



Nourishing the Nation

Nourishing the Nation

Kesejahteraan
untuk Semua

Nourishing the Nation echoes BERNAS' existence in providing the very best in products and services to the nation; where people of all races have come to appreciate and expect. Malaysians as ONE can relish on the fact that BERNAS is operated by the people, for the people.

And now a new beginning has dawned upon us, a consolidation that has made us stronger. An understanding that stems from sharing common values such as the transfer of technology, management principles and common social responsibilities. We believe this is the future of BERNAS, created to increase value to shareholders, the industry, consumers and the nation as a whole.

Kesejahteraan untuk semua menggambarkan kewujudan BERNAS menyediakan produk dan perkhidmatan yang terbaik; seperti yang dijangka dan dihargai oleh masyarakat 1Malaysia.

Dan kini, permulaan baru telah menjelma – penyatuan yang lebih menguatkan kita. Persefahaman yang terbentuk hasil dari perkongsian nilai yang sama seperti peralihan teknologi, prinsip-prinsip pengurusan dan tanggungjawab sosial bersama. Inilah masa depan BERNAS – dibentuk untuk penambahan nilai kepada pemegang saham, industri, pengguna dan masyarakat secara keseluruhan.

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Overview of BERNAS Imbasan Bernas



Vision Visi

Our food products are consumed in every household in Malaysia. We are a company deeply committed to nourish the nation better. We do this by providing quality food products that create value for our company, our partners and our consumers.

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

Mission Misi

Value creation by increasing market share, introducing new products and acquiring complementary products. It is our goal to be a market leader in Malaysia. We will be market driven focusing on the following areas:

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

Corporate Values Nilai-nilai Korporat

Challenges Cabaran

- Improving performances
- Renewing our understanding of our changing business
- Meningkatkan prestasi
- Meningkatkan pemahaman tentang perubahan dalam perniagaan

Conduct Sahsiah

- Integrity
- Ethics
- Probity
- Corporate governance/transparency
- Integriti
- Etika
- Kejujuran
- Pengurusan korporat/ketelusan

Commitment Komitmen

- Value for customers
- Leadership for community and environment
- Teamwork
- Shared purpose with regulators
- Value for shareholders
- Nilai untuk pelanggan
- Kepimpinan untuk masyarakat dan alam sekitar
- Kerja sepasukan
- Matlamat bersama dengan pihak berkuasa
- Nilai untuk pemegang saham



Brand Building
Pembinaan Jenama



Product Performance
Prestasi Produk



Customer Service
Perkhidmatan Pelanggan

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

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

Corporate Information

Maklumat Korporat

CORPORATE OFFICE **IBU PEJABAT KORPORAT**

Level 27, Menara HLA
No. 3, Jalan Kia Peng
50450 Kuala Lumpur
Tel : 03-2174 9777
Fax : 03-2161 1887
Website : www.bernas.com.my

REGISTERED ADDRESS **PEJABAT BERDAFTAR**

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

SHARE REGISTRAR **PENDAFTAR SAHAM**

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

PRINCIPAL BANKERS **BANK-BANK UTAMA**

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

COMPANY SECRETARY **SETIAUSAHA SYARIKAT**

Nasliza binti Mohd Nasir
(LS0008653)

AUDITOR **JURUAUDIT**

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

STOCK EXCHANGE LISTING **PENYENARAIAAN BURSA SAHAM**

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

Creating Values

Pembentukan Nilai

Our consolidation with another primary player in the agricultural sector has given us a new horizon of opportunities. Opportunities that will eventually lead to increased value to shareholders, producers, consumers and the nation as a whole.

Penggabungan dengan kumpulan peneraju utama sektor pertanian telah membuka lingkungan peluang yang lebih besar buat kami. Ini akan membawa kepada peningkatan nilai ke atas pulangan hasil para pemegang saham, pengeluar, pengguna dan masyarakat keseluruhannya.



Corporate Structure Struktur Korporat



BERNAS

100% ● Beras Corporation Sdn. Bhd.

- 100% ● Dayabest Sdn. Bhd.
 - 51% ● Haskarice Food Sdn. Bhd.
 - 51% ● Hock Chiong Foodstuff Sdn. Bhd.
 - 51% ● Ban Say Tong Sdn. Bhd.
- 100% ● Sabarice Sdn. Bhd.
- 95% ● Sazarice Sdn. Bhd.
- 60% ● Liansin Trading Sdn. Bhd.
 - 100% ● Liangtye Trading Sdn. Bhd.
 - 51% ● Tong Seng Huat Rice Trading Sdn. Bhd.

100% ● Bernas Seed Pro Sdn. Bhd.

- 61% ● Jasmine Food Corporation Sdn. Bhd.
 - 100% ● Jasmine Food (Ipoh) Sdn. Bhd.
 - 100% ● Jasmine Food (Alor Setar) Sdn. Bhd.
 - 100% ● Jasmine Khidmat & Harta Sdn. Bhd.
 - 100% ● Jasmine Food (Johor Bahru) Sdn. Bhd.
 - 100% ● Jasmine Food (Seremban) Sdn. Bhd.
 - 100% ● Jasmine Food (Prai) Sdn. Bhd.
 - 100% ● Jasmine Food (Kuantan) Sdn. Bhd.
 - 100% ● Jasmine Rice Mill (Tunjang) Sdn. Bhd.
 - 100% ● Jasmine Rice Products Sdn. Bhd.
 - 51% ● JS Jasmine Sdn. Bhd.

100% ● Bernas Dominals Sdn. Bhd.

- 49% ● Bernas Feedstuff Sdn. Bhd. #

80% ● Edaran Bernas Nasional Sdn. Bhd.

51% ● YHL Holding Sdn. Bhd.

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

100% ● Bernas Production Sdn. Bhd.

51% ● Syarikat Faiza Sdn. Bhd.



● Rice business
 ● Other business
 # Associates

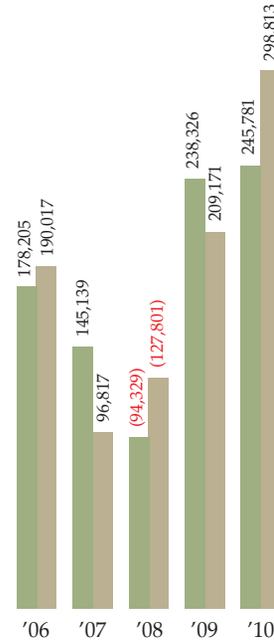
Five-Year Financial Highlights

Maklumat Kewangan Lima-Tahun

**Revenue
Perolehan**
(RM'000)



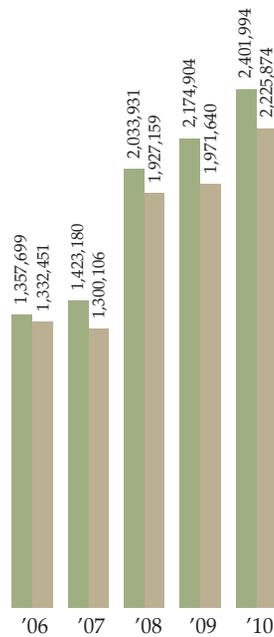
**Profit/(Loss) Before Tax
Keuntungan/(Kerugian)
Sebelum Cukai**
(RM'000)



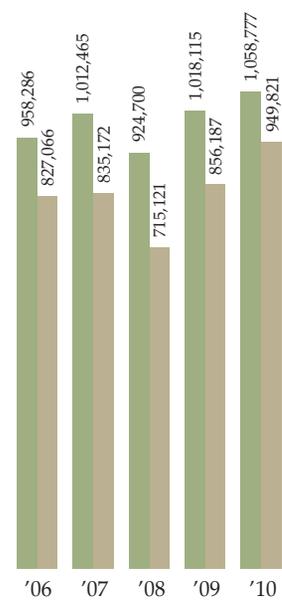
**Profit/(Loss) After Tax
Keuntungan/(Kerugian)
Selepas Cukai**
(RM'000)



