand for this grade of rice shot up to an estimated 40% of total demand. With the better economic outlook, it is expected that the demand for higher quality rice, such as Thai Super Special, fragrant and basmati, will start to pick up again. This will enable us to recapture the market share for our group brands which was negatively affected by the GSR Scheme.

#### **Appreciation**

I would like to take this opportunity to express my appreciation to the Government and the various government agencies for their confidence in us discharging our responsibilities and their unrelenting support to us all these years, particularly during the difficult times of managing the rice crisis.

I wish to also thank our shareholders and other stakeholders in the industry, namely, the farmers, consumers, business partners, industry players, interested parties and pressure groups, who have been very supportive of us in both good and trying times. My gratitude also goes to the management and all employees for their commitment, dedication and hard work in making BERNAS a better company.

On behalf of the Board, I am pleased to welcome Encik Chuah Seong Tat @ Chuah Chee Tat who joined the Board in February this year. Last but not the least, I wish to express my sincere appreciation to all my colleagues in the board for their support and wise counsel all these years.

Thank you once again and we look forward to a better 2010 for everyone.

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



## Chairman's Letter to Shareholders

Perutusan Pengerusi kepada Pemegang Saham



Saya juga amat berbangga untuk melaporkan bahawa keuntungan, perolehan dan jumlah jualan beras yang direkodkan dalam tahun 2009 adalah yang tertinggi semenjak penswastaan BERNAS.



### Mengimbu Semula Krisis Beras

Mengimbas kembali ingatan tuan-tuan dan puan-puan, dalam dua perutusan saya yang terdahulu, saya telah menjelaskan mengenai krisis beras yang telah melanda pada penghujung tahun 2007 dan keseluruhan tahun 2008. Bahang kemelut kekurangan makanan dunia dan kenaikan mendadak harga-harga makanan sepanjang tempoh tersebut turut dirasai di Malaysia. Mewujudkan bekalan beras yang mencukupi serta pada harga yang berpatutan telah menjadi agenda utama pihak Kerajaan dan juga BERNAS.

Setelah melalui kemelut tersebut, saya dengan bangganya boleh menyatakan di sini bahawa kami telah berjaya menjalankan tanggungjawab kami dengan baik sehinggakan pada kemuncak krisis tersebut, BERNAS terpaksa melupakan objektif keuntungannya demi kepentingan negara; malahan BERNAS telah mencatatkan rekod kerugian pada tahun 2008. Selepas kemelut ini berjaya diatasi, apa yang pasti adalah – tanggungjawab kami telah dijalankan dengan baik. Pertama, walaupun harga beras antarabangsa, terutamanya beras putih, naik mendadak daripada 175% kepada 215%, harga beras di pasaran domestik hanya meningkat sekitar 30% hingga 50% sahaja. Ini ditambah oleh peningkatan harga padi tempatan selaras dengan harga antarabangsa, sehingga ia tidak lagi wajar dari segi ekonomi untuk pengilang-pengilang swasta menghasilkan gred beras termurah iaitu Super Tempatan 15% (ST15). BERNAS tampil memikul beban tersebut dengan terus mengeluarkan beras gred ini walaupun pada hakikatnya bekalan gred ini tidak mencukupi untuk menampung permintaan mendadak negara. Kami telah bekerjasama dengan pihak Kerajaan untuk mengimport beras tambahan bagi mencukupkan permintaan gred ST15 kepada orang ramai. Ingin ditegaskan di sini bahawa sepanjang waktu tersebut masalah kekurangan beras tidak pernah dialami oleh negara.

Sehubungan dengan itu, ingin saya rekodkan di sini bahawa tanpa campurtangan dan sokongan padu dari Kerajaan sepanjang tempoh krisis tersebut, mungkin impak kemelut yang dirasakan akan bertambah buruk. Justeru, saya ingin menyampaikan ucapan setinggi-tinggi terima kasih kepada pihak Kerajaan, bukan sahaja kerana keyakinan mereka terhadap BERNAS untuk menjalankan tanggungjawabnya, bahkan juga kerana telah menghulurkan bantuan yang amat diperlukan di saat-saat yang kritikal.

Menjelang tahun 2009, krisis harga makanan secara umumnya telah berakhir. Harga beras antarabangsa berada pada tahap yang lebih stabil, berpatutan dan boleh diurus, walaupun masih lagi agak tinggi berbanding tahap sebelum krisis. Melalui pengurusan yang lebih cekap dan bacaan keadaan pasaran yang bijak, kami telah berupaya untuk mengawal haluan Kumpulan ke arah pemulihan. Sehubungan dengan itu, dengan sukacitanya ingin saya laporkan di sini bahawa pada tahun kewangan yang ditinjau Kumpulan telah merekodkan keuntungan selepas cukai sebanyak RM179.5 juta, berbanding kerugian bersih sebanyak RM57.5 juta pada tahun sebelumnya. Perolehan bertambah sebanyak 30.2%, daripada RM2.5 bilion yang dicatatkan pada tahun 2008 kepada RM3.25 bilion dalam tahun 2009. Jumlah jualan beras pula bertambah sebanyak 22%, iaitu daripada 1.07 juta tan metrik kepada 1.31 juta tan metrik untuk tahun 2009.

Saya juga amat berbangga untuk melaporkan bahawa keuntungan, perolehan dan jumlah jualan beras yang direkodkan dalam tahun 2009 adalah yang tertinggi semenjak penswastaan BERNAS.

Selaras dengan kecemerlangan rekod pencapaian tersebut, dengan sukacitanya saya mengumumkan pengagihan dividen sebanyak 24% setiap satu saham biasa. 12% daripada jumlah tersebut telahpun dibayar dalam bulan Februari 2010 sebagai dividen interim, manakala selebihnya akan dibayar setelah mendapat kelulusan para pemegang saham pada Mesyuarat Agung Tahunan yang akan datang. Dividen sebanyak 24% ini merupakan yang paling tinggi pernah diumumkan, yang pada hemat saya amat wajar diberikan, bersandarkan rekod pencapaian kewangan tahun 2009.



Apa yang lebih penting, perkembangan ini akan membolehkan kedua-dua syarikat iaitu BERNAS dan TWM mencapai sinergi untuk masa depan operasi mereka melalui perkongsian rangkaian pengedaran, kepakaran, infrastruktur dan sumber.



#### Peristiwa-peristiwa Penting

Selain daripada pencapaian kewangan yang cemerlang, satu lagi peristiwa penting yang berlaku pada tahun yang ditinjau ialah pembelian saham-saham BERNAS oleh Tradewinds (M) Berhad (TWM). Pada bulan Februari 2010, TWM telah memiliki 72.3% ekuiti dalam BERNAS, dengan penyempurnaan pembelian saham-saham BERNAS dari Wang Tak Co Limited, Budaya Generasi (M) Sdn Bhd dan tawaran umum mandatori kepada semua pemegang-pemegang saham yang lain. Pembelian saham-saham BERNAS dari Wang Tak Co Limited merupakan satu perkembangan yang amat bermakna, kerana sebahagian besar ekuiti penting pegangan syarikat asing telah kembali kepada pegangan tempatan, sekaligus meredakan kebimbangan orang ramai mengenai pegangan syarikat asing ke atas sebuah syarikat berkepentingan nasional seperti BERNAS.

Apa yang lebih penting, perkembangan ini akan membolehkan kedua-dua syarikat iaitu BERNAS dan TWM mencapai sinergi untuk masa depan operasi mereka melalui perkongsian rangkaian pengedaran, kepakaran, infrastruktur dan sumber. Sebagai contoh, apabila BERNAS membuka kedai komuniti Save more dalam tahun 2009, rangkaian kedai-kedai ini bukan sahaja membolehkan jenama BERNAS dijual terus kepada pengguna, malah turut menyediakan kemudahan untuk semua rangkaian produk TWM dan Kumpulan, termasuklah barangan harga kawalan seperti gula, tepung dan roti, dibekalkan terus kepada pengguna. Di bawah payung yang sama, BERNAS dan Kumpulan TWM dijangka dapat memainkan peranan yang dinamik dan efektif dalam memastikan bekalan barangan asas kepada pengguna mencukupi pada harga yang terkawal di pasaran.

Dalam sektor pengeluaran beras tempatan, kami telah mengembangkan lagi Program Rakan Ladang (PRL) untuk membantu komuniti petani ke arah meningkatkan hasil tuaian dan kualiti padi yang membawa kepada peningkatan pendapatan mereka yang secara tidak langsung menyumbang kepada aspirasi Kerajaan untuk mencapai Tahap Sara Diri yang lebih tinggi dalam pengeluaran beras negara. PRL bukan sahaja memanfaatkan para petani serta negara secara keseluruhan, bahkan program ini akan turut mengukuhkan bekalan padi dari segi jumlah dan kualiti, selaras dengan matlamat program peningkatan pengilangan kami. Skim Upah Meringing dan Kisar (SUMK) yang baru diperkenalkan pula akan memberikan manfaat tambahan kepada PRL sedia ada.

Tahun 2009 juga menyaksikan penglibatan BERNAS yang lebih besar di Sabah dan Sarawak. Di samping menjadi pembekal utama Beras Subsidi Kerajaan (GSR) di kedua-dua negeri ini, BERNAS turut menambah stokpail di Malaysia Timur daripada 20,000 tan metrik kepada 108,000 tan metrik bagi memenuhi keperluan stokpail Kerajaan yang baru. Penglibatan secara langsung dalam pengeluaran padi melalui PRL di kedua-dua buah negeri ini terutamanya di Sabah, telah dimulakan seawal tahun 2006 dan telahpun menunjukkan hasil yang amat menggalakkan. Pada penghujung tahun 2009, lebih kurang 3,000 orang petani telah menjadi peserta PRL, meliputi kawasan sekitar 7,000 ekar, berbanding hanya 979 orang petani meliputi kawasan seluas 4,200 ekar dalam tahun 2008.

## Chairman's Letter to Shareholders

Perutusan Pengerusi kepada Pemegang Saham

Tidak ketinggalan, saya juga gembira untuk melaporkan bahawa sebahagian daripada inisiatif kami untuk menambahbaik persekitaran kerja telah menampakkan hasil yang diidamkan. Ini termasuklah memperkenalkan budaya pembaharuan secara berterusan melalui pembentukan aktiviti kumpulan-kumpulan kecil di semua kilang-kilang beras kami, mempermudah operasi-operasi logistik terutama dalam menyediakan tahap dan keperluan stokpail yang baru, dan sistem pengurusan prestasi melalui komputer. Kami akan terus mempelopori inisiatif-inisiatif seumpamanya untuk memastikan kami terus lebih efektif, efisien dan produktif dalam menghadapi cabaran-cabaran masa hadapan.

Mengimbas kembali, adalah tidak keterlaluan untuk kami katakan bahawa kami telah melakukan yang terbaik semenjak BERNAS diswastakan dalam tahun 1996 sehinggalah kini. Kami berjaya memenuhi segala tugas dan tanggungjawab yang telah dimandatkan kepada kami sebaik mungkin sebelum dan semasa krisis, mencapai keuntungan yang membanggakan selepas berakhirnya krisis, dan bergerak maju dengan jayanya dalam pelbagai program pembaharuan sosial dan komersil. Kami juga meneruskan usaha untuk menjadi sebuah syarikat korporat yang mendukung tanggungjawab sosial. Menyentuh perkara ini, saya dengan sukacitanya ingin memaklumkan bahawa BERNAS telah membelanjakan hampir RM25 juta pada tahun yang ditinjau untuk melaksanakan program-program Tanggungjawab Sosial Korporat (CSR). Ini merangkumi program menghantar petani setia menunaikan Umrah, sumbangan beras kepada rumah-rumah anak-anak yatim dan kebajikan, juga surau-surau dan masjid-masjid, di samping turut menyumbang kepada pelbagai aktiviti sosial dan rekreasi, derma kepada mangsa-mangsa bencana alam, derma kepada pelbagai pertubuhan bukan kerajaan, Institut Jantung Negara, dan institusi-institusi pengajian.

### Tinjauan Masa Hadapan


Saya percaya waktu sukar yang telah dialami sudah pun berlalu, dan kita tidak mungkin akan menyaksikan kemelut krisis beras seperti yang dihadapi dalam tahun 2007/2008 untuk berulang dalam masa yang terdekat ini. Kali terakhir krisis beras yang hampir sama berlaku adalah lebih dari tiga dekad yang lalu, iaitu pada tahun 1972/1973. Walau bagaimanapun, ini tidaklah bermakna semuanya akan berjalan lancar tanpa sebarang masalah. Malahan, kami menjangkakan tahun ini akan lebih mencabar berbanding tahun 2009. Pengeluaran beras dunia jatuh lebih rendah pada penghujung tahun 2009, diikuti oleh kemarau



di merata-rata tempat yang membimbangkan negara-negara pengimport beras. Tambahan pula, taufan Ketsana dan Parma di Filipina telah memusnahkan jelapang padi di Luzon Tengah dan memaksa negara tersebut untuk mendapatkan keperluan beras tahun 2010 secara lebih awal. India juga didapati tidak lagi memasuki pasaran export semenjak musim 2008/2009, malahan lebih cenderung untuk memasuki pasaran import. Semua petanda ini membayangkan harga beras antarabangsa dalam tahun 2010 akan menjadi lebih kukuh berbanding tahun 2009. Walau bagaimanapun, kami tidak menjangkakan kenaikan harga setinggi yang direkodkan pada tahun 2008.

Masa depan BERNAS boleh dikatakan kekal cerah dan memberangsangkan, walaupun sukar untuk kami mengulangi rekod keuntungan tinggi yang diperolehi dalam tahun 2009. Selaras dengan suasana ekonomi negara dan global yang kini semakin pulih daripada kemelesetan, industri padi dan beras juga akan turut sama kembali kepada keadaan normal.

Memandangkan nasi adalah makanan ruji, permintaan keseluruhan untuknya tidak dipengaruhi oleh keadaan ekonomi, namun permintaan untuk gred dan jenis sesuatu beras mungkin berubah mengikut keadaan. Sebelum krisis beras melanda, permintaan untuk gred berkualiti rendah seperti ST15, hanyalah di sekitar 5% ke 10% daripada jumlah permintaan seluruh negara. Akibat daripada krisis, permintaan untuk gred ini meningkat secara mendadak sehingga mencapai sekitar 40% permintaan keseluruhan. Dengan keadaan ekonomi yang bertambah baik, adalah dijangkakan bahawa permintaan beras berkualiti tinggi seperti Super Spesial Thai, beras wangi dan basmati, akan mula meningkat semula. Ini membolehkan BERNAS mendapatkan semula bahagian-bahagian pasaran untuk jenama-jenama Kumpulan yang telah menerima kesan negatif sebelum ini.



Menyentuh perkara ini, saya dengan sukacitanya ingin memaklumkan bahawa BERNAS telah membelanjakan hampir RM25 juta pada tahun yang ditinjau untuk melaksanakan program-program Tanggungjawab Sosial Korporat (CSR).

### **Penghargaan**

Saya ingin mengambil kesempatan ini untuk menyampaikan ucapan setinggi-tinggi penghargaan kepada Kerajaan dan pelbagai agensi kerajaan di atas keyakinan mereka terhadap kami dalam menjalankan tanggungjawab, serta sokongan mereka yang tidak berbelah bagi selama ini, terutamanya di waktu menghadapi krisis.

Saya juga ingin berterima kasih kepada para pemegang saham dan para pemegang amanah industri yang lain, terutamanya para petani, pengguna, rakan kongsi perniagaan, pemain-pemain industri, dan semua pihak yang terlibat, yang selama ini telah menyokong kami dengan setia di waktu-waktu susah dan senang. Saya juga turut berterima kasih kepada pihak pengurusan dan semua kakitangan di atas komitmen, dedikasi dan kerja keras mereka dalam memajukan BERNAS sebagai sebuah syarikat yang lebih baik.

Bagi pihak Lembaga Pengarah, saya dengan sukacitanya ingin mengalu-alukan Encik Chuah Seong Tat @ Chuah Chee Tat, yang telah dilantik sebagai Ahli Lembaga Pengarah pada bulan Februari tahun ini. Akhir sekali, saya ingin menyampaikan penghargaan ikhlas saya kepada semua rakan-rakan Ahli Lembaga Pengarah di atas segala sokongan dan nasihat mereka selama ini.

Terima kasih sekali lagi kami ucapkan, dan sama-samalah kita mengalu-alukan tahun 2010 yang lebih sejahtera untuk semua.

### **Dato' Wira Syed Abdul Jabbar Bin Syed Hassan**

Pengerusi

# Managing Director's Review of Operations

Tinjauan Operasi Pengarah Urusan

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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.

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Net profit of  
**RM 179.5 million**  
 against a net loss of  
**RM 57.5 million**  
 in 2008

### Overview

The year 2009 was characterised by the return to normalcy of international rice trade and prices to a more sustainable level following the severity of the rice crisis experienced in 2008 that was caused by a combination of factors. BERNAS began the year on a cautious note on the heels of an impending global economic slowdown and domestic market uncertainties, but conditions somewhat improved by the middle of the year and stabilised by the fourth quarter. For the year under review, I am pleased to announce that BERNAS registered a record revenue of RM3.25 billion and net profit of RM179.5 million respectively achieved against the back of one of the most difficult years in corporate Malaysia.

### World Rice Scenario 2009

World market sentiments were cautious in the year 2009 following the rice crisis in 2008. However, during the first half of the year, there was no perceived shortage in production unlike in 2008. Global stocks improved in 2009 following a successful 2008 planting campaign in Asia with Thailand and Vietnam continuing the trend as the two leading exporters of rice. Total global paddy production for 2009 at 678 million metric tonnes (MT) was 2% below 2008 levels based on figures provided by the Food and Agriculture Organisation (FAO). Total rice traded internationally remained low at 3%-5% of total worldwide production. The international price for Thai White Rice 100%B was relatively stable ranging between USD535 per MT and USD637 per MT in 2009 and closed at USD618 per MT in December 2009.

### 2009 Financial Performance

BERNAS achieved a strong performance for the financial year 2009. The Group posted a pre-tax profit of RM238.3 million as compared with a pre-tax loss of RM94.3 million in 2008. The Group's net profit stood at RM179.5 million against a net loss of RM57.5 million in the previous financial year. For the record, the Group's revenue is the highest ever-recorded post-privatisation.

With regards to cash surpluses, innovative profit-making initiatives coupled with sound credit management ensured a steady inflow of operating cash for BERNAS to manage its entire ambit of operations and repayment of existing utilised facilities. Net finance cost at Group level increased to RM24.1 million in 2009 as compared to RM23.1 million in 2008, mainly in scalar terms to its increased size of operations and repayment of existing utilised facilities.

The record profit in 2009 is attributable to several factors: Relative stability of the local and international markets enabled BERNAS to focus on buying strategies without many distractions; implementation of effective pricing and market stabilisation strategies and respectable dividend yields from investments in subsidiaries and associate companies which totalled RM55.2 million in 2009. Profit recorded in 2009 also includes a claim of RM30 million from the Government Subsidised Rice Programme (GSR) of 2008 remitted to BERNAS in 2009.

### Effective Pricing Strategy

As BERNAS is not at liberty to increase its prices despite domestic price fluctuations, implementation of effective pricing strategies is crucial in ensuring marketability and profitability. By managing demand and supply well, BERNAS rendered rice smuggling a non-lucrative activity and subsequently was able to achieve higher sales throughout the year as the market realised that BERNAS' prices was much more attractive. For 2010, BERNAS will continue to implement these pricing strategies and remain vigilant in combating such illegal activities detrimental to the economy and well being of the industry. BERNAS would also like to commend the relevant Government agencies for their strict monitoring and enforcement efforts in tackling this menace.

# Managing Director's Review of Operations

## Tinjauan Operasi Pengarah Urusan

### Market Stabilisation Strategies

Valuable lessons learned from the handling of the “perceived” domestic rice crisis in 2008 led to the development of new measures to pre-empt a repeat of the crisis. In 2009, BERNAS introduced the *Skim Upah Mengering dan Kisar (SUMK)* – a scheme for Bumiputra rice millers to capture a larger volume of paddy and rice to stabilise the market by exerting more control in the domestic market.

Under this scheme, Bumiputra millers are paid a certain amount of processing fee which will not amount to less than what they will receive if they were to process and market the rice themselves. The scheme serves as a financial risk mitigation strategy by replacing BERNAS’ ineffective past practice of financing paddy purchase for millers and not getting fully paid in return when the rice is sold to other parties instead. With this scheme, BERNAS is able to deduct the debts progressively and at the same time ensure a market for their rice as well. This innovative scheme also caps excessive capital expenditure by incurring heavy investments on capacity expansion and machineries to procure and process more paddy. Under the Bumiputra Rice Millers Scheme, BERNAS manages 48 Bumiputra rice millers nationwide with a capacity of 177,000 MT of rice. The SUMK scheme has to date attracted 30 Bumiputra millers and BERNAS is confident that the remaining millers will eventually participate once they see the benefits of this scheme.

BERNAS presently commands a share of 25% of local rice production - an insufficient level to stabilise the market, in the event of a crisis. By owning a larger share of paddy and rice in the market, BERNAS is able to gradually increase command of the market, and at the same time ensure stability of the domestic rice industry and food security for the nation.

When BERNAS launched *Program Rakan Ladang (PRL)* to achieve a targeted volume of 900,000 MT of paddy per annum, the response from the farmers was so overwhelming that milling capacity was reached overnight. By filling up the mills to capacity levels, BERNAS is now able to work on capping the fixed cost, increase productivity and efficiency, and with the Bumiputra millers also running at 100% capacity at the same time, it became an instant synergistic win-win situation for all parties.

Due to the rapid expansion of PRL, the requirement for certified seeds is also expected to increase rapidly, and BERNAS is projecting to supply almost 70% of PRL requirement via its own seed plant and related seed production partners. In 2009,



BERNAS fulfilled its quota of providing 27,500 MT of certified seeds and the industry requirement for seeds is expected to increase to 85,000 MT annually.

In addition, and as a result of BERNAS’ investment in research and development, and deploying Good Agriculture Practice (GAP) with the farmers, the quality of paddy harvested from PRL actually returns much higher and quality yields. This fulfils BERNAS’ long-term objective of producing higher quality rice at a lower cost. As the only possible way to enhance the quality of rice is to enhance the quality of paddy, PRL and now, SUMK have become big steps in the right direction yielding positive outcomes to all stakeholders.

### Procurement, Sales & Distribution

BERNAS’ local paddy purchase volume rose to 470,441 MT in 2009 as compared to 418,183 MT in 2008 representing an increase of 12%. The price of domestic paddy was relatively unstable throughout the year owing to the speculation of the ending of GSR Programme, which was postponed several times. Price of paddy hovered in the regions of between RM1,000 per MT and RM1,200 per MT in the East and North Peninsular. However, in the central region of the Peninsular and in the state of Selangor, prices spiked to a high RM1,380 per MT. In view of this development, BERNAS anticipates that via the forthcoming implementation of the *Program Subsidi Beras Untuk Rakyat (SUBUR)* by the Government in 2010, the price of paddy will return to a more stable level of between RM1,100 – RM1,200 per MT.

BERNAS continues to adopt a multiple-country sourcing strategy to ensure food security for the nation, with the bulk of the volume sourced from Thailand, Vietnam and Pakistan. By diversifying and increasing the number of countries from which imports are sourced, BERNAS is able to mitigate potential supply issues caused by export bans and weather-related production



In 2009, total rice sales increased by 22% to 1.31 million MT compared to 1.07 million MT in 2008.



risks. With this strategy in place, BERNAS maintains its ability to source and lock in sufficient supplies at the desired quantity, grades and simultaneously ensuring the timeliness of the supply despite the occasional international rice trade disruptions.

In 2009, total rice sales increased by 22% to 1.31 million MT compared to 1.07 million MT in 2008. The GSR for the consumers contributed 41% (0.53 million MT) of the total rice sales in 2009. BERNAS also continues to play its part in managing the Government Stockpile of 239,000 MT, which serves as an emergency food security buffer as well as a mechanism to stabilise rice supplies and prices in the country. Stocks for other rice grades such as glutinous, fragrant and basmati were available throughout the year without experiencing any disruption in supply.

**Retail Presence (Save More Community Stores)**

As part of a future crisis mitigation plan and in order to reach out to consumers at the community level, BERNAS opened a total of 27 outlets in 2009 with plans in the pipeline to add another 21 outlets by the end of 2010. The Save More community retail outlets were introduced in 2009 with the mission to offer more savings and convenience while fulfilling customers' household and food business needs. Most importantly, these outlets provide access to affordable, quality rice and sundry goods at all times.

BERNAS' entry into the retail market is a natural progression stemming from real expertise and experience in sourcing of high-quality rice. As all rice products are provided and packed directly by BERNAS, Save More is able to offer unparalleled top-quality rice at fair prices year round. The BERNAS brand of rice comprises the following brands in their respective categories:



Bernas Best



Bernas Unggul



Bernas Pilihan



Bernas Specialty



Bernas Wellness



Bernas Super Tempatan

Positive response to date from customers indicates that the Save More outlets have been well received by the general public. This retail platform has allowed BERNAS to gain market entry and brand visibility in the retail industry and at the same time provides the opportunity to promote closer ties with the community, obtain direct customer feedback on the quality and prices of rice sold in the market. As a result, BERNAS is able to continuously improve on its products and enhance relationships with customers and suppliers and fulfil its aspirations of setting a high benchmark in terms of rice quality and fair prices while enlarging its footprint in the local rice industry.

# Managing Director's Review of Operations

## Tinjauan Operasi Pengarah Urusan

### Mill Efficiency

In 2009, BERNAS invested a total of RM9 million and embarked on various engineering projects to improve the rice mills, and upgrading the Central Packaging Plant (CPP) in Bukit Raya, Kedah.

Mill infrastructure upgrades include the setting up of a 20 - tonne per hour central packaging plant at a cost of RM4.5 million and the expansion of CPP Bukit Raya, Kedah to double its capacity; introduction of hot water systems for paddy drying at Kilang Beras BERNAS (KBB) Sungai Ranggung, Perak to increase the drying capacity from 90 MT per day to 300 MT per day; and repair and maintenance work at KBBs nationwide.

BERNAS will continue to seek out greener and eco-friendlier ways to manage its mills to reduce energy consumption, carbon emission and wastage and will continue to explore the potential use of biomass fuel using rice husks for its cogeneration plants to generate electricity and heat for paddy drying.

### Research and Development

BERNAS is committed to meet its medium and long-term goals of achieving superior paddy and rice quality, yield improvement and technological advancements in processing and distribution of paddy and rice.

In an effort to reduce the use of agrochemicals in farming, BERNAS and a German-based biotechnology firm are exploring the potential of a seed-treatment technology whereby fertilisers and pesticides are applied to rice seeds in order to eliminate or reduce the spraying of pesticides and the application of fertilisers in paddy planting. Trials are presently being conducted with a focus on eliminating common pests prevalent in paddy cultivation such as the Golden Apple Snail. If successful, BERNAS will be able to greatly reduce the use of harmful agrochemicals and contribute positively towards adopting environmentally friendlier farming practices.

BERNAS has also begun to conduct tests on the use of "Cocoons" or hermetic storage for rice stockpile management in the country. This technology helps to preserve rice for a longer period of up to two years by eliminating oxygen content in the cocoons, thereby terminating any living organisms in the rice within an enclosed environment. Three Cocoons were purchased from a US based company in 2009 and BERNAS will propose the long-term application of this storage technology to the Government upon reviewing the final findings of its effectiveness.



BERNAS continues to collaborate with Universiti Putra Malaysia (UPM) to undertake research and development projects for the enhancement of the rice industry in Malaysia. In 2009, the UPM-BERNAS laboratory registered its maiden revenue having successfully carried out rice analysis for a third party organisation. The laboratory is presently embarking on an ISO 17025 accreditation exercise and upon its targeted completion in August 2010, the laboratory will be able to conduct and offer independent contract research services.

### Acquisition of BERNAS by Tradewinds (M) Berhad

The acquisition of BERNAS by Tradewinds (M) Berhad (TWM) is expected to provide synergies in all areas of operations that will be beneficial to both companies in the long term. Under the able and visionary leadership of Dato' Wira Syed Abdul Jabbar bin Syed Hassan who is the Chairman of both TWM and BERNAS, post-acquisition synergy-realisation strategies will be put in place to harness the benefits of the acquisition. By taking this first step towards laying the foundation for future growth and profitability, BERNAS is confident that positive results of this acquisition will be seen as early as the second half of 2010.

TWM is one of the major players in the agriculture industry primarily involved in sugar refining and commercialisation of various types of refined sugar, production of crude palm oil and cultivation of oil palm. Both companies share similar needs for distribution channels – i.e. warehousing, transportation and logistics that can be streamlined for better cost control and operational efficiencies. By eliminating duplication of capital allocation, infrastructures and resources, BERNAS will enjoy better cost management, cost savings and increased productivity. TWM, BERNAS and its distribution partners can now distribute and market sugar, flour and cooking oil - all Government-controlled items and essential goods, to the same wholesalers, greatly reducing distribution costs while ensuring a seamless year-round supply.

BERNAS increased its equity in Jasmine Food Corporation Sdn Bhd which controls the popular Jasmine brand to

**61%** in 2009.

## Market Watch

To ensure a consistent quality and taste of special graded rice for consumers, BERNAS will source for supply directly from the mills in the producing areas in Thailand, as opposed to the previous practice of relying on the exporters who tend to source from various mills to maximise profits, at the expense of total quality management practices and brand promise deliverables.

From a marketing viewpoint, BERNAS has long been known as a single product business entity. The acquisition by TWM will enable BERNAS to expand its product portfolio to include TWM's sugar and cooking oil making it a more palatable multiple-product business entity in the eyes of the public. All marketing, distribution and cross-selling synergies are expected to benefit both companies post-acquisition.

Together with TWM's marketing and distribution channels, BERNAS will be able to command a bigger slice of the domestic market and will be in a stronger position to deliver on its social economic mandate of ensuring food security and price stability. BERNAS' new position of market leadership will provide fresh impetus to curtail unscrupulous price-spikes caused by hoarding and smuggling activities by rendering these activities no longer lucrative.

### Branding via Joint-ventures

BERNAS is focused on expanding its share in the domestic market by increasing equity participation in joint-venture companies. This strategy paves the way for BERNAS to better manage the brands and ensure that these brands fulfil their brand promise at every checkpoint along the entire supply chain. For example, BERNAS increased its equity in Jasmine Food Corporation Sdn Bhd which controls the popular Jasmine brand to 61% in 2009. Moving forward in 2010, BERNAS will continue to pursue the same strategy to increase its brand presence.

In Sabah and Sarawak, BERNAS is in the midst of consolidating regional joint-venture companies within Beras Corporation Sdn Bhd (BCSB) into a single management platform. With a unified platform and by sharing the same long-term vision and objectives, BERNAS will be able to avoid duplication of resources, remove non-competitive practices, increase capacity, and expand market share and distribution channels without incurring counter productive expenditure.

BERNAS believes that in preparation for post-AFTA market liberalisation within a more competitive marketplace,

branding is a paramount differentiation initiative to remain relevant among consumers as well as ensure business profitability and sustainability. And the best way to enhance and navigate the BERNAS brand is by increasing equity participation to a controlling shareholding level. It is indeed BERNAS' long-term plan to incorporate the strong values intrinsic to the brand with the unique brand propositions of joint-venture partners to further strengthen the BERNAS brand name in a market that is already adulterated with more than 1,000 brands of rice.

### Prospects for the Future

Following a record financial performance in 2009 and a new corporate milestone heralding new horizons, BERNAS remains committed to its corporate and social mandate and will continue to seek improvements in all facets of operations, processing, importation, marketing, distribution, engineering, research and development, retail, millers and farmers schemes to maintain the delicate balance amongst its diverse stakeholders, acting as a centrifugal force and with the objective of ensuring food security for all.

