

Financial statements

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DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2003.

PRINCIPAL ACTIVITIES

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

The principal activities of the subsidiaries are described in Note 37(A) to the financial statements.

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

RESULTS

	Group RM'000	Company RM'000
Profit before exceptional items	75,517	55,806
Exceptional items - net costs in relation to Voluntary Separation Scheme	(78,955)	(67,588)
Loss from ordinary activities before taxation	(3,438)	(11,782)
Taxation	(14,022)	(5,111)
Loss after taxation	(17,460)	(16,893)
Minority interests	(1,422)	-
Loss for the year	(18,882)	(16,893)

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the Statement 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 other than the exceptional items disclosed in Note 9 to the financial statements.

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year.

The directors do not recommend the payment of any dividend in respect of the current financial year.

DIRECTORS

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

Datuk Mohd Hashim Bin Hassan (appointed on 13 October 2003)

Dato' Syed Fahkri Barakbah Bin Tun Syed Sheh Barakbah (appointed on 13 October 2003)

Dohat Bin Shafiee

Bukhari Bin Mohd Sawi

Abdul Rahim Bin Mokti*

YB Haji Mohd Naroden Bin Haji Majais

Datuk Dr Sulaiman Bin Mahbob

Saiful Adnan Bin Abdul Majid

Dato' Abi Musa Asa'ari Bin Mohamed Nor*

Abdul Rahman Bin Datuk Haji Dahlan

Datuk Azizan Bin Ayob (appointed on 30 September 2003)

Dato' Siti Balkish Binti Shariff (appointed as alternate director to Dato' Abi

Musa Asa'ari Bin Mohamed Nor on 29 July 2003)

Normi Binti Nordin (appointed as alternate director to Abdul Rahim Bin Mokti on 13 October 2003)

Yahya Bin Abu Bakar (resigned on 30 September 2003)

Dato' Mohd Ibrahim Bin Mohd Nor (resigned on 13 October 2003)

Dato' Ahmad Zabri Bin Ibrahim (resigned on 13 October 2003)

Dato' Seri Mohamad Noor Bin Abdul Rahim (resigned on 1 March 2004)

Dato' Baseri Bin Lamsah (resigned as alternate director to Dato' Abi Musa Asa'ari Bin

Mohamed Nor on 29 July 2003)

Hasnan Bin Hassan (resigned as alternate director to Abdul Rahim Bin Mokti on 13 October 2003)

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

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at anytime during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, other than as may arise from the share options to be granted pursuant to the Employee Share Options Scheme.

DIRECTORS' BENEFITS (CONTD.)

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 or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, none of the directors in office at the end of the financial year had any interest in shares or options over ordinary shares in the Company or its related corporations during the financial year.

ISSUE OF SHARES

During the financial year, the Company increased its issued and paid up share capital from RM444,213,001 to RM444,253,001 by way of the issuance of 40,000 ordinary shares of RM 1.00 each resulting from the exercise of employee share options for cash at the option price of RM 1.17 per share.

EMPLOYEE SHARE OPTION SCHEME

The Company's Employee Share Option Scheme ("ESOS") is governed by the By-Laws which was approved by the shareholders at the Extraordinary General Meeting held on 27 June 2000 and became effective on 15 September 2000.

The main features of the ESOS are as follows:

- (a) Eligible persons are employees of the Group (including executive directors) who have been confirmed in the employment of the Group and have served for at least one year before the date of the offer. The eligibility for participation in the ESOS shall be at the discretion of the Option Committee appointed by the Board of Directors.
- (b) The total number of shares to be offered shall not exceed in aggregate 10% of the issued share capital of the Company at any one time during the existence of the ESOS.
- (c) The option price shall be at a discount of not more than 10% from the five day weighted average market price of the Company's shares as shown in the daily official list issued by Bursa Malaysia Securities Berhad (formerly known as the Kuala Lumpur Stock Exchange) immediately preceeding the offer date of the option or at the par value of the Company's shares, whichever is higher.
- (d) No offer shall be made for less than 1,000 shares and not more than 290,000 shares to any eligible employee.
- (e) An option granted under the ESOS is exercisable by the grantee by notice in writing to the Company before the expiry date of five years from the date of the offer or such shorter period as specified in such offer.
- (f) The number of shares under option or the option price or both so far as the option remain unexercised may be adjusted following any variation in the issued share capital of the Company by way of a capitalisation or rights issue or a reduction, subdivision or consolidation of the Company's shares made by the Company.

EMPLOYEE SHARE OPTION SCHEME (CONTD.)

- (g) The shares under option shall remain unissued until the option is exercised and shall on allotment rank pari passu in all respects with the existing shares of the Company at the time of allotment save that they will not entitle the holders thereof to receive any rights and bonus issues announced or to any dividend or other distribution declared to the shareholders of the Company as at a date which precedes the date of the exercise of the option.
- (h) The Option Committee may at its discretion at any time and from time to time as it shall deem fit, select and make an offer in writing to any eligible employee to subscribe for shares in the Company based on the criteria for allotment and eligibility set out in By-Laws. The number of new shares which may be offered and allotted to the eligible employee shall be at the discretion of the Option Committee and shall not be less than 1,000 shares and not more than 290,000 shares and shall always be in multiples of 1,000 shares.

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

	1 January 2003	Granted	Exercised	Cancelled	31 December 2003
Option Price					
RM1.17	29,785,500	-	(40,000)	-	29,745,500

The ESOS holders who had opted for the VSS as elaborated in Note 36(c) to the financial statements, have until September 2005 to exercise their options.

No options have been exercised subsequent to the financial year end.

The Company has been granted an exemption by the Companies Commission of Malaysia from having to disclose the names of option holders of less than 100,000 shares. The names of option holders and the number of options granted in respect of the ESOS which are 100,000 shares and above are set out below:

Name of option holders	Number of options
Dato' Mohd Ibrahim Bin Mohd Nor	121,500
Wong Chee Yoong	105,000
Mohd Husin Bin Ismail	105,000

OTHER STATUTORY INFORMATION

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

OTHER SIGNIFICANT AND SUBSEQUENT EVENTS

The other significant and subsequent events in relation to the financial year are as disclosed in Note 36 to the financial statements.

AUDITORS

The auditors, Hanafiah Raslan & Mohamad, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors

Datuk Mohd Hashim Bin Hassan

Dohat Bin Shafiee

Petaling Jaya, Selangor Darul Ehsan
23 April 2004

STATEMENT BY DIRECTORS

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

We, Datuk Mohd Hashim Bin Hassan and Dohat Bin Shafiee, 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 42 to 111 are drawn up in accordance with applicable Approved Accounting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2003 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors

Datuk Mohd Hashim Bin Hassan

Dohat Bin Shafiee

Petaling Jaya, Selangor Darul Ehsan
23 April 2004

STATUTORY DECLARATION

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

I, Mohd Nazri Bin Md Shariff, being the officer primarily responsible for the financial management of Padiberas Nasional Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 42 to 111 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the
abovenamed Mohd Nazri Bin Md Shariff at
Petaling Jaya in Selangor Darul Ehsan
on 23 April 2004

Mohd Nazri Bin Md Shariff

Before me,

Samsuddin Bin Abdul Wahab
B139
Commissioner for Oaths

REPORT OF THE AUDITORS

to the members of Padiberas Nasional Berhad

We have audited the financial statements set out on pages 42 to 111. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with applicable Approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Approved Accounting Standards in Malaysia so as to give a true and fair view of:
 - (i) the financial position of the Group and of the Company as at 31 December 2003 and of the results and the cash flows of the Group and of the Company for the year then ended; and
 - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and the auditors' reports thereon of the subsidiaries of which we have not acted as auditors, as indicated in Note 37(A) to the financial statements, being financial statements that have been included in the consolidated financial statements.

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

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

Hanafiah Raslan & Mohamad
AF: 0002
Chartered Accountants

Kuala Lumpur, Malaysia
23 April 2004

Abdul Rauf Bin Rashid
No. 2305/05/04(J)
Partner

INCOME STATEMENTS

for the year ended 31 December 2003

	Note	Group		Company	
		2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Revenue	3	1,824,738	1,763,800	935,585	697,894
Cost of sales	4	(1,514,595)	(1,428,251)	(739,232)	(541,386)
Gross profit		310,143	335,549	196,353	156,508
Other operating income		8,649	11,554	1,165	21,800
Administration and other operating expenses		(249,557)	(290,687)	(137,429)	(131,230)
Profit from operations	5	69,235	56,416	60,089	47,078
Finance costs, net	8	(8,716)	(11,217)	(4,283)	(10,079)
Share of results of associates		14,998	13,790	-	-
Profit before exceptional items		75,517	58,989	55,806	36,999
Exceptional items - net costs in relation to Voluntary Separation Scheme	9	(78,955)	-	(67,588)	-
(Loss)/profit from ordinary activities before taxation		(3,438)	58,989	(11,782)	36,999
Taxation	10	(14,022)	(23,525)	(5,111)	13,651
(Loss)/profit after taxation		(17,460)	35,464	(16,893)	50,650
Minority interests		(1,422)	591	-	-
Net (loss)/profit for the year		(18,882)	36,055	(16,893)	50,650
(Loss)/earnings per share (sen)					
Basic	11				
- before exceptional items		13.5	8.2		
- after exceptional items		(4.3)	n/a		
Diluted	11	n/a	7.9		

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

BALANCE SHEETS

as at 31 December 2003

		Group		Company	
		2003	2002	2003	2002
	Note	RM'000	RM'000	RM'000	RM'000
NON-CURRENT ASSETS					
Property, plant and equipment	13	264,648	265,255	17,039	13,069
Investment in subsidiaries	14	-	-	317,510	314,712
Investment in associates	15	105,418	93,319	60,944	58,466
Other investments	16	6,352	6,352	6,000	6,000
Intangible assets	17	8,433	10,294	-	-
Deferred tax assets	18	29,193	27,062	23,065	27,062
		<u>414,044</u>	<u>402,282</u>	<u>424,558</u>	<u>419,309</u>
CURRENT ASSETS					
Tax recoverable		62,663	30,208	43,529	21,735
Inventories	19	219,193	281,651	95,550	4,536
Trade receivables	20	257,332	230,735	272,495	314,722
Other receivables	21	45,308	51,359	81,654	172,199
Cash and bank balances	22	292,762	191,678	180,523	25,768
		<u>877,258</u>	<u>785,631</u>	<u>673,751</u>	<u>538,960</u>
CURRENT LIABILITIES					
Retirement benefit obligations	23	2,764	739	1,370	404
Short term borrowings	24	421,451	319,581	277,242	193,142
Trade payables	26	68,524	19,903	50,752	2,660
Other payables	27	52,207	49,040	156,672	97,023
Tax payable		116	-	-	-
		<u>545,062</u>	<u>389,263</u>	<u>486,036</u>	<u>293,229</u>
NET CURRENT ASSETS		<u>332,196</u>	<u>396,368</u>	<u>187,715</u>	<u>245,731</u>
		<u>746,240</u>	<u>798,650</u>	<u>612,273</u>	<u>665,040</u>

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

BALANCE SHEETS

as at 31 December 2003 (Contd.)

		Group		Company	
	Note	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
FINANCED BY:					
Share capital	28	444,253	444,213	444,253	444,213
Reserves		173,449	181,308	132,437	140,564
Shareholders' equity		617,702	625,521	576,690	584,777
Minority interests		55,281	54,567	-	-
		672,983	680,088	576,690	584,777
Retirement benefit obligations	23	31,652	46,824	15,583	25,463
Long term borrowings	24	30,708	61,074	20,000	54,800
Deferred tax liabilities	18	10,897	10,664	-	-
Non-current liabilities		73,257	118,562	35,583	80,263
		746,240	798,650	612,273	665,040

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2003

	Share capital RM'000	Non- Distributable Reserves (Note 29) RM'000	Distributable Retained profits (Note 30) RM'000	Total RM'000
At 1 January 2002				
As previously stated	292,630	29,833	275,077	597,540
Prior year adjustment (Note 32)	-	-	13,501	13,501
At 1 January 2002 (restated)	292,630	29,833	288,578	611,041
At 1 January 2002	292,630	29,833	288,578	611,041
Transfer to Government Stockpile	-	(6,292)	-	(6,292)
Currency exchange translation differences	-	(198)	-	(198)
Net loss not recognised in the income statement	-	(6,490)	-	(6,490)
Issuance of share capital via exercise of ESOS (Note 28)	3,548	2,632	-	6,180
Bonus issue (Note 28)	148,035	-	(148,035)	-
Net profit for the year	-	-	36,055	36,055
Dividends (Note 12)	-	-	(21,265)	(21,265)
At 31 December 2002	444,213	25,975	155,333	625,521
At 1 January 2003				
As previously stated	444,213	25,975	128,183	598,371
Prior year adjustment (Note 32)	-	-	27,150	27,150
At 1 January 2003 (restated)	444,213	25,975	155,333	625,521
At 1 January 2003	444,213	25,975	155,333	625,521
Transfer from Government Stockpile	-	10,223	-	10,223
Currency exchange translation differences	-	793	-	793
Net gain not recognised in the income statement	-	11,016	-	11,016
Issuance of share capital via exercise of ESOS (Note 28)	40	7	-	47
Capitalisation of distributable profits of a subsidiary for bonus issue	-	3,000	(3,000)	-
Net loss for the year	-	-	(18,882)	(18,882)
At 31 December 2003	444,253	39,998	133,451	617,702

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

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2003

	Share capital RM'000	Non- Distributable Reserves (Note 29) RM'000	Distributable Retained profits (Note 30) RM'000	Total RM'000
At 1 January 2002				
As previously stated	292,630	8,481	234,690	535,801
Prior year adjustment (Note 32)	-	-	13,411	13,411
At 1 January 2002 (restated)	292,630	8,481	248,101	549,212
At 1 January 2002	292,630	8,481	248,101	549,212
Issuance of share capital via exercise of ESOS (Note 28)	3,548	2,632	-	6,180
Bonus issue (Note 28)	148,035	-	(148,035)	-
Net profit for the year	-	-	50,650	50,650
Dividends (Note 12)	-	-	(21,265)	(21,265)
At 31 December 2002	444,213	11,113	129,451	584,777
At 1 January 2003				
As previously stated	444,213	11,113	102,389	557,715
Prior year adjustment (Note 32)	-	-	27,062	27,062
At 1 January 2003 (restated)	444,213	11,113	129,451	584,777
At 1 January 2003	444,213	11,113	129,451	584,777
Transfer from Government Stockpile	-	8,759	-	8,759
Net gain not recognised in the income statement	-	8,759	-	8,759
Net loss for the year	-	-	(16,893)	(16,893)
Issuance of share capital via the exercise of ESOS (Note 28)	40	7	-	47
At 31 December 2003	444,253	19,879	112,558	576,690

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

CASH FLOW STATEMENTS

for the year ended 31 December 2003

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
(Loss)/profit before taxation	(3,438)	58,989	(11,782)	36,999
Adjustments for:				
Provision for doubtful debts	19,842	7,573	26,436	2,996
Bad debts written off	38	61	1,394	-
Write back of provision for doubtful debts	(7,638)	(38)	(6,488)	-
Provision for retirement benefits	8,301	8,338	2,048	1,746
Provision for impairment loss on investments	800	-	2,855	20,800
Depreciation	26,223	27,045	4,610	4,827
Amortisation of intangible assets	1,861	1,854	-	-
Inventories written down	5,186	6,905	4,429	-
Loss/(gain) on disposal of property, plant and equipment	3,586	93	(191)	33
Property, plant and equipment written off	6,094	811	1,889	63
Interest expense	14,533	16,272	8,256	11,246
Interest income	(5,854)	(5,313)	(3,978)	(1,167)
Gross dividend income	-	-	(57)	(21,496)
Overprovision for voluntary separation scheme	-	(15,000)	-	(15,000)
Insurance claims written off	-	19	-	19
Gain on deregistration of subsidiaries	(77)	-	-	-
Share of results of associates	(14,998)	(13,790)	-	-
Exceptional items				
- Voluntary Separation Scheme ("VSS") compensation costs	99,171	-	81,589	-

CASH FLOW STATEMENTS

for the year ended 31 December 2003 (Contd.)