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



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



■ Group/Kumpulan

■ Company/Syarikat

	2006 RM'000	2007 RM'000	2008 RM'000	2009 RM'000	2010 RM'000
Revenue/Perolehan					
Group/Kumpulan	2,134,845	2,240,064	2,501,954	3,259,876	3,172,973
Company/Syarikat	1,823,235	1,828,455	2,365,475	2,994,389	2,802,043
Profit/(Loss) Before Tax Keuntungan/(Kerugian) Sebelum Cukai					
Group/Kumpulan	178,205	145,139	(94,329)	238,326	245,781
Company/Syarikat	190,017	96,817	(127,801)	209,171	298,813
Profit/(Loss) Before Tax Keuntungan/(Kerugian) Selepas Cukai					
Group/Kumpulan	135,226	107,343	(57,472)	179,537	186,161
Company/Syarikat	132,660	60,027	(92,075)	151,651	228,892
Total Tangible Assets Jumlah Aset Ketara					
Group/Kumpulan	1,357,699	1,423,180	2,033,931	2,174,904	2,401,994
Company/Syarikat	1,332,451	1,300,106	1,927,159	1,971,640	2,225,874
Net Tangible Assets Aset Ketara Bersih					
Group/Kumpulan	958,286	1,012,465	924,700	1,018,115	1,058,777
Company/Syarikat	827,066	835,172	715,121	856,187	949,821
Earning Per Share (EPS) Perolehan Sesaham					
Group/Kumpulan	27.60	22.00	(16.20)	36.00	37.70
Net Dividend Per Share Dividen Bersih Sesaham					
Group/Kumpulan	9.00	9.00	2.30	18.00	19.00

Board of Directors Lembaga Pengarah

1. Dato' Wira Syed Abdul Jabbar bin Syed Hassan
Independent, Non-Executive Chairman
Pengerusi Bebas, Bukan Eksekutif
2. Encik Bakry bin Hamzah
Managing Director/Pengarah Urusan
Non-Independent, Executive Director
Pengarah Eksekutif, Tidak Bebas
3. Dato' Mohd Hashim bin Abdullah
Non-Independent, Non-Executive Director
Pengarah Tidak Bebas, Bukan Eksekutif
4. Dato' Azman bin Umar
Non-Independent, Non-Executive Director
Pengarah Tidak Bebas, Bukan Eksekutif
5. Datuk Azizan bin Ayob
Non-Independent, Non-Executive Director
Pengarah Tidak Bebas, Bukan Eksekutif
6. Tuan Syed Abu Bakar bin S Mohsin Almohdzar
Independent, Non-Executive Director
Pengarah Bebas, Bukan Eksekutif
7. YB Dato' Abdul Rahman bin Datuk Haji Dahlan
Independent, Non-Executive Director
Pengarah Bebas, Bukan Eksekutif
8. Encik Chuah Seong Tat @ Chuah Chee Tat
Non-Independent, Non-Executive Director
Pengarah Tidak Bebas, Bukan Eksekutif





Profile of Directors

Profil Lembaga Pengarah

Dato' Wira Syed Abdul Jabbar bin Syed Hassan

Independent, Non-Executive Chairman
Pengerusi Bebas, Bukan Eksekutif

Dato' Wira Syed Abdul Jabbar bin Syed Hassan, a Malaysian, age 71, was appointed as Director on 10 July 2006 and Chairman on 17 July 2006. He chairs the Executive, Nomination and Remuneration Committees of the Board.

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

Dato' Wira Syed Abdul Jabbar holds a Bachelor of Economics degree from University of Western Australia and a Masters of Science degree in Marketing from University of Newcastle-Upon Tyne, United Kingdom. He has a direct share holding of 40,000 ordinary shares of RM1.00 each in BERNAS. He attended all of the seven Board Meetings held during the financial year.

Dato' Wira Syed Abdul Jabbar bin Syed Hassan, warganegara Malaysia, 71 tahun, dilantik sebagai Pengarah pada 10 Julai 2006 dan kemudiannya dilantik sebagai Pengerusi pada 17 Julai 2006. Beliau mempengerusikan Jawatankuasa Eksekutif, Penamaan dan Imbuhan Lembaga Pengarah.

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

Dato' Wira Syed Abdul Jabbar berkelulusan Ijazah Sarjana Muda Ekonomi dari University of Western Australia dan Sarjana Sains dalam Pemasaran dari University of Newcastle-Upon Tyne, United Kingdom. Beliau mempunyai pegangan saham secara langsung sebanyak 40,000 saham-saham biasa bernilai RM1.00 setiap satu. Beliau menghadiri kesemua tujuh mesyuarat Lembaga Pengarah yang diadakan dalam tahun kewangan.

Encik Bakry bin Hamzah

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

Encik Bakry bin Hamzah, a Malaysian, age 53, joined the Board on 14 September 2005 and became Managing Director of the Company on 9 April 2007. He is a member of Executive and Tender Committees of the Board.

Encik Bakry holds a Bachelor of Arts (Hons) degree from University Malaya. He is also the Group Managing Director of Tradewinds (M) Berhad and sits on the Board of Tradewinds Plantation Berhad. He had held prominent positions in various companies including as the Chief Executive Officer of Tradewinds (M) Berhad, the Managing Director of Central Sugars Refinery Sdn. Bhd., the Director of MARDEC Berhad, the Director of Oriental Food Industries Berhad, the Executive Director of Latitude Tree Holding Berhad, the Head of Business Development in Aero Mutiara Sdn. Bhd., the Operation Manager in Bukhary Holdings Sdn. Bhd. and Assistant Director of Marketing in Lembaga Padi dan Beras Negara. Encik Bakry has no securities holdings in BERNAS or its subsidiaries. He attended all of the seven Board Meetings held during the financial year.

Encik Bakry bin Hamzah, warganegara Malaysia, 53 tahun, dilantik sebagai Pengarah pada 14 September 2005. Beliau dilantik sebagai Pengarah Urusan pada 9 April 2007. Beliau adalah ahli Jawatankuasa Eksekutif dan Jawatankuasa Tender.

Encik Bakry berkelulusan Ijazah Sarjana Muda Sastera (Kepujian) dari Universiti Malaya. Beliau juga adalah Pengarah Urusan Kumpulan Tradewinds (M) Berhad dan ahli Lembaga Pengarah Tradewinds Plantation Berhad. Beliau pernah memegang pelbagai jawatan utama di beberapa syarikat, antaranya Ketua Pegawai Eksekutif Tradewinds (M) Berhad, Pengarah Urusan Central Sugars Refinery Sdn. Bhd., Pengarah MARDEC Berhad, Pengarah Oriental Food Industries Berhad, Pengarah Eksekutif Latitude Tree Holding Berhad, Ketua Pembangunan Perniagaan di Aero Mutiara Sdn. Bhd., Pengurus Operasi Bukhary Holdings Sdn. Bhd. dan Penolong Pengarah Pemasaran, Lembaga Padi dan Beras Negara. Encik Bakry tidak mempunyai sebarang pegangan saham dalam BERNAS atau mana-mana syarikat subsidiarinya. Beliau menghadiri kesemua tujuh mesyuarat Lembaga Pengarah yang diadakan dalam tahun kewangan.

Profile of Directors

Profil Lembaga Pengarah

Dato' Mohd Hashim bin Abdullah

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

Dato' Mohd Hashim, a Malaysian, 56, was appointed to the Board on 16 February 2011. He is the Secretary General of the Ministry of Agriculture and Agro-based Industry. He holds a Bachelor of Arts (Hons) degree from University Malaya and a Masters degree in Political Science from Universiti Kebangsaan Malaysia (UKM). He started his career as an Administrative and Diplomatic Officer, Dewan Bandaraya Kuala Lumpur and subsequently served in various government agencies including Ministry of Primary Industries, Ministry of Sports and Youth, and Ministry of Entrepreneur and Co-operative Development. Dato' Mohd Hashim has no securities holdings in BERNAS or its subsidiaries.