Operationally, amidst all challenges, BERNAS hopes to achieve a turnaround of the local rice operations of all operating mills, to ensure positive margins, increase paddy market share, achieve optimum production efficiency and minimise cost of operations. On the consumer front, BERNAS hopes to increase its share to at least 60% of the local rice market. Post-acquisition synergy realisation with TWM will be the primary agenda for 2010 to streamline all areas of operations in preparation for post-AFTA trade liberalisation to ensure BERNAS' international competitiveness. In East Malaysia, BERNAS hopes to expand its market share to gain a better control of the local paddy and rice markets by working closely with the local authorities and farmers to develop the region into a new rice belt of Malaysia. The popular and successful *Program Rakan Ladang* to assist the farmers and *Program Rakan Kilang BERNAS* to assist Bumiputra

# Managing Director's Review of Operations

## Tinjauan Operasi Pengarah Urusan

millers towards developing their competitive advantage for post-AFTA preparedness will be further enhanced. BERNAS will continue to seek additional joint-venture partnerships to command a larger share of the domestic market and implement strategic pricing strategies to keep rice smuggling at bay, to provide stability in the domestic rice industry.

### Closing Remarks

BERNAS' ability to rise above the competition and triumph over diverse adversities is a sound testament to its innate ability to transform and respond to the ever changing local and international economic dynamics. For the record, BERNAS' corporate history is one laden with change and transformation. From its heritage as a former Government agency - Lembaga Padi dan Beras Negara to its privatisation in 1996, BERNAS has embraced and navigated each transformation successfully, without neglecting its primary role as the national guardian of food security. Today, BERNAS is the only experienced corporation in the rice industry that has a strong presence locally and internationally with a track record that speaks for itself and is in an excellent position to remain relevant post-acquisition and beyond WTO and AFTA implementations.

### Appreciation

I would like to take this opportunity to express my deepest appreciation to all our valuable employees for their loyalty, dedication and professionalism. I would also like to accord special mention to my Management for their tireless efforts at embracing change and innovation, and to the members of the Board, for their wise counsel and guidance and to my predecessors for their visionary leadership. My sincerest appreciation also goes out to our joint-venture partners, business associates, millers, farmers, consumers who have played a part in our continued success in carrying out the Government's mandate in ensuring food security for all. Last but not least, I would like to express my sincere gratitude and highest appreciation to the Government, relevant agencies and authorities for their continued support which is pivotal to our success.

As we enter new beginnings, Insya Allah, we will once again emerge triumphant and record new successes and milestones.

### Bakry Bin Hamzah

Managing Director

### Imbasan

Tahun 2009 dicirikan oleh kembalinya perdagangan beras antarabangsa kepada keadaan yang normal dengan harga yang lebih terkawal, setelah dunia melalui krisis beras yang membimbangkan pada tahun 2008, yang tercetus hasil daripada gabungan beberapa faktor. BERNAS melangkah ke tahun ini dengan penuh hati-hati berikutan kelembapan pertumbuhan ekonomi dunia dan keadaan pasaran tempatan yang tidak menentu. Walau bagaimanapun, keadaan bertambah pulih pada pertengahan tahun dan seterusnya stabil pada suku akhir keempat. Bagi tahun yang ditinjau, dengan sukacitanya saya ingin memaklumkan bahawa BERNAS telah berjaya mencatatkan rekod perolehan sebanyak RM3.25 bilion dengan keuntungan bersih sebanyak RM179.5 juta – suatu pencapaian yang mengagumkan sedang dunia korporat Malaysia berada dalam keadaan yang tercabar.

### Senario Beras Dunia 2009

Senario pasaran beras dunia pada tahun 2009 digambarkan oleh sentimen berhati-hati dalam pasaran berikutan krisis beras yang melanda pada tahun 2008. Walau bagaimanapun, pada separuh tahun yang pertama, tiada sebarang kekurangan pengeluaran didapati berlaku seperti yang dialami pada tahun sebelumnya. Saham-saham global meningkat berikutan kejayaan kempen penanaman padi di Asia, dengan Thailand dan Vietnam mengekalkan trend sebagai negara-negara pengeksport beras yang utama. Namun jumlah pengeluaran padi dunia sebanyak 678 juta tan metrik pada tahun 2009, adalah 2% di bawah paras pengeluaran tahun 2008, berdasarkan angka keluaran



Food and Agriculture Organisation (FAO). Jumlah beras yang diperdagangkan di peringkat antarabangsa kekal rendah iaitu pada 3% – 5% daripada jumlah keseluruhan pengeluaran dunia. Harga antarabangsa untuk Beras Putih Thai 100%B agak stabil iaitu pada anggaran di antara USD535 se tan metrik dan USD637 se tan metrik dalam tahun 2009, dan ditutup pada harga USD618 se tan metrik pada bulan Disember 2009.

### Prestasi Kewangan 2009

BERNAS telah mencapai prestasi yang memberangsangkan untuk tahun kewangan 2009. Keuntungan sebelum cukai yang dicatatkan oleh Kumpulan ialah sebanyak RM238.3 juta berbanding kerugian sebelum cukai sebanyak RM94.3 juta untuk tahun 2008. Keuntungan bersih Kumpulan adalah sebanyak RM179.5 juta berbanding kerugian bersih sebanyak RM57.5 juta pada tahun kewangan sebelumnya. Keuntungan ini merupakan rekod keuntungan tertinggi pernah dicatatkan oleh Kumpulan pasca penswastaan.

Mengenai lebihan tunai, inisiatif berinovatif yang membawa keuntungan berserta pengurusan kredit yang cekap telah memastikan pengaliran masuk wang tunai operasi yang berterusan untuk BERNAS menguruskan kesemua bidang operasinya serta membayar semula fasiliti kewangan sedia ada. Kos kewangan bersih di peringkat Kumpulan bertambah kepada RM24.1 juta dalam tahun 2009 berbanding RM23.1 juta dalam tahun 2008, pada skalar terma saiz operasi yang bertambah dan pembayaran semula fasiliti-fasiliti sedia ada yang digunakan.

Rekod keuntungan tahun 2009 ini adalah hasil daripada beberapa faktor: Kestabilan yang relatif dalam pasaran tempatan dan antarabangsa yang membolehkan BERNAS menumpukan perhatian kepada strategi pemerolehan tanpa banyak gangguan; implementasi harga yang efektif dan strategi penstabilan pasaran serta perolehan dividen yang tinggi hasil pelaburan dalam syarikat-syarikat subsidiari dan bersekutu dengan jumlah keseluruhan RM55.2 juta untuk tahun 2009. Keuntungan yang direkodkan dalam tahun 2009 juga termasuk tuntutan berjumlah RM30 juta daripada Program Beras Subsidi (GSR) tahun 2008 yang diremitkan kepada Syarikat dalam tahun 2009.

### Strategi Harga yang Efektif

Memandangkan BERNAS tidak mempunyai kebebasan untuk menaikkan sebarang harga walaupun dalam keadaan harga tempatan yang tidak menentu, pelaksanaan strategi harga yang efektif adalah penting untuk memastikan keupayaan pasaran dan keuntungan. Dengan menguruskan permintaan dan bekalan secara cekap, BERNAS telah memainkan peranannya sehingga penyeludupan beras menjadi satu kegiatan yang tidak menguntungkan, dan pada masa yang sama Syarikat berupaya mencapai jualan yang tinggi di sepanjang tahun apabila keadaan pasaran jelas menunjukkan harga tawaran BERNAS jauh lebih menarik. Untuk tahun 2010, BERNAS akan terus melaksanakan strategi-strategi harga ini dan pada masa yang sama akan terus berhati-hati dalam memerangi aktiviti-aktiviti tidak sah yang boleh menjejaskan ekonomi dan kestabilan industri. BERNAS juga menyanjung tinggi usaha agensi-agensi kerajaan yang terbabit dalam memantau dan melaksanakan kegiatan penguatkuasaan bagi mengatasi masalah penyeludupan ini.

### Strategi-strategi Menstabilkan Pasaran

Pengajaran berharga yang diperolehi dari pengalaman menguruskan anggapan “krisis beras” domestik dalam tahun 2008 telah membawa kepada pembentukan langkah-langkah baru untuk mengelakkan ianya berulang. Dalam tahun 2009, BERNAS telah memperkenalkan Skim Upah Meringing dan Kisar (SUMK), iaitu skim khas bagi pengilang-pengilang padi Bumiputera mendapatkan jumlah padi dan beras yang lebih tinggi untuk menstabilkan pasaran melalui penguasaan yang lebih besar dalam pasaran domestik.



Rentetan sejarah korporat BERNAS dipenuhi dengan transformasi dan perubahan.

# Managing Director's Review of Operations

Tinjauan Operasi Pengarah Urusan



Di bawah skim ini, pengilang-pengilang Bumiputera akan dibayar sejumlah wang untuk memproses padi di mana jumlah bayaran tersebut adalah tidak kurang daripada jumlah yang akan mereka perolehi sekiranya mereka memproses dan memasarkan sendiri produk tersebut. Skim ini juga berperanan sebagai satu strategi mengurangkan risiko kewangan BERNAS dengan menggantikan amalan pembiayaan penuh belian padi sebelumnya, yang didapati tidak efektif apabila para pengilang tidak membuat pembayaran semula pembiayaan secara penuh malah sebaliknya menjual hasil beras keluaran mereka kepada pihak-pihak lain. Melalui SUMK, pemotongan hutang secara berperingkat dapat dilaksanakan oleh BERNAS, dan pada masa yang sama menjamin pasaran untuk hasil keluaran peserta skim. Skim ini juga dapat mengurangkan perbelanjaan kapital yang berlebihan demi untuk meningkatkan kapasiti jentera dan kilang untuk memproses lebih banyak padi yang diperolehi. Di bawah Skim Pengilang Padi Bumiputera, BERNAS menguruskan 48 pengilang di seluruh negara dengan kapasiti 177,000 tan metrik. SUMK setakat ini telah menarik penyertaan 30 pengilang Bumiputera. BERNAS yakin pengilang Bumiputera yang lain akan turut menyertai skim ini setelah menyedari manfaatnya.

25% penguasaan BERNAS dalam pengeluaran beras tempatan pada ketika ini adalah tidak mencukupi untuk membolehkannya menstabilkan pasaran sekiranya krisis beras berulang lagi. Melalui penguasaan yang lebih besar dalam pasaran padi dan beras tempatan, secara berperingkat BERNAS akan mampu mengawal pasaran, sekaligus memastikan kestabilan industri dan sekuriti makanan negara.

*Program Rakan Ladang (PRL)* yang dilancarkan oleh BERNAS untuk mencapai sasaran pengeluaran sebanyak 900,000 tan metrik padi setahun, mendapat maklum balas yang sungguh menggalakkan daripada para petani sehingga tahap kapasiti pengilangan BERNAS dapat dicapai dalam masa yang singkat. BERNAS kini berupaya untuk mengurangkan kos tetap serta meningkatkan produktiviti dan kecekapan, manakala pengilang-

pengilang Bumiputera turut mencapai tahap 100% kapasiti operasi. Hasilnya, wujudlah satu sinergi yang ganjarannya dapat dinikmati oleh semua pihak.

Perkembangan PRL yang begitu pesat dijangka akan mengakibatkan permintaan untuk benih padi sah turut meningkat secara mendadak. BERNAS menganggarkan untuk membekalkan hampir 70% keperluan PRL melalui pusat benihnya sendiri serta rakan-rakan kongsi pengeluaran benih yang berkaitan. Dalam tahun 2009, BERNAS berjaya memenuhi kuota untuk menyediakan 27,500 tan metrik benih padi sah. Keperluan industri dijangkakan akan bertambah kepada 85,000 tan metrik setahun.

Sebagai tambahan, pelaburan BERNAS dalam usaha-usaha penyelidikan dan pembangunan, di samping pelaksanaan Amalan Pertanian yang Baik (GAP) dengan para peserta PRL, didapati telah menghasilkan hasil tuaian yang lebih banyak dan berkualiti. Ini memenuhi objektif jangka panjang BERNAS untuk mengeluarkan beras yang berkualiti tinggi pada kos yang lebih rendah. Memandangkan satu-satunya cara untuk meningkatkan mutu beras ialah dengan meningkatkan kualiti padi, PRL dan SUMK dianggap sebagai langkah yang penting ke arah penjaan hasil yang positif kepada semua yang terlibat.

## Pemerolehan, Jualan dan Penedaran

Jumlah belian padi tempatan BERNAS untuk tahun 2009 bertambah sebanyak 12 % atau 470,441 tan metrik berbanding 418,183 tan metrik pada tahun sebelumnya. Secara umum, harga padi tempatan di sepanjang tahun yang ditinjau didapati tidak stabil, dengan spekulasi akan berakhirnya Program Beras Subsidi Kerajaan (GSR) yang telah ditunda beberapa kali. Harga padi turun-naik mengikut kawasan, iaitu di antara RM1,000 se tan metrik dan RM1,200 se tan metrik di Timur dan Utara Semenanjung; manakala di wilayah tengah Semenanjung dan di Selangor, harga naik setinggi RM1,380 se tan metrik. BERNAS menjangkakan harga padi akan kembali ke peringkat yang lebih stabil iaitu di antara RM1,100 – RM1,200 se tan metrik sejourus

Dari sudut pengguna pula, BERNAS berharap untuk meningkatkan penguasaannya dalam pasaran beras tempatan kepada sekurang-kurangnya 60%.

perlaksanaan Program Subsidi Beras Untuk Rakyat (SUBUR) yang bakal diperkenalkan oleh Kerajaan dalam tahun 2010.

Untuk memastikan sekuriti makanan yang terjamin, BERNAS terus menggunakan strategi pemerolehan sumber dari pelbagai negara, dengan sejumlah besar daripadanya datang dari Thailand, Vietnam dan Pakistan. Dengan menambah dan mempelbagaikan lokasi sumber, BERNAS berupaya mengurangkan risiko dan isu-isu bekalan akibat larangan eksport ataupun masalah pengeluaran berkaitan cuaca. Melalui strategi ini, BERNAS mengekalkan keupayaannya untuk mendapatkan sumber dan mengunci pesanan pada jumlah dan gred yang diperlukan, sekaligus memastikan kecukupan dan ketepatan tempoh dan waktu bekalan walaupun kadang-kala terdapat gangguan dalam perdagangan beras antarabangsa.

Dalam tahun 2009, jumlah jualan beras bertambah sebanyak 22% kepada 1.31 juta tan metrik berbanding 1.07 juta tan metrik dalam tahun 2008. Program GSR kepada pengguna menyumbang 41% (0.53 juta se tan metrik) daripada jumlah keseluruhan jualan beras tahun 2009. BERNAS juga terus memainkan peranannya dalam menguruskan Stokpail Kerajaan sebanyak 239,000 tan metrik – sebagai stok penimbal di waktu darurat, sekaligus sebagai mekanisma untuk menstabilkan bekalan dan harga beras negara. Sebagai makluman, tiada sebarang gangguan didapati berlaku ke atas bekalan beras gred-gred lain seperti beras pulut, wangi dan basmati pada sepanjang tahun yang ditinjau.

#### **Kehadiran Peruncitan (Kedai Komuniti Save More)**

Sebagai sebahagian dari rancangan masa hadapan untuk mengurangkan risiko krisis dan untuk mendekati para pengguna secara langsung di peringkat runcit, BERNAS telah membuka 27 buah kedai komuniti dalam tahun 2009 dengan rancangan untuk menambah 21 buah kedai lagi sebelum penghujung tahun 2010. Kedai Komuniti Save More mula diperkenalkan tahun lalu dengan misi untuk menawarkan lebih penjimatan dan kemudahan di samping memenuhi keperluan barangan harian pelanggan dan

peniaga makanan. Paling utama, kedai-kedai ini menyediakan kemudahan dari segi harga yang berpatutan, beras yang berkualiti dan barangan harian runcit yang tersedia pada setiap masa.

Pembabitan BERNAS dalam pasaran runcit merupakan satu langkah yang wajar berasaskan kepakaran dan pengalamannya dalam mendapatkan sumber beras yang berkualiti tinggi. Oleh kerana kesemua produk beras yang dijual oleh Save More diproses dan dibungkus sendiri oleh BERNAS, maka Save More mampu menawarkan beras yang tinggi kualitinya pada harga yang berpatutan pada setiap masa. Beras berjenama BERNAS ini boleh didapati mengikut kategori jenama-jenama berikut:



Beras Best



Beras Unggul



Beras Pilihan



Beras Specialty



Beras Wellness



Beras Super  
Tempatan

Maklum balas positif yang diterima daripada orang ramai menunjukkan kedai komuniti ini sememangnya mendapat tempat di hati pelanggan. Ia turut menyediakan peluang untuk BERNAS mempamerkan kehadiran jenamanya di samping meningkatkan hubungan yang lebih akrab dengan masyarakat, dan memperolehi maklum balas secara langsung daripada pengguna mengenai kualiti dan harga beras di pasaran. Ini seterusnya dapat membantu BERNAS mempertingkatkan mutu produknya secara berterusan demi memenuhi aspirasinya memartabatkan beras yang berkualiti pada harga yang berpatutan.

# Managing Director's Review of Operations

## Tinjauan Operasi Pengarah Urusan

### Kecekapan Pengilangan

Dalam tahun 2009, BERNAS telah melaburkan sejumlah RM9 juta dan melibatkan diri dengan beberapa projek kejuruteraan untuk menambahbaik kilang-kilang berasnya, di samping mempertingkatkan pusat pembungkusannya di Bukit Raya, Kedah.

Penambahbaikan infrastruktur ini meliputi pemasangan peralatan pusat pembungkusan berkapasiti 20 tan metrik sejam pada harga RM4.5 juta, serta kerja ubah suai CPP Bukit Raya, Kedah bagi tujuan menggandakan kapasiti pengilangannya; pengenalan sistem air panas untuk proses pengeringan padi di KBB Sungai Ranggung, Perak, bertujuan untuk menambahkan kapasiti pengeringannya daripada 90 tan metrik kepada 300 tan metrik sehari; dan kerja-kerja penambahbaikan serta penyelenggaraan di Kilang-kilang Beras BERNAS (KBB) di seluruh negara.

BERNAS akan terus meninjau dan mempelopori cara-cara yang lebih mesra alam untuk menguruskan kilang-kilangnya agar dapat mengurangkan penggunaan tenaga, pembebasan karbon dan pembaziran. BERNAS juga akan terus mengenal pasti potensi penggunaan tenaga biomas menggunakan sekam padi untuk menjana elektrik dan haba bagi proses pengeringan padi di kilang-kilangnya.

### Penyelidikan dan Pembangunan

BERNAS komited untuk memenuhi matlamat jangka panjangnya dalam mencapai tahap kualiti beras dan padi yang unggul, meningkatkan hasil tuaian dan meningkatkan teknologi dalam pemprosesan dan pengedaran padi dan beras.

Dalam usaha untuk mengurangkan penggunaan bahan kimia dalam pertanian, BERNAS bekerjasama dengan sebuah firma teknologi bio dari Jerman untuk menguji potensi teknologi perawatan biji benih yang melibatkan penggunaan baja dan racun serangga ke atas benih padi dalam usaha untuk memusnahkan atau mengurangkan penyemburan racun serangga dan penggunaan baja kimia sewaktu penanaman padi. Ujikaji sedang dijalankan dengan fokus untuk memusnahkan haiwan perosak seperti siput gondang yang banyak membiak di kawasan penanaman padi. Sekiranya berjaya, BERNAS akan mampu mengurangkan penggunaan bahan kimia merbahaya secara meluas dan bakal menyumbang secara positif ke arah amalan pertanian yang lebih mesra alam.

BERNAS turut mempelopori penyelidikan dan ujikaji ke atas penggunaan sistem 'kepompong' ataupun penyimpanan kepad udara untuk pengurusan stokpail beras negara. Teknologi ini

dapat membantu penyimpanan beras untuk jangkamasa yang lebih panjang sehingga dua tahun, dengan cara menyingkirkan kandungan oksigen di dalam kepompong yang seterusnya dapat menghapuskan sebarang organisma hidup dalam bijian beras tersebut. Untuk tujuan ini, tiga buah sistem kepompong telah dibeli dari sebuah syarikat Amerika Syarikat, dan BERNAS akan mencadangkan penggunaan jangka panjang teknologi penyimpanan ini kepada Kerajaan, sekiranya ujikaji akhir menghasilkan keputusan yang memberangsangkan.

BERNAS juga turut meneruskan usahasanya dengan Universiti Putra Malaysia (UPM) dalam menjalankan projek-projek penyelidikan dan pembangunan untuk membangunkan industri beras di Malaysia. Pada tahun 2009, makmal UPM-BERNAS telah mencatatkan perolehan pertamanya melalui kegiatan menganalisa beras untuk organisasi lain. Makmal ini juga sedang dalam usaha untuk mendapatkan pengiktirafan ISO 17025 dan sekiranya siap dalam bulan Ogos 2010, makmal tersebut akan berupaya untuk menawarkan perkhidmatan penyelidikan secara kontrak bebas.

### Pembelian Saham BERNAS oleh Tradewinds (M) Berhad

Pembelian saham BERNAS oleh Tradewinds (M) Berhad (TWM) dijangkakan akan membawa sinergi dalam semua bidang operasinya seterusnya memanfaatkan kedua-dua syarikat dalam jangka masa panjang. Di bawah kewibawaan pucuk pimpinan Dato' Wira Syed Abdul Jabbar bin Syed Hassan yang sememangnya merupakan Pengerusi kepada kedua-dua TWM dan BERNAS, strategi untuk merealisasikan sinergi ini akan dilaksanakan demi manfaat bersama. BERNAS yakin penghasilan yang positif daripada pembentukan sinergi ini akan dapat dilihat seawal separuh tahun kedua 2010.

TWM merupakan pemain utama dalam industri pertanian negara, terutama dengan penglibatannya dalam industri penapisan gula dan pengeluaran pelbagai jenis gula proses, minyak kelapa sawit mentah dan perladangan kelapa sawit secara komersil. Kedua-dua syarikat berkongsi keperluan yang sama dari segi saluran pengedaran – seperti keperluan pergudangan, pengangkutan dan logistik yang boleh diperkemas secara bersama demi pengawalan kos yang lebih berkesan serta pencapaian kecekapan operasi. Melalui penghapusan kegiatan-kegiatan yang bertindan yang melibatkan modal, infrastruktur dan sumber yang sama, BERNAS akan menikmati kos pengurusan dan penjimatan yang lebih baik di samping dapat meningkatkan produktiviti secara keseluruhan. Kedua-dua syarikat serta rakan-rakan pengedaran mereka kini boleh merapikan tatacara pengedaran dan pemasaran beras, gula, tepung dan minyak masak – yang kesemuanya merupakan barangan keperluan kawalan Kerajaan, kepada



BERNAS turut mempelopori penyelidikan dan ujikaji ke atas penggunaan sistem 'kepompong' ataupun penyimpanan kedap udara untuk pengurusan stokpail beras negara.



pemborong-pemborong yang sama, sekaligus mengurangkan kos pengedaran dan memastikan bekalan yang berterusan di sepanjang masa.

BERNAS selama ini lebih dikenali sebagai sebuah entiti perniagaan produk tunggal. Pembentukan sinergi dengan TWM ini akan membolehkan BERNAS mengembangkan portfolio produknya dan menjadikannya sebuah entiti perniagaan pelbagai produk yang lebih menarik di mata masyarakat. Sinergi yang dicapai dari segi pemasaran, pengedaran dan jualan bersilang pula dijangka akan memberi faedah kepada kedua-dua belah pihak.

Dengan bekerjasama, BERNAS akan lebih berupaya untuk menguasai pasaran domestik, dengan kedudukan yang lebih kukuh untuk merealisasikan mandat ekonomi sosial yang diamanahkan kepadanya dalam memastikan kestabilan sekuriti makanan dan harga. Kedudukannya yang lebih teguh dalam pasaran akan menghadkan kegiatan tidak bermoral aktiviti penyeludupan dan penyorokan dengan menjadikan aktiviti-aktiviti ini tidak lagi menarik dan berkeuntungan.

#### **Penjenamaan Melalui Usahasama**

BERNAS fokus untuk memperkembangkan penguasaannya dalam pasaran domestik melalui penambahan ekuiti dalam syarikat-syarikat usahasama. Strategi ini memberi ruang untuk BERNAS menguruskan jenama dengan bijak dan memastikan jenama-jenama tersebut memenuhi janjinya di setiap peringkat rantai bekalan. Sebagai contoh, penambahan ekuiti BERNAS kepada 61% dalam syarikat Jasmine Food Corporation Sdn Bhd yang menguasai jenama popular Jasmine. Melangkah ke hadapan, BERNAS akan menggunakan strategi ini untuk memperkukuhkan kehadiran jenamanya.

Di Sabah dan Sarawak pula, BERNAS sedang dalam usaha untuk menyatukan syarikat-syarikat usahasama kecil di bawah Beras Corporation Sdn Bhd (BCSB), kepada sebuah platform pengurusan yang tunggal. Melalui keseragaman pengurusan

serta perkongsian visi dan objektif, BERNAS akan berupaya mengelakkan pertindanan dan amalan-amalan kompetitif yang tidak sihat, serta dapat meningkatkan kapasiti, penguasaan pasaran dan saluran pengedarannya tanpa melibatkan belanjawan yang tidak produktif.

Untuk memastikan kualiti dan rasa yang konsisten dalam beras gred-gred khususnya kepada pengguna, BERNAS akan mendapatkan sumber bekalan secara terus dari kilang-kilang di kawasan penanaman padi gred-gred tersebut di Thailand. Ini berbeza dengan amalan sebelumnya yang bergantung kepada wakil-wakil pengeksporth yang lebih cenderung untuk mendapatkan bekalan dari berbagai kilang yang mungkin dilakukan tanpa mengambil kira janji-janji penjenamaan dan amalan-amalan pengurusan kualiti yang menyeluruh, hanya untuk memaksimumkan keuntungan mereka.

BERNAS yakin sebagai persediaan menghadapi pasaran bebas AFTA yang sudah tentu mewujudkan pasaran yang lebih kompetitif, penjenamaan merupakan satu inisiatif yang amat penting untuk syarikat-syarikat tempatan kekal relevan di kalangan pengguna. Dan cara terbaik untuk mempertingkatkan dan mengawal jenama ialah melalui penambahan ekuiti dan penglibatan BERNAS di peringkat pengurusan syarikat-syarikat usahasamanya. Adalah menjadi harapan jangka panjang BERNAS untuk menanam nilai-nilai intrinsik yang kukuh ke atas jenama-jenama unik keluaran syarikat-syarikat usahasama demi untuk mengukuhkan lagi penjenamaan Syarikat dalam pasaran yang telah dilonggokkan dengan lebih 1,000 jenis jenama beras.

#### **Prospek Masa Hadapan**

Menyusuli kecemerlangan prestasi kewangan tahun 2009, seterusnya meniti sejarah korporat baru yang bakal dilakar, BERNAS akan terus komited dalam melaksanakan mandat korporat dan sosialnya, di samping akan terus mempelopori pembaharuan demi pembaharuan dalam semua aspek operasi, pemprosesan, pengimportan, pemasaran, pengedaran,

# Managing Director's Review of Operations

## Tinjauan Operasi Pengarah Urusan

kejuruteraan, penyelidikan dan pembangunan, peruncitan, serta skim-skim kilang dan petaninya demi untuk mengekalkan keseimbangan. BERNAS akan bertindak sebagai tonggak yang menghubungkan pelbagai pemegang amanah industri dengan objektif utamanya untuk memastikan kesejahteraan dan sekuriti makanan untuk semua.

Walaupun berhadapan dengan pelbagai cabaran, BERNAS berharap untuk mencapai perubahan positif dalam operasi beras tempatannya bagi memastikan pencapaian margin yang positif oleh kilang-kilang, peningkatan dalam syer pasaran padi, pencapaian kecekapan pengeluaran yang optimum dan pengurangan kos operasi. Dari sudut pengguna pula, BERNAS berharap untuk meningkatkan penguasaannya dalam pasaran beras tempatan kepada sekurang-kurangnya 60%. Pencapaian sinergi dengan TWM akan menjadi agenda utama tahun 2010 bagi merapikan kesemua bidang operasi sebagai persediaan menghadapi liberalisasi perdagangan pasca AFTA, dengan memastikan keupayaan daya saing BERNAS di peringkat antarabangsa. Di Malaysia Timur pula, BERNAS berharap dapat meningkatkan penguasaan pasaran dan kawalan yang lebih baik ke atas padi dan pasaran beras tempatan, dengan membentuk kerjasama yang lebih erat dengan pihak berkuasa serta para petani tempatan seterusnya dapat memajukan wilayah tersebut sebagai jelang baru Malaysia. Program Rakan Ladang yang telah menempa kejayaan dalam membantu para petani serta Program Rakan Kilang BERNAS untuk membantu pengilang padi Bumiputera akan terus diberi tumpuan bagi membentuk kelebihan daya saing mereka sebagai persediaan menghadapi AFTA. BERNAS juga akan terus mencari peluang perkongsian usahaniaga tambahan bagi menguasai bahagian yang lebih besar dalam pasaran domestik. Pelaksanaan harga strategik akan diteruskan untuk mengawal aktiviti penyeludupan, di samping memastikan keharmonian industri padi dan beras tanah air.

### Penutup

Keupayaan BERNAS untuk terus mara menghadapi persaingan dan pelbagai kesukaran merupakan bukti yang nyata bahawa ia berkebolehan secara semulajadi untuk menyesuaikan diri dan bertindak balas mengikut dinamik ekonomi tempatan dan antarabangsa yang sentiasa berubah. Rentetan sejarah korporat BERNAS dipenuhi dengan transformasi dan perubahan. Daripada warisannya sebagai bekas agensi Kerajaan iaitu Lembaga Padi dan Beras Negara kepada penswastaannya pada tahun 1996, BERNAS telah berhadapan dan menerajui setiap transformasi dengan jayanya, tanpa mengabaikan peranan utamanya sebagai pelindung kepada sekuriti makanan negara. Hari ini, BERNAS merupakan satu-satunya syarikat korporat yang berpengalaman

dalam industri padi dan beras serta mempunyai pengaruh di dalam dan di luar negara dengan rekod kecemerlangan dan kedudukan yang baik untuknya kekal relevan walaupun selepas pelaksanaan WTO dan AFTA.

### Penghargaan

Saya ingin mengambil peluang ini untuk mengucapkan kalungan penghargaan kepada semua warga kerja BERNAS di atas kesetiaan dan semangat dedikasi mereka yang tidak ternilai. Saya juga ingin menyampaikan ucapan penghargaan khas kepada barisan pengurusan di atas usaha mereka dalam menghadapi perubahan dan inovasi; dan kepada ahli Lembaga Pengarah, di atas nasihat dan bimbingan mereka; juga kepada pemimpin yang terdahulu di atas kepimpinan dan wawasan mereka. Penghargaan ikhlas juga ditujukan kepada semua rakan kongsi syarikat-syarikat usahasama dan bersekutu, para pengilang, para petani, dan para pengguna yang telah memainkan peranan dalam menjayakan mandat negara demi memastikan sekuriti makanan untuk semua. Tidak ketinggalan, saya ingin menyampaikan rasa terima kasih dan penghargaan yang tulus ikhlas kepada pihak Kerajaan, agensi-agensi yang berkaitan serta pihak-pihak berkuasa di atas sokongan yang berterusan dan amat penting untuk kami menempa kejayaan.

Melangkah ke ambang baru, Insya Allah, kita akan bangkit sekali lagi dengan kejayaan dan rekod pencapaian yang baru.