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES (CONTD.)				
- Write back of retirement benefit obligations	(20,216)	-	(14,001)	-
Operating profit before working capital changes	133,414	93,819	97,009	41,066
(Increase)/decrease in receivables	(33,511)	(17,976)	111,430	43,580
Decrease/(increase) in inventories	67,495	72,508	(86,684)	13,651
Increase/(decrease) in payables	48,233	(84,321)	97,995	5,527
Cash generated from operations	215,631	64,030	219,750	103,824
Taxation paid	(44,125)	(125,210)	(22,892)	(83,854)
Interest paid	(14,533)	(16,272)	(8,256)	(11,246)
VSS compensation costs paid	(95,537)	-	(77,955)	-
Retirement benefits paid	(1,232)	(863)	(722)	(201)
Net cash generated from/ (used in) operating activities	60,204	(78,315)	109,925	8,523
CASH FLOWS FROM INVESTING ACTIVITIES				
Net cash used for acquisition of a subsidiary (Note A)	-	(6,409)	-	-
Interest income received	5,854	5,313	3,978	1,167
Net dividend received from:				
- subsidiaries	-	-	-	17,331
- associates	57	3,696	41	2,998
Purchase of investments	(2,079)	(4,000)	(8,131)	(4,000)
Purchase of property, plant and equipment	(36,287)	(39,426)	(599)	(5,468)

CASH FLOW STATEMENTS

for the year ended 31 December 2003 (Contd.)

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES (CONTD.)				
Proceeds from disposal of property, plant and equipment	4,841	171	194	103
Net cash (used in)/generated from investing activities	(27,614)	(40,655)	(4,517)	12,131
CASH FLOWS FROM FINANCING ACTIVITIES				
Drawdown of borrowings	781,695	816,652	452,220	589,206
Repayment of borrowings	(715,752)	(776,904)	(402,920)	(616,998)
Proceeds from the issuance of shares via the exercise of ESOS	47	6,180	47	6,180
Dividend paid	-	(21,265)	-	(21,265)
Net cash generated from/ (used in) financing activities	65,990	24,663	49,347	(42,877)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS				
	98,580	(94,307)	154,755	(22,223)
EFFECTS OF EXCHANGE RATE CHANGES				
	793	(198)	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR				
	185,899	280,404	25,768	47,991
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR				
	285,272	185,899	180,523	25,768
Cash and cash equivalents comprise:				
Cash and bank balances	292,762	191,678	180,523	25,768
Bank overdrafts	(7,490)	(5,779)	-	-
	285,272	185,899	180,523	25,768

CASH FLOW STATEMENTS

for the year ended 31 December 2003 (Contd.)

NOTE A

ANALYSIS OF ACQUISITION OF A SUBSIDIARY IN THE PREVIOUS FINANCIAL YEAR

	2002 RM'000
Trade and other receivables	19
Inventories	-
Property, plant and equipment	9,583
Investments	-
Cash and cash equivalents	-
Short term borrowings	-
Trade and other payables	(8)
Taxation	-
Deferred taxation	-
Minority interest	(1,338)
Share of net assets acquired	8,256
Negative goodwill on consolidation	(1,847)
	6,409
Less: Cash and cash equivalents of subsidiary acquired	-
Net cash used for acquisition of a subsidiary	6,409

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2003

1. CORPORATE INFORMATION

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

The principal activities of the subsidiaries are described in Note 37(A).

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

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Board of Bursa Malaysia Securities Berhad. The registered office of the Company is located at Level 19, CP Tower, No. 11 Section 16/11, Jalan Damansara, 46350 Petaling Jaya, Selangor Darul Ehsan.

The number of employees in the Group and in the Company at the end of the financial year were 3,132 (2002: 4,653) and 231 (2002 : 386) respectively.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 23 April 2004.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial statements of the Group and of the Company have been prepared under the historical cost convention.

The financial statements comply with the provisions of the Companies Act, 1965 and applicable Approved Accounting Standards in Malaysia.

During the financial year ended 31 December 2003, the Group and the Company adopted the following Malaysian Accounting Standards Board ("MASB") Standards for the first time:

MASB 25	Income Taxes
MASB 27	Borrowing Costs
MASB 28	Discontinuing Operations
MASB 29	Employee Benefits
MASB 30	Accounting and Reporting by Retirement Benefits Plans

The effects of adopting MASB 25 are summarised in the Statement of Changes in Equity and further information is disclosed in Note 32 to the financial statements. The adoption of the other standards above have not given rise to any adjustments to the opening balances of retained profits of the prior and current year or to changes in comparatives.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(b) Basis of Consolidation

(i) Subsidiaries

The consolidated financial statements include the financial statements of the Company and all its subsidiaries. Subsidiaries are those companies in which the Group has an equity interest and where it has power to exercise control over the financial and operating policies so as to obtain benefits therefrom.

Subsidiaries are consolidated using the acquisition method of accounting. Under the acquisition method of accounting, the results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. The assets and liabilities of a subsidiary are measured at their fair values at the date of acquisition and these values are reflected in the consolidated balance sheet. The difference between the cost of an acquisition and the fair value of the Group's share of the net assets of the acquired subsidiary at the date of acquisition is included in the consolidated balance sheet as goodwill or negative goodwill arising on consolidation.

Intragroup transactions, balances and resulting unrealised gains are eliminated on consolidation and the consolidated financial statements reflect external transactions only. Unrealised losses are eliminated on consolidation unless costs cannot be recovered.

The gain or loss on disposal of a subsidiary company is the difference between net disposal proceeds and the Group's share of its net assets together with any unamortised balance of goodwill and exchange differences which were not previously recognised in the consolidated income statement.

Minority interest is measured at the minorities' share of the post acquisition fair values of the identifiable assets and liabilities of the acquiree.

(ii) Associates

Associates are those companies in which the Group has an equity interest and where it exercises significant influence over the financial and operating policies.

Investments in associates are accounted for in the consolidated financial statements by the equity method of accounting based on the audited or management financial statements of the associates. Under the equity method of accounting, the Group's share of profits less losses of associates during the year is included in the consolidated income statement. The Group's interest in associates is carried in the consolidated balance sheet at cost plus the Group's share of post-acquisition retained profits or accumulated losses and other reserves as well as goodwill on acquisition.

Unrealised gains on transactions between the Group and the associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are eliminated unless cost cannot be recovered.

(c) Investments in Subsidiaries and Associates

The Company's investments in subsidiaries and associates are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(l).

On disposal of such investments, the difference between the net disposal proceeds and its carrying amount is recognised in the income statement.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(d) Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(l).

Freehold land and construction work-in-progress are not depreciated. Leasehold land is depreciated over the period of the lease which ranges from 50 to 99 years. Depreciation of other property, plant and equipment is provided for on a straight line basis to write off the cost of each asset to its residual value over the estimated useful life at the following annual rates:

Buildings and infrastructure	2% to 20%
Renovation	10% to 20%
Plant and machinery	4% to 20%
Furniture, fittings and office equipment	10% to 40%
Motor vehicles	20%

The property, plant and equipment transferred from Lembaga Padi dan Beras Negara ("LPN") on 7 July 1994 (transfer date) are depreciated over the remainder of the useful lives of these assets as at the transfer date.

Upon the disposal of an item of property, plant or equipment, the difference between the net disposal proceeds and the net carrying amount is recognised in the income statement.

(e) Inventories

Inventories are stated at the lower of cost (determined on weighted average basis) and net realisable value. Cost includes direct materials, direct labour, other direct costs and appropriate production overheads. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

The Company is vested with the duty to maintain and manage the Government Stockpile of rice of 92,000 metric tonnes. The inventories of paddy and rice of the Group and of the Company are disclosed net of the Government Stockpile. Surplus arising from the valuation of inventories attributable to the Government Stockpile is dealt with in the Stockpile Fluctuation Reserve Account. Deficit fluctuations in excess of the amount in reserve are charged to the income statement.

(f) Cash and Cash Equivalents

For the purposes of the cash flow statements, cash and cash equivalents include cash in hand and at banks and deposits at call, which have an insignificant risk of changes in value, net of outstanding bank overdrafts.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(g) Finance Lease and Hire Purchase

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

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the balance sheet as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Company's incremental borrowing rate is used.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the income statement over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for leased assets is consistent with that for depreciable property, plant and equipment as described in Note 2(d).

(h) Income Tax

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

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

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

Prior to the adoption of MASB 25 Income Taxes on 1 January 2003, deferred tax was provided for using the liability method in respect of significant timing differences and deferred tax assets were not recognised unless there was reasonable expectation of their realisation. This change in accounting policy has been accounted for retrospectively and the effects of this change are disclosed in Note 32.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(i) Employee Benefits

The Group adopted MASB 29 Employee Benefits in the current financial year.

(i) Short term benefits

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

(ii) Defined contribution plans

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

(iii) Defined benefit plans

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

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

Prior to the adoption of MASB 29 Employee Benefits on 1 January 2003, no liability was recognised for the obligations in respect of short-term employee benefits in the form of accumulating compensated absences. This change has not given rise to any adjustments to the opening balances of retained profits of the prior and current year or to changes in comparatives.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(j) Revenue Recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably.

(i) Sale of goods

Revenue relating to the sale of goods is recognised net of sales taxes, discounts and returns upon transfer of risks and rewards.

(ii) Engineering, maintenance and construction services

Revenue from the provision of engineering, maintenance and construction services is recognised by reference to the stage of completion of the projects.

(iii) Logistics services

Revenue from the provision of logistics services is recognised net of discounts as and when the services are performed.

(k) Foreign Currencies

(i) Foreign currency transactions

Transactions in foreign currencies are initially recorded in Ringgit Malaysia at rates of exchange ruling at the date of transaction. At each balance sheet date, foreign currency monetary items are translated into Ringgit Malaysia at exchange rates ruling at that date. Non-monetary items initially denominated in foreign currencies which are carried at historical cost are translated using the historical rate as of the date of acquisition and non-monetary items which are carried at fair value are translated using the exchange rate that existed when the values were determined.

All exchange rate differences are taken to the income statement.

(ii) Foreign entities

Financial statements of foreign consolidated subsidiaries are translated at year-end exchange rates with respect to the assets and liabilities, and at exchange rates at the dates of the transactions with respect to the income statement. All resulting translation differences are included in the foreign exchange reserve in shareholders' equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the Company and translated at the exchange rate ruling at the date of the transaction.

The principal exchange rates for every unit of foreign currency ruling at the balance sheet date used are as follows:

	2003 RM	2002 RM
United States Dollar	3.8000	3.8000
Guinee Franc	0.0018	0.0019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(l) Impairment of Assets

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication of impairment. If any such indication exists, impairment is measured by comparing the carrying values of the assets with their recoverable amounts. Recoverable amount is the higher of net selling price and value in use, which is measured by reference to discounted future cash flows.

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

(m) Provisions for Liabilities

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

(n) Goodwill

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

Goodwill is stated at cost less accumulated amortisation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(l). Goodwill arising on the acquisition of subsidiaries is presented separately in the balance sheet while goodwill arising on the acquisition of associates is included within the carrying amount of investments in associates.

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

(o) Trademarks

Trademarks are recognised as intangible assets if it is probable that the future economic benefits that are attributable to such assets will flow to the enterprise and the costs of such assets can be measured reliably.

Trademarks are stated at cost less accumulated amortisation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(l). Amortisation of trademark is charged to the income statement based on a straight line basis over the estimated useful life of 10 years.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(p) Financial Instruments

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

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

(i) Other Non-Current Investments

Non-current investments other than investments in subsidiaries and associates are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(l).

On disposal of an investment, the difference between the net disposal proceeds and its carrying amount is recognised in the income statement.

(ii) Receivables

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

(iii) Payables

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

(iv) Interest-Bearing Borrowings

Interest-bearing bank loans and overdrafts are recorded at the amount of proceeds received, net of transaction costs.

Borrowing costs directly attributable to the acquisition and construction of property, plant and equipment are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use. All other borrowing costs are recognised as an expense in the income statement in the period in which they are incurred.

(v) Equity Instruments

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

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

3. REVENUE

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

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Sales of rice	1,809,819	1,752,127	935,585	697,894
Engineering and construction services	351	5,240	-	-
Sale of poultry products	4,489	3,654	-	-
Transport services	9,806	2,545	-	-
Others	273	234	-	-
	1,824,738	1,763,800	935,585	697,894

4. COST OF SALES

Cost of sales represents cost of inventories sold, cost of services provided and contract costs recognised as an expense. Cost of local rice sold includes overhead costs of paddy complexes.

5. PROFIT FROM OPERATIONS

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

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Staff costs (Note 6)	138,697	154,793	23,052	28,904
Non-executive directors' remuneration (Note 7)	469	523	386	360
Auditors' remuneration:				
Statutory audits	576	650	95	90
Other services	28	85	-	75
Bad debts written off	38	61	1,394	-
Provision for doubtful debts	19,842	7,573	26,436	2,996
Bad debts recovered	(36)	(150)	-	-
Write back of provision for doubtful debts	(7,638)	(38)	(6,488)	-
Amortisation of intangible assets	1,861	1,854	-	-
Depreciation	26,223	27,045	4,610	4,827
Inventories written down	5,186	6,905	4,429	-
Rental of land and building	17,896	26,746	3,880	3,126
Realised gain on foreign exchange	(311)	(241)	(311)	-
Loss/(gain) on disposal of property, plant and equipment	3,586	93	(191)	33
Property, plant and equipment written off	6,094	811	1,889	63
Provision for impairment loss on investments	800	-	2,855	20,800
Insurance claims written off	-	19	-	19
Overprovision for voluntary separation scheme	-	(15,000)	-	(15,000)
Rental income	(66)	(130)	(66)	-
Gain on deregistration of subsidiaries	(77)	-	-	-
Gross dividends from an associate	-	-	-	(4,165)
Tax exempt dividends from subsidiaries	-	-	-	(17,331)

5. PROFIT FROM OPERATIONS (CONTD.)

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

	Group		Company	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Tax exempt dividends from an associate	-	-	(57)	-
Rental of plant and machinery	1,440	2,880	-	-

6. STAFF COSTS

	Group		Company	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Wages and salaries	112,325	122,041	17,626	18,803
Social security costs	1,125	1,560	140	140
Short term accumulating compensated absences	402	-	402	-
Pension costs - defined contribution plan	12,049	12,884	1,956	2,243
Pension costs - defined benefit plan (Note 23)	8,301	8,338	2,048	1,746
Other staff related expenses	4,495	9,970	880	5,972
	138,697	154,793	23,052	28,904

Included in staff costs of the Group and of the Company are executive directors' remuneration amounting to RM4,499,000 (2002: RM3,934,000) and RM169,000 (2002: RM341,000) respectively as further disclosed in Note 7.

7. DIRECTORS' REMUNERATION

	Group		Company	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Directors of the Company				
Executive:				
Salaries, bonus and other emoluments	154	341	154	341
VSS compensation costs* (Note 9)	788	-	788	-
Pension costs - defined contribution plan	15	-	15	-
Benefits-in-kind	6	6	6	6
	963	347	963	347

7. DIRECTORS' REMUNERATION (CONTD.)

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Directors of the Company (Contd.)				
Non-Executive:				
Fees	386	423	386	360
Directors of subsidiaries				
Executive:				
Salaries, bonus and other emoluments	3,897	3,389	-	-
Fees	-	204	-	-
Pension costs - defined contribution plan	433	-	-	-
Benefits-in-kind	176	16	-	-
	4,506	3,609	-	-
Non-Executive:				
Fees	83	100	-	-
Total	5,938	4,479	1,349	707
Analysis excluding benefits-in-kind:				
Total executive directors' remuneration excluding benefits-in-kind (Note 6)	4,499	3,934	169	341
Total executive directors' remuneration excluding benefits-in-kind (Note 9)	788	-	788	-
Total non-executive directors' remuneration excluding benefits-in-kind (Note 5)	469	523	386	360
Total directors' remuneration excluding benefits-in-kind	5,756	4,457	1,343	701

*The Company's executive director has resigned during the year.