Dato' Mohd Hashim, warganegara Malaysia, 56 tahun, dilantik sebagai Pengarah pada 16 Februari 2011. Beliau kini bertugas sebagai Ketua Setiausaha, Kementerian Pertanian dan Industri Asas Tani. Beliau berkelulusan Ijazah Sarjana Muda Sastera (Kepujian) dari Universiti Malaya dan Sarjana Sains Politik dari Universiti Kebangsaan Malaysia (UKM). Beliau memulakan kerjaya sebagai Pegawai Tadbir di Dewan Bandaraya Kuala Lumpur dan pernah berkhidmat di pelbagai Jabatan Kerajaan termasuk Kementerian Perusahaan Awam, Kementerian Belia dan Sukan, Bahagian Istiadat, Jabatan Perdana Menteri, serta Kementerian Pembangunan Usahawan dan Koperasi. Dato' Mohd Hashim tidak mempunyai sebarang pegangan saham dalam BERNAS atau mana-mana syarikat subsidiarinya.

Dato' Azman bin Umar

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

Dato' Azman bin Umar, a Malaysian, 56, joined the Board on 20 June 2006. He is the General Manager of Langkawi Development Authority. Dato' Azman holds a Bachelor of Economics (Hons) degree in Accounting from Universiti Kebangsaan Malaysia and Diploma in Management Science from National Institute of Public Administration (INTAN). He also holds a Master in Business Administration (Finance) from Oklahoma City University, USA. He started his career as an Assistant Secretary of Cabinet Division in Prime Minister's Department in 1981 and had served in various government agencies such as Investment, MoF (Inc.) and Privatisation Division of Ministry of Finance, Economic Planning Unit, Prime Minister's Department, Ministry of Primary Industries and Ministry of Agriculture and Agro-based Industry. Dato' Azman has no securities holdings in BERNAS or its subsidiaries. He attended all of the seven Board Meetings held during the financial year.

Dato' Azman bin Umar, warganegara Malaysia, 56 tahun, dilantik sebagai Pengarah pada 20 Jun 2006. Beliau kini bertugas sebagai Pengurus Besar, Lembaga Pembangunan Langkawi. Dato' Azman berkelulusan Ijazah Sarjana Muda Ekonomi (Kepujian) dalam Perakaunan dari Universiti Kebangsaan Malaysia dan turut memiliki Diploma Sains Pengurusan dari Institut Tadbir Awam Negara (INTAN). Beliau turut memegang Ijazah Sarjana Pentadbiran Perniagaan (Kewangan) dari Oklahoma City University, USA. Beliau memulakan kerjaya sebagai Penolong Setiausaha, Bahagian Kabinet, Jabatan Perdana Menteri pada tahun 1981 dan pernah berkhidmat di pelbagai Jabatan Kerajaan seperti Bahagian Pelaburan, MKD dan Penswastaan, Kementerian Kewangan, Unit Perancang Ekonomi, Jabatan Perdana Menteri, Kementerian Perusahaan Utama dan Kementerian Pertanian dan Industri Asas Tani. Dato' Azman tidak mempunyai sebarang pegangan saham dalam BERNAS atau mana-mana syarikat subsidiarinya. Beliau menghadiri kesemua tujuh mesyuarat Lembaga Pengarah yang diadakan dalam tahun kewangan.

Tuan Haji Osman bin Makmor

Alternate Director/Pengarah Ganti

Tuan Haji Osman bin Makmor, a Malaysian, 58, was appointed Alternate Director to Dato' Azman bin Umar on 20 June 2006. He is currently the Principal Assistant Secretary, Investment, MoF (Inc.) and Privatisation Division, Ministry of Finance. He holds a Bachelor of Economics (Analysis) degree from University Malaya. He was the Assistant District Officer of Ulu Selangor, Kuala Kubu Baru, Assistant District Officer Gombak, Selangor and Confidential Secretary to YAB Menteri Besar Selangor before joining the Federal Treasury in 1998 until now.

Tuan Haji Osman bin Makmor, warganegara Malaysia, 58 tahun, dilantik sebagai Pengarah Ganti kepada Dato' Azman bin Umar pada 20 Jun 2006. Beliau bertugas sebagai Ketua Penolong Setiausaha, Bahagian Pelaburan, MKD dan Penswastaaan, Perbendaharaan Malaysia, Kementerian Kewangan. Beliau adalah pemegang Ijazah Sarjana Muda Ekonomi (Analisa) dari Universiti Malaya. Beliau pernah berkhidmat sebagai Penolong Pegawai Daerah Ulu Selangor, Kuala Kubu Baru, Penolong Pegawai Daerah Gombak, Selangor, dan Setiausaha Sulit kepada YAB Menteri Besar Selangor sebelum berkhidmat di Perbendaharaan Malaysia sehingga sekarang.

Datuk Azizan bin AyobNon-Independent, Non-Executive Director
Pengarah Tidak Bebas, Bukan Eksekutif

Datuk Azizan bin Ayob, a Malaysian, 64, joined the Board on 30 September 2003. He is the Chairman of Tender Committee and a member of Audit, Executive, Nomination and Remuneration Committees of the Board. Datuk Azizan holds a Bachelor of Arts (Hons) degree in Economics from University Malaya and a Masters degree in Public Administration from University of Southern California, USA. He is the Director/Advisor of Commerce Dot.Com Sdn. Bhd. A former public servant, his last position in public service was as the Director General of the National Registration Department of Malaysia. Datuk Azizan has no securities holdings in BERNAS or its subsidiaries. He attended six out of seven Board Meetings held during the financial year.

Datuk Azizan bin Ayob, warganegara Malaysia, 64 tahun, dilantik sebagai Pengarah pada 30 September 2003. Beliau adalah Pengerusi Jawatankuasa Tender dan ahli Jawatankuasa Audit, Jawatankuasa Eksekutif, Jawatankuasa Penamaan dan Jawatankuasa Imbuhan. Datuk Azizan berkelulusan Ijazah Sarjana Muda Sastera (Kepujian) dalam Ekonomi dari Universiti Malaya dan Ijazah Sarjana Pentadbiran Awam dari University of Southern California, USA. Beliau merupakan Pengarah/Penasihat Commerce Dot.Com Sdn. Bhd. Beliau pernah berkhidmat di pelbagai Jabatan Kerajaan dan jawatan terakhir beliau dalam perkhidmatan awam adalah sebagai Ketua Pengarah, Jabatan Pendaftaran Negara Malaysia. Datuk Azizan tidak mempunyai sebarang pegangan saham dalam BERNAS atau mana-mana syarikat subsidiarinya. Beliau menghadiri enam daripada tujuh mesyuarat Lembaga Pengarah yang diadakan dalam tahun kewangan.

Profile of Directors Profil Lembaga Pengarah

Tuan Syed Abu Bakar bin S Mohsin Almohdzar

Independent, Non-Executive Director
Pengarah Bebas, Bukan Eksekutif

Tuan Syed Abu Bakar, a Malaysian, 60, joined the Board on 22 November 2005. He is the Chairman of Audit Committee and a member of Tender and Nomination Committees of the Board. Tuan Syed Abu Bakar is a member of the Chartered Certified Accountant (FCCA, UK) and Malaysian Institute of Accountants (MIA). He was the Managing Director of Tradewinds (M) Berhad from 1996 to 2004. Tuan Syed Abu Bakar has no securities holdings in BERNAS or its subsidiaries. He attended five out of seven Board Meetings held during the financial year.

Tuan Syed Abu Bakar, warganegara Malaysia, 60 tahun, dilantik sebagai Pengarah pada 22 November 2005. Beliau adalah Pengerusi Jawatankuasa Audit, ahli Jawatankuasa Tender serta ahli Jawatankuasa Penamaan. Tuan Syed Abu Bakar adalah ahli Chartered Certified Accountant (FCCA, UK) dan Malaysian Institute of Accountants (MIA). Beliau ialah bekas Pengarah Urusan Tradewinds (M) Berhad dari tahun 1996 hingga 2004. Tuan Syed Abu Bakar tidak mempunyai sebarang pegangan saham dalam BERNAS atau mana-mana syarikat subsidiarinya. Beliau menghadiri lima daripada tujuh mesyuarat Lembaga Pengarah yang diadakan dalam tahun kewangan.