### Bakry Bin Hamzah

Pengarah Urusan





# Corporate Relations

Perhubungan Korporat

# 2009



**16 April 2009**

Participation in 'Hari Bertemu Pelanggan' launched by YB Datuk Noh Omar, Minister of Agriculture and Agro-based Industry at Sungai Burong, Tanjong Karang, Selangor



**26 April 2009**

BERNAS' Chairman, Dato' Wira Syed Abdul Jabbar Syed Hassan officiating Mini Gallery BERNAS Wilayah Utara, Souq Al-Bukhary, Alor Star, Kedah



**7 May 2009**

Minister of Agriculture and Food Industry, Sabah, YB Datuk Seri Panglima Hj. Yahya Hussin and BERNAS' Chairman, Dato' Wira Syed Abdul Jabbar Syed Hassan at the official harvesting of 'Projek Rakan Ladang BERNAS' in Kota Marudu, Sabah



**9 May 2009**

Visit by the State Officials from White Nile State and the Embassy of the Republic of Sudan to BERNAS Head Office in CP Tower, Petaling Jaya, Selangor



**18 May 2009**

A special send off ceremony for umrah pilgrims of 'Program Umrah Petani BERNAS', held at Wisma Belia, Petaling Jaya



**8 June 2009**

YB Minister of Agriculture and Agro-based Industry and BERNAS' Managing Director during the 'Majlis Mesra Tani Sepetang Bersama Pesawah' organised by KBB Seri Tiram Jaya, Tanjong Karang, Selangor



**23 June 2009**

15th Annual General Meeting at Tropicana Golf & Country Resort, Petaling Jaya, Selangor

# 2009



**7 July 2009**

Celebration of BERNAS' 15th Anniversary at BERNAS Head Office in CP Tower, Petaling Jaya, Selangor



**14 July 2009**

'Program Kalam Suci' on Astro Oasis Channel being aired from BERNAS KBB in Sekinchan, Selangor for Ramadhan Special



**15 July 2009**

The presentation ceremony of BERNAS sponsorship to the Mr. Malaysia Body Building Competition participant from the Ministry of Agriculture and Agro-based Industry



**21 July 2009**

'Hari Segemal Padi – BERNAS Bersama Pesawah' organised by KBB Sungai Besar, Selangor



**27 August 2009**

Contributions to the poor during 'Majlis Berbuka Puasa Bersama Petani' at Gudang Bukit Raya, Kedah



**2 September 2009**

Distributing 'bubur lambuk' at Masjid Jamek Kampung Baru, Kuala Lumpur during the 'Program Bubur Lambuk KOSMO-BERNAS'



**3 September 2009**

Orphans from Rumah Baitul Aitam, being entertained during the 'Majlis Berbuka Puasa BERNAS Bersama Kakitangan, Media dan Anak Yatim' at the Islamic Arts Museum, Kuala Lumpur



**1 October 2009**

BERNAS' Chairman, Dato' Wira Syed Abdul Jabbar Syed Hassan and guests at the BERNAS' Hari Raya Aidilfitri Open House at Dewan Perdana Felda, Kuala Lumpur

# Corporate Relations

Perhubungan Korporat

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**6 – 8 November 2009**

The Prime Minister being briefed on BERNAS rice range at BERNAS booth during the 'Majlis Pelancaran SUBUR dan Pameran Mini MAHA' at Tonggak 10, Sungai Besar, Selangor



**7 November 2009**

Supporters and players at Sports Barn, Petaling Jaya during the 'Piala Pengarah Urusan Futsal Tournament 2009'



**7 – 22 November 2009**

Participants of 'Program Lawatan Integrasi Nasional' from Sabah and Sarawak in their traditional costumes during the dinner at Homestay Bintang, Perlis



**21 November 2009**

Honouring 29 retirees at 'Malam Jasamu Dikenang 2009', Bayview Hotel, Langkawi, Kedah

# 20 10



### 15 January 2010

The signing of the first Collective Agreement between BERNAS and Kesatuan Pekerja-Pekerja Padiberas Nasional Berhad at Eastin Hotel, Petaling Jaya, Selangor



### 26 February 2010

BERNAS' contingent at national level 'Maulidur Rasul' celebration, Putrajaya



### 16 – 18 March 2010

Participants and facilitators of 'Kem Motivasi Kecemerlangan Anak-anak Warga BERNAS', Sungkai Perak



### 30 March 2010

Blood donation drive organised by Kelab BERNAS at CP Tower, Petaling Jaya, Selangor

# Corporate Social Responsibility

Tanggungjawab Sosial Korporat

## Towards Sustainable Business Practices

*With the global imperative towards application of sustainable business practices, BERNAS continues to promote good business practices that incorporate corporate social responsibility ("CSR") values in all facets of its operations. Our approach towards CSR is multi-pronged, targeting responsibilities at the workplace, marketplace and community, and towards the environment.*

### CSR at the Workplace

#### Enhancing Employee Relations and Well-being

BERNAS regards human capital as the most important resource in the organisation. We believe that a well-trained and managed workforce within a positive environment can contribute positively to the company's bottom line and ultimately market value via increased productivity at all levels.

Our employees continue to benefit from the cultivation of such a working environment. Many training opportunities were introduced during the year under review and we will continue to focus on skill and capability development programmes in the future to prepare our workforce for globalisation. We believe that investments in human capital, promotion of health and safety best practices, employee empowerment will all lead to a better work-life balance.

Towards this end, BERNAS incurred approximately RM1 million in 2009 to promote job training, orientation and skill development for its staff nationwide.

#### Commitment Towards Employee Welfare

We demonstrated our commitment towards total employee welfare by signing a Collective Agreement with the employee representatives to ensure non-executive employee interests are safeguarded in the future. This watershed Collective Agreement, signed on 15 January 2010 with Kesatuan Pekerja-pekerja Padiberas Nasional Berhad Semenanjung Malaysia, would cover amongst others, pay and remuneration, grievances, working conditions and other benefits.

Currently, at least 75% of all non-executive employees nationwide are members of this union. Benefits provided include increment in salary levels by 20% (backdated to 2007), hardship subsistence allowance of RM200, increased outpatient medical benefits from RM1,200 to RM3,000 per annum, increased in



monthly rice subsidy, additional Umrah incentive packages for the top ten performing non-executive staff, complimentary uniforms, optometry allowances and overall improvements in non-monetary benefits.

#### Focus on Employees' Children and their Education

BERNAS continues to recognize employees whose children excelled in public examinations by rewarding them with prizes and providing them the impetus to excel as their counterparts in urban locations.

To further motivate them to excel in public examinations, BERNAS conducted motivational and tuition courses for children of its staff sitting for the UPSR, PMR and SPM examinations nationwide. BERNAS organised a 4-Day/3-Night 'Program Kem Motivasi Anak Pesawah Setia BERNAS' from 7-10 June 2009 for 79 children of farmers from Selangor and Perak at the Nur Lembah Pangsung Resort, Hulu Langat, Selangor.

The largest ever motivational camp for students of its employees was organized recently from 16-18 March 2010. Held at the Hotel Bustani, Jitra, Kedah, the camp involved 420 children of employees based in the North and East Zones in Perlis, Kedah, Pulau Pinang, Kelantan and Terengganu. The 3-Day/2-Night motivational camp costing RM92,000 included lectures and motivation talks, effective study techniques and tips to answering examination questions for the key subjects of Mathematics, Science, Bahasa Malaysia and English Language.

### CSR at the Marketplace

#### Balancing Corporate Profitability with Food Safety and Security

Through the employment of ethical, visionary and prudent management strategies, our shareholders have received good returns on their investment and have enjoyed higher dividends without compromising on food safety and security for the nation.



In 2009, the UPM-BERNAS laboratory registered its maiden revenue having successfully carried out rice analysis for a third party organisation.



For the year under review, BERNAS proposed a final dividend of 12% per share. If approved by the shareholders, this will translate into a total gross annual dividend payout for the year of 24%, - one of BERNAS' highest in recent years. For the record, dividends were on the rise (except for FY2008) with net payout increasing from 4.5 sen in 2004 to 9 sen in 2007.

Following the acquisition by Tradewinds (M) Berhad, we will continue to balance corporate profitability with responsibility towards our shareholders while fulfilling all social obligations towards the general public as the guardian of food safety and security in Malaysia.

#### **Promoting Quality and Healthy Lifestyles via Research and Development Initiatives**

In collaboration with Universiti Putra Malaysia (UPM), BERNAS will continue to promote rice as a healthy staple diet through continuous development and introduction of rice varieties of the highest nutrition and value for various consumers.

In 2009, the UPM-BERNAS laboratory registered its maiden revenue having successfully carried out rice analysis for a third party organisation. The laboratory is presently embarking on an ISO 17025 accreditation exercise and upon its targeted completion in August 2010, the laboratory will be able to conduct and offer independent contract research services to expand its reach and services.

Current rice-related scientific research undertaken includes, but not limited to, seed genotyping, microbiology studies on paddy-related diseases, chemical and physical analyses of properties of rice; clinical trials on anti-diabetic and cardio-protective properties of Germinated Brown Rice (GBR); development of skin care supplements from rice bran with GBR formulation and development of GBR and rice bran with anti-obesity properties for the advancement of human health via the fields of biotechnology and life sciences.

#### **CSR with the Community**

##### **Reaching Out to the Public with Save More Outlets**

The opening of 27 Save More community retail outlets in Klang Valley and Selangor and 3 more outlets in Pahang proved to be popular and has helped consumers identify good rice brands from the variety of rice available in the market.

This retail initiative, exemplifies our commitment to play our part in stabilising rice prices and supply while maintaining close ties with the community. As all Save More rice is sourced and packed directly by BERNAS, these outlets can offer top quality rice at the fair prices. Our employees at these outlets are also well equipped to educate customers on rice quality, types, and cooking suitability of all rice brands carried by Save More.

These outlets also provide BERNAS with an additional platform to connect directly with consumers to receive valuable feedback that can help us increase the quality of our product offerings to benefit consumers in the long term.

##### **Investments in Public Services, Higher Education and Community Development**

BERNAS continuously provides cash contributions that serve as investments for public benefit at the various local communities where it operates. Such social investments include contributions for the upgrading of orphanages, mosques, and public facilities.

In addition to the motivational camps for children of the farmers preparing for primary and secondary school level government examinations, BERNAS allocated RM20 million in 2009 for the development of the Albukhary International University, a non-profit university catering for the poor and less-privileged pursuing tertiary education.

# Corporate Social Responsibility

## Tanggungjawab Sosial Korporat

Non-cash or in-kind contributions in 2009 included provision of rice and food supply to aid local communities. These contributions were distributed to various orphanages, single-mother associations, and charitable organisations to improve general livelihood and to assist in lessening the impact of floods and other natural disasters.

BERNAS' well-received Umrah programme saw 100 farmers performing the Umrah in 2009 in appreciation of their dedication and loyalty to BERNAS. We also continued to sponsor the popular GP Joran Competition for the tenth straight year to promote aquatic sports in particularly angling in the country. GP Joran also serves as a platform for BERNAS to promote awareness of its business and CSR activities as well as a distribution point of rice to the poor.

### CSR for the Environment

#### Caring for the Environment with Eco-friendly Business Practices

We believe that in the changing global landscape which is increasingly becoming borderless, no organisation can sustain its business strategies in the long term without including a green charter for its overall operations, products and services.

Towards this global imperative and in line with our commitment towards a greener environment, BERNAS will continue to explore and adopt best practices to reduce its carbon footprint. We believe that we will be able to contribute towards a cleaner and better environment by increasing overall energy consumption efficiencies in our mills, reducing wastage across the organisation and recycling operational by-products such as rice husks where applicable.

BERNAS has identified the use of rice husks as biomass fuel to replace diesel for paddy drying in its mills and also as animal feed; and reduction of the use of agrochemicals for crop cultivation via application of advanced seed-treatment technology, as some of the more viable eco-friendly initiatives.

We believe that these measures - already in various stages of research, prototyping and testing and implementation - will contribute positively towards reducing the Group's overall carbon footprint and promote a greener and healthier environment for all stakeholders.



### Ke Arah Amalan Perniagaan yang Lestari

*Selaras dengan amalan global ke arah menjalankan perniagaan yang lestari, BERNAS tidak ketinggalan dalam meneruskan amalan-amalan yang sihat melalui penerapan nilai-nilai tanggungjawab sosial korporat (CSR) dalam semua aspek operasinya. Pendekatan CSR BERNAS berbentuk serampang dua mata dengan fokus terhadap tanggungjawab di tempat kerja, persekitaran pasaran dan komuniti serta alam sekitar.*

### CSR di Tempat Kerja

#### Meningkatkan Hubungan dan Kesejahteraan Warga Kerja

BERNAS menganggap modal insan sebagai sumber terpenting dalam sesebuah organisasi. Kami percaya bahawa tenaga kerja yang terlatih dan terurus dalam persekitaran yang positif dapat menyumbang secara positif kepada pendapatan syarikat seterusnya menjerus kepada nilai pasaran melalui peningkatan produktiviti di semua peringkat.

Warga kerja kami sentiasa mendapat faedah dari pemupukan suasana kerja yang sedemikian. Terdapat banyak peluang-peluang latihan yang diperkenalkan di sepanjang tahun dalam tinjauan, dan kami akan terus fokus kepada program-program pembangunan kemahiran dan keupayaan masa hadapan demi persediaan menghadapi globalisasi. Kami yakin melalui pelaburan modal insan, galakan amalan budaya yang sihat dan selamat, serta peningkatan kemahiran warga kerja, keseimbangan antara kehidupan seharian dan kerja akan dapat dicapai.

Untuk tujuan ini, BERNAS telah membelanjakan lebih kurang RM1 juta untuk program-program pembangunan kemahiran, latihan kerja dan orientasi untuk warga kerjanya di seluruh negara dalam tahun 2009.



### **Komitmen Terhadap Kebajikan Warga Kerja**

Komitmen kami terhadap kebajikan warga kerja secara keseluruhan dapat dilihat melalui termetrainya Perjanjian Kolektif Bersama dengan wakil-wakil warga kerja bagi memastikan kebajikan warga kerja bukan eksekutif terjamin di masa hadapan. Perjanjian Kolektif Bersama yang ditandatangani pada 15 Januari 2010 dengan Kesatuan Pekerja-Pekerja Padiberas Nasional Berhad Semenanjung Malaysia, antaranya merangkumi aspek gaji dan ganjaran, pampasan, keadaan tempat kerja dan faedah-faedah lain.

Terkini, sekurang-kurangnya 75% warga kerja bukan eksekutif seluruh negara merupakan ahli kesatuan ini. Faedah yang disediakan termasuklah kenaikan paras gaji sebanyak 20% (dikebelakangkan tarikh kepada tahun 2007), elaun sara hidup sebanyak RM200, faedah perubatan pesakit luar yang dinaikkan daripada RM1,200 kepada RM3,000 setahun, penambahan subsidi beras bulanan, tambahan insentif pakej umrah kepada 10 kakitangan bukan eksekutif yang cemerlang, bekalan uniform, elaun cermin mata serta peningkatan yang menyeluruh ke atas ganjaran berbentuk bukan kewangan yang lain.

### **Fokus kepada Anak-Anak Warga Kerja dan Pembelajaran Mereka**

BERNAS sentiasa mengiktiraf kejayaan anak-anak warga kerja yang mendapat keputusan yang cemerlang dalam peperiksaan awam melalui penganugerahan hadiah dan saguhati sebagai dorongan untuk mereka terus berjaya seperti rakan-rakan sebaya yang lain terutama di kawasan bandar.

Sebagai dorongan tambahan untuk mereka berjaya dalam peperiksaan awam, BERNAS telah mengendalikan kursus-kursus motivasi dan kelas tambahan kepada anak-anak warga kerja yang bakal menduduki peperiksaan UPSR, PMR, dan SPM di seluruh negara. BERNAS juga telah menganjurkan Program Kem Motivasi Anak Pesawah Setia BERNAS selama 4 hari 3 malam pada 7 – 10 Jun 2009, yang disertai oleh 79 orang anak-anak petani dari Selangor dan Perak, di Lembah Nur Pangsung Resort, Hulu Langat, Selangor.

Kem motivasi terbesar untuk anak-anak warga kerja pula telah dianjurkan baru-baru ini di Hotel Bustani, Jitra, Kedah dari 16 – 18 Mac 2010. Kem tersebut melibatkan 420 orang anak-anak warga kerja yang bertugas di Wilayah Utara dan Timur seperti Perlis, Kedah, Pulau Pinang, Kelantan dan Terengganu. Kem motivasi 3 hari 2 malam yang melibatkan kos sebanyak RM92,000 ini merangkumi syarahan dan ceramah motivasi, teknik-teknik pembelajaran efektif dan tip menjawab soalan peperiksaan untuk matapelajaran Matematik, Sains, Bahasa Malaysia dan Bahasa Inggeris.

### **CSR di Persekitaran Pasaran**

#### **Mengimbangi Keuntungan Korporat dengan Keselamatan dan Sekuriti Makanan**

Melalui strategi-strategi pengurusan kerja yang beretika, berwawasan dan berhemah, para pemegang saham kami telah mendapat pulangan yang baik ke atas pelaburan mereka dan telahpun menikmati dividen yang tinggi tanpa sebarang kompromi ke atas keselamatan dan sekuriti makanan untuk negara.

Untuk tahun yang ditinjau, BERNAS telah mencadangkan pemberian dividen akhir sebanyak 12% sesaham. Sekiranya diluluskan oleh para pemegang saham, ini bermakna jumlah pembayaran keseluruhan dividen untuk tahun ini adalah sebanyak 24% - satu angka tertinggi pernah dicatatkan sehingga kini. Secara keseluruhan, pembayaran dividen BERNAS sentiasa meningkat (kecuali untuk tahun kewangan 2008) dengan pembayaran bersih bertambah daripada 4.5 sen pada tahun 2004 kepada 9 sen untuk tahun 2007.

# Corporate Social Responsibility

## Tanggungjawab Sosial Korporat

Dengan pembelian saham-saham BERNAS oleh Tradewinds (M) Berhad, kami akan terus memastikan keseimbangan keuntungan korporat dengan tanggungjawab terhadap pemegang-pemegang saham, di samping memenuhi kesemua tanggungjawab sosial terhadap masyarakat lebih-lebih lagi sebagai pelindung keselamatan dan sekuriti makanan di negara ini.

### Menggalakkan Cara Hidup yang Berkualiti dan Sihat Melalui Inisiatif Penyelidikan dan Pembangunan

Kerjasama di antara BERNAS dan Universiti Putra Malaysia (UPM) akan diteruskan untuk mempromosikan nasi sebagai makanan ruji yang sihat melalui pembangunan yang berterusan serta pengenalan jenis-jenis beras yang mempunyai khasiat dan nilai tertinggi kepada pelbagai jenis pengguna.

Dalam tahun 2009, makmal UPM-BERNAS telah mendaftarkan perolehan sulungnya setelah berjaya menjalankan analisa beras untuk organisasi lain. Makmal yang sedang dalam usaha untuk mendapatkan pengiktirafan ISO 17025 ini, sekiranya siap mengikut jangkaan iaitu pada bulan Ogos 2010, akan berupaya menjalankan dan menawarkan perkhidmatan-perkhidmatan penyelidikan secara kontrak bebas.

Penyelidikan saintifik ke atas beras yang sedang dijalankan meliputi analisa 'genotyping' ke atas biji benih, penyelidikan mikrobiologi ke atas penyakit-penyakit padi, analisa kimia dan fizikal ke atas beras, ujikaji-ujikaji klinikal ke atas kandungan 'Germinated Brown Rice' (GBR) dalam penjagaan kardio dan anti-diabetes, pembangunan suplemen penjagaan kulit dari dedak dengan formulasi GBR, dan penyelidikan ke atas GBR dengan kandungan anti-obesiti untuk tujuan kesihatan melalui bidang-bidang bioteknologi dan sains kehidupan.

### CSR Bersama Masyarakat

#### Mendekati Masyarakat Melalui Kedai Komuniti Save More

Pembukaan 27 buah kedai komuniti Save More di Lembah Kelang dan Selangor dan 3 buah kedai lagi di Pahang tahun lalu, terbukti popular dan telah banyak membantu para pengguna untuk mengenalpasti jenama-jenama beras yang terbaik daripada pelbagai jenama yang ditawarkan di pasaran.

Inisiatif peruncitan ini menggambarkan komitmen kami dalam memainkan peranan untuk menstabilkan bekalan dan harga-harga beras di samping mengeratkan hubungan dengan masyarakat. Oleh kerana kesemua jenis beras yang dijual di Save More diperolehi dan dibungkus oleh BERNAS sendiri, maka

kedai-kedai ini berupaya menawarkan beras yang berkualiti tinggi pada harga yang berpatutan. Warga kerja kami di kedai-kedai ini juga mempunyai kemahiran yang cukup untuk memberi nasihat kepada pengguna mengenai kualiti, jenis dan cara memasak yang bersesuaian dengan jenis-jenis beras yang terdapat di kedai-kedai Save More.

Kedai-kedai ini juga turut menyediakan platform tambahan untuk BERNAS berurusan secara terus dengan masyarakat pengguna untuk mendapatkan maklum balas yang amat berguna dalam membantu kami mempertingkatkan kualiti produk untuk ditawarkan kepada pengguna untuk jangka masa panjang.

#### Pelaburan dalam Perkhidmatan Awam, Pendidikan Tinggi dan Pembangunan Masyarakat

BERNAS terus menyampaikan sumbangan berbentuk tunai untuk kepentingan awam di pelbagai komuniti di mana ia beroperasi. Pelaburan sosial ini termasuklah sumbangan untuk menaiktaraf rumah-rumah anak-anak yatim, masjid-masjid dan kemudahan-kemudahan awam.

Sebagai tambahan kepada kem-kem motivasi yang telah dijalankan untuk anak-anak pesawah yang bakal menduduki peperiksaan awam di peringkat sekolah rendah dan menengah kerajaan, BERNAS juga turut menyediakan sejumlah RM20 juta dalam tahun 2009 untuk pembangunan Universiti Antarabangsa Albukhary, iaitu sebuah universiti yang tidak berlandaskan keuntungan, khusus untuk mereka yang miskin dan kurang berkemampuan untuk melanjutkan pelajaran ke peringkat yang lebih tinggi.

Sumbangan pada tahun 2009 juga termasuk dalam bentuk barangan iaitu peruntukan beras dan bekalan makanan asas bagi membantu komuniti-komuniti tempatan. Sumbangan-sumbangan ini diedarkan kepada pelbagai rumah anak-anak yatim, persatuan-persatuan ibu tunggal, dan organisasi-organisasi kebajikan untuk mempertingkatkan cara hidup mereka serta membantu dalam meringankan beban akibat banjir dan lain-lain bencana alam.

Program Umrah BERNAS pula diteruskan dengan 100 orang petani berjaya mengerjakan Umrah dalam tahun 2009 sebagai menghargai usaha dedikasi dan kesetiaan mereka kepada BERNAS. Kami juga turut meneruskan penajaan Pertandingan GP Joran yang terkenal untuk kali ke-10 bagi mempromosikan sukan air terutamanya memancing di negara ini. Di samping bertindak sebagai sebuah platform untuk BERNAS mempromosikan kewujudannya, GP Joran turut digunakan



sebagai pusat agihan untuk BERNAS membantu mereka yang memerlukan.

### **CSR untuk Alam Sekitar**

#### **Penjagaan Alam Sekitar Melalui Amalan Perniagaan yang Mesra Alam**

Kami percaya dalam melalui lanskap global yang kini sering berubah dan tidak bersempadan, tiada organisasi yang boleh bertahan untuk jangka masa yang panjang tanpa melibatkan amalan piagam hijau dalam keseluruhan operasi, perkhidmatan dan produk mereka.

Selaras dengan perkembangan global dan komitmen kami mengenai persekitaran yang lebih hijau, BERNAS akan terus mengenalpasti dan menggunakan amalan-amalan yang baik ke arah mengurangkan jejak karbonnya. Kami yakin dapat menyumbang ke arah alam sekitar yang lebih bersih dan lebih baik melalui amalan menggunakan tenaga secara lebih cekap di kilang-kilang kami; mengurangkan pembaziran di seluruh peringkat organisasi dan mengguna semula sisa produk operasi seperti sekam padi, di mana bersesuaian.

BERNAS telah mengenalpasti dan melaksanakan inisiatif-inisiatif mesra alam yang lebih berdaya maju seperti penggunaan sekam padi sebagai tenaga biomass untuk menggantikan disel dalam proses pengeringan padi di kilang-kilangnya; pemprosesan sekam sebagai makanan haiwan; serta pengurangan penggunaan agrokimia dalam mengusahakan tanaman melalui penggunaan teknologi tinggi rawatan biji benih.

Kami percaya bahawa langkah-langkah yang kini di pelbagai peringkat penyelidikan, ujian dan pelaksanaan – akan menyumbang secara positif ke arah mengurangkan jejak karbon Kumpulan secara keseluruhan dan menggalakkan persekitaran yang lebih hijau dan sihat untuk semua yang terlibat.

# Statement on Corporate Governance

## Penyata Tadbir Urus Korporat

The Board of Directors of Padiberas Nasional Berhad (“the Board”) remains committed in upholding and continuously improving 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 2009 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 eight (8) members, one (1) Executive Director and seven (7) 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 for 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 is as presented herein.

### Board Meetings and Supply of Information to the Board

During the financial year ended 31 December 2009, the Board met on four (4) occasions with two (2) Special Meetings, 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 meetings 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 resolutions 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 2009 are as follows:

Directors	Meeting Attendance
Dato’ Wira Syed Abdul Jabbar Bin Syed Hassan	5/6
Encik Bakry Bin Hamzah	6/6
Encik Azman Bin Umar	6/6
Dato’ Mohd Mokhtar Bin Ismail	6/6
Datuk Azizan Bin Ayob	6/6
Tuan Syed Abu Bakar Bin S Mohsin Almohdzar	6/6
YB Dato’ Abdul Rahman Bin Datuk Haji Dahlan	4/6

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 2010, the Committee recommended the appointment of Encik Chuah Seong Tat to the Board of BERNAS.

The Nomination Committee is 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 twice during the financial year ended 31 December 2009, which were held on 16 February 2009 and 18 March 2009.

### 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 (1/3rd) 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.

For the financial year 2009, all Directors have attended the following seminars/conferences:

Director	Dates	Seminars/Conferences	Organiser
Dato' Wira Syed Abdul Jabbar Bin Syed Hassan	26 – 27 April	Site Visits to Kilang Beras BERNAS	BERNAS
	12 May	High Forum for Directors of Listed Issuers In Enhancing Corporate Governance	Bursa Malaysia Berhad
	1 July	Half Day Talk on the Outlook of the Other Half of 2009 – 2010 Global Economic Crisis: Impact on Malaysia	Asia Chain Management Sdn Bhd
	6 November	i) Key Obligations Under the Listing Requirements of Bursa Malaysia Securities Berhad and Expectations on Directors  ii) Understanding the Directors' Obligations: Board Effectiveness & Managing Risk (With Reference to the Corporate Governance Guide: Towards Boardrooms Excellence)	Bursatra Sdn Bhd

# Statement on Corporate Governance

Penyata Tadbir Urus Korporat

## A. BOARD OF DIRECTORS (cont'd)

### Directors' Training (cont'd)

For the financial year 2009, all Directors have attended the following seminars/conferences:

Director	Dates	Seminars/Conferences	Organiser
	7 December	FRS-7 and FRS-139	KPMG
	9 December	Corporate Governance Management and Best Practices – “Board Effectiveness: Understanding the Roles and Responsibilities of the Nomination and Remuneration Committees”	Bursatra Sdn Bhd
	16 December	Updates on the key amendments on the Directors' obligations under the listing requirements of Bursa Malaysia Berhad and Towards Boardroom Excellence: Managing Related Party Transaction & Conflict of Interest	Tradewinds (M) Berhad
Encik Bakry Bin Hamzah	4 February	Exclusive Strategy Session Global Financial Crisis With Tun Dr Mahathir	NCCIM
	26 – 27 April	Site Visits to Kilang Beras BERNAS	BERNAS
	17 March	Leading Change In Tough Times -Prof John Kotters Asia Tour 2009	PRIMA Asia Pasific Consulting
	8-10 October	14 <sup>th</sup> World Rice Commerce	IBC Asia (S0 Pte Ltd)
	16 December	Updates on the key amendments on the Directors' obligations under the listing requirements of Bursa Malaysia Berhad and Towards Boardroom Excellence: Managing Related Party Transaction & Conflict of Interest	Bursatra Sdn Bhd
Datuk Azizan Bin Ayob	26 – 27 April	Site Visits to Kilang Beras BERNAS	BERNAS
	22 – 23 June	Key Performance Indicators Conference for the Public Sector, Statutory Bodies & Government Agencies	Malaysian Institute Of Corporate Governance
	16 December	Updates on the key amendments on the Directors' obligations under the listing requirements of Bursa Malaysia Berhad and Towards Boardroom Excellence: Managing Related Party Transaction & Conflict of Interest	Tradewinds (M) Berhad
Dato' Mohd Mokhtar Bin Ismail	26 – 27 April	Site Visits to Kilang Beras BERNAS	BERNAS

## A. BOARD OF DIRECTORS (cont'd)

### Directors' Training (cont'd)

For the financial year 2009, all Directors have attended the following seminars/conferences:

Director	Dates	Seminars/Conferences	Organiser
Encik Azman Bin Umar	15 January	<i>Taklimat Mengenai Keadaan Ekonomi &amp; Pakej Strategi Baru</i>	Unit Perancang Ekonomi, JPM
	4 February	<i>Majlis Perdana Perkhidmatan Awam Kesembilan (MPPA IX)</i>	Jabatan Perkhidmatan Awam Malaysia
	26 – 27 April	Site Visits to Kilang Beras BERNAS	BERNAS
	23 July	Corporate Governance Guide : Towards Boardroom Excellence	Malaysia Institute Of Accounts (MIA)
	28 July	<i>Seminar Pencegahan Dadah Sektor Awam</i>	Agensi Anti Dadah Kebangsaan Daerah Langkawi
	22 October	<i>Persidangan Pengurus Sumber Manusia Bagi Badan Berkanun (Persekutuan)</i>	Jabatan Perkhidmatan Awam Malaysia
	5 - 6 October	<i>Seminar Pengurusan Aduan Awam Anjuran Biro Pengaduan Awam (BPA)</i>	Biro Pengaduan Awam, Putrajaya
	26 -27 October	National Asset & Facility Management (NAFAM) Convention 2009	Persatuan Alumni Pegawai Tadbir dan Diplomatik
	19 November	PTD Alumni 2009 Economic Forum	NAFAM
	6 – 8 December	<i>Konvensyen JK Keutuhan Pengurusan (JKP) 2009 - Tadbir Urus Baik Penentu Pembangunan Mampan</i>	Suruhanjaya Pencegahan Rasuah Malaysia
Tuan Syed Abu Bakar Bin S Mohsin Almohdzar	26 – 27 April	Site Visits to Kilang Beras BERNAS	BERNAS
	11 June	Corporate Governance Management & Best Practices Course - Best Practices of Boardroom Affairs	Bursatra Sdn Bhd
	21 October	BERNAS Audit Committee Breakfast Forum- "No surprises: Is it a realistic expectation"	Asian Confederation Of Institutes Of Internal Auditor (ACIIA)
YB Dato' Abd Rahman Bin Datuk Hj Dahlan	26 – 27 April	Site Visits to Kilang Beras BERNAS	BERNAS
Encik Chuah Seong Tat	5 November	Risk Management Best Practices	Bursatra Sdn Bhd

# Statement on Corporate Governance

## Penyata Tadbir Urus Korporat

### B. DIRECTORS' REMUNERATION

The Remuneration Committee consists exclusively of Non-Executive Directors. The Remuneration Committee is responsible in recommending the 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 18 March 2009 during the financial year ended 31 December 2009.