7. DIRECTORS' REMUNERATION (CONTD.)

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

	Number of directors	
	2003	2002
Executive directors:		
Below RM50,000	1	1
RM300,001 - RM350,000	-	1
RM900,001 - RM950,000	1	-
Non-Executive directors:		
Below RM50,000	15	10
RM50,001-RM100,000	1	1

8. FINANCE COSTS, NET

	Group		Company	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Interest expense on borrowings	14,533	16,272	8,256	11,246
Bank charges	37	258	5	-
Interest income from deposits	(5,854)	(5,313)	(3,978)	(1,167)
	8,716	11,217	4,283	10,079

9. EXCEPTIONAL ITEMS

	Group		Company	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Voluntary Separation Scheme ("VSS"):				
- VSS compensation costs	99,171	-	81,589	-
- Write back of retirement benefit obligations	(20,216)	-	(14,001)	-
	78,955	-	67,588	-

The details of the VSS are as disclosed in Note 36(c).

10. TAXATION

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Tax expense for the year:				
- Malaysian income tax	12,394	29,951	1,114	-
- Relating to origination and reversal of temporary differences (Note 18)	(1,898)	(10,406)	3,997	(13,651)
Share of tax of associates	4,133	4,732	-	-
(Over)/under provision in respect of prior years:				
- Malaysian Income tax	(607)	(752)	-	-
	14,022	23,525	5,111	(13,651)

Domestic income tax is calculated at the Malaysian statutory tax rate of 28% (2002: 28%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

With effect from Year of Assessment 2003, the corporate tax rate for subsidiaries with paid-up capital of RM2.5 million and below at the beginning of the basis period for the Year of Assessment are as follows:

Chargeable Income	Rate
First RM100,000	20%
Amount exceeding RM100,000	28%

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

	2003 RM'000	2002 RM'000
Group		
(Loss)/profit before taxation	(3,438)	58,989
Taxation at Malaysian statutory tax rate of 28% (2002: 28%)	(963)	16,517
Tax incentive obtained from differential tax rate of 20%	(59)	-
Expenses not deductible for tax purposes	29,218	38,811
Expenses eligible for double deduction	(16)	-
Utilisation of unutilised tax losses and capital allowances brought forward from previous years	(2,457)	(401)

10. TAXATION (CONTD.)

	2003 RM'000	2002 RM'000
Group (Contd.)		
Deferred tax assets not recognised on unutilised tax losses and unabsorbed capital allowances	2,442	7,384
Income not subject to tax	(17,379)	(23,475)
Write back of expenses previously not tax deductible	-	(26,450)
Underprovision of deferred taxation in prior years	3,843	11,891
Overprovision of income tax in prior years	(607)	(752)
Tax expense for the year	14,022	23,525
Company		
(Loss)/profit before taxation	(11,782)	36,999
Taxation at Malaysian tax rate of 28% (2002: 28%)	(3,299)	10,360
Write back of expenses previously not tax deductible	-	(26,450)
Income not subjected to tax	(16,800)	(23,332)
Expenses not deductible for tax purposes	25,210	25,771
Tax charge/(credit) for the year	5,111	(13,651)

Tax losses are analysed as follows:

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Tax savings recognised during the year arising from:				
Utilisation of tax losses brought forward from previous years	3,978	401	2,958	-
Unutilised capital allowances brought forward	1,733	-	1,613	-

The Company's tax expense for the years ended 31 December 2001, 2002 and 2003 have been computed on the basis that the cost of financial assistance ("grant"), provided by the Company to a wholly owned subsidiary, Bernas Production Sdn. Bhd. ("BPSB"), is a tax deductible expense. Should the grant be disallowed for tax purposes, the cumulative additional tax charge to the Company would be approximately RM43,680,000 (2002: RM26,880,000).

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

11. (LOSS)/EARNINGS PER SHARE

(a) Basic

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

	2003	Group 2002
Net (loss)/profit for the year (RM'000)		
- before exceptional items (RM'000)	60,073	36,055
- after exceptional items (RM'000)	(18,882)	n/a
Weighted average number of ordinary shares in issue ('000)	444,239	442,389
Basic (loss)/earnings per share		
- before exceptional items (sen)	13.5	8.2
- after exceptional items (sen)	(4.3)	n/a

The comparative basic earnings per share has been restated to take into account the effect of the change in accounting policy as elaborated in Notes 2(a) and 32.

(b) Diluted

For the purpose of calculating diluted (loss)/earnings per share, the net (loss)/profit for the year and the weighted average number of ordinary shares in issue during the financial year have been adjusted for the effects of dilutive potential ordinary shares from the conversion of the unexercised ESOS.

The adjusted weighted average number of ordinary shares is the weighted average number of ordinary shares in issue during the financial year plus the weighted average number of ordinary shares which would be issued on the conversion of the unexercised ESOS into ordinary shares.

	2002
Net profit for the year (RM'000)	36,055
Weighted average number of ordinary shares in issue ('000)	454,997
Diluted earnings per share (sen)	7.9

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

(b) Diluted (Contd.)

The comparative diluted earnings per share has been restated to take into account the effects of the change in accounting policy as elaborated in Notes 2(a) and 32.

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

12. DIVIDENDS

	Amount		Net Dividends per Share	
	2003 RM'000	2002 RM'000	2003 Sen	2002 Sen
First and final dividend of 10% less 28% taxation in respect of financial year ended 31 December 2001 paid in 2002	-	21,265	-	7.2

The directors do not recommend the payment of any dividends in respect of the current financial year.

13. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM'000	Leasehold land RM'000	Buildings and infrastructure RM'000	Plant and machinery RM'000	Work-in- Progress RM'000	Others*	Total RM'000
Cost							
At 1 January 2003	14,650	5,391	55,103	194,496	16,829	97,715	384,184
Additions	2,078	164	12,793	18,042	-	7,060	40,137
Disposals	-	-	(3,783)	(2,716)	-	(7,019)	(13,518)
Reclassifications	-	-	587	3,454	(4,534)	493	-
Write-off	-	-	(1,558)	(2,700)	(2,732)	(1,560)	(8,550)
At 31 December 2003	16,728	5,555	63,142	210,576	9,563	96,689	402,253
Accumulated depreciation and impairment losses							
At 1 January 2003	-	533	7,390	54,895	-	56,111	118,929
Charge for the year	-	311	980	9,707	-	15,225	26,223
Disposals	-	-	-	(93)	-	(4,998)	(5,091)
Write-off	-	-	(600)	(823)	-	(1,033)	(2,456)
At 31 December 2003	-	844	7,770	63,686	-	65,305	137,605
Net Book Value							
At 31 December 2003	16,728	4,711	55,372	146,890	9,563	31,384	264,648
At 31 December 2002	14,650	4,858	47,713	139,601	16,829	41,604	265,255
Depreciation charge for 2002							
	-	77	2,252	9,204	-	15,512	27,045

13. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

* Others	Furniture, fittings and office equipment	Renovation	Motor vehicles	Total
Group	RM'000	RM'000	RM'000	RM'000
Cost				
At 1 January 2003	53,039	2,568	42,108	97,715
Additions	1,756	1,603	3,701	7,060
Disposals	(5,261)	-	(1,758)	(7,019)
Reclassification	37	26	430	493
Write-off	(561)	(611)	(388)	(1,560)
At 31 December 2003	49,010	3,586	44,093	96,689
Accumulated depreciation and impairment losses				
At 1 January 2003	33,014	555	22,542	56,111
Charge for the year	9,618	299	5,308	15,225
Disposals	(3,884)	-	(1,114)	(4,998)
Write-off	(524)	(252)	(257)	(1,033)
At 31 December 2003	38,224	602	26,479	65,305
Net Book Value				
At 31 December 2003	10,786	2,984	17,614	31,384
At 31 December 2002	20,025	2,013	19,566	41,604
Depreciation charge for 2002				
	9,504	208	5,800	15,512

13. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

Company	Long term leasehold land RM'000	Building and infrastructure RM'000	Plant and machinery RM'000	Others* RM'000	Total RM'000
Cost					
At 1 January 2003	1,022	2,038	475	25,474	29,009
Additions	-	-	-	599	599
Disposals	-	-	-	(579)	(579)
Transfer from a subsidiary	-	7,699	3,196	3,865	14,760
Write-off	-	(2,038)	(14)	(590)	(2,642)
At 31 December 2003	1,022	7,699	3,657	28,769	41,147
Accumulated depreciation and impairment losses					
At 1 January 2003	145	300	192	15,303	15,940
Charge for the year	17	95	55	4,443	4,610
Disposals	-	-	-	(576)	(576)
Transfer from a subsidiary	-	1,215	972	2,700	4,887
Write-off	-	(310)	(9)	(434)	(753)
At 31 December 2003	162	1,300	1,210	21,436	24,108
Net Book Value					
At 31 December 2003	860	6,399	2,447	7,333	17,039
At 31 December 2002	877	1,738	283	10,171	13,069
Depreciation charge for 2002					
	17	44	55	4,711	4,827

13. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

* Others	Furniture, fittings and office equipment RM'000	Renovation RM'000	Motor vehicles RM'000	Total RM'000
Company				
Cost				
At 1 January 2003	18,449	634	6,391	25,474
Additions	599	-	-	599
Disposals	(7)	-	(572)	(579)
Transfer from a subsidiary	3,033	18	814	3,865
Write-off	(302)	(288)	-	(590)
At 31 December 2003	21,772	364	6,633	28,769
Accumulated depreciation and impairment losses				
At 1 January 2003	11,102	196	4,005	15,303
Charge for the year	3,722	21	700	4,443
Disposals	(4)	-	(572)	(576)
Transfer from a subsidiary	2,026	2	672	2,700
Write-off	(280)	(154)	-	(434)
At 31 December 2003	16,566	65	4,805	21,436
Net Book Value				
At 31 December 2003	5,206	299	1,828	7,333
At 31 December 2002	7,347	438	2,386	10,171
Depreciation charge for 2002				
	3,969	38	704	4,711

13. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

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

	Group	
	2003 RM'000	2002 RM'000
Motor vehicles	4,049	6,159
Plant and machinery	3,059	1,951
	<u>7,108</u>	<u>8,110</u>

- (b) During the year, the Group acquired property, plant and equipment with an aggregate cost of approximately RM40,137,000 (2002: RM40,887,000) of which RM3,850,000 (2002: RM1,461,000) were acquired by means of hire purchase and finance lease arrangements. The Company acquired property, plant and equipment entirely by cash in the current and previous financial years.

- (c) The net book values of property, plant and equipment of the Group pledged to financial institutions for bank borrowings as referred to in Note 24 are as follows:

	Group	
	2003 RM'000	2002 RM'000
Freehold land	7,107	8,456
Leasehold land	679	-
Buildings and infrastructure	13,520	90
Plant and machinery	8,629	8,275
	<u>29,935</u>	<u>16,821</u>

- (d) The title of freehold land with a carrying value of RM2,040,000 (2002: RMNil) is yet to be registered in the name of a subsidiary.

14. INVESTMENT IN SUBSIDIARIES

	Company	
	2003	2002
	RM'000	RM'000
Unquoted shares, at cost	340,865	336,012
Less: Accumulated impairment losses	(23,355)	(21,300)
	<u>317,510</u>	<u>314,712</u>

Details of the subsidiaries are shown on Note 37(A).

- (a) During the financial year, certain subsidiaries of the Group as disclosed in Note 37(A) were deregistered. The effects of the deconsolidation on the financial results of the Group from the date of deconsolidation to 31 December 2003 is immaterial.

The effect of the deconsolidation on the financial position of the Group is as follows:

	At deconsolidation date RM'000
Receivables	2
Payables	(79)
Net liabilities	<u>(77)</u>
Gain arising from deregistration of subsidiaries (Note 5)	77
Net cash from deregistration of subsidiaries	<u>-</u>

- (b) In the previous financial year, the Group acquired 86% equity interest in Machind Realty Sdn. Bhd., a company incorporated in Malaysia, for a cash consideration of RM6,408,885. The acquisition was completed on 24 September 2002.

The effect of the acquisition on the financial results of the Group for the previous financial year from the date of acquisition to 31 December 2002 was as follows:

	2002 RM '000
Revenue	-
Administration expenses	<u>7</u>
Profit before taxation	(7)
Income tax	<u>-</u>
Profit after taxation	(7)
Minority interests	<u>1</u>
Decrease in Group profit attributable to shareholders	<u>(6)</u>

14. INVESTMENT IN SUBSIDIARIES (CONTD.)

The effect of the acquisition on the financial position of the Group as at 31 December 2002 was as follows:

	2002 RM '000
Property, plant and equipment	9,583
Other receivables and prepaid expenses	19
Other payables and accrued expenses	(8)
Minority interests	(1,338)
Net assets acquired	8,256
Negative goodwill on consolidation	(1,847)
Less: Cash and bank balances acquired	-
Net cash outflow on acquisition of subsidiary company	6,409

The fair value of the assets acquired and liabilities assumed from the acquisition in the previous financial year were as follows:

	2002 RM '000
Net assets acquired:	
Property, plant and equipment	9,583
Other receivables and prepaid expenses	19
Other payables and accrued expenses	(8)
Fair value of total net assets	9,594
Minority interests	(1,338)
Group's share of net assets	8,256
Negative goodwill on consolidation	(1,847)
Total consideration	6,409
Satisfied by cash payment, representing net cash outflow arising from acquisition	6,409

15. INVESTMENT IN ASSOCIATES

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
In Malaysia:				
Unquoted shares, at cost	72,597	70,518	63,244	59,966
Share of post-acquisition reserves	26,061	14,606	-	-
Less: Accumulated impairment losses	(2,300)	(1,500)	(2,300)	(1,500)
	96,358	83,624	60,944	58,466
Outside Malaysia:				
Unquoted shares, at cost	3,427	3,427	-	-
Share of post-acquisition reserves	5,633	6,268	-	-
	9,060	9,695	-	-
	105,418	93,319	60,944	58,466
Represented by:				
Share of net assets (Reserve)/goodwill on acquisition	105,432	92,886		
	(14)	433		
	105,418	93,319		

Details of the associates, are shown on Note 37(B) to the financial statements.

On 11 August 2003, the Company acquired a 30% equity interest in OEL Realty Holdings Sdn. Bhd., a company incorporated in Malaysia for cash consideration of RM2,078,083.

The Group is unable to determine the amount of unrecognised losses of an associate, Kilang Beras Fajar Sdn. Bhd. and its subsidiary companies. This is due to the fact that they have ceased operations and the latest financial statements were not made available to the Group. However, the carrying value of this investment of RM1,500,000 has been fully provided for.