YB Dato' Abdul Rahman bin Datuk Haji Dahlan

Independent, Non-Executive Director
Pengarah Bebas, Bukan Eksekutif

YB Dato' Abdul Rahman, a Malaysian, 45, joined the Board on 15 October 2002. He is a member of Audit and Remuneration Committees of the Board. Currently, he is the Member Parliament of Kota Belud, Sabah and the Managing Director of H.R.P.M Consulting (M) Sdn. Bhd. YB Dato' Abdul Rahman holds a Bachelor degree in Economics and Management from Sonoma State University, California State University System, Rohnert Park, California, USA. YB Dato' Abdul Rahman has no securities holdings in BERNAS or its subsidiaries. He attended five out of seven Board Meetings held during the financial year.

YB Dato' Abdul Rahman, warganegara Malaysia, 45 tahun, dilantik sebagai Pengarah pada 15 Oktober 2002. Beliau adalah ahli Jawatankuasa Audit dan Jawatankuasa Imbuhan. Beliau kini adalah Ahli Parlimen Kota Belud, Sabah dan merupakan Pengarah Urusan H.R.P.M Consulting (M) Sdn. Bhd. YB Dato' Abdul Rahman berkelulusan Ijazah Sarjana Muda Ekonomi dan Pengurusan dari Sonoma State University, California State University System, Rohnert Park, California, USA. Beliau tidak mempunyai sebarang pegangan saham dalam BERNAS atau mana-mana syarikat subsidiarinya. Beliau menghadiri lima daripada tujuh mesyuarat Lembaga Pengarah yang diadakan dalam tahun kewangan.

Encik Chuah Seong Tat @ Chuah Chee Tat

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

Encik Chuah Seong Tat, a Malaysian, 59, joined the Board on 11 February 2010. He holds a Bachelor of Applied Science (Honours) degree from Universiti Sains Malaysia and a Master of Business Administration degree from the Australian Graduate School of Management, University of New South Wales. Encik Chuah Seong Tat began his career as an engineer with American multinational semiconductor manufacturing companies located in Malacca and Penang from 1976 to 1980. He left his engineering career to pursue his Master of Business Administration degree in Australia from 1981 to 1982. Upon returning from Australia, he had worked and gained valuable experience in merchant banking, stock broking, and trading. He had held various senior positions in those years. Presently, Encik Chuah Seong Tat is a Non-Independent Non-Executive Director of Tradewinds (M) Berhad and Tradewinds Plantation Berhad. He is also a Director of Bukhary Sdn. Bhd., KHSB Marketing Sdn. Bhd. and Butterworth Coldstorage Sdn. Bhd. He attended all six Board meetings held during the financial year 2010.

Encik Chuah Seong Tat, warganegara Malaysia, 59 tahun, telah dilantik sebagai Pengarah pada 11 Februari 2010. Beliau berkelulusan Ijazah Sarjana Muda Sains Gunaan (Kepujian) dari Universiti Sains Malaysia dan Ijazah Sarjana Pentadbiran Perniagaan dari Australian Graduate School of Management, University of New South Wales. Encik Chuah memulakan kerjaya sebagai jurutera dengan beberapa syarikat semikonduktor Amerika yang beroperasi di Melaka dan Pulau Pinang, antara tahun 1976 dan 1980. Beliau kemudian meninggalkan kerjaya sebagai jurutera untuk mengikuti Ijazah Sarjana Pentadbiran Perniagaan di Australia antara tahun 1981 dan 1982. Beliau seterusnya menimba pengalaman dalam bidang perbankan perdagangan, broker saham dan perniagaan. Beliau telah memegang beberapa jawatan kanan dalam tahun-tahun tersebut. Beliau kini adalah Pengarah Tidak Bebas Bukan Eksekutif bagi Tradewinds (M) Berhad dan Tradewinds Plantation Berhad. Beliau juga adalah Pengarah Bukhary Sdn. Bhd., KHSB Marketing Sdn. Bhd. dan Butterworth Coldstorage Sdn. Bhd. Beliau menghadiri kesemua enam mesyuarat Lembaga Pengarah yang diadakan dalam tahun kewangan 2010.

Save as disclosed, none of the Directors has:-

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

Kecuali yang dinyatakan, semua Pengarah tidak mempunyai:-

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

Management Team Kumpulan Pengurusan



From Left to Right / Dari Kiri ke Kanan:

- | | |
|--|--|
| <p>1. Encik Bakry bin Hamzah
Managing Director/Pengarah Urusan</p> <p>2. Encik Ahmad Tarmizi bin Mohamed Hariri
Chief Financial Officer/Ketua Pegawai Kewangan</p> <p>RICE DIVISION</p> <p>3. Encik Zurkarnain bin Mohd Yusoff
Senior General Manager
International Business Sector
Pengurus Besar Kanan
Sektor Perniagaan Antarabangsa</p> | <p>4. Encik Wan Razif bin Wan Musa
Senior General Manager, Domestic Business Sector
Pengurus Besar Kanan, Sektor Perniagaan Domestik</p> <p>5. Encik Azhar bin Abdullah
Senior General Manager, East Malaysia Business Sector
Pengurus Besar Kanan, Sektor Perniagaan Malaysia Timur</p> <p>6. Encik Abdul Rahman bin Mohd Nasri
Senior General Manager, Local Rice Business Sector
Pengurus Besar Kanan, Sektor Perniagaan Beras Tempatan</p> |
|--|--|



From Left to Right / Dari Kiri ke Kanan:

7. Encik Mohammad Kamaluddin bin Mohammed Effendie
Chief Executive Officer/Ketua Pegawai Eksekutif
Beras Corporation Sdn. Bhd.
8. Encik Amiruddin bin Ahmad Tajuddin
General Manager, Local Rice Business Sector
Pengurus Besar, Sektor Perniagaan Beras Tempatan

SUPPORT DIVISION

9. Encik Mohd Redha bin Talib
Senior General Manager
Engineering & Facility Division
Pengurus Besar Kanan
Bahagian Kejuruteraan & Fasiliti
10. Encik Zainudin bin Hashim
Senior General Manager, Corporate Planning &
Business Development Division
Pengurus Besar Kanan, Bahagian Perancangan
Korporat & Pembangunan Perniagaan
11. Encik Mohd Azmy bin Abu Samah
Senior General Manager, Finance Division
Pengurus Besar Kanan, Bahagian Kewangan
12. Encik Mohamad Nazuir bin Ahmad Toe
Senior General Manager
Human Capital & Administration Division
Pengurus Besar Kanan
Bahagian Modal Insan & Pentadbiran

Management Team Kumpulan Pengurusan



From Left to Right / Dari Kiri ke Kanan:

- | | |
|--|---|
| <p>13. Encik Mohd Khusaini bin Harumaini
General Manager, Managing Director's Office
Pengurus Besar, Pejabat Pengarah Urusan</p> | <p>16. Encik Shahri Abu Mansul @ Abu Mansor
General Manager, Security Division
Pengurus Besar, Bahagian Keselamatan</p> |
| <p>14. Puan Sabrina binti Yon
General Manager, Corporate Affairs Division
Pengurus Besar, Bahagian Perhubungan Korporat</p> | <p>17. Encik Mohamad Bahari bin Aluan
General Manager, Change Management Department
Pengurus Besar, Jabatan Pengurusan Perubahan</p> |
| <p>15. Puan Normala binti Hassan
General Manager, Compliance Management Division
Pengurus Besar, Bahagian Pengurusan Pematuhan</p> | <p>18. Cik Nasliza binti Mohd Nasir
General Manager, Legal & Secretarial Division
(Company Secretary)
Pengurus Besar, Bahagian Undang-Undang &
Kesetiausahaan (Setiausaha Syarikat)</p> |

Shared Leadership Skills

Perkongsian
Kemahiran
Kepimpinan

Our combined enterprise has opened up a pathway to a pool of skilled leadership values from the operators' room to the boardroom. Values that will not only enhance productivity and efficiency but also built on personal development skills.