The details of the Directors' remuneration for the financial year ended 31 December 2009 are as follows:

Category	Salaries & Emoluments (RM)	Benefits-in-kind (RM)	Fees (RM)
Executive-Director	1,018,588.39	-	-
Non-Executive Directors	-	-	300,000
<b>Total</b>	<b>1,018,588.39</b>	<b>-</b>	<b>300,000</b>

The number of Directors whose total remuneration falls within the following bands is as follows:

Amount of Remuneration	Executive Director	Non-Executive Directors
Below RM50,000	-	3
RM50,001 – RM100,000	-	2
RM100,001 – RM150,000	-	1
Above RM150,001	1	-

### C. SHAREHOLDERS

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

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

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

### D. ACCOUNTABILITY & AUDIT

#### Financial Reporting

The Board aims to provide and present a balanced and meaningful assessment of the Company's and Group's financial performance and prospects, primarily through the annual financial statements, quarterly announcement of results to shareholders as well as the Chairman's statement and review of operations in the Annual Report. The Board is assisted by the Audit Committee to oversee the Group's financial reporting processes and the quality of its financial reporting to ensure accuracy, adequacy and completeness.

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

The Board is responsible for ensuring that the financial statements of the Group give a true and fair view of the state of affairs of the Company and the Group 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 are 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 recommendations 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 30 April 2010.

### **ADDITIONAL COMPLIANCE INFORMATION**

(i) **Utilisation of Proceeds Raised from Any Corporate Proposal**

During the financial year ended 31 December 2009, there were no proceeds raised from any corporate proposal.

(ii) **Share Buyback**

During the financial year ended 31 December 2009, the Company has not exercised any share buy-back.

(iii) **Options, Warrants or Convertible Securities**

During the financial year ended 31 December 2009, the Company did not issue/exercise any options, warrants or convertible securities.

(iv) **American Depository Receipt (ADR) or Global Depository Receipt (GDR) Programme**

During the financial year ended 31 December 2009, the Company has not sponsored such programme.

(v) **Imposition of Sanctions/Penalties**

During the financial year ended 31 December 2009, there was no imposition of sanctions/penalties imposed on the Company and its subsidiaries, Directors or Management by the regulatory bodies.

(vi) **Non-Audit Fees**

During the financial year ended 31 December 2009 the amount of non-audit fees paid to external auditors by the Group is RM20,000.

(vii) **Profit Estimate, Forecast or Projection**

During the financial year ended 31 December 2009, the Company did not release any profit estimate, forecast or projection.

(viii) **Profit Guarantee**

During the financial year ended 31 December 2009, the Company did not give any profit guarantee.

(ix) **Material Contracts**

During the financial year ended 31 December 2009, there were no material contracts entered into by BERNAS Group involving the Directors' and major shareholders' interest save and except for the acquisition of Bernas Logistics Sdn Bhd by the Company from its related party, Johor Port Berhad on 2 December 2009 for a consideration of RM11,760,000.

(x) **Revaluation of Landed Properties**

During the financial year ended 31 December 2009, the Company did not have any revaluation policy on landed properties.

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

Para Pengarah dengan ini membentangkan Penyata berikut yang menggariskan pelaksanaan pematuhan tadbir urus korporat Kumpulan yang telah dilaksanakan sepanjang tahun kewangan 2009 sehingga tarikh Penyata ini dikeluarkan.

#### **A. LEMBAGA PENGARAH**

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

# Statement on Corporate Governance

## Penyata Tadbir Urus Korporat

### A. LEMBAGA PENGARAH (sambungan)

Dalam melaksanakan tugas dan tanggungjawab ini, Lembaga Pengarah dibantu oleh lima (5) Jawatankuasa Lembaga Pengarah dengan setiap Jawatankuasa mempunyai terma rujukan masing-masing. Jawatankuasa Lembaga Pengarah berbincang dengan mendalam 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.

Lembaga Pengarah terdiri daripada lapan (8) orang ahli, seorang (1) Pengarah Eksekutif dan tujuh (7) 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 Jawatankuasa Pengurusan Kanan.

Profil setiap Pengarah dilampirkan dalam Laporan Tahunan ini.

#### Mesyuarat Lembaga Pengarah dan Bekalan Maklumat

Sepanjang tahun kewangan 31 Disember 2009, Lembaga Pengarah telah bermesyuarat sebanyak empat (4) kali berserta dua (2) mesyuarat khas 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 dalam 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 secara edaran. Resolusi yang telah diluluskan tersebut akan disahkan pada mesyuarat berikutnya.

Butiran kehadiran setiap Pengarah sepanjang tahun kewangan berakhir 31 Disember 2009 seperti berikut:

Pengarah	Kehadiran Mesyuarat
Dato' Wira Syed Abdul Jabbar Bin Syed Hassan	5/6
Encik Bakry Bin Hamzah	6/6
Encik Azman Bin Umar	6/6
Dato' Mohd Mokhtar Bin Ismail	6/6
Datuk Azizan Bin Ayob	6/6
Tuan Syed Abu Bakar Bin S Mohsin Almohdzar	6/6
YB Dato' Abdul Rahman Bin Datuk Haji Dahlan	4/6

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 dan perlantikan Pengarah adalah berdasarkan Tataurusan Syarikat. Bagi tahun 2010, Jawatankuasa Penamaan telah mencadangkan perlantikan Encik Chuan Seong Tat sebagai Ahli Lembaga Pengarah BERNAS.

Jawatankuasa Penamaan terdiri daripada tiga (3) orang 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 kriteria 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 dua (2) kali dalam

tahun kewangan 31 Disember 2009 iaitu pada 16 Februari 2009 dan 18 Mac 2009.

#### **Lantikan Semula Para Pengarah**

Menurut Tataurus 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 diundi secara berasingan.

#### **Latihan Para Pengarah**

Semua Pengarah telah menghadiri program "Mandatory Accreditation (MAP)" yang dikendalikan oleh Bursa Malaysia.

Bagi tahun kewangan 2009, kesemua Pengarah telah menghadiri seminar/persidangan berikut:

<b>Pengarah</b>	<b>Tarikh</b>	<b>Seminar/Persidangan</b>	<b>Anjuran</b>
Dato' Wira Syed Abdul Jabbar Bin Syed Hassan	26 – 27 April	Lawatan Kilang Beras BERNAS	BERNAS
	12 Mei	<i>High Forum for Directors of Listed Issuers In Enhancing Corporate Governance</i>	Bursa Malaysia Berhad
	1 Julai	<i>Half Day Talk on the Outlook of the Other Half of 2009 – 2010 Global Economic Crisis: Impact on Malaysia</i>	Asia Chain Management Sdn Bhd
	6 November	i) <i>Key Obligations Under the Listing Requirements of Bursa Malaysia Securities Berhad and Expectations on Directors</i>  ii) <i>Understanding the Directors' Obligations: Board Effectiveness &amp; Managing Risk (With Reference to the Corporate Governance Guide: Towards Boardrooms Excellence)</i>	Bursatra Sdn Bhd

# Statement on Corporate Governance

Penyata Tadbir Urus Korporat

## A. LEMBAGA PENGARAH (sambungan)

### Lantikan Semula Para Pengarah (sambungan)

Bagi tahun kewangan 2009, kesemua Pengarah telah menghadiri seminar/persidangan berikut:

Pengarah	Tarikh	Seminar/Persidangan	Anjuran
	7 Disember	FRS-7 and FRS-139	KPMG
	9 Disember	<i>Corporate Governance Management and Best Practices – “Board Effectiveness: Understanding the Roles and Responsibilities of the Nomination and Remuneration Committees”</i>	Bursatra Sdn Bhd
	16 Disember	<i>Updates on the key amendments on the Directors’ obligations under the listing requirements of Bursa Malaysia Berhad and Towards Boardroom Excellence: Managing Related Party Transaction &amp; Conflict of Interest</i>	Tradewinds (M) Berhad
Encik Bakry Bin Hamzah	4 Februari	<i>Exclusive Strategy Session Global Financial Crisis With Tun Dr Mahathir</i>	NCCIM
	26 – 27 April	Lawatan Kilang Beras BERNAS	BERNAS
	17 Mac	<i>Leading Change In Tough Times -Prof John Kotters Asia Tour 2009</i>	PRIMA Asia Pasific Consulting
	8-10 Oktober	<i>14<sup>th</sup> World Rice Commerce</i>	IBC Asia (S0 Pte Ltd)
	16 Disember	<i>Updates on the key amendments on the Directors’ obligations under the listing requirements of Bursa Malaysia Berhad and Towards Boardroom Excellence: Managing Related Party Transaction &amp; Conflict of Interest</i>	Bursatra Sdn Bhd
Datuk Azizan Bin Ayob	26 – 27 April	Lawatan Kilang Beras BERNAS	BERNAS
	22 – 23 Jun	<i>Key Performance Indicators Conference for the Public Sector, Statutory Bodies &amp; Government Agencies</i>	Malaysian Institute Of Corporate Governance
	16 Disember	<i>Updates on the key amendments on the Directors’ obligations under the listing requirements of Bursa Malaysia Berhad and Towards Boardroom Excellence: Managing Related Party Transaction &amp; Conflict of Interest</i>	Tradewinds (M) Berhad
Dato’ Mohd Mokhtar Bin Ismail	26 – 27 April	Lawatan Kilang Beras BERNAS	BERNAS

## A. LEMBAGA PENGARAH (sambungan)

### Lantikan Semula Para Pengarah (sambungan)

Bagi tahun kewangan 2009, kesemua Pengarah telah menghadiri seminar/persidangan berikut:

Pengarah	Tarikh	Seminar/Persidangan	Anjuran
Encik Azman Bin Umar	15 Januari	Taklimat Mengenai Keadaan Ekonomi & Pakej Strategi Baru	Unit Perancang Ekonomi, JPM
	4 Februari	Majlis Perdana Perkhidmatan Awam Kesembilan (MPPA IX)	Jabatan Perkhidmatan Awam Malaysia
	26 – 27 April	Lawatan Kilang Beras BERNAS	BERNAS
	23 Julai	<i>Corporate Governance Guide : Towards Boardroom Excellence</i>	Malaysia Institute Of Accounts (MIA)
	28 Julai	Seminar Pencegahan Dadah Sektor Awam	Agensi Anti Dadah Kebangsaan Daerah Langkawi
	22 Oktober	Persidangan Pengurus Sumber Manusia Bagi Badan Berkanun (Persekutuan)	Jabatan Perkhidmatan Awam Malaysia
	5 - 6 Oktober	Seminar Pengurusan Aduan Awam Anjuran Biro Pengaduan Awam (BPA)	Biro Pengaduan Awam, Putrajaya
	26 -27 Oktober	<i>National Asset &amp; Facility Management (NAFAM) Convention 2009</i>	Persatuan Alumni Pegawai Tadbir dan Diplomatik
	19 November	<i>PTD Alumni 2009 Economic Forum</i>	NAFAM
	6 – 8 Disember	Konvensyen JK Keutuhan Pengurusan (JKP) 2009 - Tadbir Urus Baik Penentu Pembangunan Mampan	Suruhanjaya Pencegahan Rasuah Malaysia
Tuan Syed Abu Bakar Bin S Mohsin Almohdzar	26 – 27 April	Lawatan Kilang Beras BERNAS	BERNAS
	11 Jun	<i>Corporate Governance Management &amp; Best Practices Course - Best Practices of Boardroom Affairs</i>	Bursatra Sdn Bhd
	21 Oktober	<i>BERNAS Audit Committee Breakfast Forum- "No surprises: Is it a realistic expectation"</i>	Asian Confederation Of Institutes Of Internal Auditor (ACIIA)
YB Dato' Abd Rahman Bin Datuk Hj Dahlan	26 – 27 April	Lawatan Kilang Beras BERNAS	BERNAS
Encik Chuah Seong Tat	5 November	<i>Risk Management Best Practices</i>	Bursatra Sdn Bhd

# Statement on Corporate Governance

## Penyata Tadbir Urus Korporat

### 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 iaitu pada 18 Mac 2009.

Butiran imbuan Para Pengarah bagi tahun kewangan berakhir 31 Disember 2009 adalah seperti berikut:

Kategori	Gaji & Bonus (RM)	Manfaat Bayaran	Yuran (RM)
Pengarah Eksekutif	1,018,588.39	-	-
Pengarah Bukan Eksekutif	-	-	300,000
<b>Jumlah</b>	<b>1,018,588.39</b>	<b>-</b>	<b>300,000</b>

Imbuan Pengarah yang dibayar, dianalisa dalam lingkungan berikut:

Jumlah Imbuan	Pengarah Eksekutif	Pengarah Bukan Eksekutif
Di bawah RM50,000	-	3
RM50,001 – RM100,000	-	2
RM100,001 – RM150,000	-	1
Melebihi RM150,001	1	-

### C. PEMEGANG SAHAM

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

Adalah menjadi amalan Syarikat untuk menghantar Notis Mesyuarat Agung Tahunan dan pekeliling yang berkaitan kepada pemegang-pemegang saham tidak kurang daripada dua puluh satu (21) hari sebelum tarikh mesyuarat. Pada

Mesyuarat Agung Tahunan, pemegang saham adalah digalakkan untuk bersoal jawab mengenai resolusi yang diusulkan ataupun 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 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 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 dan diterimapakai di Malaysia dan peruntukan 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 dalam sistem kawalan dalaman Syarikat.

Penyata ini dibuat mengikut resolusi Lembaga Pengarah bertarikh 30 April 2010.

#### **MAKLUMAT TAMBAHAN PEMATUHAN**

- (i) **Penggunaan Hasil daripada Mana-mana Cadangan Korporat**  
Sepanjang tahun kewangan berakhir 31 Disember 2009, tiada hasil daripada mana-mana cadangan korporat.
- (ii) **Pembelian Balik Saham**  
Sepanjang tahun kewangan berakhir 31 Disember 2009, tiada pelaksanaan pembelian balik saham oleh Syarikat.
- (iii) **Opsyen, Jaminan atau Saham Boleh Tebus**  
Sepanjang tahun kewangan berakhir 31 Disember 2009, Syarikat tiada menerbitkan/melaksanakan mana-mana opsiyen, jaminan atau saham boleh tebus.
- (iv) **“American Depository Receipt (ADR)” atau “Global Depository Receipt (GDR) Programme”**  
Sepanjang tahun kewangan berakhir 31 Disember 2009, Syarikat tiada menaja sebarang ADR atau GDR.
- (v) **Pengenaan Sekatan/Penalti**  
Sepanjang tahun kewangan berakhir 31 Disember 2009, tiada sebarang sekatan/penalti dikenakan ke atas Syarikat, syarikat subsidiari, Pengarah atau Pengurusan.
- (vi) **Yuran Selain Audit**  
Sepanjang tahun kewangan berakhir 31 Disember 2009, jumlah yuran yang dibayar selain yuran audit kepada juruaudit luar oleh Syarikat adalah RM20,000.
- (vii) **Anggaran, Ramalan atau Unjuran**  
Sepanjang tahun kewangan berakhir 31 Disember 2009, Syarikat tiada mengeluarkan sebarang anggaran, ramalan atau unjuran.
- (viii) **Jaminan Keuntungan**  
Sepanjang tahun kewangan berakhir 31 Disember 2009, Syarikat tiada memberi sebarang jaminan keuntungan.
- (ix) **Perjanjian Penting**  
Sepanjang tahun kewangan berakhir 31 Disember 2009, tiada sebarang perjanjian penting yang dimeterai oleh Kumpulan BERNAS yang melibatkan Pengarah dan kepentingan pemegang saham utama kecuali pembelian saham Bernas Logistics Sdn Bhd oleh Syarikat daripada pihak berkaitan, Johor Port Berhad pada 2 Disember 2009 bernilai RM11,760,000.
- (x) **Penilaian Semula Hartanah**  
Sepanjang tahun kewangan berakhir 31 Disember 2009, Syarikat tidak mempunyai sebarang polisi penilaian semula hartanah.

# Statement on Internal Control

## Penyata Kawalan Dalaman

### Introduction

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 2009.

### 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 includes 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 Risk Management Committee (RMC) to assist the Board of Directors (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 representatives;
- 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 the 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 as well as BDO Governance Advisory Sdn Bhd and KPMG Business Advisory Sdn Bhd, through out-sourcing engagement, provide the Board with the assurance it requires regarding the adequacy and integrity of internal controls. Internal audit independently reviews the internal control processes and risk profiles in the key activities of the Group’s businesses and reports directly to the Audit Committee on a quarterly basis or as appropriate. Internal audit also tests 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. Reports on internal audit findings, together with recommendations for Management actions, are reviewed by the Audit Committee and reported to the Board by the Audit Committee on a quarterly basis or as appropriate. Follow-up audits are conducted to assess the implementation of audit corrective actions and recommendations.

- Establishment of a formalised Risk Management Policy and Procedure on risks and communicated throughout key areas in the Group;

### Other Risk and Control Processes

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

- Clearly defined delegation of responsibilities by the Board to the Management of the Group, including authority limits for all aspects of the business;
- Key business processes of the major business units are governed by formalised and documented policies and procedures;
- The 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 30 April 2010.

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### Pengenalan

Bursa Malaysia Securities Berhad memerlukan agar Lembaga Pengarah bagi syarikat tersenarai awam melampirkan "penyata mengenai keadaan kawalan dalaman kumpulan" 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 2009.

### Tanggungjawab Lembaga Pengarah

Lembaga Pengarah bertanggungjawab ke atas sistem kawalan dalaman Kumpulan yang mengambil kira pengukuhan rangka kerja dan kawalan persekitaran dalaman yang sesuai, di samping

mengkaji semula kesempurnaan dan keutuhan sistemnya. Sistem ini merangkumi kawalan-kawalan kewangan, operasi dan kepatuhan, serta prosedur-prosedur pengurusan risiko.

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

Bagaimanapun, disebabkan terdapatnya batasan yang tidak dapat dielakkan 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;

# Statement on Internal Control

## Penyata Kawalan Dalaman

### Rangka Kerja Pengurusan Risiko Keseluruhan (sambungan)

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

### Fungsi Audit Dalaman

Jabatan Audit Dalaman serta penggunaan khidmat nasihat BDO Governance Advisory Sdn Bhd dan KPMG Business Advisory Sdn Bhd 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 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. Laporan dari penemuan audit dalaman, berserta cadangan untuk tindakan Pengurusan akan dikaji semula oleh Jawatankuasa Audit dan dilaporkan kepada Lembaga Pengarah oleh Jawatankuasa Audit setiap suku tahun atau pada masa yang sesuai. Lanjutan audit juga dijalankan untuk menilai tindakan pemulihan dan saranan-saranan audit.

### Proses-proses Risiko dan Kawalan Lain

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

- Pengagihan tanggungjawab yang jelas oleh Lembaga Pengarah kepada Pengurusan dalam Kumpulan, termasuk had bidang kuasa dalam kesemua aspek perniagaan;
- Proses perniagaan utama dalam unit-unit perniagaan utama adalah di bawah kawalan polisi dan prosedur yang formal dan telah didokumenkan;
- Pihak Pengurusan dan Lembaga Pengarah diberi maklumat kewangan secara tetap dan menyeluruh, merangkumi pengkajian semula prestasi dan kedudukan kewangan Kumpulan;
- Proses belanjawan yang terperinci dan sistematik di mana ketua jabatan dan bahagian masing-masing menyediakan belanjawan untuk tahun kewangan berikutnya serta turutan kajian kewangan suku tahunannya; pemantauan berterusan terhadap hasil berbanding dengan rancangan dan perbezaan tersebut disusuli dan diambil tindakan, di mana perlu; dan
- Pengarah Urusan akan memberi laporan kepada Lembaga Pengarah mengenai perubahan-perubahan penting dalam perniagaan dan persekitaran luaran.

### Kesimpulan

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

Penyata ini telah dibuat mengikut resolusi Lembaga Pengarah bertarikh 30 April 2010.

# Audit Committee Report

Laporan Jawatankuasa Audit

## MEMBERSHIP

The current composition of the Audit Committee (the "Committee") is as follows:

### **Tuan Syed Abu Bakar Bin S Mohsin Almohdzar**

(Chairman, Independent Non-Executive Director & MIA member)

### **Datuk Azizan Bin Ayob**

(Member, Non-Independent Non-Executive Director)

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

(Member, Independent Non-Executive Director)

## MEETINGS

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 Managing Director, Chief Financial Officer and General Manager of Compliance and representatives of the external auditor shall normally attend meetings. The Committee may, as and when deemed necessary, invite other senior management members to attend the meetings. At least once a year, the Committee shall meet with the external auditors without any executive officers of the Company being present.

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

During the financial year ended 31 December 2009, the Audit Committee convened seven (7) meetings. The details of attendance of the Committee members are as follows:-

<b>Name of Director</b>	<b>Attendance</b>
Tuan Syed Abu Bakar Bin S Mohsin Almohdzar	7/7
YB Dato' Abdul Rahman Bin Datuk Haji Dahlan	7/7
Datuk Azizan Bin Ayob	7/7

## 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:

- Review 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 of the Committee**

The Committee and the Chairman shall be appointed by the Board of Directors and shall consist of not less than three (3) members, all of whom must be Non-Executive Directors with a majority of them must be Independent Directors.

### **Committee's Procedures**

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

### **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 employees of the Group.

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

# Audit Committee Report

## Laporan Jawatankuasa Audit

### Authority (cont'd)

The Committee shall be able to convene meetings with external auditors, the internal auditors or both, excluding the attendance of any executive officers and employees of the Company whenever deemed necessary.

### Duties and Responsibilities

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

#### Risk Management and Internal Control

- Review the control effectiveness to ensure that the identified risks are being addressed.
- Review the adequacy and effectiveness of internal control and governance system of the Group.
- Review and recommend to the Board of Directors the Corporate Governance Statement and Statement on Internal Control in relation to internal control and the management of the risk included in the Annual Report.

#### Financial Reporting

- Review and discuss with management and the independent auditors the quarterly results and the year end financial statements of the Company and consolidated financial statements of the Group including disclosure made in the accounts and the auditors' review of the statements 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 Main Market 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 and the Group; and
- Undertake such other responsibilities as the Committee and the Board may think appropriate.

### SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR

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

- 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.
- Reviewed the external audit term of engagement, audit strategy, proposed audit fee and the achievement of the agreed reporting time frames for the audit of the financial statements.
- Reviewed the Audit Committee Report, Statement of Internal Control and Statement of Corporate Governance and recommend to the Board for inclusion in the Annual Report.
- Reviewed the results of the follow up audits conducted by the internal and external teams on the management's implementation of recommendations.
- Reviewed quarterly and year end financial results prior to submission to the Board for consideration and approval.
- 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.
- Reviewed the management reports and external audit reports and discussed any problems and reservations arising thereon.
- Reviewed the internal audit plan, methodology, functions and resources and advised on the appointment of internal audit services.
- 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.

- 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 Internal Audit Department (Internal Team), KPMG Business Advisory Sdn Bhd and BDO Governance Advisory Sdn Bhd (External Teams) 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 and External Teams are to give independent, objective assurance and consulting activity designed to add value and improve the organisation's operations. They will also perform internal audit reviews on 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.

The internal audit function adopts a risk-based approach in preparing the annual audit plan based on the risk profiles of the business units of the Group. Both teams are to provide independent and objective reviews on the effectiveness of internal control systems within the Company and the Group via the following:

1. Conducts reviews and evaluations of management practices and procedures within the Group and the reviews will include but are not limited to:
  - i. Evaluations of internal control systems, corporate governance and risk assessment to determine their adequacy for the protection of Company's assets and resources, the production of accurate and reliable information, and the assurance on the compliance of statutory and regulatory requirements as well as company policies, procedures and guidelines.
  - ii. Determinations as to whether desired results or benefits are being achieved from approved programmes and projects.
  - iii. Formulating recommendations to management for improvement in, or correction of, inefficient practices and procedures.
2. Conducts special studies of procedural or problem areas as requested or directed by Audit Committee and Management.
3. Reviews the existing financial, operational and information systems to ensure that they are adequately defined, properly justified, and include the necessary internal controls.
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.

The Internal Team and External Teams 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 are deliberated by the Audit Committee and recommendations made are acted upon by the Management.

Cost incurred for the Internal Audit Function in respect of the financial year was RM1.03 million. At the end of financial year, the department had eleven (11) employees. Thirty-nine (39) audit reports were issued and presented to the Audit Committee with the recommended corrective actions acted upon.

---

## KEAHLIAN

Ahli Jawatankuasa Audit ("Jawatankuasa") terdiri dari:

### **Tuan Syed Abu Bakar Bin S Mohsin Almohdzar**

(Pengerusi, Pengarah Bebas Bukan Eksekutif & Ahli MIA)

### **Datuk Azizan Bin Ayob**

(Ahli, Pengarah Tidak Bebas Bukan Eksekutif)

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

(Ahli, Pengarah Bebas Bukan Eksekutif)

## MESYUARAT

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 keperluan.

# Audit Committee Report

Laporan Jawatankuasa Audit

## MESYUARAT (sambungan)

Pengarah Urusan, Ketua Pegawai Kewangan dan Pengurus Besar Bahagian Pematuhan serta wakil juruaudit luar lazimnya akan menghadiri mesyuarat. Jawatankuasa boleh menjemput pengurusan kanan yang lain untuk menghadiri mesyuarat sekiranya perlu. Sekurang-kurangnya sekali setiap tahun, Jawatankuasa akan bermesyuarat dengan juruaudit luar tanpa kehadiran pengurusan eksekutif Syarikat.

Jawatankuasa akan mengawal tatacara perjalanan mesyuarat mengikut kelazimannya.

Jawatankuasa telah bermesyuarat sebanyak tujuh (7) kali dalam tahun kewangan berakhir 31 Disember 2009. Maklumat kehadiran Ahli Jawatankuasa adalah seperti berikut:

Nama Pengarah	Kehadiran Mesyuarat
Tuan Syed Abu Bakar Bin S Mohsin Almohdzar	7/7
YB Dato' Abdul Rahman Bin Datuk Haji Dahlan	7/7
Datuk Azizan Bin Ayob	7/7

## 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

Jawatankuasa dan Pengerusi hendaklah dilantik oleh Lembaga Pengarah dan terdiri tidak kurang daripada tiga (3) orang ahli, yang kesemuanya terdiri daripada Pengarah Bukan Eksekutif dengan majoriti daripadanya adalah Pengarah Bebas.

## Prosedur Jawatankuasa

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

### Kuasa

Jawatankuasa mempunyai kuasa untuk memperolehi sebarang maklumat yang diperlukan dari mana-mana kakitangan Kumpulan dan semua kakitangan adalah 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, serta kakitangan Kumpulan.

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

Jawatankuasa boleh mengadakan mesyuarat dengan juruaudit luar, juruaudit dalaman, atau kedua-duanya sekali, tanpa kehadiran pengurusan eksekutif dan kakitangan Syarikat sekiranya perlu.

### Tugas dan Tanggungjawab

Dalam memenuhi objektif utama, tugas dan tanggungjawab Jawatankuasa adalah seperti berikut:

#### Pengurusan Risiko dan Kawalan Dalaman

- Mengkaji keberkesanan kawalan dalam memastikan tumpuan perhatian diberikan ke atas risiko yang telah dikenalpasti.
- Mengkaji kecukupan dan keberkesanan 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 untuk disertakan dalam Laporan Tahunan.

#### Laporan Kewangan

- Membuat kajian dan berbincang dengan pengurusan dan juruaudit bebas mengenai keputusan penyata kewangan suku tahunan dan akhir tahunan Syarikat, serta penyata kewangan Kumpulan yang disatukan termasuk pendedahan dalam akaun dan kajian juruaudit ke atas penyata, sebelum diluluskan oleh Lembaga Pengarah, dengan memberi perhatian kepada:
  - Perubahan atau pelaksanaan polisi dan amalan perakaunan yang utama
  - Pelarasan ketara atau perkara-perkara luar biasa
  - Pematuhan standard perakaunan dan keperluan undang-undang yang lain
- Mengkaji prosedur laporan kewangan yang tersedia untuk memastikan 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 perantaraan, prestasi, yuran audit dan pemecatan sebelum membuat syor kepada Lembaga Pengarah.
- Mengkaji laporan audit luar dan dalaman untuk menilai penemuan hasil kerja mereka serta memastikan tindakan pembetulan yang wajar dan segera dilaksanakan oleh pihak pengurusan ke atas kekurangan kawalan atau prosedur yang telah dikenalpasti.

#### 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.

### RINGKASAN AKTIVITI SEPANJANG TAHUN KEWANGAN

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

- 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.
- Mengkaji semula terma-terma penglibatan juruaudit luar, strategi audit, cadangan yuran audit dan pencapaian dalam laporan-laporan kewangan dalam tempoh masa yang ditetapkan.
- Mengkaji semula Laporan Jawatankuasa Audit, Penyata Kawalan Dalaman dan Penyata Tadbir Urus Korporat untuk disyorkan kepada Lembaga Pengarah untuk disertakan dalam Laporan Tahunan.
- Mengkaji semula keputusan lanjutan audit yang dijalankan oleh pihak audit dalaman dan luar ke atas tindakan pengurusan dalam melaksanakan tindakan-tindakan yang dicadangkan.
- Mengkaji semula keputusan kewangan suku tahunan dan akhir tahunan sebelum diserahkan kepada Lembaga Pengarah untuk dipertimbangkan dan diluluskan.
- Mengawal dan mengkaji semula keberkesanan sistem kawalan dalaman Kumpulan dan menentukan tahap Kawalan Dalaman dan Tadbir Urus Korporat Kumpulan.
- Mengkaji semula laporan pengurusan dan laporan juruaudit luar serta membincangkan mana-mana permasalahan dan keraguan yang timbul.
- Mengkaji semula perancangan audit dalaman, metodologi, fungsi dan sumber serta mengesyorkan perantaraan perkhidmatan audit dalaman.
- Mengkaji semula penemuan utama dalam laporan-laporan audit dalaman dan tindakan pengurusan, di samping menyelaraskan tindakan audit dalaman dengan pelbagai pihak yang terbabit bagi mencapai audit yang cekap dan berkesan.
- Mengkaji semula sebarang transaksi dengan pihak-pihak yang berkaitan yang mungkin melibatkan Syarikat dan Kumpulan.

### FUNGSI AUDIT DALAMAN

Lembaga Pengarah dan Jawatankuasa dibantu oleh Jabatan Audit Dalaman (Pasukan Dalaman), KPMG Business Advisory Sdn Bhd dan BDO Governance Advisory Sdn Bhd (Pasukan Luar) menerusi perkhidmatan kontrak yang diatur untuk mengekalkan sistem pengawasan dalaman yang berkesan bagi menyediakan kepastian yang munasabah ke atas mana-mana perkara luar biasa yang mungkin timbul dalam kegiatan operasi harian.

# Audit Committee Report

## Laporan Jawatankuasa Audit

### FUNGSI AUDIT DALAMAN (sambungan)

Kedua-dua pasukan dalaman dan luar ini akan memberikan kenyataan dan rujukan yang bebas dan berobjektif, yang dirancang untuk menambah nilai dan memperbaiki operasi Syarikat. Mereka juga melakukan kajian audit dalaman ke atas kawalan dalaman aktiviti-aktiviti utama Kumpulan berdasarkan strategi audit dalaman dan pelan audit dalaman terperinci yang dikemukakan kepada Jawatankuasa Audit.