16. OTHER INVESTMENTS

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Unquoted shares, at cost	6,300	6,300	6,000	6,000
Quoted shares in Malaysia, at cost	23	23	-	-
Golf club membership	29	29	-	-
	6,352	6,352	6,000	6,000
Market value of quoted shares	25	27		

17. INTANGIBLE ASSETS

	Group	
	2003 RM'000	2002 RM'000
Goodwill on consolidation		
At 1 January	10,002	13,653
Negative goodwill arising from acquisition of subsidiary	-	(1,847)
	10,002	11,806
Less:		
Amortisation for the year	(1,811)	(1,804)
At 31 December	8,191	10,002
Trademarks		
At 1 January	292	342
Less:		
Amortisation for the year	(50)	(50)
At 31 December	242	292
	8,433	10,294

18. DEFERRED TAXATION

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
At 1 January	16,398	5,992	27,062	13,411
Recognised in the income statement (Note 10)	1,898	10,406	(3,997)	13,651
At 31 December	18,296	16,398	23,065	27,062
Presented after appropriate offsetting as follows:				
Deferred tax assets	29,193	27,062	23,065	27,062
Deferred tax liabilities	(10,897)	(10,664)	-	-
	18,296	16,398	23,065	27,062

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

18. DEFERRED TAXATION (CONTD.)

Deferred Tax Liabilities of the Group:

	Accelerated Capital Allowances RM'000	Others RM'000	Total RM'000
At 1 January 2003	(30,761)	(2,978)	(33,739)
Recognised in the income statement	(3,836)	(859)	(4,695)
At 31 December 2003	(34,597)	(3,837)	(38,434)

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 2003	12,446	-	37,483	208	50,137
Recognised in the income statement	(2,810)	3,393	(1,954)	7,964	6,593
At 31 December 2003	9,636	3,393	35,529	8,172	56,730

Deferred Tax Liabilities of the Company:

	Accelerated Capital Allowances RM'000
At 1 January 2003	(1,140)
Recognised in the income statement	(1,174)
At 31 December 2003	(2,314)

18. DEFERRED TAXATION (CONTD.)

Deferred Tax Assets of the Company:

	Retirement Benefit Obligations RM'000	Provision for Doubtful Debts RM'000	Accruals RM'000	Tax Losses and Unabsorbed Capital Allowances RM'000	Total RM'000
At 1 January 2003	7,242	-	-	20,960	28,202
Recognised in the income statement	(2,495)	3,226	1,017	(4,571)	(2,823)
At 31 December 2003	4,747	3,226	1,017	16,389	25,379

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

	Group	
	2003 RM'000	2002 RM'000
Unused tax losses	33,175	28,460
Unabsorbed capital allowances	330	5,101
	33,505	33,561

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

19. INVENTORIES

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
At cost:				
Paddy and rice	196,012	237,486	95,550	4,536
Spares and consumables	7,519	18,857	-	-
Raw materials	4,428	8,395	-	-
Finished goods	11,234	2,630	-	-
	219,193	267,368	95,550	4,536
At net realisable value:				
Paddy and rice	-	14,283	-	-
	219,193	281,651	95,550	4,536

The cost of inventories recognised as an expense during the financial year in the Group and in the Company amounted to approximately RM1,514,595,000 (2002: RM1,404,961,000) and RM739,232,000 (2002: RM541,386,000) respectively.

20. TRADE RECEIVABLES

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Due from associates	101,482	66,818	97,721	947
Due from subsidiaries	-	-	182,804	313,775
Other trade receivables	220,696	213,546	3,490	-
Less: Provision for doubtful debts	(64,846)	(49,629)	(11,520)	-
	257,332	230,735	272,495	314,722

Included in other trade receivables of the Group is an amount of RM1,278,720 (2002: RM946,344) due from Rostaha Sdn. Bhd. and Yeoang Trading, both of which are companies in which Yeo Sa Kaw, an alternate director of Consolidated Bernas United Distributors Sdn. Bhd. (a subsidiary), has substantial financial interests.

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

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

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

21. OTHER RECEIVABLES

	Group		Company	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Due from subsidiaries	-	-	104,804	176,437
Due from associates	16,659	12,567	14,280	12,567
Advances to farmers	-	4,251	-	-
Outstanding proceeds from disposal of subsidiaries	2,529	2,529	2,529	2,529
Insurance claims recoverable	8,112	13,758	8,112	13,758
Sundry receivables	40,495	43,248	5,949	10,999
Less: Provision for doubtful debts	(22,487)	(24,994)	(54,020)	(44,091)
	45,308	51,359	81,654	172,199

Included in sundry receivables of the Group is an amount of RM6,440,000 (2002: RM5,000,000) being rental deposits paid to Yew Poe Hai and Yew Chor Kooi; the former is an alternate director of YHL Holding Sdn. Bhd. (a subsidiary) and the latter is connected by virtue of his family relationship with certain directors of YHL Holding Sdn. Bhd.

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

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

22. CASH AND BANK BALANCES

	Group		Company	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Cash in hand and at banks	130,860	138,765	50,957	8,308
Deposits with:				
Licensed banks	129,277	31,153	98,941	-
Other financial institutions	32,625	21,760	30,625	17,460
	292,762	191,678	180,523	25,768

22. CASH AND BANK BALANCES (CONTD.)

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

	Group and Company	
	2003	2002
	RM'000	RM'000
Amounts maintained in the sinking fund account for certain borrowings granted to the Company	30,625	17,460

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

	Group	
	2003	2002
	RM'000	RM'000
(i) Credit facility granted to certain subsidiaries as referred to in Note 24	2,860	5,921
(ii) Bank guarantee facilities from licensed banks	150	1,101
	3,010	7,022

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

	Group		Company	
	2003	2002	2003	2002
	% (per annum)	% (per annum)	% (per annum)	% (per annum)
Licensed banks	2.8 - 4.9	2.6 - 2.8	2.8 - 2.9	2.7 - 2.8
Other financial institutions	2.7 - 2.9	2.6 - 3.5	2.8 - 2.9	2.7 - 2.8

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

	Group		Company	
	2003	2002	2003	2002
	Days	Days	Days	Days
Licensed banks	30	30	30	30
Other financial institutions	10	10	7	7

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

23. RETIREMENT BENEFIT OBLIGATIONS

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

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

	Group		Company	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Present value of unfunded defined benefit obligations	34,416	47,563	16,953	25,867
Analysed as:				
Current	2,764	739	1,370	404
Non-current:				
Later than 1 year but not later than 2 years	1,272	3,389	582	615
Later than 2 years but not later than 5 years	3,123	12,167	1,182	2,382
Later than 5 years	27,257	31,268	13,819	22,466
	31,652	46,824	15,583	25,463
	34,416	47,563	16,953	25,867

The amounts recognised in the income statement are as follows:

	Group		Company	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Current service cost	5,058	5,200	288	(178)
Interest cost	3,243	3,138	1,760	1,924
Total, included in staff costs (Note 6)	8,301	8,338	2,048	1,746
Write back of retirement benefit obligations (Note 9)	(20,216)	-	(14,001)	-
	(11,915)	8,338	(11,953)	1,746

The charges for the Group and Company are included in administration and other operating expenses with the exception of the write back of retirement benefit obligations pursuant to the Group's VSS (as disclosed in Note 36(c)), which is shown as an exceptional item for the current financial year.

23. RETIREMENT BENEFIT OBLIGATIONS (CONTD.)

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

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
At 1 January	47,563	40,088	25,867	24,250
Amounts charged to the income statement	8,301	8,338	2,048	1,746
Amounts reversed in the income statement (Note 9)	(20,216)	-	(14,001)	-
Transfer from subsidiaries	-	-	3,761	72
Contributions paid	(1,232)	(863)	(722)	(201)
At 31 December	34,416	47,563	16,953	25,867

Principal actuarial assumptions used:

	2003 %	2002 %
Discount rate	7.0	8.0
Expected rate of salary increases	5.0	6.0

24. BORROWINGS

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Short term borrowings				
Secured:				
Bank overdrafts	7,478	5,584	-	-
Revolving credits	-	1,600	-	-
US Dollar revolving credits	-	10,292	-	-
Term loans	38,192	2,164	34,800	-
Hire purchase and finance lease payables (Note 25)	2,145	2,594	-	-
	47,815	22,234	34,800	-

24. BORROWINGS (CONTD.)

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Short term borrowings (Contd.)				
Unsecured:				
Bank overdrafts	12	195	-	-
Bankers' acceptances	361,401	284,929	230,219	180,919
Interest free Government loan	12,223	12,223	12,223	12,223
	373,636	297,347	242,442	193,142
	421,451	319,581	277,242	193,142
Long term borrowings				
Secured:				
Term loans	27,967	58,838	20,000	54,800
Hire purchase and finance lease payables (Note 25)	2,741	2,236	-	-
	30,708	61,074	20,000	54,800
Total Borrowings				
Bank overdrafts	7,490	5,779	-	-
Revolving credits	-	1,600	-	-
US Dollar revolving credits	-	10,292	-	-
Bankers' acceptances	361,401	284,929	230,219	180,919
Interest free Government loan	12,223	12,223	12,223	12,223
Term loans	66,159	61,002	54,800	54,800
Hire purchase and finance lease payables (Note 25)	4,886	4,830	-	-
	452,159	380,655	297,242	247,942
Maturity of borrowings (excluding hire purchase and finance lease):				
Within one year	419,306	316,987	277,242	193,142
More than 1 year and less than 2 years	22,656	1,718	20,000	-
More than 2 years and less than 5 years	3,923	56,990	-	54,800
5 years or more	1,388	130	-	-
	447,273	375,825	297,242	247,942

24. BORROWINGS (CONTD.)

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

	Group		Company	
	2003	2002	2003	2002
	% (per annum)	% (per annum)	% (per annum)	% (per annum)
Bank overdrafts	7.0 - 8.0	6.9 - 8.4	-	-
Revolving credits	-	3.4 - 10.0	-	-
Bankers' acceptances	2.6 - 4.2	2.8 - 4.5	3.1 - 3.3	3.2 - 3.9
Term loans	4.0 - 10.0	4.0 - 10.0	5.0 - 6.1	5.0 - 6.1

The secured borrowings are secured by a corporate guarantee from the Company and by certain assets of the Group as disclosed in Notes 13 and 22.

25. HIRE PURCHASE AND FINANCE LEASE PAYABLES

	Group	
	2003	2002
	RM'000	RM'000
Minimum hire purchase and lease payments:		
Not later than 1 year	2,482	2,984
Later than 1 year and not later than 2 years	1,892	1,323
Later than 2 years and not later than 5 years	1,167	1,236
	5,541	5,543
Less: Future finance charges	(655)	(713)
Present value of hire purchase and finance lease liabilities	4,886	4,830
Present value of hire purchase and finance lease liabilities:		
Not later than 1 year	2,145	2,594
Later than 1 year and not later than 2 years	1,689	1,216
Later than 2 years and not later than 5 years	1,052	1,020
	4,886	4,830
Analysed as:		
Due within 12 months (Note 24)	2,145	2,594
Due after 12 months (Note 24)	2,741	2,236
	4,886	4,830

The hire purchase and lease liabilities bore interest at rates ranging from 6.4% to 14.9% (2002: 6.4% to 14.9%) per annum.

26. TRADE PAYABLES

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Due to associates	36,361	2,612	36,232	2,612
Due to subsidiaries	-	-	59	-
Other trade payables	32,163	17,291	14,461	48
	<u>68,524</u>	<u>19,903</u>	<u>50,752</u>	<u>2,660</u>

Included in other trade payables of the Group is an amount of RM652,871 (2002: RM582,969) due from Fragstar Corporation Sdn. Bhd. ("FCSB"), a company in which certain directors of a subsidiary, YHL Holding Sdn. Bhd. are connected by virtue of their family relationships with the directors of FCSB.

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

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

27. OTHER PAYABLES

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Due to subsidiaries	-	-	133,843	85,048
Due to associates	5	-	-	-
Other accruals and sundry payables	52,202	49,040	22,829	11,975
	<u>52,207</u>	<u>49,040</u>	<u>156,672</u>	<u>97,023</u>

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

28. SHARE CAPITAL

	Number of Shares of RM1 Each		Amount	
	2003	2002	2003 RM	2002 RM
Authorised:				
At 1 January				
Special Rights Redeemable Preference Share ("Special Share") of RM1	1	1	1	1
Ordinary shares of RM1 each	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000
At 31 December	1,000,000,001	1,000,000,001	1,000,000,001	1,000,000,001
Issued and fully paid:				
At 1 January				
Special Share of RM1 (note a)	1	1	1	1
Ordinary shares of RM1 each	444,213,000	292,630,000	444,213,000	292,630,000
Issued during the year in respect of:				
- bonus issue	-	148,034,500	-	148,034,500
- exercise of ESOS (note b)	40,000	3,548,500	40,000	3,548,500
At 31 December	444,253,001	444,213,001	444,253,001	444,213,001

(a) The main features of the Special Share are as follows:

- (i) The Special Share may only be held by or transferred to the Minister of Finance (Incorporated) or its successor or any Minister, representatives or any person acting on behalf of the Government of Malaysia.
- (ii) The Special Shareholder has the right to receive notice of, and to attend and speak at, all general meetings or any other meeting of any class of shareholders of the Company, but the Special Share shall carry no right to vote nor any other rights at any such meeting.
- (iii) The Special Shareholder has the right to require the Company to redeem the Special Share at par at any time by serving written notice upon the Company and delivering the relevant share certificate.
- (iv) Certain matters which vary the rights attached to the Special Share can only be effective with the consent in writing of the Special Shareholder, in particular matters relating to the amendment or removal or alteration of the effect of the Special Share, the creation and issue of additional shares which carry different voting rights, the dissolution of the Company, substantial disposal of assets, amalgamation, merger and take over.

28. SHARE CAPITAL (CONTD.)

- (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.
- (b) During the financial year, the Company increased its issued and paid up share capital by way of the issuance of 40,000 ordinary shares of RM1.00 each resulting from the exercise of employee share options for cash at an option price of RM1.17 per share.
- (c) Employees' Share Option Scheme ("ESOS")

As at 31 December 2003, the balance of shares under option which remains unexercised was 29,745,500 (2002:29,785,500). The ESOS holders who had opted for the VSS as elaborated in Note 36(c), have until September 2005 to exercise their options.

No options have been exercised subsequent to the financial year end up to 23 April 2004.

29. NON-DISTRIBUTABLE RESERVES

		Group		Company	
		2003	2002	2003	2002
		RM'000	RM'000	RM'000	RM'000
(a)	Capital reserve				
	Balance at 1 January/ 31 December	614	614	600	600
(b)	Stockpile fluctuation reserve				
	Balance at 1 January	4,266	10,558	511	511
	Transfer from/(to)				
	Government				
	Stockpile	10,223	(6,292)	8,759	-
	Balance at 31 December	14,489	4,266	9,270	511

29. NON-DISTRIBUTABLE RESERVES (CONTD.)

		Group		Company	
		2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
(c)	Capital redemption reserve				
	Balance at 1 January	18,520	18,520	7,370	7,370
	Capitalisation of distributable profit of a subsidiary for bonus issue	3,000	-	-	-
	Balance at 31 December	21,520	18,520	7,370	7,370
(d)	Foreign exchange reserve				
	Balance at 1 January	(57)	141	-	-
	Arising during the year	793	(198)	-	-
	Balance at 31 December	736	(57)	-	-
(e)	Share premium				
	Balance at 1 January	2,632	-	2,632	-
	Arising from the exercise of ESOS	7	2,632	7	2,632
	Balance at 31 December	2,639	2,632	2,639	2,632
		39,998	25,975	19,879	11,113

30. RETAINED PROFITS

As at 31 December 2003, the Company has tax exempt profits available for distribution of approximately RM99,097,757 (2002: RM99,097,757), subject to agreement of the Inland Revenue Board.

The Company has sufficient tax credit under Section 108 of the Income Tax Act, 1967 and balance in the tax exempt account to frank the payment of dividends out of its entire retained profits as at 31 December 2003.

31. PADDY PRICE SUBSIDY ACCOUNT

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

	Group	
	2003	2002
	RM'000	RM'000
Balance at 1 January	54,773	30,653
Add: Government subsidy funds received	476,000	438,000
Interest income	1,679	3,541
Less: Payments during the year	(447,725)	(417,421)
Balance at 31 December	84,727	54,773

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

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

32. CHANGES IN ACCOUNTING POLICY AND PRIOR YEAR ADJUSTMENT

(a) Changes in Accounting Policies

During the financial year, the Group and the Company adopted four new MASB Standards, which became effective from 1 January 2003, and accordingly modified certain accounting policies. The change in accounting policy which resulted in a prior year adjustment is discussed below:

32. CHANGES IN ACCOUNTING POLICY AND PRIOR YEAR ADJUSTMENT (CONTD.)

(a) Changes in Accounting Policies (Contd.)