Penggabungan perusahaan telah membuka laluan ke arah nilai-nilai kepimpinan yang luas di pelbagai peringkat pekerjaan. Nilai-nilai ini bukan sahaja akan mempertingkatkan produktiviti dan daya kecekapan, malah turut membina kemahiran pembangunan peribadi.



Chairman's Letter to Shareholders

Perutusan Pengerusi kepada Pemegang Saham



“On behalf of the Board of Directors, it is my pleasure to present to you the Annual Report and the Audited Financial Statements of Padiberas Nasional Berhad (BERNAS) for the financial year ended 31 December 2010.

Bagi pihak Lembaga Pengarah, dengan sukacitanya dibentangkan Laporan Tahunan dan Penyata Kewangan Padiberas Nasional Berhad (BERNAS) yang telah diaudit bagi tahun kewangan berakhir 31 Disember 2010.

Dato' Wira Syed Abdul Jabbar bin Syed Hassan
Chairman
Pengerusi

OVERVIEW

Globally, 2010 saw a firmer global supply of rice and consequently a drop in its prices, in contrast to the increase in the prices of other major food grains such as maize and wheat. BERNAS benefited from this relatively conducive global rice market conditions, and I am pleased to report to you that the year 2010 was another good year for BERNAS, even surpassing the 2009 record results.

Attributed primarily to lower sales prices, the Group recorded a decrease of 3% in revenue of RM3.2 billion for the year under review. Nonetheless, volume of rice sold increased by 5% from 1.31 million MT in the previous year to 1.37 million MT in 2010. With higher volume and lower average cost of rice per MT, the Group's profit before tax grew by 3% to RM245.8 million from RM238.3 million posted in the previous financial period. In line with this, the Group's profit after tax increased by 4% to RM186.2 million. A more detailed analysis of the Group's results is contained in the Managing Director's Review of Operations further along this Annual Report.

IMBASAN

Secara keseluruhannya, tahun 2010 menyaksikan bekalan beras dunia yang lebih kukuh menyebabkan harga yang lebih rendah berbanding harga komoditi bijirin lain seperti jagung dan gandum. Keadaan pasaran yang lebih kondusif ini telah memberikan kelebihan kepada BERNAS. Justeru, dengan sukacitanya saya laporkan di sini bahawa tahun kewangan 2010 membawa kejayaan sekali lagi buat BERNAS – mengatasi rekod keuntungan yang dicatatkan pada tahun kewangan sebelumnya.

Hasil daripada harga jualan beras yang lebih rendah, perolehan Kumpulan juga menurun sebanyak 3% iaitu berjumlah RM3.2 bilion pada tahun kewangan yang ditinjau. Walau bagaimanapun, jumlah jualan beras meningkat sebanyak 5% daripada 1.31 juta tan metrik pada tahun 2009 kepada 1.37 juta tan metrik pada tahun 2010. Melalui pertambahan jumlah jualan dan purata kos jualan beras yang lebih rendah, keuntungan sebelum cukai Kumpulan bertambah sebanyak 3% kepada RM245.8 juta daripada RM238.3 juta yang dicatatkan pada tahun kewangan sebelumnya. Seiring dengan itu,

DIVIDENDS

With the favourable results in 2010, the Board has approved a first interim dividend of 12% which was paid in October 2010, and has further approved a second interim dividend of 13% which is payable in June 2011. Your Board is also recommending for your approval a final dividend of 5% per ordinary share at the forthcoming Annual General Meeting. This will make a total dividend payout of 30% for the financial year 2010, which is a record.



HIGHLIGHTS

Tradewinds (M) Berhad (TWM) is now the single largest shareholder of BERNAS, following the successful acquisition of 72.57% equity of the company. This acquisition is a strategic fit that makes the TWM Group to be one of the largest food based groups listed on the Main Board of Bursa Malaysia Securities Berhad. Business operations are still being streamlined through smart sharing of common resources, and this will contribute positively to the overall productivity, efficiency and profitability both of the TWM Group and BERNAS. With the headquarters of TWM and its subsidiaries, including BERNAS, moving under one roof at Menara HLA, communication and cooperation has been made more effective.

keuntungan selepas cukai Kumpulan meningkat sebanyak 4% kepada RM186.2 juta. Analisa terperinci prestasi Kumpulan terkandung dalam Tinjauan Operasi Pengarah Urusan, Laporan Tahunan ini.

DIVIDEN

Selaras dengan keputusan kewangan tahun 2010 yang cemerlang, Lembaga Pengarah telah meluluskan dividen interim pertama sebanyak 12% yang telah dibayar pada bulan Oktober 2010, manakala dividen interim kedua sebanyak 13% juga telah diluluskan untuk bayaran pada Jun 2011. Lembaga Pengarah turut mencadangkan dividen akhir sebanyak 5% setiap saham biasa di Mesyuarat Agung Tahunan Syarikat akan datang. Ini bermakna jumlah keseluruhan pembayaran dividen untuk tahun kewangan 2010 ialah sebanyak 30%, yang merupakan rekod pembayaran tertinggi.

SOROTAN

Tradewinds (M) Berhad (TWM) kini merupakan pemegang saham terbesar BERNAS berikutan selesainya pemerolehan ekuiti saham sebanyak 72.57%. Pemerolehan ini merupakan satu langkah strategik yang menjadikan Kumpulan TWM sebagai salah sebuah kumpulan syarikat berasaskan makanan yang terbesar tersenarai di Papan Utama Bursa Malaysia. Operasi perniagaan Kumpulan sedang diselaraskan melalui perkongsian sumber yang pintar, yang akan menyumbang secara positif kepada keseluruhan pengeluaran, kecekapan dan keberhasilan kedua-dua Kumpulan TWM dan BERNAS. Komunikasi dan kerjasama menjadi lebih efisien dengan perpindahan ibu pejabat BERNAS, TWM dan syarikat-syarikat subsidiarinya berada di bawah satu bumbung di Menara HLA.

Pada 21 Julai 2010, BERNAS telah melancarkan bon berasaskan perspektif Islam (SUKUK), melibatkan pengeluaran RM750 juta Kertas Kerja Perjanjian Islam dan/atau Nota Terma Sederhana (KKPI/NTS) bernilai RM750 juta. Melalui SUKUK yang telah dikadarkan

Chairman's Letter to Shareholders

Perutusan Pengerusi kepada Pemegang Saham

On 21 July 2010, BERNAS launched its maiden Islamic bond (SUKUK) involving the issuance of RM750 million Islamic Commercial Paper and/or Medium Term Note (ICP/MTN) programme of RM750 million. This SUKUK, which has been rated AA3 by RAM on a clean basis, will enable us to further consolidate our strength in the domestic rice industry through capital and other investments.

In recognition of our importance as the industry leader, as well as to the future of the nation's food industry, BERNAS has been invited to participate in the Economic Transformation Programme (ETP) which was launched in September 2010. One of the initiatives is the EPP10 (Entry Point Project 10) project to scale up and strengthen productivity of paddy farming in the Muda area, Kedah. In this respect, BERNAS has signed a Memorandum of Understanding with MADA (Muda Agricultural Development Authority) in March 2011 for the collaboration to undertake commercial activities in relation to EPP10.

In November 2010, massive floods hit the states of Kedah and Perlis destroying nearly 50,000 hectares of newly cultivated paddy crops. Described as one of the worst floods in recent history, the disaster affected more than 30,000 farmers in the area. BERNAS promptly sent a team of volunteers down to both states and provided assistance to the flood-stricken victims including to more than 150 BERNAS staff who were also affected by the floods. As a socially responsible company, we believe and remain devoted in giving back to the community. Disaster relief operations as above, as well as other Corporate Social Responsibility (CSR) programmes as highlighted in the CSR report will continue to be supported by our Group.



pada kadar bersih AA3 oleh RAM, membolehkan BERNAS memperkukuhkan kedudukan dalam industri beras domestik menerusi modal dan pelbagai pelaburan lain.