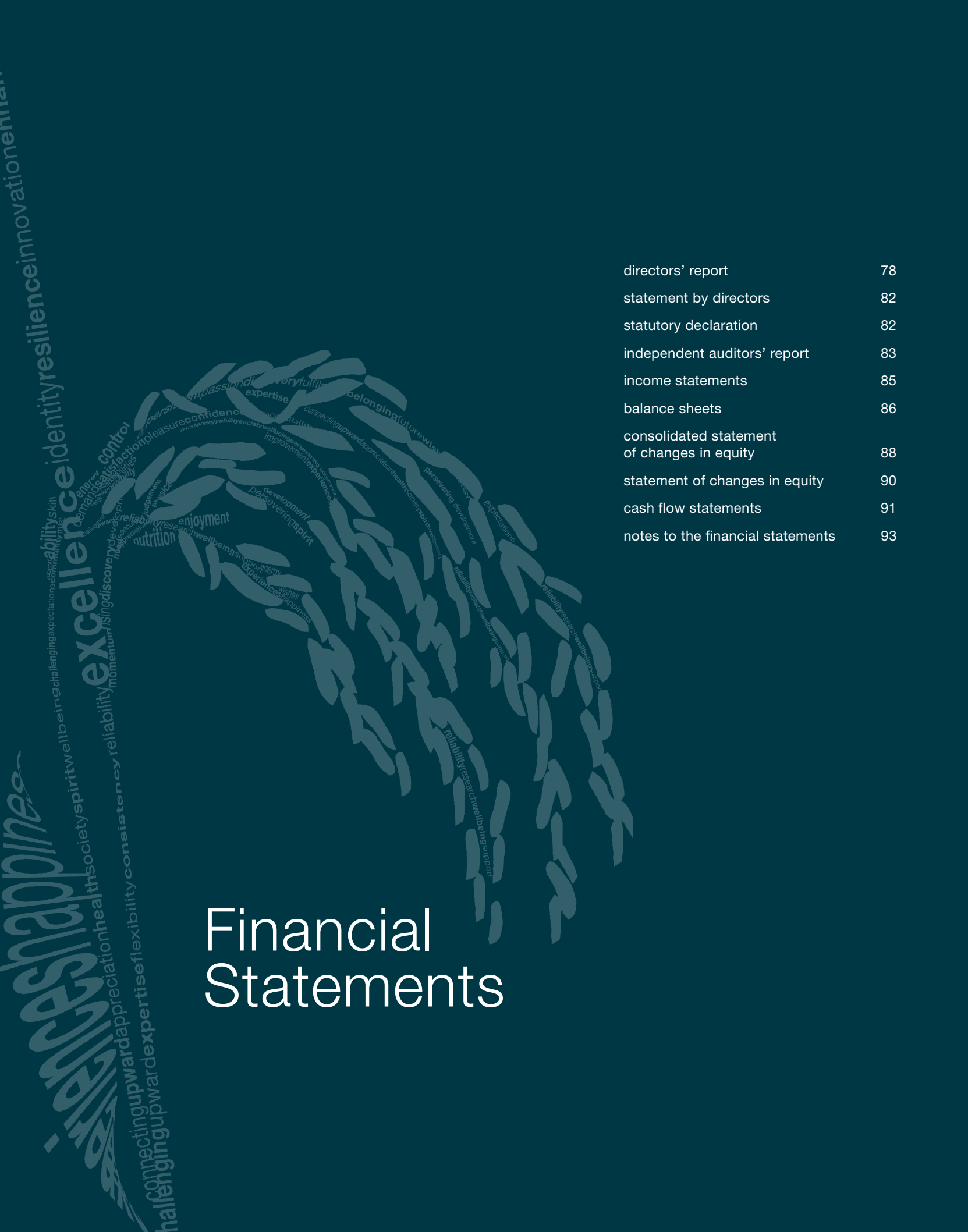
Audit dalaman menggunakan pendekatan berasaskan risiko dalam menyediakan pelan audit tahunan berlandaskan bidang risiko unit-unit perniagaan dalam Kumpulan. Audit dalaman dan luar menyediakan kajian yang bebas dan berobjektif ke atas sistem kawalan dalaman Syarikat dan Kumpulan melalui cara-cara berikut:

1. Mengkaji dan menilai amalan-amalan pengurusan dan prosedur-prosedur 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 kemampuannya dalam melindungi aset dan sumber Syarikat, penghasilan maklumat yang tepat dan meyakinkan, serta mematuhi keperluan statutori dan pengawasan serta polisi, prosedur dan garis panduan syarikat.
  - ii. Mengetahui sama ada pencapaian atau manfaat yang diinginkan diperolehi daripada program-program dan projek-projek yang diluluskan.
  - iii. Mengesyorkan kepada pengurusan untuk memperbaiki atau memperbetulkan amalan-amalan dan prosedur yang tidak efisien.
2. Menjalankan kajian khas ke atas mana-mana prosedur atau masalah yang timbul seperti yang diarahkan oleh Jawatankuasa atau Pengurusan.
3. Mengkaji semula sistem kewangan, operasi dan maklumat yang sedia ada bagi memastikan kesemuanya mempunyai takrifan dan justifikasi, termasuk kawalan dalaman yang sewajarnya.
4. Menyediakan laporan formal ke atas hasil kajian dan membincangkan laporan tersebut di peringkat pengurusan yang sewajarnya.

5. Menjalankan tindakan susulan audit terhadap cadangan-cadangan yang telah disyorkan bagi mengenalpasti sama ada pihak Pengurusan telah menjalankan tindakan pembedahan atau pencegahan ke atas perkara-perkara yang telah dilaporkan atau sebaliknya.

Pasukan dalaman dan luar menjalankan fungsi audit dalaman berdasarkan pelan audit yang telah diluluskan, yang sentiasa dikaji secara terkini dan berterusan dengan mengambil kira perubahan dalam operasi Kumpulan. Laporan audit dibincangkan oleh Jawatankuasa Audit dan sebarang syor akan dilaksanakan oleh pihak Pengurusan.

Dalam menjalankan Fungsi Audit Dalaman, sebanyak RM1.03 juta telah dibelanjakan dalam tahun kewangan. Pada akhir tahun kewangan, jabatan mempunyai sebelas (11) orang kakitangan. Tiga puluh sembilan (39) laporan audit telah dikemukakan kepada Jawatankuasa berserta cadangan tindakan-tindakan pembedahan yang telah dilaksanakan.



happiness  
challenging upward appreciation health society spirit well being  
ability skill demand satisfaction control passion expertise belonging future wisdom  
perseverance development expectations  
enjoyment research well being spirit  
reliability research well being support  
flexibility consistency  
perseverance development expectations

# Financial Statements

directors' report	78
statement by directors	82
statutory declaration	82
independent auditors' report	83
income statements	85
balance sheets	86
consolidated statement of changes in equity	88
statement of changes in equity	90
cash flow statements	91
notes to the financial statements	93

## Directors' Report

The directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2009.

### 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

	<b>Group RM'000</b>	<b>Company RM'000</b>
Profit for the year	179,537	151,651
Attributable to:		
Equity holders of the Company	169,261	151,651
Minority interests	10,276	-
	179,537	151,651

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 2008 were as follows:

	<b>RM'000</b>
In respect of the financial year ended 31 December 2008, as reported in the directors' report of that year:	
First and final dividend of 3% taxable dividend less 25% taxation on 470,401,501 ordinary shares, declared on 23 June 2009 and paid on 24 July 2009	10,585
In respect of the financial year ended 31 December 2009 (not recognised as at 31 December):	
Interim dividend of 12% taxable dividend less 25% taxation on 470,401,501 ordinary shares declared on 22 January 2010 and paid on 23 February 2010	42,336
	<b>52,921</b>

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 December 2009 of 12% taxable dividend less 25% taxation on 470,401,501 ordinary shares, amounting to a dividend payable of RM42,336,000 (9.0 sen per ordinary share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 December 2010.

## 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  
 Encik Bakry Bin Hamzah  
 Encik Chuah Seong Tat@Chuah Chee Tat (Appointed on 11 February 2010)  
 Encik Azman Bin Umar \*  
 Dato' Mohd Mokhtar Bin Ismail \*  
 Tuan Haji Osman Bin Makmor (Alternate Director to Encik Azman bin Umar)  
 Dato' Dr. Baharom Bin Jani (Alternate Director to Dato' Mohd Mokhtar bin Ismail)

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

# Directors' Report

## 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 7 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

## DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interest 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			31 December 2009
	1 January 2009	Bought	Sold	
<b>Direct Interest</b>				
- 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.

## 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.

**OTHER STATUTORY INFORMATION (cont'd)**

- (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 26 March 2010.

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 85 to 162 are drawn up in accordance with 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 2009 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 26 March 2010.

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 85 to 162 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 26 March 2010

Ahmad Tarmizi Bin Mohamed Hariri

Before me,

Karam Singh  
B226  
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 2009 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 85 to 162.

### *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 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 2009 and of their financial performance and cash flows for the year then ended.

# Independent Auditors' Report

to the Members of Padiberas Nasional Berhad  
(Incorporated in Malaysia)

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 ("Act") 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' report 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 financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.
- (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  
26 March 2010

# Income Statements

For the year ended 31 December 2009

	Note	Group		Company	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Revenue	3	<b>3,259,876</b>	2,501,954	<b>2,994,389</b>	2,365,475
Other income	4	<b>22,784</b>	17,587	<b>48,368</b>	47,020
Changes in inventory of finished goods and work in progress		<b>181,428</b>	171,432	<b>(51,045)</b>	100,733
Raw materials and consumables used	5	<b>(2,838,818)</b>	(2,509,741)	<b>(2,538,065)</b>	(2,503,389)
Staff costs	6	<b>(174,354)</b>	(125,580)	<b>(85,273)</b>	(49,911)
Amortisation of prepaid lease payments	14	<b>(565)</b>	(1,632)	<b>(425)</b>	(1,554)
Depreciation of property, plant and equipment	13	<b>(33,332)</b>	(29,334)	<b>(20,170)</b>	(19,090)
Other operating expenses		<b>(193,035)</b>	(143,917)	<b>(120,004)</b>	(51,084)
Finance cost	8	<b>(24,196)</b>	(23,051)	<b>(18,604)</b>	(16,001)
Share of profit of associates		<b>38,538</b>	47,953	-	-
<b>Profit/(loss) before tax</b>	9	<b>238,326</b>	(94,329)	<b>209,171</b>	(127,801)
Income tax (expense)/credit	10	<b>(58,789)</b>	36,857	<b>(57,520)</b>	35,726
<b>Profit/(loss) for the year</b>		<b>179,537</b>	(57,472)	<b>151,651</b>	(92,075)
Attributable to:					
Equity holders of the Company		<b>169,261</b>	(76,018)	<b>151,651</b>	(92,075)
Minority interests		<b>10,276</b>	18,546	-	-
		<b>179,537</b>	(57,472)	<b>151,651</b>	(92,075)
<b>Earnings/(loss) per share attributable to equity holders of the Company (sen):</b>					
Basic/Diluted	11	<b>36.0</b>	(16.2)		

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

## Balance Sheets

As at 31 December 2009

	Note	Group		Company	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	13	<b>347,351</b>	333,999	<b>195,726</b>	195,905
Prepaid land lease payments	14	<b>9,995</b>	27,285	<b>2,130</b>	23,280
Investment in subsidiaries	15	-	-	<b>356,590</b>	354,547
Investment in associates	16	<b>232,323</b>	210,508	<b>99,273</b>	99,273
Other investments	17	<b>40</b>	40	-	-
Intangible assets	18	<b>139</b>	210	-	-
Deferred tax assets	19	<b>51,454</b>	78,205	<b>14,145</b>	42,128
		<b>641,302</b>	650,247	<b>667,864</b>	715,133
<b>Current assets</b>					
Inventories	20	<b>552,929</b>	371,501	<b>134,411</b>	185,456
Non-current asset held for sale	21	<b>4,870</b>	4,276	-	2,856
Trade and other receivables	22	<b>777,127</b>	780,316	<b>1,094,416</b>	935,791
Tax recoverable		-	15,201	-	13,036
Cash and bank balances	23	<b>198,815</b>	212,600	<b>74,949</b>	74,887
		<b>1,533,741</b>	1,383,894	<b>1,303,776</b>	1,212,026
<b>Current liabilities</b>					
Retirement benefits obligations	24	<b>3,968</b>	3,018	<b>648</b>	647
Short term borrowings	25	<b>760,568</b>	858,793	<b>616,566</b>	747,187
Trade and other payables	27	<b>195,140</b>	130,959	<b>442,289</b>	425,883
Tax payable		<b>22,853</b>	12,699	<b>14,431</b>	-
		<b>982,529</b>	1,005,469	<b>1,073,934</b>	1,173,717
<b>Net current assets</b>		<b>551,212</b>	378,425	<b>229,842</b>	38,309
		<b>1,192,514</b>	1,028,672	<b>897,706</b>	753,442

	Note	Group		Company	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
<b>Financed by:</b>					
Share capital	28	<b>470,402</b>	470,402	<b>470,402</b>	470,402
Reserves	29	<b>547,852</b>	390,853	<b>385,785</b>	244,719
		<b>1,018,254</b>	861,255	<b>856,187</b>	715,121
<b>Minority interests</b>					
		<b>70,019</b>	63,655	-	-
<b>Total Equity</b>					
		<b>1,088,273</b>	924,910	<b>856,187</b>	715,121
<b>Non-current liabilities</b>					
Retirement benefits obligations	24	<b>63,367</b>	58,477	<b>41,519</b>	38,321
Long term borrowings	25	<b>12,791</b>	12,785	-	-
Deferred tax liabilities	19	<b>28,083</b>	32,500	-	-
		<b>104,241</b>	103,762	<b>41,519</b>	38,321
		<b>1,192,514</b>	1,028,672	<b>897,706</b>	753,442

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

# Consolidated Statement of Changes in Equity

For the year ended 31 December 2009

	← Attributable to equity holders of the Company →					
	Share capital (Note 28) RM'000	Non- distributable reserves (Note 29) RM'000	Distributable retained profits (Note 30) RM'000	Total RM'000	Minority interests RM'000	Total equity RM'000
<b>At 1 January 2008</b>	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)
<b>At 31 December 2008</b>	470,402	21,546	369,307	861,255	63,655	924,910

← Attributable to equity holders of the Company →						
	Share capital (Note 28) RM'000	Non- distributable reserves (Note 29) RM'000	Distributable retained profits (Note 30) RM'000	Total RM'000	Minority interests RM'000	Total equity RM'000
Note						
<b>At 1 January 2009</b>	470,402	21,546	369,307	861,255	63,655	924,910
Currency translation differences	-	(1,339)	-	(1,339)	-	(1,339)
Effects arising from acquisition of minority interest of subsidiary	15	-	(338)	(338)	(3,912)	(4,250)
Net expense recognised directly in equity	-	(1,339)	(338)	(1,677)	(3,912)	(5,589)
Profit for the year	-	-	169,261	169,261	10,276	179,537
Total recognised income and expense for the year	-	(1,339)	168,923	167,584	6,364	173,948
Dividends	12	-	(10,585)	(10,585)	-	(10,585)
<b>At 31 December 2009</b>	470,402	20,207	527,645	1,018,254	70,019	1,088,273

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

## Statement of Changes in Equity

For the year ended 31 December 2009

Company	Note	Share capital (Note 28) RM'000	Non- distributable reserves (Note 29) RM'000	Distributable retained profits (Note 30) RM'000	Total RM'000
<b>At 1 January 2008</b>		470,402	19,360	345,410	835,172
Transfer from 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)
<b>At 31 December 2008</b>		470,402	15,055	229,664	715,121
<b>At 1 January 2009</b>		470,402	15,055	229,664	715,121
Profit for the year		-	-	151,651	151,651
Total recognised income for the year		-	-	151,651	151,651
Dividends	12	-	-	(10,585)	(10,585)
<b>At 31 December 2009</b>		470,402	15,055	370,730	856,187

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

# Cash Flow Statements

for the year ended 31 December 2009

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit/(loss) before tax	<b>238,326</b>	(94,329)	<b>209,171</b>	(127,801)
Adjustments for:				
Amortisation of prepaid land lease payments	<b>565</b>	1,632	<b>425</b>	1,554
Depreciation of property, plant and equipment	<b>33,332</b>	29,334	<b>20,170</b>	19,090
Loss/(gain) on disposal of property, plant and equipment	<b>2,120</b>	(260)	<b>2,165</b>	(1)
Property, plant and equipment written off	<b>1,654</b>	1,405	<b>809</b>	365
Provision for doubtful debts	<b>12,972</b>	7,670	<b>18,006</b>	5,980
Provision for retirement benefits	<b>8,370</b>	6,929	<b>4,449</b>	4,584
Doubtful debts recovered	<b>(496)</b>	(67)	-	-
Provision/(write back) of impairment loss on investment	-	-	<b>957</b>	(27,214)
Loss on disposal of associates	<b>2,853</b>	-	<b>1,428</b>	-
Interest expense	<b>22,137</b>	21,394	<b>16,685</b>	14,532
Interest income	<b>(2,591)</b>	(3,003)	<b>(1,795)</b>	(2,323)
Gross dividend income	-	-	<b>(16,272)</b>	(28,962)
Share of results from associates	<b>(26,731)</b>	(47,953)	-	-
(Reversal)/write-down of net realisable value of inventories	-	(4,451)	-	8,344
Inventories written down	<b>2,233</b>	150	-	-
Impairment of intangible asset	<b>71</b>	-	-	-
Operating profit/(loss) before working capital changes	<b>294,815</b>	(81,549)	<b>256,198</b>	(131,852)
Decrease/(increase) in receivables	<b>11,438</b>	(352,220)	<b>(155,906)</b>	(533,575)
(Increase)/decrease in inventories	<b>(183,661)</b>	(171,432)	<b>51,045</b>	(109,077)
Increase in payables	<b>64,181</b>	21,547	<b>16,406</b>	72,637
Cash generated from/(used in) operations	<b>186,773</b>	(583,654)	<b>167,743</b>	(701,867)
Interest paid	<b>(22,137)</b>	(21,394)	<b>(16,685)</b>	(14,532)
Retirement benefits paid	<b>(2,530)</b>	(1,636)	<b>(1,250)</b>	(1,397)
Income tax paid	<b>(11,100)</b>	(8,113)	<b>(2,070)</b>	(11,980)
Net cash generated from/(used in) operating activities	<b>151,006</b>	(614,797)	<b>147,738</b>	(729,776)

# Cash Flow Statements

for the year ended 31 December 2009

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest income received	2,591	3,003	1,795	2,323
Net dividend received from:				
- Subsidiaries	-	-	4,465	3,188
- Associates	-	-	11,807	25,774
Additional of investment in associates	-	(9,435)	-	(9,435)
Additional of investment in subsidiaries	(4,250)	-	(4,350)	-
Purchase of property, plant and equipment	(50,487)	(42,997)	(23,310)	(24,064)
Purchase of prepaid land lease payments	(4,000)	-	-	-
Proceeds from disposal of associates	1,469	-	1,428	-
Proceeds from disposal of property, plant and equipment	572	4,992	345	-
Investment in subsidiaries written-off	-	-	1,350	-
Net cash used in investing activities	(54,105)	(44,437)	(6,470)	(2,214)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Drawdown of borrowings	2,240,067	1,511,045	1,906,542	1,313,952
Repayment of borrowings	(2,338,448)	(851,275)	(2,037,163)	(642,220)
Dividend paid	(10,585)	(47,191)	(10,585)	(47,191)
Net cash generated (used in)/from financing activities	(108,966)	612,579	(141,206)	624,541
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>				
	(12,065)	(46,655)	62	(107,449)
<b>EFFECT OF FOREIGN EXCHANGE RATES CHANGES</b>				
	(1,339)	-	-	-
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR</b>				
	208,260	254,915	74,887	182,336
<b>CASH AND CASH EQUIVALENTS AT THE END OF YEAR (NOTE 23)</b>				
	194,856	208,260	74,949	74,887

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

# Notes to the Financial Statements

31 December 2009

## 1. CORPORATE INFORMATION

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.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market 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 holding company of the Company is Tradewinds (M) Berhad which is incorporated and domiciled in Malaysia, and is listed on the Main Market of the Bursa Malaysia Securities Berhad.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 26 March 2010.

## 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 Financial Reporting Standards ("FRSs") and the Companies Act, 1965 in Malaysia.

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 2009

## 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.

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 profit or loss and net assets in subsidiaries not held by the Group. It is measured at the minorities' share of the fair value of the subsidiaries' identifiable assets and liabilities at the acquisition date and the minorities' share of changes in the subsidiaries' equity since then.

##### (ii) Associates

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

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

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

## 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)

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 profit or loss 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 is arrived at from the last audited financial statements available and management financial statements to the end of the accounting period. Uniform accounting policies are adopted for like transactions and events in similar circumstances.

#### (b) Intangible Assets

##### (i) Goodwill

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

##### (ii) Other Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair values as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised on a straightline 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.

# Notes to the Financial Statements

31 December 2009

## 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.2 Summary of Significant Accounting Policies (cont'd)

#### (b) Intangible Assets (cont'd)

##### (ii) Other Intangible Assets (cont'd)

Intangible assets with indefinite useful lives are not amortised but tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying may be impaired either individually or at the cashgenerating 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.

Freehold land has an unlimited useful life and therefore is not depreciated. Constructions work-in-progress are also not depreciated as these assets are not available for use. Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Buildings and infrastructure	2% to 10%
Renovation	10%
Plant and machinery	4% 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.

## 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.2 Summary of Significant Accounting Policies (cont'd)

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

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 metric tonnes. The inventories of paddy and rice of the Group and of the Company are disclosed net of the Government Stockpile.

#### (e) Financial Instruments

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

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

##### (i) Cash and Cash Equivalents

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

##### (ii) Other Non-current Investments

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

# Notes to the Financial Statements

31 December 2009

## 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.2 Summary of Significant Accounting Policies (cont'd)

#### (e) Financial Instruments (cont'd)

##### (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.

##### (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.

## 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.2 Summary of Significant Accounting Policies (cont'd)

#### (f) Leases (cont'd)

##### (ii) Finance Leases (cont'd)

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.

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.

# Notes to the Financial Statements

31 December 2009

## 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.2 Summary of Significant Accounting Policies (cont'd)

#### (h) Income Tax (cont'd)

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised as income or an expense and included in the income statement for the period, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

#### (i) Provisions

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

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

#### (j) Employee Benefits

##### (i) Short Term Benefits

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

##### (ii) Defined Contribution Plans

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

## 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.2 Summary of Significant Accounting Policies (cont'd)

#### (j) Employee Benefits (cont'd)

##### (iii) Defined Benefit Plans

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

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

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

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

##### (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 translated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated 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 translated.

# Notes to the Financial Statements

31 December 2009

## 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.2 Summary of Significant Accounting Policies (cont'd)

#### (k) Foreign Currencies (cont'd)

##### (ii) Foreign Currency Transactions (cont'd)

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. These 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 profit or loss. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation are recognised in income statement in the Company's separate financial statements or the individual financial statements of the foreign operation, as appropriate.

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

##### (iii) Foreign Operations

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

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

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

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

#### (l) Revenue Recognition

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

##### (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 term of the rental.

## 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.2 Summary of Significant Accounting Policies (cont'd)

#### (l) Revenue Recognition (cont'd)

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

An impairment loss is recognised as an expense in the income statement immediately. 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.

# Notes to the Financial Statements

31 December 2009

## 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.2 Summary of Significant Accounting Policies (cont'd)

#### (n) Non-current Asset Held for Sale

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary.

Immediately before classification as held for sale, the measurement of the non-current assets (or all the assets and liabilities in a disposal group) is brought up-to-date in accordance with applicable FRSs. Then, on initial classification as held for sale, non-current assets or disposal groups (other than investment properties, deferred tax assets, employee benefits assets, financial assets and inventories) are measured in accordance with FRS 5 that is at the lower of carrying amount and fair value less cost to sell. Any differences are included in profit or loss.

A component of the Group is classified as a discontinued operation when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations, is part of a single co-ordinated major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale.

### 2.3 Standards and Interpretations Issued but Not Yet Effective

At the date of authorisation of these financial statements, the following new FRSs and Interpretations, and amendments to certain Standards and Interpretations were issued but not yet effective and have not been applied by the Group and the Company, which are:

#### Effective for financial periods beginning on or after 1 July 2009:

- FRS 8 : Operating Segments

#### Effective for financial periods beginning on or after 1 January 2010:

- FRS 4 : Insurance Contracts
- FRS 7 : Financial Instruments: Disclosures
- FRS 101 : Presentation of Financial Statements (revised)
- FRS 123 : Borrowing Costs
- FRS 139 : Financial Instruments: Recognition and Measurement
- Amendments to FRS 1: First-time Adoption of Financial Reporting Standard and FRS 127: Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
- Amendments to FRS 2 Share Based Payment - Vesting Conditions and Cancellations
- Amendments to FRS 132: Financial Instruments: Presentation
- Amendments to FRS 139: Financial Instruments: Recognition and Measurement, FRS 7: Financial Instruments: Disclosures and IC Interpretation 9: Reassessment of Embedded Derivatives
- Amendments to FRSs 'Improvements to FRSs (2009)'
- IC Interpretation 9: Reassessment of Embedded Derivatives
- IC Interpretation 10: Interim Financial Reporting and Impairment
- IC Interpretation 11: FRS 2 – Group and Treasury Share Transactions
- IC Interpretation 13: Customer Loyalty Programmes

## 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.3 Standards and Interpretations Issued but Not Yet Effective (cont'd)

#### Effective for financial periods beginning on or after 1 January 2010: (cont'd)

- IC Interpretation 14: FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
- TR i – 3: Presentation of Financial Statements of Islamic Financial Institutions

#### Effective for financial periods beginning on or after 1 July 2010:

- FRS 1 : First-time Adoption of Financial Reporting Standards
- FRS 3 : Business Combinations (revised)
- FRS 127 : Consolidated and Separate Financial Statements (amended)
- Amendments to FRS 2: Share-based Payment
- Amendments to FRS 5: Non-current Assets Held for Sale and Discontinued Operations
- Amendments to FRS138: Intangible Assets
- Amendments to IC Interpretation 9: Reassessment of Embedded Derivatives
- IC Interpretation 12: Service Concession Arrangements
- IC Interpretation 15: Agreements for the Construction of Real Estate
- IC Interpretation 16: Hedges of a Net Investment in a Foreign Operation
- IC Interpretation 17: Distributions of Non-cash Assets to Owners

The Group and the Company plan to adopt the above pronouncements when they become effective in the respective financial period. Unless otherwise described below, these pronouncements are expected to have no significant impact to the financial statements of the Group and the Company upon their initial application:

(i) FRS 3: Business Combinations (revised) and FRS 127: Consolidated and Separate Financial Statements (amended)

FRS 3 (revised) introduces a number of changes to the accounting for business combinations occurring on or after 1 July 2010. These include changes that affect the valuation of non-controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs and future reported results.

FRS 127 (amended) requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners and to be recorded in equity. Therefore, such transaction will no longer give rise to goodwill, nor will it give rise to a gain or loss. Furthermore, the amended Standard changes the accounting for losses incurred by the subsidiary as well as loss of control of a subsidiary.

The changes by FRS 3 (revised) and FRS127 (amended) will be applied prospectively and only affect future acquisition or loss of control of subsidiaries and transactions with non-controlling interests.

(ii) FRS 8: Operating Segment

FRS 8 replaces FRS 114<sub>2004</sub>: Segment Reporting and requires a 'management approach', under which segment information is presented on a similar basis to that used for internal reporting purposes. As a result, the Group's external segmental reporting will be based on the internal reporting to the "chief operating decision maker", who makes decisions on the allocation of resources and assesses the performance of the reportable segments. As this is a disclosure standard, there will be no impact on the financial position or results of the Group.

# Notes to the Financial Statements

31 December 2009

## 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.3 Standards and Interpretations Issued but Not Yet Effective (cont'd)

(iii) FRS 101: Presentation of Financial Statements (revised)

The revised FRS 101 separates owner and non-owner changes in equity. Therefore, the consolidated statement of changes in equity will now include only details of transactions with owners. All non-owner changes in equity are presented as a single line labelled as total comprehensive income. The Standard also introduces the statement of comprehensive income: presenting all items of income and expense recognised in the income statement, together with all other items of recognised income and expense, either in one single statement, or in two linked statements. The Group is currently evaluating the format to adopt. In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the reclassification of items in the financial statements. This revised FRS does not have any impact on the financial position and results of the Group and the Company.

(iv) FRS 123: Borrowing Costs

This Standard supersedes FRS 123<sub>2004</sub>: Borrowing Costs that removes the option of expensing borrowing costs and requires capitalisation of such costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. Other borrowing costs are recognised as an expense. The Group's current accounting policy is to expense the borrowing costs in the period which they are incurred. In accordance with the transitional provisions of the Standard, the Group will apply the change in accounting policy prospectively for which the commencement date for capitalisation of borrowing cost on qualifying assets is on or after the financial period 1 January 2010.

(v) FRS 139: Financial Instruments: Recognition and Measurement, FRS 7: Financial Instruments: Disclosures and Amendments to FRS 139: Financial Instruments: Recognition and Measurement, FRS 7: Financial Instruments: Disclosures

The new Standard on FRS 139: Financial Instruments: Recognition and Measurement establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. Requirements for presenting information about financial instruments are in FRS 132: Financial Instruments: Presentation and the requirements for disclosing information about financial instruments are in FRS 7: Financial Instruments: Disclosures.

FRS 7: Financial Instruments: Disclosures is a new Standard that requires new disclosures in relation to financial instruments. The Standard is considered to result in increased disclosures, both quantitative and qualitative of the Group's and Company's exposure to risks, enhanced disclosure regarding components of the Group's and Company's financial position and performance, and possible changes to the way of presenting certain items in the financial statements.

In accordance with the respective transitional provisions, the Group and the Company are exempted from disclosing the possible impact to the financial statements upon the initial application.

## 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.3 Standards and Interpretations Issued but Not Yet Effective (cont'd)

(vi) Amendments to FRSs 'Improvements to FRSs (2009)'

FRS 117 Leases: Clarifies on the classification of leases of land and buildings. The Group is still assessing the potential implication as a result of the reclassification of its unexpired land leases as operating or finance leases. For those land element held under operating leases that are required to be reclassified as finance leases, the Group shall recognise a corresponding asset and liability in the financial statements which will be applied retrospectively upon initial application. However, in accordance with the transitional provision, the Group is permitted to reassess lease classification on the basis of the facts and circumstances existing on the date it adopts the amendments; and recognise the asset and liability related to a land lease newly classified as a finance lease at their fair values on that date; any difference between those fair values is recognised in retained earnings. The Group is currently in the process of assessing the impact of this amendment.

### 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.

##### **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.

# Notes to the Financial Statements

31 December 2009

## 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.4 Significant Accounting Estimates and Judgements (cont'd)

#### (b) Key Sources of Estimated Uncertainty

##### (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 2009, the Group and the Company's gross trade receivables were RM351,664,000 (2008: RM404,402,000) and RM645,762,000 (2008: RM543,250,000) respectively and the provision for doubtful debts of the Group and the Company were RM72,466,000 (2008: RM62,273,000) and RM59,118,000 (2008: RM47,708,000) respectively.

**3. REVENUE**

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Sale of rice	<b>2,785,561</b>	2,196,171	<b>2,746,653</b>	2,077,096
Others	<b>474,315</b>	305,783	<b>247,736</b>	288,379
	<b>3,259,876</b>	2,501,954	<b>2,994,389</b>	2,365,475

**4. OTHER INCOME**

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Dividend income from :				
- Subsidiaries	-	-	<b>4,465</b>	3,188
- Associates	-	-	<b>11,807</b>	25,774
Rental income	<b>567</b>	545	<b>17,681</b>	9,397
Gain on disposal of property, plant and equipment	-	260	-	1
Government incentive	<b>11,326</b>	4,562	<b>11,326</b>	4,562
Interest income from deposits	<b>2,591</b>	3,003	<b>1,795</b>	2,323
Other	<b>8,300</b>	9,217	<b>1,294</b>	1,775
	<b>22,784</b>	17,587	<b>48,368</b>	47,020

**5. RAW MATERIALS AND CONSUMABLES USED**

Raw materials and consumables used comprise cost of local rice sold which include overhead costs of paddy mills and the lower recoverability of margin in relation of obligation as buyer of last resort.