MASB 25 : Income Taxes

Under MASB 25, deferred tax liabilities are recognised for all taxable temporary differences. Previously, deferred tax liabilities were provided for on account of timing differences only to the extent that a tax liability was expected to materialise in the foreseeable future. In addition, the Group and the Company have commenced recognition of deferred tax assets for all deductible temporary differences, when it is probable that sufficient taxable profit will be available against which the deductible temporary differences can be utilised. Previously, deferred tax assets were not recognised unless there was reasonable expectation of their realisation.

Under MASB 25, acquisition cost is allocated to identifiable assets and liabilities acquired by reference to their fair values at the date of the transaction. Previously, the effect on the temporary taxable difference of RM18,034,975 between the tax bases and carrying value of the identifiable assets arising from the acquisition of Jasmine Rice Mill (Tunjang) Sdn. Bhd. and its subsidiary ("JRMT Group") was not recognised as the directors had no intention to dispose the identifiable assets. This change has resulted in an increase in the Group's carrying amount in goodwill and deferred tax liabilities by RM1,463,290 (2002: RM1,517,273) and RM2,698,298 (2002: RM2,801,168) respectively.

(b) Prior Year Adjustment

The change in accounting policy has been applied retrospectively and comparatives have been restated. The effects of changes in accounting policies are as follows:

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Effects on retained profits:				
At 1 January, as previously stated	128,183	275,077	102,389	234,690
Effects of adopting MASB 25				
- on recognition of deferred tax assets	27,062	13,411	27,062	13,411
- on temporary differences arising from acquisition of JRMT Group	88	90	-	-
At 1 January, as restated	155,333	288,578	129,451	248,101

32. CHANGES IN ACCOUNTING POLICY AND PRIOR YEAR ADJUSTMENT (CONTD.)

(b) Prior Year Adjustment (Contd.)

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Effects on net (loss)/ profit for the year:				
Net (loss)/profit before changes in accounting policy	(14,883)	22,406	(12,896)	36,999
Effects of adopting MASB 25				
- on recognition of deferred tax assets	(3,997)	13,651	(3,997)	13,651
- on temporary differences arising from acquisition of JRMT Group	(2)	(2)	-	-
Net (loss)/profit for the year	(18,882)	36,055	(16,893)	50,650

Other comparative amounts as at 31 December 2002 have been restated as follow:

	As Restated RM'000	Adjustments RM'000	As Previously Stated RM'000
Group			
Minority interests	54,567	(1,372)	55,939
Goodwill on consolidation	10,002	1,517	8,485
Deferred tax liabilities	10,664	2,801	7,863
Deferred tax assets	27,062	27,062	-
Company			
Deferred tax assets	27,062	27,062	-

33. COMMITMENTS

	Group		Company	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Capital expenditure:				
Approved and contracted for:				
Property, plant and equipment	14,667	17,011	-	-
Investments	22,540	32,343	8,000	8,000
	37,207	49,354	8,000	8,000
Approved but not contracted for:				
Property, plant and equipment	-	12,761	-	-
Others	-	1,271	-	1,271
	-	14,032	-	1,271
	37,207	63,386	8,000	9,271

34. CONTINGENT LIABILITIES

	Group		Company	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Unsecured				
Corporate guarantee for bank facilities of certain subsidiaries	-	-	109,698	102,198
Corporate guarantee for bank facilities of associates				
- Active Agri Company Limited *	7,600	7,600	-	-
- Bernas Feedstuff Sdn. Bhd.	3,400	3,400	3,400	3,400
- Serba Wangi Sdn. Bhd.	40,000	10,000	40,000	10,000
- Keongco (M) Sdn. Bhd.	2,000	2,000	2,000	2,000
Corporate guarantee for bank facilities granted to a company in which the Group has interest	-	2,315	-	-

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

34. CONTINGENT LIABILITIES (CONTD.)

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

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

The hearing dates for the arbitration case were initially fixed for 3 to 11 May 2004. However, the Tribunal under the SIAC has allowed an application by both parties to vacate the present hearing date and the new hearing dates will be fixed and agreed upon by the parties.

35. SIGNIFICANT RELATED PARTY TRANSACTIONS

	Company	
	2003 RM'000	2002 RM'000
(a) Purchases from and services rendered by subsidiaries	230,029	72,843
(b) Sales to subsidiaries	763,817	697,894
(c) Financial assistance ("grant") given to Bernas Production Sdn. Bhd.	60,000	66,000
(d) Sales to associates		
- Bernas Feedstuff Sdn. Bhd.	-	27,671
- Serba Wangi Sdn. Bhd. and its subsidiaries	121,726	189,296
- OEL Realty Holdings Sdn. Bhd. and its subsidiaries	32,192	-
(e) Purchases from associates		
- Qaiser Noman Bernas (Pvt) Limited	42,577	37,774
- Asian Peninsula Corporation Ltd	356,876	268,178

35. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTD.)

		Group	
		2003	2002
		RM'000	RM'000
(f)	Transactions with subsidiaries' director related companies and other related parties		
(i)	Syarikat Faiza Sdn. Bhd. ("SFSB")		
	Transport charges paid to Iman Cargo and Freight Services Sdn. Bhd., a company owned by the son of a director of SFSB, Faiza Bawumi Sayed Ahmad	251	727
(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	3,854	3,053
	Sales to Joo Seng Enterprise, an entity in which directors of JS Jasmine Sdn. Bhd., Tee Sin Joo and Tee Sin Kong have substantial financial interest	2,005	2,160
	Rental of premises paid to Asian Net Sdn. Bhd., a company in which the directors of JFC and its subsidiaries have substantial financial interest	687	648
	Sales to Joo Seng Hup Kee, an entity in which a director of JS Jasmine Sdn. Bhd., Tee Sin Joo has a substantial financial interest	757	952
	Sales to Aroma Beras Edar, an entity in which directors of JS Jasmine Sdn. Bhd., Tee Sin Joo and Tee Sin Kong, have substantial financial interest	556	551
	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.	1,976	1,930

35. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTD.)

		Group	
		2003 RM'000	2002 RM'000
(iii)	Consolidated Bernas United Distributors Sdn. Bhd. ("CBUD")		
	Sales to Yeoang Trading, a company in which an alternate director of CBUD, Yeo Sa Kaw has substantial financial interest	4,030	4,821
	Sales to Rostaha Sdn. Bhd., a company in which an alternate director of CBUD, Yeo Sa Kaw has substantial financial interest	5,658	5,764
	Sales to United Rice Wholesalers Enterprise Sdn. Bhd. ("URWE"), a company in which certain directors of CBUD namely Lim Eng Tat, Chew Keng Kuang and Ng Chin @ Ng Chee Len have financial interest	1,321	534
(iv)	YHL Holding Sdn. Bhd. Group ("YHLH")		
	Sales to Recent Giant Sdn. Bhd. ("RGSB"), a company in which certain directors of YHLH are connected by virtue of their family relationships with the directors of RGSB	4,754	4,369
	Transport charges paid to Sin Hock Soon Transport Sdn. Bhd ("SHST"), a company in which certain directors of YHLH are connected by virtue of their family relationships with the directors of SHST	4,592	4,083
	Rental of premises paid to Southern Edipro Packaging Sdn. Bhd. ("SEPSB"), a company in which certain directors of YHLH are connected by virtue of their family relationships with the directors of SEPSB	1,452	1,980
	Upkeep and maintenance charges paid to SHS Engineering Sdn. Bhd. ("SHSE"), a company in which certain directors of YHLH are connected by virtue of their family relationships with the directors of SHSE	871	988

35. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTD.)

	Group	
	2003 RM'000	2002 RM'000
(iv) YHL Holding Sdn. Bhd. Group ("YHLH") (Contd.)		
Rental of premises paid to Yew Chye Seng Holdings Sdn. Bhd. ("YCSH"), a company in which certain directors of YHLH are connected by virtue of their family relationship with the directors of YCSH	540	598
Rental of premises paid to Yew Chye Seng, a director of YHLH	374	587
Rental of central processing plant paid to Yew Poe Hai and Yew Chor Kooi; the former is an alternate director in YHLH and the latter is connected by virtue of his family relationship with certain directors of YHLH	1,440	2,880
Rental of premises paid to Eternal Promenade Sdn. Bhd. ("EPSB"), a company in which certain directors of YHLH are connected by virtue of their family relationships with the directors of EPSB	1,896	2,612
Hire of motor vehicles paid to Dayangbina Engineering Sdn. Bhd. ("DESB"), a company in which certain directors of YHLH are connected by virtue of their family relationships with the directors of DESB	3,665	4,183
Purchases of packing material from Fragstar Corporation Sdn. Bhd. ("FCSB"), a company in which certain directors of YHLH are connected by virtue of their family relationships with the directors of FCSB	6,898	4,864
(v) Sazarice Sdn. Bhd.		
Transport charges paid to Tan Kien Chong Sdn. Bhd., a company in which a director of Sazarice Sdn. Bhd., Tan Kien Chong, is a substantial shareholder	1,632	1,595

35. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTD.)

		Group	
		2003 RM'000	2002 RM'000
(vi)	Ban Say Tong Sdn. Bhd. ("BST")		
	Sales to Ban Say Tong, an entity owned by Kueh Peng Ho, a director and substantial shareholder of BST	2,364	2,330

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

36. OTHER SIGNIFICANT AND SUBSEQUENT EVENTS

- (a) On 9 May 2002, the Company's wholly owned subsidiary, Edaran Beras Nasional Sdn. Bhd. ("EBNSB"), entered into a share sale agreement with the shareholders of OEL Realty Holdings Sdn. Bhd. ("OEL") for the purpose of the acquisition of 620,772 ordinary shares of RM1.00 each, equivalent to 51% interest in OEL. OEL is an investment holding company with subsidiaries principally engaged as wholesalers of rice and bran.

On 11 August 2003, after further discussions and negotiations, EBNSB and the shareholders of OEL entered into a deed of termination. This deed effectively revokes and terminates the previous agreements entered into by EBNSB and the shareholders of OEL.

Also on 11 August 2003, the Company entered into a separate share sale agreement to acquire 365,160 ordinary shares of RM1.00 each representing 30% equity interest in OEL for RM2,078,083. The acquisition was completed on 11 August 2003.

- (b) On 30 July 2002, BCSB entered into a Memorandum of Agreement ("MoA") with Guan On Rice Mill Sdn. Bhd. ("Guan On") for the purpose of carrying on activities involving paddy farming, farm mechanisation services and rice milling by using Bernas Agrogreen Sdn. Bhd. ("Agrogreen") as the joint venture vehicle.

The venture involves the sale of certain assets by Guan On to Agrogreen and the sale of non-related assets and other business by Guan On to BCSB. In consideration of Guan On transferring certain assets to Agrogreen, Agrogreen shall allot and issue 2,450,000 new ordinary shares of RM1.00 each to Guan On.

In consideration of Guan On transferring the other assets and business to BCSB, BCSB shall pay Guan On an amount of RM2,740,000 as cash.

On 27 December 2002, BCSB and Guan On signed a Conditional Business Acquisition Agreement and a Shareholders' Agreement. BCSB's proposed equity interest in Agrogreen is 51% with Guan On having the remaining 49%.

On 25 March 2003, the Foreign Investment Committee had approved the Business Acquisition Agreement between BCSB, Agrogreen and Guan On subject to the condition that Agrogreen maintains at least 30% Bumiputra equity at all times. The acquisition has not been completed to date.

36. OTHER SIGNIFICANT AND SUBSEQUENT EVENTS (CONTD.)

- (c) On 11 September 2003, in an announcement to Bursa Malaysia Securities Berhad, the Company stated that it had undertaken a Voluntary Separation Scheme involving 3,196 employees within the Group. The objectives of the VSS are to achieve operational efficiency and to increase the financial viability of the Group. The implementation of the VSS had been approved by the Government on 29 August 2003.

The VSS involved the employees of the following companies within the Group:

- (i) The Company
- (ii) Bernas Marditech Seed Sdn. Bhd.
- (iii) Edaran Beras Nasional Sdn. Bhd.
- (iv) Beras Corporation Sdn. Bhd.
- (v) Bernas Dominals Sdn. Bhd.
- (vi) Bernas Overseas (L) Limited
- (vii) Bernas Logistics Sdn. Bhd.
- (viii) Bernas Engineering & Technology Sdn. Bhd.
- (ix) P.B. Construction & Supplies Sdn. Bhd.
- (x) Bernas Realty & Development Sdn. Bhd.

A total of 1,603 employees of the Group had their VSS application approved by the management and received their VSS pay-out by 31 December 2003. The effects of this exercise on the current year's financial statements are as disclosed in Notes 9 and 23.

- (d) On 19 March 2004, in an announcement to the Bursa Malaysia Securities Berhad, the Company stated that it had entered into a Memorandum of Agreement ("MOA") for the proposed disposal of up to 12,000,000 ordinary shares of RM1.00 each representing 75% equity interest in Bernas Logistics Sdn. Bhd., a wholly owned subsidiary of the Company to Johor Port Berhad. The parties are in the midst of negotiating the terms and conditions of the sale and purchase agreement.

37. SUBSIDIARIES AND ASSOCIATES

(A) SUBSIDIARIES

Name of Subsidiaries	Effective Interest (%)		Principal Activities
	2003	2002	
Incorporated in Malaysia			
Edaran Logistik Nasional Sdn. Bhd. (formerly known as Edaran Beras Nasional Sdn. Bhd.)	100	100	Dormant
Era Bayam Kota Sdn. Bhd.	60	60	Trader, distributor and supplier of rice
Syarikat Faiza Sdn. Bhd.	51	51	Trader, distributor and supplier of rice
Lee Hup & Company Sendirian Berhad	25.5	25.5	Processing and trading of rice and other groceries
Bernas Food Catering Sdn. Bhd.	100	100	Dormant
Consolidated Bernas United Distributors Sdn. Bhd.*	50% + 1 share	50 + 1 share	Rice trading
Machind Realty Sdn. Bhd.*	86	86	Dormant
Jasmine Food Corporation Sdn. Bhd.	51	51	Trader, distributor and supplier of rice
Jasmine Food (Ipoh) Sdn. Bhd.	51	51	Trader, distributor and supplier of rice
Jasmine Food (Alor Setar) Sdn. Bhd.	51	51	Trader, distributor and supplier of rice
Jasmine Food (Johor Bahru) Sdn. Bhd.	51	51	Trader, distributor and supplier of rice
Jasmine Khidmat & Harta Sdn. Bhd.	51	51	Letting of properties
JS Jasmine Sdn. Bhd.*	26	26	Trader, distributor and supplier of rice
Jasmine Food (Seremban) Sdn. Bhd.	51	51	Trader, distributor and supplier of rice

37. SUBSIDIARIES AND ASSOCIATES (CONTD.)

(A) SUBSIDIARIES (CONTD.)

Name of Subsidiaries	Effective Interest (%)		Principal Activities
	2003	2002	
Incorporated in Malaysia (Contd.)			
Jasmine Food (Prai) Sdn. Bhd.	51	51	Trader, distributor and supplier of rice
YHL Holding Sdn. Bhd.	51	51	Investment holding
YHL Trading (KL) Sdn. Bhd.	51	51	Trader, distributor and supplier of rice
YHL Trading (Johor) Sdn. Bhd.	51	51	Trader, distributor and supplier of rice
YHL Trading (Segamat) Sdn. Bhd.	51	51	Trader, distributor and supplier of rice
YHL Trading (Kedah) Sdn. Bhd.	51	51	Trader, distributor and supplier of rice
YHL Trading (Melaka) Sdn. Bhd.	51	51	Trader, distributor and supplier of rice
YHL Trading (Terengganu) Sdn. Bhd.	51	51	Trader, distributor and supplier of rice
YHL (Kuantan) Sdn. Bhd.	51	51	Dormant
Bernas Production Sdn. Bhd.	100	100	Processing and trading of rice
Jasmine Rice Mill (Tunjang) Sdn. Bhd.	51	51	Rice miller and rice trader
Jasmine Rice Products Sdn. Bhd.	51	51	Manufacturing and sale of vermicelli
Bernas Marditech Seed Sdn. Bhd.	75.5	75.5	Paddy seed production
BM Agrotech Sdn. Bhd.	61	61	Investment holding
Padi Gedong Sdn. Bhd.	61	61	Letting of machinery

37. SUBSIDIARIES AND ASSOCIATES (CONTD.)

(A) SUBSIDIARIES (CONTD.)