Sebagai peingiktirafan terhadap peranan syarikat sebagai peneraju industri, juga sebagai peneraju industri makanan negara di masa hadapan, BERNAS telah diundang untuk menyertai Program Transformasi Ekonomi (ETP) yang telah dilancarkan pada September 2010. Salah satu daripada inisiatif program tersebut ialah Projek EPP10 (Entry Point Project 10) yang akan menentukan skala dan tahap pengeluaran padi di kawasan pertanian MADA (Muda Agricultural Development Authority), Kedah. Sehubungan dengan projek ini, BERNAS telah menandatangani memorandum persefahaman dengan MADA pada Mac 2011 untuk bekerjasama menguruskan aktiviti komersil Projek EPP10.

Pada bulan November 2010, bencana banjir telah merosakkan sekitar 50,000 hektar hasil tanaman padi yang baru disemai di Kedah dan Perlis. Seramai 30,000 petani terjejas oleh bencana banjir yang dipercayai antara yang terburuk pernah berlaku baru-baru ini. BERNAS dengan segera menghantar sekumpulan sukarelawan yang terdiri dari warga kerja untuk menghulurkan bantuan kemanusiaan kepada mangsa banjir. Sebagai sebuah syarikat yang mementingkan tanggungjawab sosial, kami



OUTLOOK & PROSPECTS FOR CURRENT YEAR

It has been three years since we were badly hit by the sharp increase of rice prices in 2007/2008. Although we managed to achieve good financial numbers for the past two years, we are mindful of the challenges ahead. With the expected firmer international rice prices and political instability in Middle East countries, 2011 is going to be another testing year. Nevertheless, we will continue with our time-tested procurement strategies to ensure a continuous supply of imported rice at competitive prices.

On 25 April 2011, we announced that the Government of Malaysia has agreed to extend the BERNAS Agreement for a period of ten (10) years commencing from 11 January 2011 to 10 January 2021, subject to terms and conditions to be mutually agreed by both parties. This extension is a reflection of the Government's confidence in BERNAS in discharging its responsibility in ensuring food security and price stability in the country. This is most evident from the sharp increase in the prices of international rice within a short space of time, which has caused extreme hardships to the poorer nations around the world. In Malaysia, however, the increase in rice price was more tolerable at between 30% to 50%, whilst the price of the regulated Super Tempatan 15% remained unchanged. Such stability in prices and supply was due to BERNAS' effective management in procurement and distribution, and the Government's support to increase the national rice stockpile.

percaya dan mengamalkan prinsip pemberian semula kepada masyarakat. Operasi bantuan bencana seperti ini dan program-program Tanggungjawab Sosial Korporat seperti yang dilaporkan dalam Laporan Tahunan ini akan sentiasa mendapat sokongan Kumpulan.

TINJAUAN MASA HADAPAN

Telah tiga tahun berlalu semenjak kenaikan mendadak harga-harga beras melanda dunia pada tahun 2007/2008. Walaupun telah berjaya mencatatkan rekod keuntungan selama dua tahun berturut-turut, BERNAS sentiasa berwaspada dengan cabaran akan datang. Dengan kebarangkalian harga beras meningkat di peringkat antarabangsa dan kemelut politik yang melanda Timur Tengah, tahun 2011 dijangka penuh dengan dugaan. Namun, kami akan meneruskan strategi pemerolehan yang telah diuji keberkesannya untuk memastikan bekalan beras import sentiasa mencukupi pada harga yang kompetitif.

Pada 25 April 2011, kami memaklumkan bahawa Kerajaan Malaysia telah bersetuju menyambung Perjanjian BERNAS selama sepuluh (10) tahun lagi berkuatkuasa 11 Januari 2011 hingga 11 Januari 2021, tertakluk kepada terma-terma dan syarat-syarat yang akan dipersetujui oleh kedua-dua belah pihak. Ini membuktikan keyakinan pihak Kerajaan terhadap peranan BERNAS menjalankan tanggungjawabnya dalam memastikan keselamatan makanan dan kestabilan harga beras negara. Kestabilan harga dan bekalan selama ini adalah hasil daripada keberkesanan BERNAS menguruskan pemerolehan dan pengedaran, serta sokongan penuh Kerajaan dalam stokpail beras negara.

Chairman's Letter to Shareholders

Perutusan Pengerusi kepada Pemegang Saham

APPRECIATION

On behalf of the Board, I would like to take this opportunity to record our sincere appreciation to all the parties involved in putting BERNAS at where we are today, and to those who believe in the values that we have been holding to throughout these years. We would like to record our gratitude to the Malaysian Government, Ministry of Agriculture and Agro-based Industry and all other relevant agencies for their guidance and endless support to our operations. Our heartfelt thanks is also conveyed to all our stakeholders for your continued support to and confidence in this Group. To the Management and staff of BERNAS, your commitment and dedication are truly exemplary.

I also wish to express my appreciation to my fellow members on the Board for their support and wise counsel. Since the last annual report, Dato' Mohd Mokhtar bin Ismail, resigned from the Board. On behalf of the Board of Directors, I would like thank him for his contributions and wish him success in his future undertakings. It is my pleasure to welcome on board Dato' Mohd Hashim bin Abdullah, the Secretary General of Ministry of Agriculture and Agro-based Industry, who with his vast knowledge and experience will be able to inject new ideas to the Board.

Thank you once again.

Dato' Wira Syed Abdul Jabbar bin Syed Hassan
Chairman

PENGHARGAAN

Bagi pihak Lembaga Pengarah, saya ingin mengambil kesempatan ini untuk menzahirkan setinggi-tinggi penghargaan kepada semua pihak yang terlibat sehingga BERNAS berada di kedudukannya sekarang ini, juga kepada semua yang sentiasa meyakini nilai-nilai yang selama ini kami pertahankan. Setinggi-tinggi ucapan penghargaan ditujukan kepada Kerajaan Malaysia, Kementerian Pertanian dan Industri Asas Tani, serta agensi-agensi yang terlibat, di atas bimbingan dan sokongan yang berterusan terhadap operasi perniagaan kami. Terima kasih juga diucapkan kepada semua para pemegang saham dan para pemegang amanah yang lain kerana sokongan dan keyakinan mereka selama ini. Komitmen dan sikap dedikasi pengurusan dan warga kerja BERNAS juga sangat dihargai.

Saya juga ingin berterima kasih kepada rakan-rakan ahli Lembaga Pengarah di atas sokongan padu dan buah fikiran yang bijaksana. Bagi pihak Lembaga Pengarah, saya ingin mengambil kesempatan untuk mengucapkan terima kasih kepada ahli Lembaga Pengarah yang telah bersara, Dato' Mohd Mokhtar bin Ismail, di atas jasa dan penglibatan beliau, serta mendoakan kejayaan beliau di masa hadapan. Saya ingin mengalu-alukan kehadiran Dato' Mohd Hashim bin Abdullah sebagai ahli Lembaga Pengarah. Semoga pengetahuan dan pengalaman beliau akan menyuntik semangat baru di kalangan ahli Lembaga Pengarah.

Sekian dan terima kasih sekali lagi.

Dato' Wira Syed Abdul Jabbar bin Syed Hassan
Pengerusi

Common Social Responsibilities

Tanggungjawab Sosial Bersama

The greatest gift and most noble added value would be the ability to serve and take on a common cause in helping the communities we operate in.

Ganjaran paling bernilai hasil daripada persepakatan ialah keupayaan untuk berkhidmat dan mengejar matlamat yang dikongsi bersama, dalam membantu masyarakat di mana kami beroperasi.



Managing Director's Review of Operations

Tinjauan Operasi Pengarah Urusan



“Group net profit increased by 4% year-on-year and rose to RM186.2 million in 2010 setting a new record for the Group.

Keuntungan bersih Kumpulan meningkat sebanyak 4% berbanding tahun sebelumnya, dengan pencapaian rekod baru iaitu RM186.2 juta untuk tahun kewangan 2010.”