# Notes to the Financial Statements

31 December 2009

## 6. STAFF COSTS

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Wages and salaries	144,572	98,547	71,354	39,030
Social security costs	1,248	925	401	354
(Overprovision)/provision for short term accumulating compensated absences	(107)	371	(107)	371
Pension costs - defined contribution plan	14,600	8,640	7,504	4,581
Pension costs defined benefit plan (Note 24)	8,370	6,929	4,449	4,584
Other staff related expenses	5,671	10,168	1,672	991
	<b>174,354</b>	125,580	<b>85,273</b>	49,911

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM1,439,000 (2008: RM1,466,000) as further disclosed in Note 7.

## 7. DIRECTORS' REMUNERATION

	Group and Company	
	2009 RM'000	2008 RM'000
<b>Executive:</b>		
Salaries, bonus and other emoluments	1,018	1,068
<b>Non-Executive:</b>		
Fees and other emoluments	421	398
Total	<b>1,439</b>	1,466
<b>Analysis excluding benefits-in-kind:</b>		
Total executive directors' remuneration excluding benefits-in-kind	1,018	1,068
Total non-executive directors' remuneration excluding benefits-in-kind	421	398
Total directors' remuneration excluding benefits-in-kind	<b>1,439</b>	1,466

## 7. DIRECTORS' REMUNERATION (cont'd)

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

	Number of Directors	
	2009	2008
Executive directors:		
RM1,000,001 - RM1,050,000	1	1
Non-executive directors:		
Below RM50,000	3	3
RM50,001 - RM100,000	2	2
RM100,001 - RM150,000	1	1

## 8. FINANCE COST

	Group		Company	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Interest expense on borrowings	22,137	21,394	16,685	14,532
Bank charges	2,059	1,657	1,919	1,469
	<b>24,196</b>	23,051	<b>18,604</b>	16,001

## 9. PROFIT/(LOSS) BEFORE TAX

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

	Group		Company	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Staff costs (Note 6)	174,354	125,580	85,273	49,911
Non-executive directors' remuneration (Note 7)	421	398	421	398
Auditors' remuneration :				
Statutory audit	714	627	180	180
Other services	20	40	20	20
Depreciation of property, plant and equipment (Note 13)	33,332	29,334	20,170	19,090
Charitable contribution for Albukhary International University	20,000	-	20,000	-
Loss/(gain) on disposal of property, plant and equipment	2,120	(260)	2,165	(1)
Write off of property, plant and equipment	1,654	1,405	809	365

# Notes to the Financial Statements

31 December 2009

## 9. PROFIT/(LOSS) BEFORE TAX (cont'd)

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

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Provision for doubtful debts	12,972	7,670	18,006	5,980
Provision for retirement benefit obligations	8,370	6,929	4,449	4,584
Rental of land and buildings	40,282	22,780	29,126	15,375
Rental of plant and machinery	3,467	23	1,145	-
Unrealised gain in foreign exchange	(99)	-	-	-
Provision/(write back) of impairment against investments in subsidiaries	-	-	1,557	(27,214)
Amortisation of prepaid land lease payments (Note 14)	565	1,632	425	1,554
(Reversal)/write down of net realisable value of inventories	-	(4,451)	-	8,344
Doubtful debts recovered	(496)	(67)	-	-
Gain on disposal of investment	-	-	(688)	-
Loss on disposal of associates	2,853	-	1,428	-
Inventories written down	2,233	150	-	-
Impairment of intangible asset	71	-	-	-

## 10. INCOME TAX EXPENSE/(CREDIT)

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Current income tax:				
Current income tax charge	39,346	14,081	29,537	-
(Over)/under provision in prior years	(2,891)	423	-	604
Tax refunded	-	(699)	-	-
	36,455	13,805	29,537	604
Deferred tax (Note 19):				
Relating to origination and reversal of temporary differences	26,329	(49,088)	33,366	(34,824)
Relating changes to tax rates	-	1,636	-	1,685
Overprovision in prior years	(3,995)	(3,210)	(5,383)	(3,191)
	22,334	(50,662)	27,983	(36,330)
Total income tax expense	58,789	(36,857)	57,520	(35,726)

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

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2008: 26%) of the estimated assessable profit for the year. The computation of deferred tax as at 31 December 2009 has reflected this change. In the prior year, certain subsidiaries of the company being Malaysian resident companies with paid up capital of RM2,500,000 or less qualified for the preferential tax rates under Paragraph 2A, Schedule 1 on the Income Tax Act, 1967 as follows:

On the first RM500,000 of chargeable income : 20%  
 In excess of RM500,000 of chargeable income : 26%

However, pursuant to Paragraph 2B, Schedule 1 of the Income Tax Act, 1967 that was introduced with effect from the year of assessment 2009, these subsidiaries no longer qualify for the above preferential tax rates.

A reconciliation of income tax expense applicable to profit/(loss) before tax 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	
	2009	2008
	RM'000	RM'000
Profit/(loss) before tax	238,326	(94,329)
Taxation at Malaysian statutory tax rate of 25% (2008: 26%)	59,582	(24,526)
Effect of change in tax rates on opening balance of deferred tax	-	2,275
Deferred tax recognised at different tax rates	-	(19)
Effect of expenses not deductible for tax purposes	12,172	1,579
Utilisation of unrecognised tax losses and capital allowances brought forward from previous years	(413)	(8,179)
Utilisation of current year reinvestment allowance	(222)	-
Effect of income not subject to tax	(5,444)	(5,200)
Overprovision of deferred tax in prior years	(3,995)	(3,210)
(Over)/under provision of income tax in prior years	(2,891)	423
Tax expense/(credit) for the year	58,789	(36,857)

# Notes to the Financial Statements

31 December 2009

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

	Company	
	2009 RM'000	2008 RM'000
Profit/(loss) before tax	209,171	(127,801)
Taxation at Malaysian statutory tax rate of 25% (2008: 26%)	52,293	(33,228)
Effect of change in tax rates on opening balance of deferred tax	-	1,686
Effect of expenses not deductible for tax purposes	13,682	250
Effect of income not subject to tax	(3,072)	(1,847)
Overprovision of deferred tax in prior years	(5,383)	(3,191)
Under provision of income tax in prior years	-	604
Tax expense/(credit) for the year	57,520	(35,726)

## 11. EARNINGS PER SHARE

### (a) Basic

Basic earnings per share amounts are calculated by dividing profit/(loss) 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.

	2009 RM'000	2008 RM'000
Profit/(loss) attributable to ordinary equity holders of the Company	169,261	(76,018)
Number of ordinary shares in issue/weighted average number of ordinary shares in issue ('000)	470,402	470,402
Basic earnings/(loss) per share for the year (sen)	36.0	(16.2)

### (b) Diluted

There is no dilution in earnings per share of the Group.

## 12. DIVIDENDS

	Dividends in Respect of Year		Dividends Recognised in Year	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
<b>Recognised during the year:</b>				
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
Final dividend for 2008 : 3% taxable dividend less 25% taxation on 470,401,501 ordinary shares (2.2 sen per ordinary shares)	-	10,585	<b>10,585</b>	-
Total recognised during the year	-	10,585	<b>10,585</b>	23,671
<b>Interim dividend for 2009</b> (not recognised as at 31 December)				
Interim dividend for 2009: 12% taxable dividend less 25% taxation on 470,401,501 ordinary shares (9.0 sen per ordinary shares)	<b>42,336</b>	-	-	-
<b>Proposed for approval at AGM</b> (not recognised as at 31 December)				
Final dividend for 2009 : 12% taxable dividend less 25% taxation on 470,401,501 ordinary shares (9.0 sen per ordinary shares)	<b>42,336</b>	-	-	-
	<b>84,672</b>	10,585	<b>10,585</b>	23,671

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 December 2009 of 12% taxable dividend less 25% taxation on 470,401,501 ordinary shares, amounting to a dividend payable of RM42,336,000 (9.0 sen per ordinary share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 December 2010.

# Notes to the Financial Statements

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
<b>At 31 December 2009</b>						
<b>Cost</b>						
At 1 January 2009	36,923	113,231	249,559	30,472	104,728	534,913
Additions	-	5,858	3,781	21,578	19,813	51,030
Disposals	-	(40)	(5,735)	-	(1,756)	(7,531)
Write off	-	(1,330)	(1,339)	-	(2,436)	(5,105)
Reclassification	-	629	3,242	(5,955)	2,084	-
At 31 December 2009	36,923	118,348	249,508	46,095	122,433	573,307
<b>Accumulated depreciation</b>						
At 1 January 2009	-	18,695	107,249	-	74,970	200,914
Charge for the year	-	3,779	18,541	-	11,012	33,332
Disposals	-	-	(3,156)	-	(1,683)	(4,839)
Write off	-	(45)	(971)	-	(2,435)	(3,451)
At 31 December 2009	-	22,429	121,663	-	81,864	225,956
<b>Net carrying amount</b>						
At 31 December 2009	36,923	95,919	127,845	46,095	40,569	347,351
<b>At 31 December 2008</b>						
<b>Cost</b>						
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

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

GROUP	Freehold Land RM'000	Buildings and Infrastructure RM'000	Plant and Machinery RM'000	Work-in- Progress RM'000	Others*	Total RM'000
<b>Accumulated depreciation</b>						
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
<b>Net carrying amount</b>						
At 31 December 2008	36,923	94,536	142,310	30,472	29,758	333,999
<b>COMPANY</b>						
<b>At 31 December 2009</b>						
<b>Cost</b>						
At 1 January 2009	19,589	44,142	164,784	27,294	69,905	325,714
Additions	-	99	704	19,978	2,529	23,310
Disposals	-	-	(5,550)	-	(773)	(6,323)
Write off	-	(306)	(1,340)	-	(2,171)	(3,817)
Reclassification	-	629	3,242	(5,955)	2,084	-
At 31 December 2009	19,589	44,564	161,840	41,317	71,574	338,884
<b>Accumulated depreciation</b>						
At 1 January 2009	-	10,231	72,599	-	46,979	129,809
Charge for the year	-	2,215	12,027	-	5,928	20,170
Disposals	-	-	(3,040)	-	(773)	(3,813)
Write off	-	(45)	(793)	-	(2,170)	(3,008)
At 31 December 2009	-	12,401	80,793	-	49,964	143,158
<b>Net carrying amount</b>						
At 31 December 2009	19,589	32,163	81,047	41,317	21,610	195,726

# Notes to the Financial Statements

31 December 2009

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

COMPANY	Freehold Land RM'000	Buildings and Infrastructure RM'000	Plant and Machinery RM'000	Work-in- Progress RM'000	Others*	Total RM'000
<b>At 31 December 2008</b>						
<b>Cost</b>						
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
<b>Accumulated depreciation</b>						
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)
At 31 December 2008	-	10,231	72,599	-	46,979	129,809
<b>Net carrying amount</b>						
At 31 December 2008	19,589	33,911	92,185	27,294	22,926	195,905

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

* Others	Furniture, Fittings and Office Equipment	Renovations	Motor Vehicles	Total
GROUP	RM'000	RM'000	RM'000	RM'000
<b>At 31 December 2009</b>				
<b>Cost</b>				
At 1 January 2009	500	6,446	29,782	104,728
Additions	11,635	5,912	2,266	19,813
Disposals	(507)	-	(1,249)	(1,756)
Write off	(2,328)	-	(108)	(2,436)
Reclassification	1,662	422	-	2,084
At 31 December 2009	78,962	12,780	30,691	122,433
<b>Accumulated depreciation</b>				
At 1 January 2009	51,531	3,020	20,419	74,970
Charge for the year	8,241	844	1,927	11,012
Disposals	(477)	-	(1,206)	(1,683)
Write off	(2,327)	-	(108)	(2,435)
At 31 December 2009	56,968	3,864	21,032	81,864
<b>Net carrying amount</b>				
At 31 December 2009	21,994	8,916	9,659	40,569
<b>At 31 December 2008</b>				
<b>Cost</b>				
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

# Notes to the Financial Statements

31 December 2009

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

* Others (Cont'd)	Furniture, Fittings and Office Equipment RM'000	Renovations RM'000	Motor Vehicles RM'000	Total RM'000
<b>GROUP (cont'd)</b>				
<b>Accumulated depreciation</b>				
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
<b>Net carrying amount</b>				
At 31 December 2008	16,969	3,426	9,363	29,758
<b>COMPANY</b>				
<b>At 31 December 2009</b>				
<b>Cost</b>				
At 1 January 2009	60,390	3,965	5,550	69,905
Additions	1,840	105	584	2,529
Disposals	(75)	-	(698)	(773)
Write off	(2,113)	-	(58)	(2,171)
Reclassification	1,662	422	-	2,084
At 31 December 2009	61,704	4,492	5,378	71,574
<b>Accumulated depreciation</b>				
At 1 January 2009	41,303	911	4,765	46,979
Charge for the year	5,816	32	80	5,928
Disposals	(75)	-	(698)	(773)
Write off	(2,112)	-	(58)	(2,170)
At 31 December 2009	44,932	943	4,089	49,964
<b>Net carrying amount</b>				
At 31 December 2009	16,772	3,549	1,289	21,610

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

* Others (Cont'd)	Furniture, Fittings and Office Equipment RM'000	Renovations RM'000	Motor Vehicles RM'000	Total RM'000
COMPANY (cont'd)				
<b>At 31 December 2008</b>				
<b>Cost</b>				
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
<b>Accumulated depreciation</b>				
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
<b>Net carrying amount</b>				
At 31 December 2008	19,087	3,054	785	22,926

- (a) During the financial year, the Group and the Company acquired property, plant and equipment with an aggregate cost of RM543,000 (2008: RM4,964,000) and RMnil (2008: RMnil) respectively 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	
	2009 RM'000	2008 RM'000
Motor vehicles	2,606	3,376
Forklift, plant and machinery	5,817	6,270
	<b>8,423</b>	9,646

Details of the terms and conditions of the hire purchase and finance lease arrangements are disclosed in Note 26.

# Notes to the Financial Statements

31 December 2009

## 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 25 are as follows:

	2009 RM'000	2008 RM'000
Freehold land	7,307	7,307
Buildings and infrastructure	12,830	13,239
Plant and machinery	12,929	13,647
	<b>33,066</b>	34,193

## 14. PREPAID LAND LEASE PAYMENTS

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
At 1 January	27,285	26,367	23,280	24,834
Addition for current year	4,000	2,550	-	-
Termination of lease (Note 35(e))	(20,725)	-	(20,725)	-
Amortisation for the year (Note 9)	(565)	(1,632)	(425)	(1,554)
At 31 December	<b>9,995</b>	27,285	<b>2,130</b>	23,280
Analysed as				
Long term leasehold land	8,932	3,971	2,130	2,225
Short term leasehold land	1,063	23,314	-	21,055
	<b>9,995</b>	27,285	<b>2,130</b>	23,280

## 15. INVESTMENTS IN SUBSIDIARIES

	Company	
	2009 RM'000	2008 RM'000
Unquoted shares, at cost	403,003	400,003
Less: Accumulated impairment losses	(46,413)	(45,456)
	<b>356,590</b>	354,547

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

## 15. INVESTMENTS IN SUBSIDIARIES (cont'd)

### a. Acquisition of Additional Equity Interest in Subsidiaries

On 5 January 2009 the Company had entered into a Share Acquisition Agreement 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. Upon completion, the equity interest of the Company in JFC increased to 61%.

### b. Disposal of Subsidiaries

On 7 October 2009, the Group dissolved the following wholly-owned subsidiaries:-

- i. Valorlite Resources Sdn. Bhd.
- ii. Bernas Shipping Agencies Sdn. Bhd.
- iii. Rib Beef Sdn. Bhd.
- iv. Bernas Organic Soil (M) Sdn. Bhd.
- v. Bernas Agroproduce Sdn. Bhd.
- vi. Bernas Food Catering Sdn. Bhd.

The dissolution of the above subsidiaries did not have any material effect on the net assets per share and earning per share of the Group for the year ended 31 December 2009.

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

	<b>2009</b>
	<b>RM'000</b>
Net loss for the year	<b>(23)</b>

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

	<b>2009</b>
	<b>RM'000</b>
Cash and bank balances	-
Trade and other receivables	-
Trade and other payables	<b>(24)</b>
Tax payables	<b>(2)</b>
	<b>(26)</b>

# Notes to the Financial Statements

31 December 2009

## 16. INVESTMENT IN ASSOCIATES

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
In Malaysia:				
Unquoted shares, at cost	125,337	125,337	101,573	101,573
Share of post-acquisition reserves	94,821	68,044	-	-
	<b>220,158</b>	193,381	<b>101,573</b>	101,573
Less: Accumulated impairment losses	(2,300)	(2,300)	(2,300)	(2,300)
	<b>217,858</b>	191,081	<b>99,273</b>	99,273
Outside Malaysia:				
Unquoted shares, at cost	528	2,650	-	-
Share of post-acquisition reserves	13,937	16,777	-	-
	<b>14,465</b>	19,427	-	-
	<b>232,323</b>	210,508	<b>99,273</b>	99,273

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

The financial statements of the associates as mentioned in Note 36(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 2009 have been used and appropriate adjustments have been made for the effects of significant transactions between that date and 31 December 2009.

The summarised financial statements of the associates are as follows:

	2009 RM'000	2008 RM'000
<b>Assets and liabilities</b>		
Current assets	986,571	784,620
Non-current assets	444,267	426,711
Total assets	<b>1,430,838</b>	1,211,331
Current liabilities	770,439	602,791
Non-current liabilities	97,481	104,525
Total liabilities	<b>867,920</b>	707,316
<b>Results</b>		
Revenue	2,980,612	2,690,655
Profit for the year	121,486	162,366

## 16. INVESTMENT IN ASSOCIATES (cont'd)

(a) During the year, the Group disposed its investment in certain associates as follows:

- i. 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 said disposal was completed on 2 November 2009.

- ii. 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:-

- 10% upon signing of SPA.
- 90% on completion date.

The said disposal was completed during the year.

## 17. OTHER INVESTMENTS

	Group	
	2009	2008
	RM'000	RM'000
Unquoted shares, at cost	4	4
Quoted shares in Malaysia, at cost	9	9
Golf club membership	29	29
	<b>42</b>	42
Less: Accumulated impairment losses	<b>(2)</b>	(2)
	<b>40</b>	40
Market value of quoted shares	<b>7</b>	7

# Notes to the Financial Statements

31 December 2009

## 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 is determined based on value-in-use calculations using cash flow projections discounted at a rate of 8% per annum.

### Sensitivity to Change in Assumptions

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

## 19. DEFERRED TAX

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
At 1 January	45,705	(4,957)	42,128	5,798
Recognised in the income statement (Note 10)	(22,334)	50,662	(27,983)	36,330
At 31 December	23,371	45,705	14,145	42,128

Presented after appropriate offsetting as follows:

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Deferred tax assets	51,454	78,205	14,145	42,128
Deferred tax liabilities	(28,083)	(32,500)	-	-
	23,371	45,705	14,145	42,128

## 19. DEFERRED TAX (cont'd)

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

### Deferred Tax Assets of the Group:

	Retirement Benefit Obligations RM'000	Provision for Doubtful Debts RM'000	Tax Losses and Unabsorbed Capital Allowances RM'000	Others RM'000	Total RM'000
At 1 January 2009	15,374	5,572	48,316	8,270	77,532
Recognised in the income statement	1,460	1,649	(40,166)	9,354	(27,703)
At 31 December 2009	16,834	7,221	8,150	17,624	49,829
At 1 January 2008	12,623	5,773	6,974	731	26,101
Recognised in the income statement	2,751	(201)	41,342	7,539	51,431
At 31 December 2008	15,374	5,572	48,316	8,270	77,532

### Deferred Tax Liabilities of the Group:

	Accelerated Capital Allowances RM'000	Others RM'000	Total RM'000
At 1 January 2009	32,199	(372)	31,827
Recognised in the income statement	(5,303)	(66)	(5,369)
At 31 December 2009	26,896	(438)	26,458
At 1 January 2008	31,430	(372)	31,058
Recognised in the income statement	769	-	769
At 31 December 2008	32,199	(372)	31,827

# Notes to the Financial Statements

31 December 2009

## 19. DEFERRED TAX (cont'd)

### 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 2009	9,742	5,037	36,913	1,539	53,231
Recognised in the income statement	800	1,649	(36,913)	5,915	(28,549)
At 31 December 2009	10,542	6,686	-	7,454	24,682
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

### Deferred Tax Liabilities of the Company:

	Accelerated Capital Allowances RM'000
At 1 January 2009	11,103
Recognised in the income statement	(566)
At 31 December 2009	10,537
At 1 January 2008	10,862
Recognised in the income statement	241
At 31 December 2008	11,103

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

	Group	
	2009 RM'000	2008 RM'000
Unutilised tax losses	21,472	23,124
Unabsorbed capital allowances	8,427	8,427
	29,899	31,551

## 19. DEFERRED TAX (cont'd)

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	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Paddy and rice	509,769	348,760	134,411	185,456
Spares and consumables	7,225	9,619	-	-
Raw materials	5,541	10,369	-	-
Finished goods	30,394	2,753	-	-
	<b>552,929</b>	371,501	<b>134,411</b>	185,456

The Group manages the Government Rice Stockpile of 239,000 metric tonnes. The stockpile rice held on behalf of the Government is excluded from the inventories of the Group and of the Company.

## 21. NON-CURRENT ASSET HELD FOR SALE

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

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Investment in associates	4,870	4,276	-	2,856

The non-current asset held for sale in current year relates to pending disposal of investment in Asian Peninsula Corporation Ltd. as disclosed in Note 35 (g).

In prior year, the non-current asset held for sale relates the disposal of investment in Keongco Holdings Sdn. Bhd. which was completed during the current financial year as disclosed in Note 35 (b).

# Notes to the Financial Statements

31 December 2009

## 22. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
<b>Trade Receivables :</b>				
Due from subsidiaries	-	-	<b>473,689</b>	345,312
Due from associates	<b>37,951</b>	71,962	<b>37,951</b>	71,962
Third parties	<b>313,713</b>	332,440	<b>134,122</b>	125,976
	<b>351,664</b>	404,402	<b>645,762</b>	543,250
Less: Provision for doubtful debts	<b>(72,466)</b>	(62,273)	<b>(59,118)</b>	(47,708)
Total Trade Receivables	<b>279,198</b>	342,129	<b>586,644</b>	495,542
<b>Other Receivables:</b>				
Due from subsidiaries	-	-	<b>87,605</b>	64,629
Due from associates	<b>21,295</b>	16,711	<b>21,295</b>	16,711
Advances to farmers	<b>40,562</b>	19,398	<b>40,562</b>	19,398
Insurance claims recoverable	<b>1,086</b>	1,075	<b>1,086</b>	1,076
Due from Government of Malaysia	<b>296,989</b>	273,616	<b>296,989</b>	273,616
Sundry receivables	<b>151,209</b>	137,820	<b>86,980</b>	84,968
	<b>511,141</b>	448,620	<b>534,517</b>	460,398
Less: Provision for doubtful debts	<b>(13,212)</b>	(10,433)	<b>(26,745)</b>	(20,149)
Total Other Receivables	<b>497,929</b>	438,187	<b>507,772</b>	440,249
Total Trade and Other Receivables	<b>777,127</b>	780,316	<b>1,094,416</b>	935,791

### (a) Credit Risk

The Group's and Company's credit terms range from 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 RM1,565,000 (2008: RM1,660,000) due from Recent Giant Sdn Bhd ("RGSB"), Benua Haulage Sdn Bhd ("BHSB"), Fragstar Corporation Sdn. Bhd. ("FCSB"), Firma Rena Sdn Bhd ("FRSB"), Kien Fatt Rice Mill Sdn Bhd ("KFRM") 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 (2008: 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 relates to subsidies recoverable from the Government of Malaysia.

## 22. TRADE AND OTHER RECEIVABLES (cont'd)

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

The Group 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.

## 23. CASH AND BANK BALANCES

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Cash on hand and at banks	<b>111,423</b>	147,670	<b>39,799</b>	42,287
Deposits with:				
Licensed banks	<b>51,242</b>	3,859	-	-
Other financial institutions	<b>36,150</b>	61,071	<b>35,150</b>	32,600
	<b>198,815</b>	212,600	<b>74,949</b>	74,887

(a) Included in deposits with licensed banks of the Group is RM51,242,000 (2008: RM3,859,000 which have been pledged to the banks for credit facilities granted to certain subsidiaries as referred to in Note 25.

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

	Group and Company	
	2009 %	2008 %
Licensed banks	<b>1.00 - 3.70</b>	3.10 - 3.50
Other financial institutions	<b>1.00 - 2.15</b>	3.10 - 3.45

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

	Group		Company	
	2009 Days	2008 Days	2009 Days	2008 Days
Licensed banks	<b>185</b>	197	<b>13</b>	14
Other financial institutions	<b>16</b>	27	<b>13</b>	12

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

# Notes to the Financial Statements

31 December 2009

## 23. CASH AND BANK BALANCES (cont'd)

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

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Cash and bank balances	<b>198,815</b>	212,600	<b>74,949</b>	74,887
Bank overdrafts (Note 25)	<b>(3,959)</b>	(4,340)	-	-
Total cash and cash equivalents	<b>194,856</b>	208,260	<b>74,949</b>	74,887

## 24. RETIREMENT BENEFITS OBLIGATIONS

The Group and the Company operate an unfunded defined benefit plan for its eligible employees. The obligations under the retirement benefit scheme are determined based on actuarial valuation by qualified independent actuary on an annual basis. The value of retirement benefits earned shall be paid on the attainment of the retirement age of 55.

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

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Present value of unfunded defined benefits obligations	<b>67,335</b>	61,495	<b>42,167</b>	38,968
Analysed as:				
Current:	<b>3,968</b>	3,018	<b>648</b>	647
Non-current:				
Later than 1 year but not later than 2 years	<b>3,968</b>	4,301	<b>648</b>	1,872
Later than 2 years but not later than 5 years	<b>11,904</b>	13,617	<b>1,944</b>	6,481
Later than 5 years	<b>47,495</b>	40,559	<b>38,927</b>	29,968
	<b>63,367</b>	58,477	<b>41,519</b>	38,321
	<b>67,335</b>	61,495	<b>42,167</b>	38,968

**24. RETIREMENT BENEFITS OBLIGATIONS (cont'd)**

The amounts recognised in the income statements are as follows:

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Current service cost	<b>4,779</b>	3,898	<b>2,440</b>	2,965
Interest cost	<b>3,591</b>	3,227	<b>2,009</b>	1,815
Write back of retirements benefits	-	(196)	-	(196)
Total, included in employee benefits expense (Note 6)	<b>8,370</b>	6,929	<b>4,449</b>	4,584

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

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
At 1 January	<b>61,495</b>	56,202	<b>38,968</b>	35,781
Provision for the year	<b>8,370</b>	7,125	<b>4,449</b>	4,780
Write back of retirements benefits	-	(196)	-	(196)
Benefits paid	<b>(2,530)</b>	(1,636)	<b>(1,250)</b>	(1,397)
At 31 December	<b>67,335</b>	61,495	<b>42,167</b>	38,968

Principal actuarial assumptions used:

	2009	2008
	%	%
Discount rate	<b>6.0</b>	6.0
Expected rate of salary increases	<b>5.0</b>	5.0

# Notes to the Financial Statements

31 December 2009

## 25. BORROWINGS

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
<b>Short term borrowings</b>				
Secured :				
Term loans	3,392	2,356	-	-
Hire purchase and finance lease payables (Note 26)	4,082	3,337	-	-
	<b>7,474</b>	5,693	-	-
Unsecured :				
Bank overdrafts	3,959	4,340	-	-
Bankers' acceptances	749,135	843,126	616,566	747,187
Revolving credit	-	5,634	-	-
	<b>753,094</b>	853,100	<b>616,566</b>	747,187
	<b>760,568</b>	858,793	<b>616,566</b>	747,187
<b>Long term borrowings</b>				
Secured :				
Term loans	7,937	7,541	-	-
Hire purchase and finance lease payables (Note 26)	4,854	5,244	-	-
	<b>12,791</b>	12,785	-	-
<b>Total borrowings</b>				
Bank overdrafts (Note 23)	3,959	4,340	-	-
Bankers' acceptances	749,135	843,126	616,566	747,187
Revolving credit	-	5,634	-	-
Term loans	11,329	9,897	-	-
Hire purchase and finance lease payables (Note 26)	8,936	8,581	-	-
	<b>773,359</b>	871,578	<b>616,566</b>	747,187
<b>Maturity of borrowings (excluding hire purchase and finance lease payables):</b>				
Within one year	756,486	855,456	616,566	747,187
More than 1 year and less than 2 years	2,159	2,219	-	-
More than 2 years and less than 5 years	5,778	5,322	-	-
	<b>764,423</b>	862,997	<b>616,566</b>	747,187

## 25. BORROWINGS (cont'd)

The weighted average effective interest rate at the balance sheet date for borrowings of the Group and of the Company were as follows:

	Group		Company	
	2009 %	2008 %	2009 %	2008 %
Term loans	<b>6.25 - 7.80</b>	6.50 - 7.80	-	-
Bank overdrafts	<b>3.40 - 5.00</b>	5.00 - 8.60	-	-
Bankers' acceptances	<b>2.30 - 3.83</b>	3.40 - 5.00	<b>2.35 - 3.83</b>	3.70 - 5.00
Revolving credit	<b>2.35 - 3.85</b>	3.45 - 5.00	-	-

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.

## 26. HIRE PURCHASE AND FINANCE LEASE LIABILITIES

	Group	
	2009 RM'000	2008 RM'000
<b>Future minimum hire purchase and lease payments:</b>		
Not later than 1 year	<b>4,402</b>	3,643
Later than 1 year and not later than 2 years	<b>2,610</b>	2,843
Later than 2 years and not later than 5 years	<b>2,517</b>	2,615
	<b>9,529</b>	9,101
Less : Future finance charges	<b>(593)</b>	(520)
Present value of hire purchase and finance lease liabilities	<b>8,936</b>	8,581

### Analysis of present value of hire purchase and finance lease liabilities:

Not later than 1 year	<b>4,082</b>	3,337
Later than 1 year and not later than 2 years	<b>2,454</b>	2,700
Later than 2 years and not later than 5 years	<b>2,400</b>	2,544
	<b>8,936</b>	8,581
Less: Amount due within 12 months (Note 25)	<b>(4,082)</b>	(3,337)
Amount due after 12 months (Note 25)	<b>4,854</b>	5,244

# Notes to the Financial Statements

31 December 2009

## 26. HIRE PURCHASE AND FINANCE LEASE LIABILITIES (cont'd)

The hire purchase and finance lease liabilities bear interest rates ranging from 2.75% to 6.90% (2008: 2.90% to 6.90%) per annum.

## 27. TRADE AND OTHER PAYABLES

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
<b>Current</b>				
<b>Trade payables</b>				
Due to associates	3,030	6,302	3,030	6,302
Third parties	61,202	39,718	12,652	19,804
Total trade payables	64,232	46,020	15,682	26,106
<b>Other payables</b>				
Due to subsidiaries	-	-	332,071	347,736
Due to associates	338	8,314	-	7,973
	338	8,314	332,071	355,709
Accruals and sundry payables	130,570	76,625	94,536	44,068
Total other payables	130,908	84,939	426,607	399,777
Total trade and other payables	195,140	130,959	442,289	425,883

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 RM315,363 (2008: RM146,000) due to Recent Giant Sdn. Bhd., Sin Hock Soon Transport Sdn. Bhd. and Ban Seng Heng Rice Mill 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.