Name of Subsidiaries	Effective Interest (%)		Principal Activities
	2003	2002	
Incorporated in Malaysia (Contd.)			
Beras Corporation Sdn. Bhd.	100	100	Processing and trading of rice
Sazarice Sdn. Bhd.	68	68	Trader, distributor and supplier of rice
Dayabest Sdn. Bhd.	100	100	Trader, distributor and supplier of rice
Haskarice Sdn. Bhd.	51	51	Trader, distributor and supplier of rice
Hock Chiong Foodstuff Sdn. Bhd.	51	51	Trader, distributor and supplier of rice
Ban Say Tong Sdn. Bhd.	51	51	Trader, distributor and supplier of rice
Tong Seng Huat Rice Trading Sdn. Bhd.	51	51	Trader, distributor and supplier of rice
Bernas Dominals Sdn. Bhd.	100	100	Investment holding
Bernas Chaff Products Sdn. Bhd.	51	51	Manufacturing and trading of horse feed
Bernas Logistics Sdn. Bhd.	100	100	Provision of logistics services
Bernas Engineering & Technology Sdn. Bhd.	100	100	Provision of engineering and construction services
P.B. Construction & Supplies Sdn. Bhd.	100	100	Provision of civil and mechanical engineering services
Bernas Realty & Development Sdn. Bhd.	100	100	Maintenance of business premises and provision of consultancy services
Bernas Overseas (L) Limited	100	100	Offshore investment holding company

37. SUBSIDIARIES AND ASSOCIATES (CONTD.)

(A) SUBSIDIARIES (CONTD.)

Name of Subsidiaries	Effective Interest (%)		Principal Activities
	2003	2002	
Incorporated in Malaysia (Contd.)			
Valorlite Resources Sdn. Bhd.	100	100	Dormant
Bernas Utama Sdn. Bhd.	100	100	Dormant
Bernas Perdana Sdn. Bhd.	100	100	Dormant
Belikmat Corporation Sdn. Bhd.	100	100	Dormant
Bernas (Sabah) Sdn. Bhd.	100	100	Dormant
Bernas (Sarawak) Sdn. Bhd.	100	100	Dormant
Bernas Shipping Agencies Sdn. Bhd.	100	100	Dormant
Bernas Organic Soil (M) Sdn. Bhd.	100	100	Dormant
Bernas Agroproduce Sdn. Bhd.	100	100	Dormant
Rib Beef Sdn. Bhd.	100	100	Dormant
Bernas Fisheries Sdn. Bhd.	100	100	Dormant
Bernas-KME Sdn. Bhd.	100	100	Dormant
Bernas Agrogreen Sdn. Bhd.	100	100	Dormant
Bernas Marditech Project Development Sdn. Bhd.	61	61	Dormant
Incorporated in the British Virgin Islands			
Selsun Ltd **	-	100	Dormant

37. SUBSIDIARIES AND ASSOCIATES (CONTD.)

(A) SUBSIDIARIES (CONTD.)

Name of Subsidiaries	Effective Interest (%)		Principal Activities
	2003	2002	
Incorporated in the British Virgin Islands (Contd.)			
Silver Glen International Ltd **	-	51	Dormant
Bernas China Corporation	95	95	Rice trading
Incorporated in the Republic of Guinea			
Societe Bernas De Guinee *	80	80	Paddy cultivation, processing, trading and poultry

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

** Deregistered during the year.

(B) ASSOCIATES

Name of Associates	Effective Interest (%)		Financial Year End	Principal Activities
	2003	2002		
Incorporated in Malaysia				
Gardenia Bakeries (KL) Sdn. Bhd.	30	30	31 December	Bread manufacturing and bakery
Bernas Feedstuff Sdn. Bhd.	49	49	31 December	Manufacturing, and trading of animal feed
Bernas In Line Agencies Sdn. Bhd.	49	49	31 December	Provision of freight services
Kilang Beras Fajar Sdn. Bhd.	49	49	31 December	Dormant
Fajar Jerlun Sdn. Bhd.	49	49	31 December	Dormant

37. SUBSIDIARIES AND ASSOCIATES (CONTD.)

B) ASSOCIATES (CONTD.)

Name of Associates	Effective Interest (%)		Financial Year End	Principal Activities
	2003	2002		
Incorporated in Malaysia (Contd.)				
Fajar Jerlun (Negeri Sembilan) Sdn. Bhd.	49	49	31 December	Dormant
Formula Timur Sdn. Bhd.	40	40	30 April	Rice distributor
Ban Heng Bee (1952) Rice Mill Sdn. Bhd.	20	20	31 December	Rice miller
Serba Wangi Sdn. Bhd.	52	52	31 December	Trader, distributor and supplier of rice
Serba Wangi (KL) Sdn. Bhd.	52	52	31 December	Trader, distributor and supplier of rice
Serba Wangi JH Sdn. Bhd.	26.5	26.5	31 December	Trader, distributor and supplier of rice
Serba Wangi (PG) Sdn. Bhd.	46.8	46.8	31 December	Trader, distributor and supplier of rice
Serba Wangi (Perak) Sdn. Bhd.	52	52	31 December	Trader, distributor and supplier of rice
Eng Chuan Chan Sdn. Bhd.	41.6	41.6	31 December	Trader, distributor and supplier of rice
Serba Wangi ML Sdn. Bhd.	26.5	26.5	31 December	Trader, distributor and supplier of rice

37. SUBSIDIARIES AND ASSOCIATES (CONTD.)

B) ASSOCIATES (CONTD.)

Name of Associates	Effective Interest (%)		Financial Year End	Principal Activities
	2003	2002		
Incorporated in Malaysia (Contd.)				
SW Transport Sdn. Bhd.	52	52	31 December	Provision of transport services
Rasayang Food Industries Sdn. Bhd.	50	50	31 December	Vermicelli manufacturer
Keongco Holdings Sdn. Bhd.	20	20	31 December	Investment holding
Keongco Malaysia Sdn. Bhd.	20	20	31 December	Investment holding and importing, wholesaling and exporting commodities consisting of garlic, onion, dried chillies, ginger, beans and rice
Honeyco Food Industries Sdn. Bhd.	20	20	31 December	Processing and sale of fried onions
Central Eight (M) Sdn. Bhd.	20	20	31 December	Letting of properties
OEL Realty Holdings Sdn. Bhd.	30	-	31 December	Investment holding
Ong Eng Lee (Trading) Sdn. Bhd.	30	-	31 December	Trader, distributor and supplier of rice
Sing Weng Guan Enterprise Sdn. Bhd.	30	-	31 December	Trader, distributor and supplier of rice

37. SUBSIDIARIES AND ASSOCIATES (CONTD.)

B) ASSOCIATES (CONTD.)

Name of Associates	Effective Interest (%)		Financial Year End	Principal Activities
	2003	2002		
Incorporated in Malaysia (Contd.)				
Bintangtara Sdn. Bhd.	30	-	31 December	Trader, distributor and supplier of rice
OEL Wawasan Enterprise Sdn. Bhd.	30	-	31 December	Trader, distributor and supplier of rice
Perusahaan Kargo Selatan Sdn. Bhd.	30	-	31 December	Trader, distributor and supplier of rice
Setia Saujana Sdn. Bhd.	18	-	31 December	Trader, distributor and supplier of rice
Best Field Enterprise Sdn. Bhd.	18	-	31 December	Trader, distributor and supplier of rice
Incorporated in Thailand				
Asian Peninsula Corporation Ltd	49	49	31 December	Rice trading
Incorporated in Pakistan				
Qaiser Noman Bernas (Pvt) Limited	50	50	30 June	Rice trading

38. COMPARATIVES

The presentation and classification of items in the current year financial statements have been consistent with the previous financial year except that certain comparative amounts have been adjusted as a result of a change in accounting policy as disclosed in Notes 2(a) and 32 and as follows:

	As Restated RM'000	Adjustments RM'000	As Previously Stated RM'000
Group			
Tax recoverable	30,208	30,208	-
Trade receivables	230,735	66,818	163,917
Other receivables	51,359	(97,026)	148,385
Trade payables	19,903	2,612	17,291
Other payables	49,040	(2,612)	51,652
Company			
Tax recoverable	21,735	21,735	-
Trade receivables	314,722	314,722	-
Other receivables	172,199	(336,457)	508,656
Trade payables	2,660	2,612	48
Other payables	97,023	(2,612)	99,635

39. 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 2003. 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.

39. FINANCIAL INSTRUMENTS (CONTD.)

(c) Foreign Exchange Risk

The Group operates internationally and is exposed to various currencies, mainly United States Dollar and Guinee Franc. Foreign currency denominated assets and liabilities together with expected cash flows from highly probable purchases and sales give rise to foreign exchange exposures.

Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level. There are no material unhedged financial assets and financial liabilities that are not denominated in the functional currencies of the Company and its subsidiaries.

(d) Liquidity Risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities of a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from financial institutions and prudently balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

(e) Credit Risk

Credit risks, or the risks of counterparties defaulting, are controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored via strictly limiting the Group's associations to business partners with high creditworthiness. Trade receivables are monitored on an ongoing basis via Group management reporting procedures.

The Group and the Company do not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instruments other than as disclosed in Notes 20 and 21.

39. FINANCIAL INSTRUMENTS (CONTD.)

(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	
	Note	Carrying Amount RM'000	Fair Value RM'000	Carrying Amount RM'000	Fair Value RM'000
Financial Assets					
At 31 December 2003:					
Amounts due from subsidiaries and associates	21	16,659	•• •	119,084	•• •
At 31 December 2002:					
Amounts due from subsidiaries and associates	21	12,567	•• •	189,004	•• •
Financial Liabilities					
At 31 December 2003:					
Amounts due to subsidiaries and associates	27	5	•• •	133,843	•• •
Hire purchase and finance lease payables	25	4,886	5,884	-	-
At 31 December 2002:					
Amounts due to subsidiaries and associates	27	-	•• •	85,048	•• •
Hire purchase and finance lease payable	25	4,830	5,996	-	-

- • 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.

39. FINANCIAL INSTRUMENTS (CONTD.)

(f) Fair Value (Contd.)

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

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

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

(ii) Quoted Shares

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

(iii) Borrowings

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

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

It is not practical to estimate the fair value of contingent liabilities (as disclosed in Note 34) reliably due to uncertainties of timing, costs and eventual outcome.

40. SEGMENT INFORMATION

The activities of the Group during the current and previous financial years substantially relate to the procurement, importing, buying, processing and selling of rice, rice by-products and paddy and were predominantly conducted in Malaysia.

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

ANALYSIS OF SHAREHOLDING

as at 19 April 2004

Authorised Capital : RM1,000,000,001.00
 Issued & Fully Paid Up Capital : RM444,253,001.00 consisting of 444,253,000 ordinary shares of RM1.00 each and 1 Special Rights Redeemable Preference Share of RM1.00.

Distributions schedules of equity

as at 19 April 2004

Holdings	No. of holders	No. of shares	%
Less than 100	38	2,564	0
100 – 1,000	1,224	1,098,436	0.25
1,000 – 10,000	15,809	50,688,500	11.41
10,001 – 100,000	2,309	59,319,900	13.35
100,001 < 5% of issued shares	176	158,170,601	35.60
5% & above of issued shares	3	174,973,000	39.39

Category of shareholders of each class

as at 19 April 2004

Category	No. of holders	No. of shares	%
Individuals	17,278	101,600,065	22.87
Bank/ Finance Companies	70	32,117,000	7.23
Trusts/Foundation/Charity	86	3,809,700	0.86
Private/Limited Companies	301	184,762,950	41.59
Government Agencies/Institutions	4	20,361,401	4.58
Nominees	1,820	101,601,885	22.87

Substantial shareholders

as at 19 April 2004

Name	No. of Shares Held		% of Issued Capital
	Direct	Indirect	
1. Budaya Generasi (M) Sdn Bhd	121,392,000	*23,437,500	32.60
2. Serba Etika Sdn Bhd	30,143,500	**250,000	6.84
3. Employees Provident Fund Board	13,368,300	***9,214,800	5.08

Notes

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

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

*** By virtue of shares held through PHEIM Asset Management Sdn Bhd & MIDF Aberdeen Asset Management Sdn Bhd

Top thirty (30) shareholders

as at 19 April 2004

No.	Shareholders	No. of Shares Held	%
1.	Budaya Generasi (M) Sdn Bhd	121,392,000	27.33
2.	Serba Etika Sdn Bhd	30,143,500	6.79
3.	Mayban Nominees (Tempatan) Sdn Bhd <i>Pledged Sec. Acc for Budaya Generasi (M) Sdn Bhd</i>	23,437,500	5.28
4.	Lembaga Tabung Angkatan Tentera	20,167,900	4.54
5.	Cartaban Nominees (Asing) Sdn Bhd <i>Credit Suisse Singapore - Wang Tak Company Limited</i>	18,680,800	4.21
6.	Perbadanan Nasional Berhad	16,456,500	3.70
7.	Employees Provident Fund Board	13,368,300	3.01
8.	Lembaga Tabung Haji	12,058,200	2.71
9.	Alliance Group Nominees (Tempatan) Sdn Bhd <i>PHEIM Asset Management Sdn Bhd for Employees Provident Fund Board</i>	4,986,800	1.12
10.	Permodalan Nasional Berhad	4,611,100	1.04
11.	DB (Malaysia) Nominee (Asing) Sdn Bhd <i>BNP Paribas Nominees Singapore Pte Limited for Contend Investment Ltd</i>	3,279,000	0.74
12.	AMMB Nominees (Tempatan) Sdn Bhd <i>Assar Asset Management Sdn Bhd for Tabung Baitulmal Sarawak</i>	2,895,000	0.65
13.	Universal Trustee (Malaysia) Berhad <i>Malaysian Assurance Alliance Berhad</i>	2,400,000	0.54
14.	Amanah Raya Nominees (Tempatan) Sdn Bhd <i>Dana Al-Aiman</i>	2,277,000	0.51
15.	Yayasan Pok Rafeah Berdaftar	2,250,000	0.51
16.	AMMB Nominees (Tempatan) Sdn Bhd <i>MIDF Aberdeen Asset Management Sdn Bhd for Employees Provident Fund (No. 2 7/863-0)</i>	2,176,500	0.49
17.	PRB Nominees (Tempatan) Sdn Bhd <i>Rubber Industry Smallholders Development Authority</i>	1,977,000	0.45
18.	DB (Malaysia) Nominee (Asing) Sdn Bhd <i>UBS AG Singapore for Pacific Investment Fund</i>	1,680,000	0.38

No.	Shareholders	No. of Shares Held	%
19.	Alliancegroup Nominees (Tempatan) Sdn Bhd <i>PHEIM Asset Management Sdn Bhd for Employees Provident Fund (029)</i>	1,651,000	0.37
20.	Quarry Lane Sdn Bhd	1,500,000	0.34
21.	Mayban Securities Nominees (Tempatan) Sdn Bhd <i>Pledged Securities for Lee Keng Hong</i>	1,491,000	0.34
22.	CIMB Nominees (Tempatan) Sdn Bhd <i>Economic Planning Unit Approved Investors</i>	1,374,000	0.31
23.	DB (Malaysia) Nominee (Asing) Sdn Bhd <i>BNP Paribas Nominees Singapore Pte Limited for Cablestar Limited</i>	1,225,000	0.28
24.	Citicorp Nominees (Asing) Sdn Bhd <i>CBNY for DFA Emerging Markets Fund</i>	1,067,100	0.24
25.	Batu Bara Resources Corporation Sdn Bhd	1,055,500	0.24
26.	Bumiputra-Commerce Trustee Berhad <i>Amanah Saham Darul Iman</i>	1,017,000	0.23
27.	AMMB Nominees (Tempatan) Sdn Bhd <i>KAF Fund Management Sdn Bhd (7/862-1)</i>	936,000	0.21
28.	Lim Cher Seng	885,500	0.20
29.	Batu Bara Sdn Bhd	834,000	0.19
30.	Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Lee Soo Ming (AL001)</i>	800,000	0.18