Bakry bin Hamzah
Managing Director
Pengarah Urusan

OVERVIEW

For the financial year under review, BERNAS recorded RM3.2 billion in revenue compared to RM3.3 billion in 2009 representing a marginal decrease of 3% year-on-year despite an increase in volume of rice sold to 1.37 million MT in 2010 from 1.31 million MT in 2009. Group net profit increased by 4% year-on-year and rose to RM186.2 million in 2010 setting a new record for the Group.

The higher net profits were attributable to several factors including lower average cost of sale for rice at RM1,654 per MT in 2010 compared to RM1,813 per MT in 2009, stability of international rice prices, enhanced mill efficiencies, overall increase in productivity across the board and the gradual improvement of the local and global economic conditions since mid-2009.

IMBASAN

Untuk tahun kewangan yang ditinjau, BERNAS merekodkan perolehan RM3.2 bilion berbanding RM3.3 bilion pada tahun 2009 – iaitu suatu penyusutan yang kecil sebanyak 3%, meskipun jumlah jualan beras bertambah kepada 1.37 juta tan metrik untuk tahun 2010, daripada 1.31 juta tan metrik yang dicatatkan pada tahun 2009. Keuntungan bersih Kumpulan meningkat sebanyak 4% berbanding tahun sebelumnya, dengan pencapaian rekod baru iaitu RM186.2 juta untuk tahun kewangan 2010.

Keuntungan bersih yang lebih tinggi adalah hasil daripada beberapa faktor termasuk purata harga jualan beras yang rendah iaitu RM1,654 setiap tan metrik untuk tahun 2010 berbanding RM1,813 setiap tan metrik pada tahun 2009; kestabilan harga beras antarabangsa, peningkatan keupayaan kilang-kilang, peningkatan produktiviti secara keseluruhan dan keadaan ekonomi tempatan dan global yang semakin baik semenjak pertengahan 2009.

WORLD RICE SCENARIO 2010

BERNAS' rice import volume declined by 15.3% to 935,244 MT in 2010 compared to 1,104,655 MT in 2009. Imported rice was primarily sourced from Vietnam, Thailand, Pakistan, India and Cambodia.

The rebounding of international rice prices observed at the end of 2009 came to an end by January 2010 with world rice prices trending downwards in the first quarter of 2010 due to abundant supplies and weakening demand from African countries and waning expectations of large Indian rice purchase in 2010.



SENARIO BERAS DUNIA 2010

Jumlah beras diimport BERNAS menurun 15.3% iaitu sebanyak 935,244 tan metrik pada tahun 2010 berbanding 1,104,656 tan metrik pada tahun 2009, dengan sebahagian besar sumber datang daripada Vietnam, Thailand, Pakistan, India dan Kemboja.

Lantunan harga beras dunia pada penghujung 2009 berakhir pada penghujung 2010 dengan trend penurunan harga-harga beras dunia pada suku tahun pertama 2010. Ini disebabkan oleh limpahan bekalan dan pengurangan permintaan dari negara-negara Afrika, serta jangkakan pembelian besar dari India yang merosot dalam tahun 2010.

Managing Director's Review of Operations

Tinjauan Operasi Pengarah Urusan



In the second quarter of 2010, rice export prices trended differently across market segments and regained some strength by June 2010 with notable downward pressure of prices in Thailand with the benchmark Thai White Rice 100%B quoted at a monthly average of USD475 per MT in June 2010.

Rice export prices stayed firm during the third quarter of 2010 with international rice prices strengthening until September 2010. The rice market remained firm in all regions in the fourth quarter of 2010 with the bulk of interest coming from Government-to-Government rice deals in Indonesia, Iraq, Iran, Bangladesh and Philippines. By December 2010, the benchmark TWR 100%B was trading at USD564 per MT. Factors contributing to the bullish rice market in the fourth quarter of 2010 were the continued weakness of the US dollar, upward movements in the commodity (grains) market in general and the La Nina related phenomenon bringing heavier rainfall in Asia causing flooding in Thailand and typhoon in the Philippines.

Pada suku tahun kedua 2010, harga-harga beras eksport ditentukan secara berbeza di setiap segmen pasaran dan kembali kukuh pada Jun 2010 dengan tekanan harga yang ketara dari Thailand melalui penunjuk aras Beras Putih Thai (TWR) 100%B pada harga bulanan purata USD475 setiap tan metrik.

Harga beras eksport kekal teguh pada suku tahun ketiga 2010 dengan harga beras dunia mengukuh sehingga September 2010. Pasaran beras kekal kukuh di semua negara pada suku tahun keempat 2010, dengan kebanyakan permintaan datang daripada urusan antara kerajaan di Indonesia, Iraq, Iran, Bangladesh dan Filipina. Menjelang Disember 2010, penanda aras TWR 100%B diniagakan pada USD564 setiap tan metrik. Kelemahan Dollar Amerika, pergerakan pasaran komoditi (bijirin) yang meningkat secara amnya dan fenomena La Nina yang membawa hujan lebat di Asia yang menyebabkan banjir di Thailand dan taufan di Filipina, adalah antara faktor-faktor yang menyumbang kepada kenaikan pasaran pada suku tahun keempat 2010.



2010 FINANCIAL PERFORMANCE

BERNAS achieved its highest ever net profit of RM186.2 million in 2010 topping the earlier record of RM179.5 million in 2009 despite a marginal 3% decrease in revenue year-on-year to RM3.2 billion in 2010.

BERNAS maintained its cash surpluses, effective pricing strategies and sound credit management policies to ensure its operating viability. Net finance cost at Group level stood at RM28.3 million in 2010 compared to RM24.2 million in 2009.

MARKETING AND PRICING STRATEGIES

In 2010, BERNAS maintained its effective pricing strategies, balancing its role as the guardian of food security in the nation by ensuring stable rice prices and continued supplies year round. By managing demand and supply well and predicting rice demand and supplies trends accurately, BERNAS was able to improve margins despite not being fully at liberty to increase prices in line with sudden spikes in international price of rice.

PRESTASI KEWANGAN 2010

BERNAS mencatatkan keuntungan bersih yang tertinggi iaitu RM186.2 juta untuk tahun kewangan 2010 mengatasi rekod RM179.5 juta yang dicatatkan pada tahun sebelumnya, walaupun perolehan menurun sedikit sebanyak 3% kepada RM3.2 bilion berbanding tahun 2009.

Untuk menjamin daya saing operasinya, BERNAS mengekalkan strategi penentuan harga yang efektif, polisi pengurusan kredit yang cekap dan lebihan tunainya. Kos kewangan bersih di peringkat Kumpulan bertambah kepada RM28.3 juta dalam tahun 2010 berbanding RM24.2 juta dalam tahun 2009.

STRATEGI PEMASARAN DAN PENENTUAN HARGA

Sepanjang tahun yang ditinjau, BERNAS mengekalkan strategi penentuan harga yang efektif dan mengimbangi peranannya dalam memastikan keselamatan makanan negara dengan memastikan kestabilan harga dan bekalan beras yang berterusan sepanjang tahun. Melalui pengurusan bekalan dan permintaan yang cekap, serta menjangkakan trend permintaan dan bekalan dengan tepat, BERNAS berupaya meningkatkan keuntungannya meskipun tidak mempunyai kebebasan untuk menaikkan harga sejajar dengan ketidakpastian dan kenaikan harga mendadak di peringkat dunia.

Managing Director's Review of Operations

Tinjauan Operasi Pengarah Urusan



LOCAL RICE OPERATIONS REVIEW

The stabilising of international rice price during the period under review marked an end to the perceived crisis in 2008 to 2009, as reflected by the price of paddy ranging from RM980 per MT to RM1,150 per MT, depending on the region and paddy quality, in 2010. Despite the price stability, the quality of paddy varied measurably during the period under review.

Overall paddy production substantially decreased by 139,000 MT from 1.91 million MT in 2009 to 1.8 million MT in 2010. However, BERNAS managed to improve its local paddy market share from 30.8% in 2009 to 32.2% in 2010. The increase was mainly attributed to the successful implementation of *Program Rakan Ladang (PRL)* and its strategic partnership programme of *Skim Upah Mengering dan Kisar (SUMK)* with Bumiputra Millers.