## 28. SHARE CAPITAL

	Number of Shares of RM1.00 Each		Amount	
	2009	2008	2009 RM	2008 RM
<b>Authorised</b>				
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
<b>Issued and fully paid</b>				
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.

# Notes to the Financial Statements

31 December 2009

## 29. RESERVES

	Note	Group		Company	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
<b>Non-distributable :</b>					
Capital reserve		2,864	2,864	600	600
Capital redemption reserve		12,520	12,520	7,370	7,370
Foreign exchange reserve	(a)	(2,262)	(923)	-	-
Share premium		7,085	7,085	7,085	7,085
		<b>20,207</b>	21,546	<b>15,055</b>	15,055
<b>Distributable:</b>					
Retained profit (Note 30)		527,645	369,307	370,730	229,664
		<b>547,852</b>	390,853	<b>385,785</b>	244,719

### (a) Foreign exchange reserve

At 1 January	(923)	(981)	-	-
Arising during the year	(1,339)	58	-	-
At 31 December	(2,262)	(923)	-	-

## 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 2009 to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Act 2007. As at 31 December 2009, the Company has sufficient credit in the 108 balance to pay franked dividends out of its entire retained earnings.

### 31. PADDY PRICE SUBSIDY ACCOUNT

Pursuant to the Corporatisation Agreement dated 12 January 1996, the Government shall deposit the subsidy fund into such bank accounts of licensed banks or financial institutions and operated by the Group for the sole purpose of disbursements of subsidies. The unutilised portion of the funds under the Paddy Price Subsidy Scheme given by the Government is to be placed into such fixed deposit accounts with such licensed banks or financial institutions approved by the Government.

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	
	2009 RM'000	2008 RM'000
At 1 January	74,341	25,514
Add: Government subsidy funds received	532,000	564,000
Interest income	1,030	1,252
Less: Payments made during the year	(599,964)	(516,425)
At 31 December	7,407	74,341

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

### 32. CAPITAL COMMITMENTS

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Capital expenditure:				
Approved and contracted for:				
Property, plant and equipment	28,370	32,477	28,370	32,477
	28,370	32,477	28,370	32,477
Approved but not contracted for:				
Property, plant and equipment	148,457	187,365	83,353	121,152
	176,827	219,842	111,723	153,629

# Notes to the Financial Statements

31 December 2009

## 33. CONTINGENT LIABILITIES

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

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

The Company's Notice of Appeal to Judge in Chambers against the Senior Assistant Registrar's decision on 7 May 2007 pertaining to the Company's striking out application was fixed for decision on 20 May 2009. On 20 May 2009, the Judge in Chambers has dismissed the Company's appeal with costs in relation to the Senior Assistant Registrar's decision on 7 May 2007 for the Company's striking out application. The Company has upon advice by the solicitors, instructed its solicitors to file a Notice of Appeal at the Court of Appeal against the decision of the Judge in Chambers.

The Court of Appeal has yet to fix the hearing date for the Notice of Appeal filed by the Company.

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

KBK's application for injunctive relief and discovery which has been fixed for 22 June 2009 was adjourned to 2 September 2009 and 26 October 2009 respectively for further mention. The Company had given instruction to its solicitors to set aside the said injunction application. The Court has yet to fix the date for KBK's application for injunctive relief and discovery.

### 33. CONTINGENT LIABILITIES (cont'd)

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

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

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

The Court has granted Order In Terms for the Company's application to strike out the 21st Defendant with cost payable to The Company 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's solicitors had on 17 April 2008, filed Statements of Defence for 2nd to 12th Defendants. The matter has been fixed for further case management on 14 May 2010 pending the parties' compliance with the case management directions.

- (d) 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'.

# Notes to the Financial Statements

31 December 2009

## 33. CONTINGENT LIABILITIES (cont'd)

(d) (cont'd)

- (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 13 March 2008 allowed Plaintiff's application with cost and the Company had instructed the Company's solicitors to file Grounds of Appeal to the Court of Appeal. The Court of Appeal had on 24 August 2009 allowed the Company's application to amend the memorandum of appeal and the Notice of Appeal. As of to date, the Court of Appeal has yet to fix the hearing date for the Notice of Appeal filed by the Company.

Contingent liability arising subsequent to year end:

- (e) The Company on 4 January 2010 was served with a sealed copy of Originating Summons and Affidavit in Support ("the Plaintiffs Application") affirmed by Rahman Bin Samud for and on behalf of the 242 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.

**33. CONTINGENT LIABILITIES (cont'd)**

(e) (cont'd)

(v) Costs to be paid by the Company to the Plaintiffs.

The Company had given instructions to its solicitors to file reply to the Plaintiffs' affidavit and to defend the Company in the said application.

The Court has fixed for 14 June 2010 for hearing of the Plaintiffs' application on the above mentioned civil suit.

**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:

	<b>Group</b>		<b>Company</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Short-term employee benefits	<b>9,205</b>	7,444	<b>9,205</b>	6,947
Post-employment benefits defined contribution plan	<b>1,516</b>	1,116	<b>1,183</b>	967
Other benefits	<b>1,176</b>	905	<b>1,176</b>	861
	<b>11,897</b>	9,465	<b>11,564</b>	8,775

Included in the total key management personnel compensation above are:

	<b>Group and Company</b>	
	<b>2009</b>	<b>2008</b>
	<b>RM'000</b>	<b>RM'000</b>
Directors' remuneration	<b>1,439</b>	1,466

# Notes to the Financial Statements

31 December 2009

## 34. RELATED PARTY DISCLOSURES (cont'd)

### (b) Others

	Company	
	2009 RM'000	2008 RM'000
(a) Purchases from and services rendered by subsidiaries	<b>87,448</b>	71,309
(b) Sales to subsidiaries	<b>1,878,716</b>	1,354,471
(c) Sales to associates		
- Bernas Feedstuff Sdn. Bhd.	<b>46,531</b>	37,968
- Serba Wangi Sdn. Bhd. and its subsidiaries	<b>317,686</b>	180,929
- OEL Realty Holdings Sdn. Bhd. and its subsidiaries	<b>173,401</b>	143,374
(d) Purchases from associates		
- Irfan Noman Bernas (Pvt) Limited	<b>95,364</b>	42,574
- Asian Peninsula Corporation Ltd	<b>1,095</b>	1,381,427
	Group	
	2009 RM'000	2008 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	<b>2,544</b>	1,303
Sales to Pasar Mini Syarikat Faiza, an enterprise in which certain directors (namely Faiza Bawumi Bt Syed Ahmad and Najwa Bt Abu Bakar) have interest	<b>639</b>	681
Rental of land for factory to SFSB in which the land owned by a director (namely Faiza Bawuni Bt Syed Ahmad)	-	18

### 34. RELATED PARTY DISCLOSURES (cont'd)

#### (b) Others (cont'd)

	2009 RM'000	Group 2008 RM'000
(e) Transactions with subsidiaries' director related companies and other related parties (cont'd)		
(i) Syarikat Faiza Sdn. Bhd. Group ("SFSB") (cont'd)		
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	6,400	5,174
Purchase of packed spices from Faiza Marketing which certain directors (namely Faiza Bawuni Bt Syed Ahmad and Najwa Bt Abu Bakar) have interest	3,000	1,500
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) has interest	4,380	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	3,960	9,522
Sales to Chop Joo Seng Sdn. Bhd. and Joo Seng Enterprise, two entities in which directors of JS Jasmine Sdn. Bhd., have substantial financial interest	3,046	6,876
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	871

# Notes to the Financial Statements

31 December 2009

## 34. RELATED PARTY DISCLOSURES (cont'd)

### (b) Others (cont'd)

	2009 RM'000	Group 2008 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)		
Sales to Aroma Beras Edar, Joo Seng Enterprise and JS Sasaran Trading Sdn. Bhd., an entity in which directors of JS Jasmine Sdn. Bhd., Tee Sin Joo has substantial financial interest	1,457	1,887
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	578	529
Rental expenses paid to director, Lim Swee Keat and his brother Lim Eng Giap	330	330
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 Joo Seng Edar Sdn. Bhd., a corporate shareholders of JS Jasmine Sdn. Bhd.	713	1,302
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.	10,091	7,771

### 34. RELATED PARTY DISCLOSURES (cont'd)

#### (b) Others (cont'd)

	2009 RM'000	Group 2008 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	<b>9,622</b>	10,222
Transport charges paid to Sin Hock Soon Transport certain Sdn. Bhd ("SHST"), a company in which certain directors of YHLH are connected by virtue of their family relationships with the directors of SHST	<b>3,905</b>	3,989
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	<b>1,161</b>	1,161
Rental of premises paid to Yew Chye Seng, a director of YHLH	<b>300</b>	300
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	<b>1,354</b>	1,353
Transport charges paid to Xeng Heng Sdn. Bhd. ("XHSB"), a company in which certain director of YHLH are connected by virtue of their family relationships with the directors of XHSB	<b>93</b>	87

# Notes to the Financial Statements

31 December 2009

## 34. RELATED PARTY DISCLOSURES (cont'd)

### (b) Others (cont'd)

	2009 RM'000	Group 2008 RM'000
(e) Transactions with subsidiaries' director related companies and other related parties (Contd.)		
(iii) YHL Holding Sdn. Bhd. Group ("YHLH") (cont'd)		
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	<b>234</b>	234
(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	<b>174</b>	174
Sales to Ban Say Tong Sdn. Bhd. ("BST"), an entity owned by Kueh Peng Ho, a director and substantial shareholder of BST	<b>1,751</b>	1,515
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	<b>36</b>	36
Rental charged to BST by Kueh Peng Ho, a directors of BST	<b>30</b>	30
Purchase of rice and sugar, and handling charges from Ban Say Tong Sole Proprietor, an entity owned by Kueh Peng Ho, a director and substantial shareholder of BST	<b>193</b>	118

**34. RELATED PARTY DISCLOSURES (cont'd)****(b) Others (cont'd)**

	2009 RM'000	Group 2008 RM'000
(e) Transactions with subsidiaries' director related companies and other related parties (cont'd)		
(iv) Beras Corporation Sdn. Bhd. Group ("BCSB") (cont'd)		
Trading of rice, rental of go down, machinery and wooded planks 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	163	842
Trading of rice, rental of go down by Naturewood 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	60	60

**35. SIGNIFICANT AND SUBSEQUENT EVENTS**

- (a) The Company had on 28 October 2009, received a Notice of Unconditional Mandatory Offer ("Notice") from Maybank Investment Bank Berhad (formerly known as Aseambankers Malaysia Berhad) ("Maybank IB") on behalf of Tradewinds (M) Berhad ("TWM") to extend a mandatory offer ("Offer") pursuant to Section 33A of the Securities Commission Act, 1993 and Section 6 of the Malaysian Code on Take-Overs and Mergers, 1998 ("Code") to acquire all the remaining ordinary shares of RM1.00 each in the Company not already held by TWM after the approved acquisition of the Company as announced by TWM on 28 October 2009 for a cash consideration of RM2.08 per Company Share ("Offer Shares").

The Company is now a subsidiary of TWM after the latter's shareholding in the Company rose to 72.6% upon completion of the following corporate exercises undertaken by TWM:-

- i) The proposed acquisition of 31.52% of equity interest in BERNAS from Wang Tak Company Limited for a consideration of RM308.24 million; and

# Notes to the Financial Statements

31 December 2009

## 35. SIGNIFICANT AND SUBSEQUENT EVENTS (cont'd)

- (a) (cont'd)
- ii) The Offer pursuant to Section 33A of the Securities Commission Act, 1993 and Section 6 of the Malaysian Code on Take-Overs and Mergers, 1998 to acquire all the remaining ordinary shares of RM1.00 each in BERNAS not already held by TWM for a cash consideration of RM2.08 per Bernas Share. On 9 December 2009, Tradewinds (M) Berhad received valid acceptances to the Offer to 18.66% of the issued and paid up capital of BERNAS.
  - iii) The proposed dividend in specie exercise and the proposed acquisition of 22.24% or 104,599,485 Company Shares by TWM from Gandingan Bersepadu Sdn Bhd pursuant to the Share Sale Agreement dated 28 August 2009, on 13 January 2010 and 20 January 2010 respectively.
- (b) The Company had 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 to the Existing Shareholders of KHSB.
- The said disposal has been completed during the year.
- (c) 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.
- The said disposal has been completed during the year.
- (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 for a total cash consideration of RM4,250,000 or approximately RM4.70 per share. Subsequent to the completion of the SAA, the Group's equity interest in JFC increased to 61%.
- (e) On 2 December 2009, the Company had entered into a Termination Agreement to terminate the Sub-Lease Agreement with Johor Port Berhad ("JPB") dated 6 October 2005. Subsequent to the completion of the termination, the vacant possession of the warehouses had been surrendered by the Company to JPB. JPB is to refund RM20,725,000 as full and final settlement within 6 months from the date of Termination Agreement.
- (f) The Company had on 2 December 2009 entered into a conditional Share Sale and Purchase Agreement ("SSA") with JPB for the acquisition of 12,000,000 ordinary shares of RM1.00 each which is equivalent to 75% of equity interest in Bernas Logistic Sdn. Bhd. ("BLSB") from JPB for a purchase consideration of RM11,760,000. Upon completion of the SAA, BLSB will become a wholly owned subsidiary of the Company.

### 35. SIGNIFICANT AND SUBSEQUENT EVENTS (cont'd)

- (g) A wholly owned subsidiary of the Company, Bernas Overseas (L) Ltd. ("BOL") has on 17 September 2009 entered into a Sale and Purchase Agreement ("SPA") with Thai Hue (2511) Co. Ltd and Huay Chuan Rice Co. Ltd in respect of the disposal of BOL's entire 49% equity interest held in Asian Peninsula Corporation Limited ("APC") for a cash consideration of Baht 40,000,000 or equivalent to RM4,240,000.

The said disposal has been completed on 12 March 2010.

### 36. SUBSIDIARIES AND ASSOCIATES

#### (a) SUBSIDIARIES

Name of Subsidiaries	Proportion of Ownership Interest		Principal Activities
	2009 %	2008 %	
<b>Incorporated in Malaysia</b>			
<b><i>Subsidiaries of the Company</i></b>			
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.	61	51	Trader, distributor and supplier of rice
YHL Holding Sdn. Bhd.	51	51	Investment holding
Bernas Seed Pro Sdn. Bhd.	100	100	Paddy seed production
Bernas Agrotech Sdn. Bhd.	100	100	Investment holding
Beras Corporation Sdn. Bhd.	100	100	Processing and trading of rice
Bernas Dominals Sdn. Bhd.	100	100	Investment holding

# Notes to the Financial Statements

31 December 2009

## 36. SUBSIDIARIES AND ASSOCIATES (cont'd)

### (a) SUBSIDIARIES (cont'd)

Name of Subsidiaries	Proportion of Ownership Interest		Principal Activities
	2009 %	2008 %	
<b>Incorporated in Malaysia (cont'd)</b>			
<b><i>Subsidiaries of the Company (cont'd)</i></b>			
Edaran Bernas Nasional Sdn. Bhd.	80	80	Trader, distributor and supplier of rice
Bernas Overseas (L) Limited	100	100	Offshore investment holding company
Bernas Engineering & Technology Sdn. Bhd.	100	100	Dormant
P.B. Construction & Supplies Sdn. Bhd.	100	100	Dormant
Bernas Realty & Development Sdn. Bhd.	100	100	Dormant
Valorlite Resources Sdn. Bhd. #	-	100	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	Dormant
Bernas Shipping Agencies Sdn. Bhd.#	-	100	Dormant
Bernas Organic Soil (M) Sdn. Bhd.#	-	100	Dormant
Bernas Agroproduce Sdn. Bhd.#	-	100	Dormant
Rib Beef Sdn. Bhd.#	-	100	Dormant

## 36. SUBSIDIARIES AND ASSOCIATES (cont'd)

## (a) SUBSIDIARIES (cont'd)

Name of Subsidiaries	Proportion of Ownership Interest		Principal Activities
	2009 %	2008 %	
<b>Incorporated in Malaysia (cont'd)</b>			
<b><i>Subsidiaries of the Company (cont'd)</i></b>			
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	100	Retails
<b><i>Subsidiary of Consolidated Bernas United Distributors Sdn. Bhd.</i></b>			
Machind Realty Sdn. Bhd.	100	100	Dormant
<b><i>Subsidiaries of Jasmine Food Corporation Sdn. Bhd.</i></b>			
Jasmine Food (Ipoh) Sdn. Bhd.	61	51	Trader, distributor and supplier of rice
Jasmine Food (Alor Setar) Sdn. Bhd.	61	51	Trader, distributor and supplier of rice
Jasmine Food (Johor Bahru) Sdn. Bhd.	61	51	Trader, distributor and supplier of rice
Jasmine Khidmat & Harta Sdn. Bhd.	61	51	Letting of properties
JS Jasmine Sdn. Bhd.	31	26	Trader, distributor and supplier of rice
Jasmine Food (Seremban) Sdn. Bhd.	61	51	Trader, distributor and supplier of rice
Jasmine Food (Prai) Sdn. Bhd.	61	51	Trader, distributor and supplier of rice
Jasmine Rice Mill (Tunjang) Sdn. Bhd.v	61	51	Rice miller and rice trader
Jasmine Food (Kuantan) Sdn. Bhd.	61	51	Trader, distributor and supplier of rice

# Notes to the Financial Statements

31 December 2009

## 36. SUBSIDIARIES AND ASSOCIATES (cont'd)

### (a) SUBSIDIARIES (cont'd)

Name of Subsidiaries	Proportion of Ownership Interest		Principal Activities
	2009 %	2008 %	
<b>Incorporated in Malaysia (cont'd)</b>			
<b><i>Subsidiaries of YHL Holding Sdn. Bhd.</i></b>			
YHL Trading (KL) Sdn. Bhd.	51	51	Trader, distributor and supplier of rice
YHL Trading (Johor) Sdn. Bhd.	51	51	Trader, distributor and supplier of rice
YHL Trading (Segamat) Sdn. Bhd.	51	51	Trader, distributor and supplier of rice
YHL Trading (Kedah) Sdn. Bhd.	51	51	Trader, distributor and supplier of rice
YHL Trading (Melaka) Sdn. Bhd.	51	51	Trader, distributor and supplier of rice
YHL Trading (Terengganu) Sdn. Bhd.	51	51	Trader, distributor and supplier of rice
YHL (Kuantan) Sdn. Bhd.	51	51	Dormant
<b><i>Subsidiary of Jasmine Rice Mill (Tunjang) Sdn. Bhd.</i></b>			
Jasmine Rice Products Sdn. Bhd.	61	51	Manufacturing and sale of vermicelli
<b><i>Subsidiary of Bernas Agrotech Sdn. Bhd.</i></b>			
Padi Gedong Sdn. Bhd.	61	61	Dormant
<b><i>Subsidiaries of Beras Corporation Sdn. Bhd.</i></b>			
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

### 36. SUBSIDIARIES AND ASSOCIATES (cont'd)

#### (a) SUBSIDIARIES (cont'd)

Name of Subsidiaries	Proportion of Ownership Interest		Principal Activities
	2009 %	2008 %	
<b>Incorporated in Malaysia (cont'd)</b>			
<b><i>Subsidiaries of Dayabest Sdn. Bhd.</i></b>			
Haskarice Food Sdn. Bhd.	51	51	Trader, distributor and supplier of rice
Hock Chiong Foodstuff Sdn. Bhd.	51	51	Trader, distributor and supplier of rice
Ban Say Tong Sdn. Bhd.	51	51	Trader, distributor and supplier of rice
Tong Seng Huat Rice Trading Sdn. Bhd.	51	51	Trader, distributor and supplier of rice
<b><i>Subsidiary of Bernas Dominals Sdn. Bhd.</i></b>			
Bernas Chaff Products Sdn. Bhd.	51	51	Dormant
<b>Incorporated in Thailand</b>			
<b><i>Subsidiary of the Company</i></b>			
Bernas International Trading Ltd. *	95	95	Processing and trading of rice and other related food products

# Dissolved during the year under voluntary liquidation

\* Audited by firms of chartered accountants other than Hanafiah Raslan & Mohamad

# Notes to the Financial Statements

31 December 2009

## 36. SUBSIDIARIES AND ASSOCIATES (cont'd)

### (b) ASSOCIATES

Name of Associates	Proportion of Ownership Interest		Principal Activities
	2009 %	2008 %	
<b>Incorporated in Malaysia</b>			
<b>Associates of the Company</b>			
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
<b>Associates of Bernas Dominants Sdn. Bhd.</b>			
Bernas Feedstuff Sdn. Bhd.	49	49	Trading in all kinds of rice brand and broken rice
<b>Associate of Beras Corporation Sdn. Bhd.</b>			
Liansin Trading Sdn. Bhd.	30	30	Wholesale and trading of rice and rice related products
<b>Subsidiaries of Kilang Beras Fajar Sdn. Bhd.</b>			
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
	2009 %	2008 %	
<b>Incorporated in Malaysia (cont'd)</b>			
<b><i>Subsidiaries of Kilang Beras Fajar Sdn. Bhd. (cont'd)</i></b>			
Serba Wangi (KL) Sdn. Bhd. **	<b>52</b>	52	Trader, distributor and supplier of rice
Serba Wangi JH Sdn. Bhd.	<b>26.5</b>	26.5	Trader, distributor and supplier of rice
<b><i>Subsidiaries of Serba Wangi Sdn. Bhd.</i></b>			
Serba Wangi (PG) Sdn. Bhd.	<b>46.8</b>	46.8	Trader, distributor and supplier of rice
Serba Wangi (Perak) Sdn. Bhd. **	<b>52</b>	52	Trader, distributor and supplier of rice
Eng Chuan Chan Sdn. Bhd.	<b>41.6</b>	41.6	Trader, distributor and supplier of rice
Serba Wangi ML Sdn. Bhd.	<b>26.5</b>	26.5	Trader, distributor and supplier of rice
SW Transport Sdn. Bhd. **	<b>52</b>	52	Provision of transport services
<b><i>Subsidiaries of OEL Realty Holdings Sdn. Bhd.</i></b>			
OEL Distribution (Kedah) Sdn. Bhd.	<b>30</b>	30	Trader, distributor and supplier of rice
OEL Distribution (Perak) Sdn. Bhd.	<b>30</b>	30	Trader, distributor and supplier of rice
OEL Origin (Kedah) Sdn. Bhd.	<b>30</b>	30	Trader, distributor and supplier of rice
OEL Distribution (Penang) Sdn. Bhd.	<b>30</b>	30	Trader, distributor and supplier of rice
OEL Distribution (Johor) Sdn. Bhd.	<b>30</b>	30	Trader, distributor and supplier of rice
OEL Distribution (Selangor) Sdn. Bhd.	<b>18</b>	18	Trader, distributor and supplier of rice
OEL Distribution (KL) Sdn. Bhd.	<b>18</b>	18	Trader, distributor and supplier of rice
OEL Food Manufacturing Sdn. Bhd.	<b>30</b>	30	Manufacturing of health drinks

# Notes to the Financial Statements

31 December 2009

## 36. SUBSIDIARIES AND ASSOCIATES (cont'd)

### (b) ASSOCIATES (cont'd)

Name of Associates	Proportion of Ownership Interest		Principal Activities
	2009 %	2008 %	
<b>Incorporated in Malaysia (cont'd)</b>			
<b><i>Subsidiaries of Liansin Trading Sdn. Bhd.</i></b>			
Liantye Trading Sdn. Bhd.	30	30	General trading and rice wholesaler
Liantye Trading (Miri) Sdn. Bhd.	30	30	Dormant
<b><i>Subsidiaries of Gardenia Bakeries (KL) Sdn. Bhd.</i></b>			
Gardenia Sales & Distribution Sdn. Bhd.	30	30	Sales and distribution of bread
Everday Bakery & Confectionery Sdn. Bhd.	30	30	Bread manufacturing and bakery
<b>Incorporated in Thailand</b>			
<b><i>Associate of Bernas Overseas (L) Limited</i></b>			
Asian Peninsula Corporation Ltd. #	49	49	Rice trading
<b>Incorporated in Pakistan</b>			
<b><i>Associate of Bernas Overseas (L) Limited</i></b>			
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.

### 37. RESTATEMENT OF COMPARATIVES

During the financial year, the Group and the Company changed the analysis of expenses presented in the income statement. Expenses are now analysed using a classification based on the nature of expenses instead of their function within the entity as was previously used in order to provide information that is reliable and more relevant for the nature and industry of the Group and of the Company.

The income statement of the financial year ended 31 December 2008 has been restated to conform with the above mentioned changed in presentation. The details of the restatements are as follows:

Description of change	Previously Stated RM'000	Restatement RM'000	Restated RM'000
<b>Group</b>			
<b>As of 31 December 2008</b>			
Changes in inventory of finished goods and work in progress	-	171,432	171,432
Raw materials and consumables used	-	(2,509,741)	(2,509,741)
Staff costs	-	(125,580)	(125,580)
Amortisation of prepaid lease payments	-	(1,632)	(1,632)
Depreciation of property, plant and equipment	-	(29,334)	(29,334)
Other operating expenses	(19,129)	(124,788)	(143,917)
Cost of sales	(2,358,251)	2,358,251	-
Selling and distribution expenses	(32,756)	32,756	-
Administrative expenses	(233,087)	233,087	-
<b>Company</b>			
<b>As of 31 December 2008</b>			
Revenue	2,353,502	11,973	2,365,475
Changes in inventory of finished goods and work in progress	-	100,733	100,733
Raw materials and consumables used	-	(2,503,389)	(2,503,389)
Staff costs	-	(49,911)	(49,911)
Amortisation of prepaid lease payments	-	(1,554)	(1,554)
Depreciation of property, plant and equipment	-	(19,090)	(19,090)
Other operating expenses	(10,618)	(40,466)	(51,084)
Cost of sales	(2,414,515)	2,414,515	-
Selling and distribution expenses	(4,824)	4,824	-
Administrative expenses	(82,365)	82,365	-

# Notes to the Financial Statements

31 December 2009

## 38. FINANCIAL INSTRUMENTS

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

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

### (b) Interest Rate Risk

The Group's primary interest rate risk relates to interest-bearing debt as at 31 December 2009. 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 22.

### 38. 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
<b>Financial Assets</b>				
<b>At 31 December 2009:</b>				
Amounts due from subsidiaries and associates (non-trade) (Note 22)	21,295	*	108,900	*
<b>At 31 December 2008:</b>				
Amounts due from subsidiaries and associates (non-trade) (Note 22)	16,711	*	81,340	*
<b>Financial Liabilities</b>				
<b>At 31 December 2009:</b>				
Amounts due to subsidiaries and associates (non-trade) (Note 27)	338	*	332,071	*
Hire purchase and finance lease payables (Note 26)	8,936	8,118	-	-
<b>At 31 December 2008:</b>				
Amounts due to subsidiaries and associates (non-trade) (Note 27)	8,314	*	355,709	*
Hire purchase and finance lease payables (Note 26)	8,581	7,852	-	-

\* 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 2009

## 38. 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.

#### (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.

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.

It is not practical to estimate the fair value of contingent liabilities (as disclosed in Note 33 to the financial statement) reliably due to uncertainties of timing, costs and eventual outcome.

## 39. SEGMENT INFORMATION

The activities of the Group during the current and previous financial years substantially relate to the procurement, importing, buying, processing and selling of rice, rice by-products and paddy and were predominantly conducted in Malaysia. Accordingly, no segmental information is presented.

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

# List of Landed Properties

As at 31 December 2009

Location	Description & Existing Use	Tenure & Expiry Date	Age of Buildings	Net Book Value @ 31 December 2009 RM	Date of Acquisition & Date of Revaluation
<b>Selangor</b>					
No. 2, Jalan Pasak Bumi Bukit Jelutong, Seksyen U8 40510 Shah Alam, Selangor	Vacant Land	Freehold	N/A	19,589,194.82	26 August 2006
Lot No. 3802 Batu 6 2/4 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	16	6,640,269.65	20 April 2004
Lot No. 8 Jalan 25/123 Seksyen 25 40000 Shah Alam Selangor	Building	Freehold	14	5,341,737.84	20 April 1995 & 14 November 2005
<b>Kedah</b>					
Lot No. 1451 & 1452 Batu 18 1/2 Jalan Kodiang Mukim Padang Perahu Kubang Pasu 60000 Jitra, Kedah	Business Land & Building	Freehold	15	11,964,442.00	28 May 1996 & 11 September 2003
<b>Kelantan</b>					
Lot 37 Kawasan Perindustrian Pengkalan Chepa II Padang Tembak 1 16000 Kota Bharu Kelantan	Office & Warehouse	Leasehold	N/A	4,597,187.76	29 April 2005

## List of Landed Properties

As at 31 December 2009

Location	Description & Existing Use	Tenure & Expiry Date	Age of Buildings	Net Book Value @ 31 December 2009 RM	Date of Acquisition & Date of Revaluation
<b>Sabah &amp; Sarawak</b>					
Lot 193, Sedco Light Industrial Estate Phase 2, Batu 3 Jalan Utara PPM No. 433 90000 Sandakan Sabah	Business Land & Building	31 December 2037	5	4,204,385.42	15 July 2004
Lot 85(A) Kompleks Perindustrian Sedco Likas Lorong Mega 1 88995 Kolombong Inanam, Sabah	Business Land & Building	31 December 2034	6	9,440,045.44	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	8	2,988,393.40	19 December 2003
Lot 1019 Kawasan Perindustrian Kidurong 97000 Bintulu Sarawak	Business Land & Building	9 May 2051	14	2,910,529.80	18 January 1996
No. 96-M Lot 2654-2656 Block 195 KNLD Jln Green 93150 Kuching Sarawak	Building	April 2063	10	2,120,743.43	19 June 2003

# Analysis of Shareholdings

As at 30 April 2010

**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

## SUBSTANTIAL SHAREHOLDERS

Name	No. of Shares Held		%
	Direct	Indirect	
Tradewinds (M) Berhad ("TWM")	341,375,471	-	72.57
Perspective Lane (M) Sdn Bhd ("PL")	-	341,375,471	72.57 <sup>(1)</sup>
Felda Global Ventures Holdings Sdn Bhd	-	341,375,471	72.57 <sup>(1)</sup>
Restu Jernih Sdn Bhd ("RJSB")	-	341,375,471	72.57 <sup>(2)</sup>
Kelana Ventures Sdn Bhd	-	341,375,471	72.57 <sup>(1)</sup>
Tan Sri Dato' Seri Syed Mokhtar Shah Bin Syed Nor	-	341,375,471	72.57 <sup>(3)</sup>

<sup>(1)</sup> Deemed interested by virtue of its direct interest in TWM in accordance with Section 6A of the Act.

<sup>(2)</sup> Deemed interested by virtue of its interest in PL and TWM in accordance with Section 6A of the Act.

<sup>(3)</sup> Deemed interested by virtue of his interest in RJSB, PL and TWM in accordance with Section 6A of the Act.