LIST OF LANDED PROPERTIES

as at 31 December 2003

Location	Existing Use	Tenure & Expiry Date	Age of Buildings	Land Area Hectare (ACRE)	Net Book Value as At 31 Dec 2003	Date of Revaluation/ Date of Acquisition
PERLIS						
HS (M)682, PT242 Mukim Sanglang Negeri Perlis	Rice mill complex	Lease 6/7/2024	1974	4.05 (10.00)	1.00	1996
HS (D) 1203 PT 136, Mukim Kuala Perlis Negeri Perlis	Rice mill complex	Lease 6/7/2024	1985	4.34 (10.72)	1.00	1996
GM1514 Lot 2074, Utan Aji Negeri Perlis	Rice mill complex	Lease 6/7/2024	1971	1.98 (4.89)	1.00	1996
PT 1265 Mukim Sanglang Negeri Perlis	Vacant land	Lease 6/7/2054	-	8.55 (21.12)	1.00	1996
Lot 1628 Mukim Arau Negeri Perlis	Drying complex/ Warehouse	Lease 6/7/2054	1931/1971	0.83 (2.04)	1.00	1996
GK 1/1341 Mukim Arau Negeri Perlis	Drying complex/ Warehouse	Lease 6/7/2024	1931/1971	1.74 (4.29)	1.00	1996
KEDAH						
HS (M) 23/1984 PT 570 Mukim Putat Daerah Kubang Pasu	Rice mill complex	Lease 6/7/2044	1975	0.71 (1.75)	1.00	1996
HS (M) 111 PT 437, Mukim Putat Daerah Kubang Pasu	Rice mill complex	Lease 6/7/2024	1975	3.49 (8.61)	1.00	1996
HS (M) 6/1977 PT 30, Mukim Bukit Raya Daerah Pendang	Rice mill complex	Lease 6/7/2054	1973	2.02 (5.00)	1.00	1996
HS (M) 1/1979 PT 28, Mukim Bukit Raya Daerah Pendang	Rice mill complex	Lease 6/7/2024	1973	0.66 (1.64)	1.00	1996
GM 42, Lot 3, Sek.1 Bandar Guar Chempedak Daerah Yan	Rice mill complex	Lease 6/7/2054	1975	0.50 (1.24)	1.00	1996
HS (M) 46, Mukim Yan, Daerah Yan	Rice mill complex	Lease 6/7/2054	1975	0.91 (2.24)	1.00	1996
GM 186, Lot 4728 Mukim Yan, Daerah Yan	Rice mill complex	Lease 6/7/2054	1975	2.53 (6.25)	1.00	1996
PM 2, Lot 5440, Mukim Yan, Daerah Yan	Rice mill complex	Lease 6/7/2054	1975	1.72 (4.24)	1.00	1996

Location	Existing Use	Tenure & Expiry Date	Age of Buildings	Land Area Hectare (ACRE)	Net Book Value as At 31 Dec 2003	Date of Revaluation / Date of Acquisition
GM 83, Lot 615 Mukim Sungai Baru Daerah Kota Setar	Rice mill complex	Lease 6/7/2024	1972	1.95 (5.00)	1.00	1996
PM 1, Lot 653 Mukim Sungai Baru Daerah Kota Setar	Rice mill complex	Lease 6/7/2024	1972	1.65 (4.09)	1.00	1996
HS (M) 1/1993, PT 70 Mukim Kubang Rotan Daerah Kota Setar	Rice mill complex	Lease 6/7/2054	1972	0.81 (2.00)	1.00	1996
HS (M) 2/1993, PT 71 Mukim Kubang Rotan Daerah Kota Setar	Rice mill complex	Lease 6/7/2053	1972	0.42 (1.04)	1.00	1996
HS (M) 1/1979, PT 2 Mukim Kangkong Daerah Kota Setar	Rice mill complex	Lease 6/7/2024	1972	2.12 (5.25)	1.00	1996
HS (M) 2/1995, PT 740 Mukim Kangkong Daerah Kota Setar	Rice mill complex	Lease 6/7/2054	1982	2.02 (5.00)	1.00	1996
GM 148, Lot 3724 Mukim Sungai Daun Daerah Yan	Rice mill complex	Lease 6/7/2024	1972	2.08 (5.14)	1.00	1996
PM 1, Lot 4030 Mukim Sungai Daun Daerah Yan	Rice mill complex	Lease 6/7/2054	1982	1.61 (3.98)	1.00	1996
GM 868, Lot 4049 Mukim Jerlun Daerah Kubang Pasu	Rice mill complex	Lease 6/7/2024	1975	3.86 (9.53)	1.00	1996
GM 1841, Lot 4424 Mukim Jerlun Daerah Kubang Pasu	Rice mill complex	Lease 6/7/2054	1975	3.20 (7.90)	1.00	1996
HS (M) 1/1982, PT 9 Mukim Telok Kechai Daerah Kota Setar	Rice mill complex	Lease 6/7/2054	1975	1.03 (2.50)	1.00	1996
GM 79, Lot 625 Mukim Telok Kechai Daerah Kota Setar	Rice mill complex	Lease 6/7/2024	1975	2.38 (5.40)	1.00	1996
HS (M) 3/1992, PT 1535 Mukim Telok Kechai Daerah Kota Setar	Rice mill complex	Lease 6/7/2052	1975	1.79 (4.41)	1.00	1996
HS (M) 2/1974, PT 3 Mukim Telok Kechai Daerah Kota Setar	Rice mill complex	Lease 6/7/2054	1975	1.56 (3.84)	1.00	1996
HS (D) 2/93, PT 1934 Mukim Pering Daerah Kubang Pasu	Rice mill complex	Lease 6/7/2054	1988	4.63 (11.45)	1.00	1996

Location	Existing Use	Tenure & Expiry Date	Age of Buildings	Land Area Hectare (ACRE)	Net Book Value as At 31 Dec 2003	Date of Revaluation / Date of Acquisition
HS (M) 6/1987 PT 1228, Mukim Kepelu Daerah Kubang Pasu	Rice mill complex	Lease 6/7/2054	1988	0.13 (0.32)	1.00	1996
HS (M) 117, PT 668 Mukim Pering Daerah Kubang Pasu	Rice mill complex	Lease 6/7/2024	1988	4.63 (11.45)	1.00	1996
GM 843, Lot 3346 Mukim Kepelu Daerah Kubang Pasu	Rice mill complex	Lease 6/7/2054	1972	2.00 (4.93)	1.00	1996
HS (M) 9/1995, PT 1652 Mukim Kepelu Daerah Kubang Pasu	Rice mill complex	Lease 6/7/2054	1972	0.67 (1.66)	1.00	1996
GM 344, Lot 2190 Mukim Jitra Daerah Kubang Pasu	Rice mill complex	Lease 6/7/2054	1972	1.84 (4.55)	1.00	1996
GM 473, Lot 3050 Mukim Tualang Daerah Pokok Sena	Rice mill complex	Lease 6/7/2024	1972	2.02 (5.00)	1.00	1996
HS (D) 2721/89, PT 13 Mukim Pekula Daerah Kuala Muda	Vacant land	Lease 6/7/2054	-	8.41 (20.79)	1.00	1996
G 3409, Lot 7773 Mukim Tunjang Daerah Kubang Pasu	Vacant land	Lease 6/7/2053	-	4.12 (10.18)	1.00	1996
HS (M) 28-93 Lot 1894 Mukim Ulu Melaka Langkawi	Vacant land	Lease 6/7/2053	-	2.81 (6.94)	1.00	1996
GM 3043, Lot 7773 Mukim Sala Besar Daerah Yan	Rice mill complex	Lease 6/7/2024	1975	3.56 (8.79)	1.00	1996
GM 1315, Lot 3977 Mukim Jerlun Daerah Kubang Pasu	Rice mill complex	Lease 6/7/2024	1972	2.22 (4.23)	1.00	1996
HS (M) 15/1981 PT 1215 Mukim Jerlun Daerah Kubang Pasu	Rice mill complex	Lease 6/7/2054	1982	1.87 (4.62)	1.00	1996
PULAU PINANG						
HS (D) 3-Mk 6 PT No. 5, Mukim 6 Daerah Seberang Perai Utara	Rice mill complex	Lease 6/7/2024	1983	8.11 (20.04)	1.00	1996
HS (D) 80, PT BMA/076 Mukim 1 Daerah Seberang Perai Tengah	Warehouse	Lease 6/7/2024	1982	2.11 (5.216)	1.00	1996

Location	Existing Use	Tenure & Expiry Date	Age of Buildings	Land Area Hectare (ACRE)	Net Book Value as At 31 Dec 2003	Date of Revaluation / Date of Acquisition
HS (D) 3, PT 4, Mukim 3 Daerah Seberang Perai Tengah	Vacant land	Lease 6/7/2054	-	7.61 (18.81)	1.00	1996
PERAK						
PN No. 42983, Lot 3122 Mukim Parit Buntar Daerah Kerian	Rice mill complex	Lease 6/7/2054	1975	4.05 (10.00)	1.00	1996
HS (D) LP 8/83, PT 569 Mukim Labu Kubon Daerah Hilir Perak	Rice mill complex	Lease 31/1/2017	1983	6.07 (15.00)	1.00	1996
HD (D) 2804, Lot 2908 Mukim Pasir Salak Daerah Perak Tengah (Kom. Sungai Dedap)	Rice mill complex	Lease 6/7/2054	1984	10.01 (26.70)	876,414.52	1996
HS (D) 2805, PT 1796 Mukim Kota Setia Daerah Perak Tengah (Kom. Changkat Lada)	Rice mill complex	Lease 6/7/2054	1993	10.93 (27.00)	855,797.49	1996
HS (D) 2803, PT 1797 Mukim Kota Setia Daerah Perak Tengah (Kom. Sungai Ranggalam)	Rice mill complex	Lease 6/7/2054	1993	11.53 (26.70)	1.00	1996
GM7424, Lot 7232 Mukim Bagan Serai Daerah Kerian	Warehouse	Lease 6/7/2054	1968	0.38 (0.9701)	1.00	1996
GM 7425, Lot 7228 Mukim Bagan Serai Daerah Kerian	Warehouse	Lease 6/7/2054	1968	0.33 (0.8112)	1.00	1996
Lot 7230, Mukim Bagan Serai, Daerah Kerian	Warehouse	Lease 6/7/2054	1968	0.13 (0.3289)	1.00	1996
Lot 7851, Mukim Bagan Serai, Daerah Kerian	Warehouse	Lease 6/7/2054	1968	0.20 (0.45)	1.00	1996
Lot 12589, Mukim Bagan Serai, Daerah Kerian	Warehouse	Lease 6/7/2054	1968	3.82 (9.4322)	1.00	1996
Lot 2870 Mukim Durian Sebatang Daerah Hilir Perak	Rice mill complex	Sub-lease 6/7/2054	1931	0.40 1.00	1.00	1996
Lot 2869 Mukim Durian Sebatang Daerah Hilir Perak	Rice mill complex	Sub-lease 6/7/2054	1931	0.38 0.94	1.00	1996
Lot 10088 Mukim Durian Sebatang Daerah Hilir Perak	Rice mill complex	Sub-lease 6/7/2054	1931	4.36 (10.78)	1.00	1996

Location	Existing Use	Tenure & Expiry Date	Age of Buildings	Land Area Hectare (ACRE)	Net Book Value as At 31 Dec 2003	Date of Revaluation / Date of Acquisition
Lot 10089 Mukim Durian Sebatang Daerah Hilir Perak	Rice mill complex	Sub-lease 6/7/2054	1931	0.51 (1.27)	1.00	1996
Lot 10090 Mukim Durian Sebatang Daerah Hilir Perak	Rice mill complex	Sub-lease 6/7/2054	1931	0.20 (0.48)	1.00	1996
CT 10130, Lot 1945 Mukim Parit Buntar Daerah Kerian	Warehouse	Sub-lease 6/7/2054	1931	0.69 (1.7001)	1.00	1996
CT 9473, Lot 130 Mukim Parit Buntar Daerah Kerian	Warehouse	Sub-lease 6/7/2054	1931	0.73 (1.7989)	1.00	1996
CT 3334, Lot 1768 Mukim Parit Buntar Daerah Kerian	Warehouse	Lease 6/7/2054	1931	3.01 (7.42)	1.00	1996
CT 6884, Lot 1944 Mukim Parit Buntar Daerah Kerian	Warehouse	Lease 6/7/2054	1931	0.13 (0.3101)	1.00	1996
CT 6885, Lot 1943 Mukim Parit Buntar Daerah Kerian	Warehouse	Lease 6/7/2054	1931	0.04 (0.0899)	1.00	1996
CT 6246, Lot 1925 Mukim Parit Buntar Daerah Kerian	Warehouse	Lease 6/7/2054	1931	0.51 (1.2701)	1.00	1996
SELANGOR						
LM 473, Lot 19947 Mukim Tanjong Karang Daerah Kuala Selangor	Rice mill complex	Lease 6/7/2028	1978	3.85 (9.50)	1.00	1996
HS (M) 3204 Lot 11822-118 Lot 11830-11836 Mukim Tanjong Karang Daerah Sabak Bernam	Rice mill complex	Lease 6/7/2033	1978	3.44 (8.50)	1.00	1996
LM 579, Lot 10775 Mukim Pachang Bedena Daerah Sabak Bernam	Rice mill complex	Lease 6/7/2028	1970	4.16 (10.26)	1.00	1996
QT (M) 469 Lot 811 & 814 Mukim Panchang Bedena Daerah Sabak Bernam	Rice mill complex	Lease 6/7/2028	1970	4.12 (10.19)	1.00	1996
HS (D) 96, PT 810 Mukim Bedena Daerah Sabak Bernam	Rice mill complex	Lease 6/7/2054	1970	2.08 (5.13)	1.00	1996

Location	Existing Use	Tenure & Expiry Date	Age of Buildings	Land Area Hectare (ACRE)	Net Book Value as At 31 Dec 2003	Date of Revaluation / Date of Acquisition
HS (D) 380, PT 843 Mukim Sungai Panjang Daerah Sabak Bernam	Rice mill complex	Lease 6/7/2054	1990	8.10 (20.00)	1.00	1996
HS (M) 6212, PT 4178 Mukim Kapar Daerah Kelang	Warehouse	Lease 6/7/2054	1988	2.02 (4.99)	1.00	1996
NEGERI SEMBILAN						
HS (D) Lis 811, PT 1329 (Plot 75 A) Mukim Ampangan Daerah Seremban	Warehouse	Lease 6/7/2054	1983	1.62 (4.00)	1.00	1996
MELAKA						
ACT 13, Mukim Village of Bt. Berendam Daerah Melaka Tengah	Warehouse	Lease 6/7/2054	1989	0.49 (1.20)	1.00	1996
HS (M) 3209, PT 1527 Mukim Kelemak Daerah Alor Gajah	Warehouse	Lease 6/7/2054	1995	3.31 (8.18)	1.00	1996
G 10590, Lot 3240 Mukim Batu Berendam Daerah Alor Gajah	Vacant land	Lease 6/7/2054	-	3.38 (6.35)	1.00	1996
JOHOR						
G 29401, Lot 6600 Mukim Teberau Daerah Johor Bahru	Warehouse	Lease 6/7/2054	1977	2.05 (5.07)	1.00	1996
HS (D) 216629 PTD 112330 Mukim Plentong Daerah Johor Bahru	Warehouse	Lease 6/7/2053	1977	2.14 (6.00)	1.00	1996
HS (D) 48624 PTD 22916 Mukim Plentong Daerah Johor Bahru	Warehouse	Lease 6/7/2053	1977	1.14 (2.807)	1.00	1996
HS (D) 17663 PTD 14679 Mukim Kluang Daerah Kluang	Vacant land	Lease 6/7/2054	-	2.02 (5.00)	1.00	1996
PAHANG						
HS (D) 3390 PT 1720, Mukim Pontian Daerah Rompin	Rice mill complex	Lease 6/7/2054	1984	2.60 (6.42)	1.00	1996

Location	Existing Use	Tenure & Expiry Date	Age of Buildings	Land Area Hectare (ACRE)	Net Book Value as At 31 Dec 2003	Date of Revaluation / Date of Acquisition
HS (D) 3391 PT 1832, Mukim Pontian Daerah Rompin	Rice mill complex	Lease 6/7/2054	1984	1.64 (4.06)	1.00	1996
HS (D) 2798 PT 468, (Lot 63 & 64) Mukim Songsang Daerah Temerloh	Warehouse	Lease 29/10/2050	1981	1.60 (3.95)	1.00	1996
HS (D) 3576 PT 4313 Mukim Pahang Tua Daerah Pekan	Padi purchasing centre	Lease 6/7/2054	1986	2.73 (6.73)	1.00	1996
TERENGGANU						
G 8617, Lot 2432 Mukim Bukit Kenak Daerah Besut	Rice mill complex	Lease 6/7/2054	1978	3.84 (9.50)	1.00	1996
PN 2991, Lot 3593 Mukim Bukit Kenak Daerah Besut	Rice mill complex	Lease 6/7/2054	1978	1.12 (2.77)	1.00	1996
HS (M) 1194 PT 1135 K Mukim Chendering Daerah Kuala Terengganu	Warehouse	Lease 6/7/2047	1983	1.04 (3.05)	1.00	1996
HS (D) 4539 PT 2803 K Mukim Belara Daerah Kuala Terengganu	Vacant	Lease 6/7/2054	-	4.06 (10.02)	1.00	1996
KELANTAN						
G 13803, Lot 2453 Mukim Peringat Daerah Jajahan Kota Bharu	Rice mill complex	Lease 6/7/2054	1970	1.73 (4.2788)	1.00	1996
G 13804, Lot 2454 Mukim Peringat Daerah Jajahan Kota Bharu	Rice mill complex	Lease 6/7/2054	1970	2.62 (6.4716)	1.00	1996
GN13805, Lot 2455 Mukim Peringat Daerah Jajahan Kota Bharu	Rice mill complex	Lease 6/7/2054	1970	1.56 (3.8634)	1.00	1996
Pajakan Negeri No. Pendaftaran 1840 Lot 2784, Mukim Peringat Daerah Jajahan Kota Bharu	Rice mill complex	Lease 6/7/2054	1970	1.34 (3.3013)	1.00	1996

Location	Existing Use	Tenure & Expiry Date	Age of Buildings	Land Area Hectare (ACRE)	Net Book Value as At 31 Dec 2003	Date of Revaluation / Date of Acquisition
HS (D) T 1/78, PT 5 Mukim Selehong South Daerah Terbok Jajahan Tumpat	Rice mill complex	Lease 6/7/2054	1970	4.05 (10.051)	1.00	1996
HS (D) P.P. 32/85 PT 387, Mukim Pdg Pak Amat Daerah Bt Sebutir Jajahan Pasir Putih	Rice mill complex	Lease 6/7/2054	1978	0.16 (0.4001)	1.00	1996
Pajakan Negeri No. Pendaftaran 660 Lot 1637, Mukim Pdg Pak Amat Daerah Bt. Sebutir Jajahan Pasir Putih	Rice mill complex	Lease 6/7/2054	1978	4.05 (10.01)	1.00	1996
HS (D) KB. 310/76 PT 18 Mukim Padang Raja Daerah Peringat Jajahan Kota Bharu	Warehouse	Lease 6/7/2054	1978	3.35 (8.29)	1.00	1996
HS (D) KB. 311/76 PT 14, Mukim Buloh Poh Daerah Kadok Jajahan Kota Bharu	Warehouse	Lease 6/7/2054	1978	0.89 (2.20)	1.00	1996
PN 2204, Lot 2305 Mukim Langgar Daerah Jajahan Kota Bharu	Office	Sub-lease 6/7/2054	1994	0.26 (0.63)	1.00	1996
PN 2205, Lot 2052 Mukim Lundang Daerah Jajahan Kota Bharu	Office	Lease 6/7/2054	1994	0.59 (1.46)	1.00	1996
PT 798 (sbhg drp Lot 1908, 1140 & Lot 2304) Mukim Langgar Daerah Kubang Kerian Jajahan Kota Bharu	Office	Lease 6/7/2054	1994	0.49 (1.21)	1.00	1996
PN 1831, Lot 1736 Mukim Chekli Daerah Beta Jajahan Kota Bharu	Vacant land	Lease 6/7/2054	-	5.54 (13.69)	1.00	1996
SABAH						
CL 015424549 Lot 85, Likas Daerah Kota Kinabalu	Warehouse and Office	Sub-lease 6/7/2034	1981	3.06 (7.55)	1.00	1996

Location	Existing Use	Tenure & Expiry Date	Age of Buildings	Land Area Hectare (ACRE)	Net Book Value as At 31 Dec 2003	Date of Revaluation / Date of Acquisition
TL 057504613 LA 80050271 Kudat Town Daerah Kudat	Warehouse	Sub-lease 6/7/2054	1981	0.81 (2.00)	1.00	1996
TL 207524098 Lot 12, Ranca-Ranca Wilayah Persekutuan Labuan	Warehouse	Sub-lease 6/7/2042	1981	0.89 (2.20)	1.00	1996
TL 117506671 LA 80113755 New Wharf Road Daerah Lahat Datu	Warehouse	Sub-lease 6/7/2054	1992	0.77 (1.91)	1.00	1996
TL 027500689 Lot 6628, Papar Daerah Papar	Warehouse	Sub-lease 6/7/2015	1970	0.13 (0.33)	1.00	1996
CL 105398990 LA 82100053 Bt 3 Apas Road Daerah Tawau	Warehouse	Sub-lease 6/7/2054	1981	2.38 (5.87)	1.00	1996
TL 077552731 Sandakan Daerah Sandakan	Warehouse	Sub-lease 6/7/2042	1981	1.14 (2.82)	1.00	1996
PT 99030951 Lot 2259 Kota Belud Daerah Kota Belud	Warehouse	Sub-lease 6/7/2054	1970	0.82 (2.02)	1.00	1996
PT 99040489 (sbhg drp PL 13904 & NT 12046) Tuaran Daerah Tuaran	Padi purchasing centre	Sub-lease 6/7/2054	1992	7.55 (18.64)	1.00	1996
SARAWAK						
State Lease Code No. 323/26/1019 Lot 1019 Blok No. 26 Kimena Land District Bintulu Division	Warehouse	Sub-lease 6/7/2050	1995	1.70 (4.18)	1.00	1996
State Lease G.N No. 499/2, Lot 478 Blok No. 19 Seduan Land District Sibu Division	Warehouse	Sub-lease 6/7/2047	1983	2.67 (6.59)	1.00	1996
State Lease Code No. 122/66/853 Lot 853, Section 66 Kuching Town Land District Kuching Division	Warehouse and office	Sub-lease 31/12/2035	1979	1.84 (4.54)	1.00	1996

CORPORATE DIRECTORY

LOCAL PRODUCTION

BERNAS PRODUCTION SDN BHD (428934-K)

Pejabat Bernas Wilayah Utara
10/6, Jalan Bandar Darul Aman Jaya 1
Bandar Darul Aman Jaya
06000 Jitra
Kedah
Tel : 04-917 8720
Fax : 04-917 9769

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

Batu 18½, Jalan Kodiang
Mukim Padang Perahu
Kubang Pasu
06000 Jitra
Kedah
Tel : 04-929 1852
Fax : 04-929 2708

BAN HENG BEE RICE MILL (1952) SDN BHD (2241-W)

Lot 2171, Jalan Bukit Raya
Mukim Bukit Raya
06700 Pendang
Kedah
Tel : 04-759 6620
Fax : 04-759 0264

BERNAS MARDITECH SEED SDN BHD (378559-M)

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

RICE DISTRIBUTION (PENINSULAR MALAYSIA)

YHL HOLDING SDN BHD (452413-V)

44, Jalan Tanming Dua
Taman Tanming Jaya
Balakong Light Industrial Area
43300 Seri Kembangan
Selangor
Tel : 03-8961 3561
Fax : 03-8961 6299

SYARIKAT FAIZA SDN BHD (247191-D)

No 13, 13A, Jalan Maju Barat
Taman Maju, 83000
Batu Pahat, Johor
Tel : 07-434 4999
Fax : 07-434 7666

LEE HUP & COMPANY SENDIRIAN BERHAD (46394-M)

Gudang K.T.M
No 4, Jalan Stesen
85000 Segamat
Johor
Tel : 07-931 1252
Fax : 07-931 0410

JASMINE FOOD CORPORATION SDN BHD (162356-H)

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

ERA BAYAM KOTA SDN BHD (472357-P)

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

SERBA WANGI SDN BHD (280872-A)

Lot 2171, Jalan Bukit Raya
Mukim Bukit Raya
06700 Pendang
Kedah
Tel : 04-759 6620
Fax : 04-759 0264

OEL REALTY HOLDINGS SDN BHD (395528-W)

1, Persiaran Perusahaan Kledang U 1/2
Kawasan Perindustrian Chandan Raya
Menglembu
31450 Ipoh
Perak
Tel : 05-282 5555
Fax : 05-282 4322

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

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

FORMULA TIMUR SDN BHD (461317-W)

U6.1, Tingkat 6
Menara Perbadanan
Jalan Tengku Petra Semerak
15000 Kota Bharu
Kelantan
Tel : 09-747 1555
Fax : 09-747 3555

RICE DISTRIBUTION (EAST MALAYSIA)

BERAS CORPORATION SDN BHD (480493-H)

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

SAZARICE SDN BHD (385374-U)

Lot 5, Likas Baru
Batu 5½, Jalan Tuaran
P.O. Box 579
88856 Likas
Kota Kinabalu
Sabah
Tel : 088-433 586/640
Fax : 088-433 539/476

HASKARICE FOOD SDN BHD (437804-P)

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

BAN SAY TONG SDN BHD (100912-T)

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

HOCK CHIONG FOODSTUFF SDN BHD (443434-K)

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

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

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

BY-PRODUCTS OPERATION

**BERNAS CHAFF PRODUCTS SDN BHD
(460936-P)**

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

**RASAYANG FOOD INDUSTRIES SDN BHD
(463722-D)**

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

BERNAS FEEDSTUFF SDN BHD (464527-U)

Lot 1835, 1st Floor
Jalan Hospital, Paya Bemban
15200 Kota Bharu
Kelantan
Tel : 09-743 9000
Fax : 09-743 1122

ORGANIGRO SDN BHD

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

OVERSEAS VENTURES

BERNAS OVERSEAS (L) LIMITED (LL01053)

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

BERNAS CHINA CORPORATION (331666)

Room 1102, Office Tower B
Soho New Town
No 88, Jianglio Road
Chao Yong District
Beijing 10022
China
Tel : 00-86-10-8580 0765
Fax : 00-86-10-8580 0767

KAISER NOMAN BERNAS (PVT) LIMITED (K07127)

QNB House, Bahria Complex-1
Ground Floor
M.T Khan Road
Karachi - 74000
Pakistan
Tel : 00-9221-561 0132
Fax : 00-9221-561 0226

ASIAN PENINSULA CORPORATION LTD (1292/2540)

18th Floor, Unit AD, Sethiwan Tower
139, Pan Road, Silom
Bangkok
10500 Thailand
Tel : 00-662-266 6025 / 266 6028
Fax : 00-662-266 6029

OTHER BUSINESS

BERNAS LOGISTICS SDN BHD (386337-M)

No 1, Jalan Magistrate U1/26
HICOM Glenmarie Industrial Park
40150 Shah Alam
Selangor
Tel : 03-5569 5135
Fax : 03-5569 4806

SOCIETE BERNAS DE GUINEE (SOBERGUI)

Immeuble Safricom
Carrefour, Constantin
BP 5371 Conakry
Republique De Guinee
West Africa
Tel : 00-224-464 537
Fax : 00-224-464 537

KEONGCO HOLDINGS SDN BHD (501026-U)

Lot 680
Local Industrial Estate
Pengkalan Chepa
16100 Kota Bharu
Kelantan
Tel : 09-773 0294
Fax : 09-773 0313

GARDENIA BAKERIES (KL) SDN BHD (139386-X)

Lot 3, Jalan Pelabur 23/1
40300 Shah Alam
Selangor
Tel : 03-5542 3228
Fax : 03-5542 3213

COSMO RESTAURANT SDN BHD (296009-T)

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

Proxy Form

I/We _____
of _____ being a
member of PADIBERAS NASIONAL BERHAD, hereby appoint _____ of
_____ or failing him, _____
of _____
or failing him, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the 10th Annual General Meeting of the Company to be held at at Dewan Bunga Tanjung, Kelab Shah Alam Selangor, Persiaran Istana Kayangan, Section 13, 40704 Shah Alam, Selangor on 24 June 2004 at 10.00 am, and at any adjournment thereof. My/Our proxy is to vote as indicated below:-

NO.	RESOLUTIONS	FOR	AGAINST
1.	To receive and adopt the Audited Accounts for the financial year ended 31 December 2003 together with the Reports of the Directors and Auditors thereon. RESOLUTION 1		
2.	To approve the payment of a sum of RM310,000 as Directors' fees for the financial year ended 31 December 2003. RESOLUTION 2		
3.	To re-elect the following Directors who retire in accordance with the Articles of Association of the Company:- Article 110 (2) Datuk Azizan Bin Ayob Datuk Mohd Hashim Bin Hassan Dato' Syed Fahkri Barakbah Bin Tun Syed Sheh Barakbah RESOLUTION 3 RESOLUTION 4 RESOLUTION 5 Article 115 Abdul Rahim Bin Mokti YB Haji Mohd Naroden Bin Haji Majais Dato' Abi Musa Asa'ari Bin Mohamed Nor RESOLUTION 6 RESOLUTION 7 RESOLUTION 8		
4.	To re-appoint Messrs. Hanafiah Raslan & Mohamad as Auditors and to authorise the Directors to fix their remuneration. RESOLUTION 9		
5.	As special business, to consider and if thought fit, to pass the following ordinary resolution:- I. Proposed Renewal of Shareholders' Mandate For Recurrent Transactions and Approval For New Recurrent Transactions For BERNAS Group To Enter Into Recurrent Related Party Transaction of a Revenue or Trading Nature. RESOLUTION 10 II. Authority to Directors to Issue Shares Pursuant to Section 132D of the Companies Act, 1965 RESOLUTION 11		

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

Signed this _____ day of _____ 2004.

Signature/Seal _____

Notes:

- A member of the Company entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote in his stead.
- A proxy may but need not be a member of the Company.
- Where a member appointing two or more proxies, the appointment shall be invalid unless he specifies the proportions of his holding to be represented 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 an officer or attorney duly appointed under a power of attorney.
- The instrument appointing a proxy or representative shall be deposited at the registered office of the Company of Level 19, CP Tower, No 11, Section 16/11, Jalan Damansara, 46350 Petaling Jaya Selangor not less than forty eight (48) hours before the time for holding the meeting or any adjournment thereof.

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Company Secretary
PADIBERAS NASIONAL BERHAD
Level 19A, CP Tower
No 11, Section 16/11
Jalan Damansara
46350 Petaling Jaya
Selangor Darul Ehsan

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