## DISTRIBUTION SCHEDULES OF EQUITY

Holdings	No. of Holders	No. of Shares	%
Less than 100	388	16,927	0.00
100 – 1,000	800	639,929	0.15
1,001 – 10,000	6637	18,875,509	4.01
10,001 – 100,000	600	14,495,050	3.08
100,001 to less than 5% issued shares	51	94,998,615	20.19
5% and above of issued shares	1	341,375,471	72.57

## CATEGORY OF SHAREHOLDER FOR EACH CLASS

Category	No. of Holders	No. of Shares	%
Individuals	7808	34,346,800	7.30
Banks/Finance companies	8	19,050,900	4.05
Trusts/Foundation/Charity	40	18,711,506	3.98
Private/Limited Companies	148	11,614,153	2.47
Government Agencies/Institutions	3	16,413,006	3.49
Nominees	470	370,265,136	78.71

# Analysis of Shareholdings

As at 30 April 2010

## TOP THIRTY (30) SHAREHOLDERS

No.	Names	No. of Shares Held	%
1.	Mayban Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Tradewinds (M) Berhad	341,375,471	72.57
2.	AIBB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Batu Bara Resources	21,096,000	4.48
3.	Lembaga Tabung Haji	18,309,400	3.89
4.	Pertubuhan Peladang Kebangsaan	16,098,006	3.42
5.	Persatuan Nelayan Kebangsaan (NEKMAT)	16,092,006	3.42
6.	Ilustrasi Hikmat Sdn Bhd	8,046,003	1.71
7.	Yayasan Pok Rafeah Berdaftar	2,250,000	0.48
8.	CIMB Nominees (Tempatan) Sdn Bhd Economic Planning Unit Approved Investors	1,374,000	0.29
9.	AmanahRaya Trustees Berhad Public Islamic Sector Select Fund	730,000	0.16
10.	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd For Singular Asia Flexible Fund	714,200	0.15
11.	KAF Trustee Berhad	581,800	0.12
12.	Batu Bara Sdn Bhd	498,900	0.11
13.	Rosni Binti Rahmat	460,000	0.10
14.	Koo Hong @ Ku Hong Hai	450,000	0.09
15.	Goh Chin Hong	444,000	0.09
16.	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Berhad For Malaysian Agents	400,000	0.08
17.	Tan Gim Hoe	397,500	0.08
18.	Ng Siew Cok	384,500	0.08
19.	Olive Lim Swee Lian	370,000	0.08
20.	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd For Texas Instruments	369,000	0.08
21.	OSK Nominees (Tempatan) Sdn Bhd DMG & Partnes Securities Pte Ltd for Espoir Investment Pte Ltd	334,500	0.07
22.	Sai Yee @ Sia Say Yee	330,000	0.07
23.	Low Tiong Lek	320,000	0.07
24.	Menteri Besar Incorporation	315,000	0.07
25.	Ooi Tek Sin @ Wee Teck Yock	300,000	0.64
26.	Citigroup Nominees (Asing) Sdn Bhd Exempt An for Citibank NA (Charles Schwab)	288,000	0.06
27.	KAF Trustee Berhad KAF Fund Management Sdn Bhd for Abu Talib Bin Othman	280,000	0.06
28.	Citigroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yuen Chin Luen	263,000	0.56
29.	Geh Sok Lan @ Goay Sook Lan	242,000	0.05
30.	HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yuen Chin Luen	220,000	0.04

# Corporate Directory

Direktori Korporat

## RICE BUSINESS / PERNIAGAAN BERAS

NO.	COMPANY / SYARIKAT	ADDRESS / ALAMAT	CONTACT / TALIAN
1	Bernas Production Sdn Bhd (428934-K)	Pejabat BERNAS Wilayah Utara, Level 4, Souq Al-Bukhary Commercial Centre, Jalan Langgar, Alor Setar, Kedah	Tel : 04-7740100 Fax : 04-7352944
2	Beras Corporation Sdn Bhd (480493-H)	Ibu Pejabat Wilayah Sabah Lot 2-8-2, 7th Floor Wisma San Hin, Wawasan Plaza, Coastal Highway, P.O Box 13311, 88837 Kota Kinabalu, Sabah	Tel : 088-257510 Fax : 088-253517
		Ibu Pejabat Wilayah Sarawak No. 96-M, Lot 2654-2656, Block 195 KNLD, Jalan Green 93150 Kuching, Sarawak	Tel : 082-243002 Fax : 082-234000
3	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
4	Ban Heng Bee Holdings Sdn Bhd (690130-W)	450, 1st Floor, Jalan Raja, 05000 Alor Setar, Kedah	Tel : 04-7355620 Fax : 04-7306620
5	Edaran Bernas Nasional Sdn Bhd (390534-M)	Level 29, Menara HLA, No. 3, Jalan Kia Peng 50450 Kuala Lumpur	Tel : 03-21611803 Fax : 03-21611812
6	Era Bayam Kota Sdn Bhd (472357-P)	Lot PT 4154, Kawasan Perindustrian Pengkalan Chepa 11 Padang Tembak, 16100 Kota Bharu, Kelantan	Tel : 09-7730878/5878 Fax : 09-7447878
7	Haskarice Food Sdn Bhd (437804-P)	Lot 895, Jalan Belian, 93661 Kuching, Sarawak	Tel : 082-334442 Fax : 082-349785
8	Hock Chiong Foodstuff Sdn Bhd (443434-K)	No. 17, Jalan Bank, 96000 Sibu, Sarawak	Tel : 084-330476 Fax : 084-330964
9	Jasmine Food Corporation Sdn Bhd (162356-H)	Lot No. 5, Jalan 25/124, Section 25, 40000 Shah Alam Selangor	Tel : 03-51223188 Fax : 03-51223288
10	Liansin Trading Sdn Bhd (516882-W)	Lot 2041, Section 66, Jalan Kisar, Bintawa Industrial Estate 93450 Kuching, Sarawak	Tel : 082-333555 Fax : 082-335599
11	OEL Realty Holding Sdn Bhd (395528-W)	Lot 54623, Jalan Kuala Kangsar, 31200 Ipoh, Perak	Tel : 05-2915555 Fax : 05-2912233
12	Sabarice Sdn Bhd (658854-M)	Lot 5, Likas Bharu (Nountun), Lorong Anggur, Visa Industrial Estate, 88450 Kota Kinabalu, Sabah	Tel : 088-381252/381253 Fax : 088-433539
13	Sazarice Sdn Bhd (385374-U)	Lot 85, Kompleks Perindustrian SEDCO Likas, 88999 Kolombong, Inanam, Kota Kinabalu, Sabah	Tel : 088-433586/640 Fax : 088-433539
14	Serba Wangi Sdn Bhd (280872-A)	450, 1st Floor, Jalan Raja, 05000 Alor Setar, Kedah	Tel : 04-7596620 Fax : 04-7590264
15	Syarikat Faiza Sdn Bhd (247191-D)	PLO 442, Jalan Wawasan 16, Kawasan Perindustrian Sri Gading, 83300 Batu Pahat, Johor	Tel : 07-4556900 Fax : 07-4557900
16	Tong Seng Huat Rice Trading Sdn Bhd (439863-H)	58A, Merbau Road, 98000 Miri, Sarawak	Tel : 085-431037 Fax : 085-415643
17	YHL Holding Sdn Bhd (452413-V)	No. 39-45, Jalan P4/6, Bandar Teknologi Kajang, Batu 18 Jalan Semenyih, 43500 Semenyih, Kajang, Selangor	Tel : 03-87243368/3792 Fax : 03-87243763

# Corporate Directory

Direktori Korporat

## OTHER BUSINESS / PERNIAGAAN LAIN

NO.	COMPANY / SYARIKAT	ADDRESS / ALAMAT	CONTACT / TALIAN
1	Bernas Feedstuff Sdn Bhd (464527-U)	Lot PT 4132 & 4133, Kawasan Perindustrian Pengkalan Chepa II, Mukim Panchor, 16100 Kota Bharu, Kelantan	Tel : 09-7733232 Fax : 09-7742252
2	Gardenia Bakeries (KL) Sdn Bhd (139386-X)	Lot 3, Jalan Pelabur 23/1, 40300 Shah Alam, Selangor	Tel : 03-55423228 Fax : 03-55423213
3	United Malayan Flour (1996) Sdn Bhd (216546-T)	4826, Jalan Permatang Pauh, 13400 Butterworth Pulau Pinang	Tel : 04-3332499 Fax : 04-3317557

## OVERSEAS VENTURES / PERNIAGAAN ANTARABANGSA

NO.	COMPANY / SYARIKAT	ADDRESS / ALAMAT	CONTACT / TALIAN
1	Irfan Noman Bernas (Pvt) Limited (K07127)	QNB House, Bahria Complex-1, Ground Floor, M.T. Khan Road, Karachi 74000, Pakistan	Tel : 00 9221-5610132 Fax : 00 9221-5610226

## BERNAS RICE MILLS / KILANG BERAS BERNAS (KBB)

NO.	KBB	ADDRESS / ALAMAT	CONTACT / TALIAN
<b>Perlis &amp; Kedah (Utara 1)</b>			
1	Arau	KBB Arau, 02600 Arau, Perlis	Tel : 04-9864558 Fax : 04-9863770
2	Utah Aji	KBB Utah Aji, 01000 Kangar, Perlis	Tel : 04-9761133 Fax : 04-9765155
3	Simpang Empat	KBB Simpang 4, 02700 Simpang 4, Perlis	Tel : 04-9807244 Fax : 04-9807191
4	Kuala Perlis	KBB Kuala Perlis, 02000 Kuala Perlis, Perlis	Tel : 04-9854133 Fax : 04-9855487
5	Kodiang	KBB Kodiang, 06100 Kodiang, Kedah	Tel : 04-9255346 Fax : 04-9252877
6	Jerlun	KBB Jerlun, 06150 Alor Setar, Kedah	Tel : 04-7940229 Fax : 04-7949669
7	Megat Dewa	KBB Megat Dewa, 06510 Alor Setar, Kedah	Tel : 04-9251349 Fax : 04-9251679
8	Jitra	KBB Jitra, 06000 Jitra, Kedah	Tel : 04-9171235 Fax : 04-9173032
9	Sungai Baru	KBB Sg. Baru, 06250 Alor Setar, Kedah	Tel : 04-7330896 Fax : 04-7332173
10	Pering	KBB Pering, Jalan Sanglang, 06000 Kodiang, Kedah	Tel : 04-9252673 Fax : 04-9253526
11	Kerpan	KBB Kerpan, 06510 Alor Setar, Kedah	Tel : 04-7940228 Fax : 04-7949671
<b>Kedah &amp; Pulau Pinang (Utara 2)</b>			
1	Guar Chempedak	KBB Guar Chempedak, 08800 Gurun, Kedah	Tel : 04-4680694 Fax : 04-4681618
2	Bukit Besar	KBB Bukit Besar, 06800 Alor Setar, Kedah	Tel : 04-7691297 Fax : 04-7693414

<b>NO.</b>	<b>KBB</b>	<b>ADDRESS / ALAMAT</b>	<b>CONTACT / TALIAN</b>
3	Bukit Raya	KBB Bukit Raya, 06700 Pendang, Kedah	Tel : 04-7596227 Fax : 04-7597429
4	Kangkong	KBB Kangkong, 06650 Alor Setar, Kedah	Tel : 04-7641278 Fax : 04-7642137
5	Sungai Limau	KBB Sungai Limau, 06910 Yan, Kedah	Tel : 04-7693616 Fax : 04-7693617
6	Telok Kechai	KBB Telok Kechai, 06600 Kuala Kedah, Kedah	Tel : 04-7621844 Fax : 04-7621103
7	Paya Keladi	KBB Paya Keladi, 13200 Kepala Batas, Pulau Pinang	Tel : 04-5757558 Fax : 04-5751148
<b>Perak</b>			
1	Sungai Manik	KBB Sungai Manik, 36000 Telok Intan, Perak	Tel : 05-6234542 Fax : 05-6212551
2	Changkat Lada	KBB Changkat Lada, 36800 Kampong Gajah, Perak	Tel : 05-6551872 Fax : 05-6551875
3	Sungai Ranggung	KBB Sungai Ranggung, 36800 Kampong Gajah, Perak	Tel : 05-6551428 Fax : 05-6551608
4	Simpang Lima	KBB Simpang Lima, 34200 Parit Buntar, Perak	Tel : 05-7161279 Fax : 05-7164795
<b>Kelantan &amp; Terengganu (Timur)</b>			
1	Tumpat	KBB Tumpat, 16200 Tumpat, Kelantan	Tel : 09-7257377 Fax : 09-7257334
2	Peringat	KBB Peringat, 16400 Melor, Kota Bharu, Kelantan	Tel : 09-7128389 Fax : 09-7127310
3	Pasir Putih	KBB Pasir Putih, 16800 Pasir Putih, Kelantan	Tel : 09-7866330 Fax : 09-7869927
4	Bukit Kenak	KBB Bukit Kenak, 22000 Jerteh, Terengganu	Tel : 09-6971221 Fax : 09-6971412
<b>Pahang &amp; Selangor (Tengah)</b>			
1	Kuala Rompin	KBB Rompin, 26800 Kuala Rompin, Pahang	Tel : 09-4146575 Fax : 09-4145793
2	Sungai Besar	KBB Sg. Besar, 45300 Sungai Besar, Selangor	Tel : 03-32242204 Fax : 03-32241601
3	Seri Tiram Jaya	KBB Seri Tiram Jaya, 45500 Tanjung Karang, Selangor	Tel : 03-32698101 Fax : 03-32698568
4	Sekinchan	KBB Sekinchan, 45400 Sekinchan, Selangor	Tel : 03-32410001 Fax : 03-32411300
5	Bagan Terap	KBB Bagan Terap, 45300 Sungai Besar, Selangor	Tel : 03-32164240 Fax : 03-32247025/1601
<b>Bahagian Pengurusan Benih</b>			
1	Langgar	KBB Langgar, 06650 Langgar, Kedah	Tel : 04-7876571 Fax : 04-7877116

# Corporate Directory

Direktori Korporat

## BERNAS DISTRIBUTION CENTRES/WAREHOUSES / PUSAT PENGEDARAN/GUDANG BERNAS

NO.	WAREHOUSE / GUDANG	ADDRESS / ALAMAT	CONTACT / TALIAN
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### CENTRAL

1	Gudang BSS 1	Lot 30, Lingkungan Sultan Hishamuddin 1, Bandar Sultan Sulaiman, Pelabuhan Klang, Selangor	Tel : 03-31763311 Fax : 03-31762154
2	Gudang EBN	Lot 30, Lingkungan Sultan Hishamuddin 1, Bandar Sultan Sulaiman, Pelabuhan Klang, Selangor	Tel : 03-31763311 Fax : 03-31762154
3	Gudang Prai	Lot 331, MK 1, Solok Perusahaan 4, Perindustrian Prai Seberang Prai Tengah, 13600 Prai, Pulau Pinang	Tel : 04-3990801 Fax : 04-3973287
4	Gudang Pasir Gudang	Lot 86, Jalan Pekeliing, P.O. Box 63 81707 Pasir Gudang, Johor	Tel : 07-2529798 Fax : 07-2515457
5	Gudang Lendu A & B	Lot 451, Mukim Kelemak, 78000 Alor Gajah, Melaka	Tel : 06-5562868 Fax : 06-5562505
6	Gudang Kempas A, B & C	Lot 6600, Jalan Kempas Baru, 81200 Kempas, Johor	Tel : 07-2344526 Fax : 07-2544527
7	Gudang Chendering A & B	Gudang EBN, Jalan Kubang Ikan, 21080 K.Terengganu Terengganu	Tel : 09-6161551 Fax : 09-6161552
8	Gudang Bt. Berendam A & B	ACT 13, Mukim Village, Batu Berendam, Melaka	
9	Gudang BERNAS Bukit Raya	Lot PT S28 & 30, Mukim Bukit Raya, Pendang, Kedah	Tel : 04-7596227 Fax : 04-7597429

### SABAH

1	Gudang Kota Kinabalu (1)	Gudang Bandar (B5), Kota Kinabalu, Sabah	Tel : 088-423267 Fax : 088-422322
2	Gudang Kota Kinabalu (2)	BCSB, Lot 85, Kompleks Perindustrian Sedco, Likas Inanam Kota Kinabalu, Sabah	Tel : 088-423267 Fax : 088-422322
3	Gudang Kota Kinabalu (3)	BCSB, Batu 17 1/2, Kg Nongkolod, Jalan Tuaran, Tuaran Sabah	Tel : 088-423267 Fax : 088-422322
4	Gudang Sandakan (1)	BCSB, Gdg By 3 ABC, Jalan Bomba, Bt 3, Jalan Labuk Sandakan, Sabah	Tel : 089-213500 Fax : 089-219311
5	Gudang Sandakan (2)	BCSB, Gdg Bandar JKR, Jalan Dewan Masyarakat Sandakan, Sabah	Tel : 089-213500 Fax : 089-219311
6	Gudang Tawau	BCSB, TB 1774, Gdg Apas, KM 5.5, Jalan Apas, Tawau Sabah	Tel : 089-911017 Fax : 089-912952
7	Gudang Lahad Datu	BCSB, MDLD 2637 KK 5, Jln Kastam Baru, Lahad Datu Sabah	Tel : 089-881452 Fax : 089-881411
8	Gudang Labuan	BCSB, Lot 12, Jln Arshat Ranca-Ranca, Wilayah Persekutuan Labuan	Tel : 087-424493 Fax : 087-421929
9	Gudang Kudat	BCSB, Jln Pantai Bandar, WDT 33, Kudat, Sabah	Tel : 088-612987 Fax : 088-621214

### SARAWAK

1	Gudang Kuching	BCSB, Lot 895, Jalan Belian Biawak, Kuching, Sarawak	Tel : 082-349672 Fax : 082-343745
2	Gudang Sibul	BCSB, Lot 478, Jalan Lanang Ulu, Sibul, Sarawak	Tel : 084-212733 Fax : 084-216251
3	Gudang Bintulu	BCSB, Lot 1019, Kaw. Perindustrian Kidurong, Sarawak	Tel : 086-253934 Fax : 086-253842

## Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN THAT** the 16th Annual General Meeting of Padiberas Nasional Berhad (“the Company”) will be held at Ballroom 1, 1st Floor, Sime Darby Convention Centre, 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Monday, 21 June 2010 at 10.00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions:-

1. “THAT the Audited Financial Statements for the financial year ended 31 December 2009 and the Directors’ Report and Auditors’ Report thereon be and are hereby received.”
2. “THAT the final dividend of 12% less tax of 25% for the financial year ended 31 December 2009 be and is hereby approved and declared payable on 14 July 2010 to the members of the Company registered at the close of business on 30 June 2010.”
3. “THAT Encik Chuah Seong Tat @ Chuah Chee Tat, who was appointed after the last Annual General Meeting and retires pursuant to Article 110 (2) of the Company’s Articles of Association, be and is hereby re-elected a Director of the Company.”
4. “THAT the following Directors, who retire in accordance with Article 115 of the Company’s Articles of Association, be and are hereby re-elected Directors of the Company:
  - i) Tuan Syed Abu Bakar Bin S Mohsin Almohdzar
  - ii) YB Dato’ Abdul Rahman Bin Datuk Haji Dahlan.”
5. “THAT Dato’ Wira Syed Abdul Jabbar Bin Syed Hassan, a director whose office shall become vacant at the conclusion of this Annual General Meeting pursuant to Section 129(2) of the Companies Act, 1965, be and is hereby re-appointed a Director of the Company pursuant to Section 129(6) of the Companies Act, 1965 and to hold office until the conclusion of the next Annual General Meeting.”
6. “THAT Messrs Hanafiah Raslan & Mohamad, who are eligible and have given their consent for re-appointment, be and are hereby re-appointed Auditors of the Company until the conclusion of the next Annual General Meeting and that their remuneration be fixed by the Board.”

# Notice of Annual General Meeting

## CLOSURE OF BOOKS

**NOTICE IS ALSO HEREBY GIVEN THAT** shareholders who are registered in the Register of Members and Record of Depositors at the close of business on 30 June 2010 shall be entitled to the final dividend which will be paid on 14 July 2010.

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 2010 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

Kuala Lumpur

24 May 2010

## NOTES:

- i. A member of the Company who is entitled to attend and vote at this meeting is entitled to appoint a proxy or not more than two (2) proxies to attend and vote in his stead. A proxy need not be a member of the Company.
- ii. Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportions of his holdings to be presented by each proxy.
- iii. 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.
- iv. The instrument appointing a proxy must be deposited at the office of the Share Registrar, Shareworks Sdn Bhd of No.10-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur not less than forty eight (48) hours before the time set for holding of meeting or any adjournment thereof.

# Statement Accompanying the Notice of Annual General Meeting

(Paragraph 8.27(2) of the Main Market Listing Requirement of Bursa Malaysia Securities Berhad)

1. Encik Chuah Seong Tat @ Chuah Chee Tat was appointed on 11 February 2010 and is seeking for re-election at the 16th Annual General Meeting of the Company. Please refer to his profile on page 19.
2. Dato' Wira Syed Abdul Jabbar Bin Syed Hassan was appointed on 10 July 2006 and who is over the age of 70 is seeking appointment at the 16th Annual General Meeting pursuant to the Companies Act, 1965. Please refer to his profile on page 16.

## Notis Mesyuarat Agung Tahunan

**DENGAN INI DIMAKLUMKAN BAHAWA** Mesyuarat Agung Tahunan Padiberas Nasional Berhad (“Syarikat”) yang ke-16 akan diadakan di Dewan Besar 1, Aras 1, Sime Darby Convention Centre, 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur pada hari Isnin, 21 Jun 2010 jam 10.00 pagi, bagi tujuan pertimbangan dan jika difikirkan wajar, meluluskan resolusi-resolusi berikut:-

1. “BAHAWA Penyata Kewangan Yang Telah Diaudit bagi tahun kewangan berakhir 31 Disember 2009 beserta Laporan Pengarah dan Juruaudit mengenainya diterima.”
2. “BAHAWA dividen akhir sebanyak 12% ditolak cukai 25% bagi tahun kewangan berakhir 31 Disember 2009 diluluskan dan dibayar pada 14 Julai 2010 kepada pemegang saham Syarikat yang berdaftar pada 30 Jun 2010.”
3. “BAHAWA Encik Chuah Seong Tat @ Chuah Chee Tat, yang dilantik selepas Mesyuarat Agung Tahunan yang lepas dan bersara menurut Artikel 110(2), Tataurusan Syarikat, dengan ini dilantik semula sebagai Pengarah Syarikat.”
4. “BAHAWA Pengarah-Pengarah berikut yang bersara menurut Artikel 115, Tataurusan Syarikat, dengan ini dilantik semula sebagai Pengarah-Pengarah Syarikat:-
  - i) Tuan Syed Abu Bakar Bin S Mohsin Almohdzar
  - ii) YB Dato’ Abdul Rahman Bin Datuk Haji Dahlan.”
5. “Bahawa menurut Seksyen 129(2), Akta Syarikat, 1965, Dato’ Wira Syed Abdul Jabbar Bin Syed Hassan, Pengarah yang mana jawatannya dikosongkan pada berakhirnya Mesyuarat Agung Tahunan ini, dengan ini dilantik semula menurut Seksyen 129(6), Akta Syarikat, 1965 sebagai Pengarah Syarikat dan kekal sebagai Pengarah sehingga berakhirnya tempoh Mesyuarat Agung Tahunan yang akan datang.”
6. “Bahawa Tetuan Hanafiah Raslan & Mohamad, Juruaudit, yang layak dan telah memberikan persetujuannya untuk dilantik semula, dengan ini dilantik semula sebagai Juruaudit Syarikat dan memberi kuasa kepada para Pengarah untuk menetapkan imbuhan mereka.”

# Notis Mesyuarat Agung Tahunan

## PENUTUPAN PERNIAGAAN

**NOTIS INI TURUT MEMAKLUMKAN BAHAWA**, pemegang saham yang berdaftar sebagai Pemegang Saham dan Rekod Pendeposit pada penutupan perniagaan pada 30 Jun 2010 adalah layak untuk menerima dividen akhir yang akan dibayar pada 14 Julai 2010.

Pendeposit layak untuk menerima dividen berhubung dengan:

- Saham-saham yang dipindahkan ke dalam Akaun Sekuriti Pendeposit sebelum jam 4.00 petang pada 30 Jun 2010 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

Kuala Lumpur

24 Mei 2010

## NOTA:

- i. Seseorang pemegang saham Syarikat yang layak hadir dan mengundi adalah layak untuk melantik seorang proksi atau tidak melebihi dua orang proksi untuk menghadiri dan mengundi bagi pihaknya. Proksi tidak semestinya pemegang saham Syarikat.
- ii. Apabila seseorang pemegang saham melantik dua orang proksi, perlantikan tersebut akan menjadi tidak sah kecuali nisbah pegangan beliau yang akan diwakilkan oleh setiap proksi dinyatakan.
- 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 dihantar ke Pendaftar Saham, Shareworks Sdn Bhd beralamat di No. 10-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur tidak lewat dari empat puluh lapan (48) jam sebelum bermulanya mesyuarat atau sebarang penangguhannya.

## Penyata yang Disertakan Bersama Notis Mesyuarat Agung Tahunan

(Para 8.27(2) Keperluan Penyenaraian Pasaran Utama Bursa Malaysia Securities Berhad)

1. Encik Chuah Seong Tat @ Chuah Chee Tat dilantik pada 11 Februari 2010 dan menawarkan diri untuk pemilihan semula pada Mesyuarat Agung Tahunan Syarikat yang ke-16. Sila rujuk profil beliau pada mukasurat 19.
2. Dato' Wira Syed Abdul Jabbar Bin Syed Hassan dilantik pada 10 Julai 2006 dan kini berusia 70 tahun menawarkan diri untuk dilantik semula pada Mesyuarat Agung Tahunan Syarikat yang ke-16 menurut Akta Syarikat, 1965. Sila rujuk profil beliau pada mukasurat 16.

# Proxy Form

## Borang Proksi

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

I/We *Saya/Kami* \_\_\_\_\_  
(Name as Per NRIC/Passport/Certificate of Incorporation in Capital Letters)/(Nama Seperti Tertera Pada Kad Pengenalan/Pasport/Sijil Pendaftaran Syarikat Dalam Huruf Besar)

with (NEW NRIC NO.)/(KAD PENGENALAN BARU) \_\_\_\_\_ (OLD NRIC NO.)/(KAD PENGENALAN LAMA) \_\_\_\_\_

(PASSPORT NO.)/(PASPORT) \_\_\_\_\_ (COMPANY NO.)/(SYARIKAT) \_\_\_\_\_

of/alamat \_\_\_\_\_

being a member of PADIBERAS NASIONAL BERHAD hereby appoint/*sebagai pemegang saham PADIBERAS NASIONAL BERHAD dengan ini melantik*

\_\_\_\_\_ (Name as Per NRIC/Passport in Capital Letters)/(Nama Seperti Tertera Pada Kad Pengenalan/Pasport Dalam Huruf Besar)

with (NEW NRIC NO.)/(KAD PENGENALAN BARU) \_\_\_\_\_ (OLD NRIC NO.)/(KAD PENGENALAN LAMA) \_\_\_\_\_

(PASSPORT NO.)/(PASPORT) \_\_\_\_\_ of/alamat \_\_\_\_\_

or failing him/her *atau ketiadaan beliau* \_\_\_\_\_  
(Name as Per NRIC/Passport in Capital Letters)/(Nama Seperti Tertera Pada Kad Pengenalan/Pasport Dalam Huruf Besar)

with (NEW NRIC NO.)/(KAD PENGENALAN BARU) \_\_\_\_\_ (OLD NRIC NO.)/(KAD PENGENALAN LAMA) \_\_\_\_\_

(PASSPORT NO.)/(PASPORT) \_\_\_\_\_ of/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 16th Annual General Meeting of Padiberas Nasional Berhad ("the Company") to be held at Ballroom 1, 1st Floor, Sime Darby Convention Centre, 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Monday, 21 June 2010 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-16 yang akan diadakan di Dewan Besar, Sime Darby Convention Centre, 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur pada hari Isnin, 21 Jun 2010 jam 10.00 pagi dan mana-mana penangguhannya, mengundi seperti berikut:-*

Resolution <i>Resolusi</i>	As Ordinary Business <i>Sebagai Urusan Biasa</i>	For <i>Bersetuju</i>	Against <i>Menentang</i>
1	To receive the Audited Financial Statements for the financial year ended 31 December 2009 and the Reports of the Directors and Auditors thereon. <i>Untuk menerima Penyata Kewangan Yang Telah Diaudit bagi tahun kewangan berakhir 31 Disember 2009 beserta Laporan Pengarah dan Juruaudit mengenainya.</i>		
2	To approve the payment of a final dividend of 12% less tax of 25% for the financial year ended 31 December 2009. <i>Untuk meluluskan pembayaran dividen akhir sebanyak 12% ditolak cukai 25% bagi tahun kewangan berakhir 31 Disember 2009.</i>		
3	To re-elect Encik Chuah Seong Tat @ Chuah Chee Tat as Director pursuant to Article 110(2) of the Company's Articles of Association. <i>Untuk memilih semula Encik Chuah Seong Tat @ Chuah Chee Tat menurut Artikel 110(2), Tataurusan Syarikat.</i>		
4	To re-elect Tuan Syed Abu Bakar Bin S Mohsin Almohdzar and YB Dato' Abdul Rahman Bin Datuk Haji Dahlan as Directors pursuant to Article 115 of the Company's Articles of Association. <i>Untuk memilih semula Tuan Syed Abu Bakar Bin S Mohsin Almohdzar dan YB Dato' Abdul Rahman Bin Datuk Haji Dahlan menurut Artikel 115, Tataurusan Syarikat.</i>		
5	To re-appoint Dato' Wira Syed Abdul Jabbar Bin Syed Hassan as Director pursuant to Section 129(6) of the Companies Act, 1965. <i>Untuk melantik semula Dato' Wira Syed Abdul Jabbar Bin Syed Hassan menurut Seksyen 129 (6), Akta Syarikat, 1965.</i>		
6	To re-appoint Messrs Hanafiah Raslan & Mohamad, the retiring Auditors and to authorise the Directors to fix their remuneration. <i>Melantik semula Tetuan Hanafiah Raslan &amp; Mohamad, Juruaudit yang bersara dan memberi kuasa kepada para Pengarah untuk menetapkan imbuhan mereka.</i>		

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

Dated this/Bertarikh \_\_\_\_\_ 2010

\_\_\_\_\_  
Signature/Seal Tandatangan/Meterai

### Notes:-

- A member of the Company who is entitled to attend and vote at this meeting is entitled to appoint a proxy or not more than two (2) proxies to attend and vote in his stead. A proxy need not be a member of the Company.
- Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportions of his holdings to be presented by each proxy.
- The instrument appointing a proxy must be in writing under the hand of the appointer or his attorney duly appointed under a power of attorney or if such appointer is a corporation, either under its common seal or under the hand of its attorney.
- The instrument appointing a proxy must be deposited at the office of the Share Registrar, Shareworks Sdn Bhd of No 10-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur not less than forty eight (48) hours before the time set for holding of meeting or any adjournment thereof.

### Nota:-

- Seseorang pemegang saham Syarikat yang layak hadir dan mengundi adalah layak untuk melantik seorang proksi atau tidak melebihi dua orang proksi untuk menghadiri dan mengundi bagi pihaknya. Proksi tidak semestinya pemegang saham Syarikat.
- Apabila seseorang pemegang saham melantik dua orang proksi, perantukan tersebut akan menjadi tidak sah kecuali nisbah pegangan beliau yang akan diwakilkan oleh setiap proksi dinyatakan.
- Suratcara perantukan proksi mestilah dibuat secara bertulis di bawah tandatangan orang yang melantik atau peguamnya yang telah diberi kuasa sewajarnya secara bertulis atau jika pihak yang melantik itu sebuah perbadanan, mestilah di bawah meterai rasmi atau ditandatangani oleh peguamnya.
- Suratcara perantukan proksi mestilah dihantar ke Pendaftaran Saham, Shareworks Sdn Bhd beralamat di No.10-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur tidak lewat dari empat puluh lapan (48) jam sebelum bermulanya mesyuarat atau sebarang penangguhannya.

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**PADIBERAS NASIONAL BERHAD**  
**C/O SHARE REGISTRAR**  
SHAREWORKS SDN BHD  
NO 10-1, JALAN SRI HARTAMAS 8  
SRI HARTAMAS  
50480 KUALA LUMPUR

STAMP  
SETEM

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