Floods and diseases affected the quality of paddy during the period under review. Despite the deterioration, BERNAS continued to fulfil its mandated role as the buyer of last resort (BOLR) by accepting all paddy sent by farmers to Kilang Beras BERNAS (KBBs), regardless of the quality. However, performing the role of BOLR has resulted in BERNAS receiving paddy of many different qualities. Realising this, BERNAS has

TINJAUAN OPERASI BERAS TEMPATAN

Kestabilan harga beras dunia di sepanjang tempoh dalam tinjauan menandakan berakhirnya krisis yang dialami pada tahun 2008 – 2009. Ini juga digambarkan oleh kestabilan harga padi tempatan iaitu pada harga RM980 hingga RM1,150 setiap tan metrik, bergantung kepada kawasan dan kualiti padi. Namun di sebalik kestabilan harga, kualiti padi tempatan didapati berbeza-beza di sepanjang tempoh yang ditinjau.

Pengeluaran padi secara keseluruhannya menurun hingga 139,000 tan metrik, iaitu daripada 1.91 juta tan metrik pada tahun 2009 kepada 1.8 juta tan metrik untuk tahun 2010. Walau bagaimanapun, BERNAS berupaya meningkatkan syer pasaran padinya daripada 30.8% pada tahun 2009 kepada 32.2% untuk tahun 2010. Peningkatan tersebut adalah hasil pelaksanaan Program Rakan Ladang (PRL) dan Skim Upah Mengering dan Kisar (SUMK), iaitu program perkongsian strategik bersama pengilang-pengilang padi Bumiputera.

Dalam tahun yang ditinjau, bencana banjir dan penyakit tanaman telah menjejaskan kualiti padi tempatan. Namun BERNAS terus melaksanakan peranan yang telah dimandatkan kepadanya sebagai 'Pembeli Terakhir Padi dari Petani' dengan menerima kesemua padi yang dihantar ke Kilang-Kilang Beras

BERNAS managed to improve its local paddy market share from **30.8%** in 2009 to **32.2%** in 2010.

put more emphasis on the grading process in all its KBBs. New machinery like the Winower machines as well as engaging additional contract workers who are provided with paddy grading training during paddy season, have been put in place to expedite the grading process to ensure that all paddy received are being graded correctly and fairly. In an effort to ease farmers' burden, instead of buying at Government's Guaranteed Minimum Price (GMP) of RM750 per MT, BERNAS purchased all affected paddy at the prevailing market price. In addition, BERNAS also gave a grading discount as high as 6% for all paddy which means a lower deduction from the actual value. BERNAS benefits from the exercise in the long run as it will encourage farmers to produce better quality paddy.

Meanwhile, SUMK Programme began to show good results as the outstanding debts of Bumiputra Millers under the scheme has been reduced by RM13 million during the year under review. This scheme was introduced in late 2009 with an objective to assist Bumiputra Millers to efficiently manage their debts position. At the same time, it was also designed to prepare them for the challenging years ahead. Bearing any unforeseen circumstances, it is estimated that SUMK Programme will help Bumiputra mills to further reduce their debts by another RM14.8 million in 2011. Should the programme continues without major interruptions, almost 44% or 20 Bumiputra mills under the scheme will settle their outstanding debts by year 2015. Thus, in ensuring BERNAS and Bumiputra mills benefit from this programme, BERNAS will continue to support and provide resources to those under the SUMK programme.

BERNAS (KBB) tanpa mengira kualiti. Masalah kepelbagaian mutu padi yang diterima kami tangani dengan memberi penekanan terhadap proses penggredan dan pemprosesan di semua KBB. Mesin-mesin baru seperti mesin Winower serta penambahan pekerja kontrak yang terlatih untuk menggred padi semasa kemuncak musim, telah digunapakai untuk mempercepatkan proses penggredan agar kesemua padi yang diterima digredkan secara adil dan saksama. Untuk meringankan beban para petani, BERNAS membeli padi yang terjejas pada harga pasaran yang menjangkau RM750 setiap tan metrik iaitu 'Harga Minima Terjamin' yang telah ditetapkan oleh Kerajaan. BERNAS juga turut memberikan diskaun penggredan setinggi 6% untuk kesemua padi, iaitu pemotongan yang lebih rendah daripada nilai sebenar. Untuk jangkamasa panjang, cara ini akan memberi kelebihan kepada BERNAS melalui galakan kepada para petani untuk mengusahakan hasil padi yang lebih berkualiti di masa akan datang.

Program SUMK juga mula menunjukkan hasil yang memberangsangkan dengan pengurangan hutang-hutang tertunggak para pengilang padi Bumiputera di bawah skim ini sebanyak RM13 juta pada tahun kewangan 2010. Matlamat utama skim yang telah diperkenalkan pada akhir tahun 2009 ini ialah untuk membantu para pengilang padi Bumiputera menguruskan kedudukan hutang mereka secara lebih efisien. Pada waktu yang sama, ia turut membantu mereka untuk lebih bersedia menghadapi cabaran akan datang. Tanpa halangan, skim ini dapat membantu para pengilang padi Bumiputera untuk mengurangkan hutang-hutang mereka selanjutnya sebanyak RM14.8 juta dalam tahun 2011. Sekiranya berterusan, dianggarkan hampir 44% atau 20 buah kilang beras Bumiputera di bawah skim ini akan berjaya melangsaikan hutang mereka menjelang tahun 2015. BERNAS akan terus menyokong dan menyediakan pelbagai sumber kepada mereka di bawah program SUMK demi memastikan kedua-dua pihak mendapat manfaat.

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Throughout the year, **BERNAS** managed to maintain the mandatory government stockpile of 239,000 MT and trading stock of 150,000 MT at any point of time.

Moving forward, KBBs will intensify their focus on reducing processing cost, improving Graded Rice Recovery Rate (GRR) and at the same time minimising paddy losses in order to become competitive with the private millers. Substantial capital expenditure is expected in the coming years targeted at improving mill capacity and efficiency.

PRL will now focus on the acquisition of quality paddy from loyal farmers via KBB and SUMK. In supporting the overall BERNAS strategy, we hope that next year we will be able to bring in 600,000 MT of good quality paddy to BERNAS. In meeting this objective, we will ensure that the requirement for seeds at the targeted paddy volume is met and secured.

PROCUREMENT, SALES AND DISTRIBUTION

In 2010, total rice sales increased by 5% to 1.37 million MT compared to 1.31 million MT in 2009. For the year under review, Government Subsidised Rice (GSR) programme contributed 31% of total rice sales or 0.4 million MT. Local rice sales increased by 69% to 593,944 MT in 2010 from 351,875 MT in 2009.

Throughout the year, BERNAS managed to maintain the mandatory government stockpile of 239,000 MT and trading stock of 150,000 MT at any point of time. There was no issue on other major grades of rice such as Glutinous, Fragrant and Basmati in the market as stocks were available throughout the year without any disruption in supplies.

Melangkah ke hadapan, fokus KBB akan ditumpukan ke arah mengurangkan kos pemprosesan, meningkatkan Hasil Perolehan Beras yang diproses, di samping meminimakan kerugian padi dalam usaha untuk lebih berdaya saing dengan pengilang-pengilang swasta. Perbelanjaan modal yang agak besar adalah dijangkakan untuk menambahbaik tahap kecekapan dan kapasiti kilang pada waktu yang akan datang.

PRL pula akan lebih tertumpu kepada pemerolehan padi berkualiti dari petani-petani melalui KBB dan SUMK. Dalam menyokong strategi keseluruhan BERNAS, kami berharap dapat memperolehi 600,000 tan metrik padi berkualiti tinggi kepada BERNAS. Untuk mencapai matlamat ini, kami akan memastikan keperluan benih untuk jumlah hasil padi yang disasarkan mencukupi.

PEMEROLEHAN, JUALAN DAN PENGEDARAN

Untuk tahun 2010, jumlah jualan beras bertambah sebanyak 5% kepada 1.37 juta tan metrik berbanding 1.31 juta tan metrik dalam tahun 2009. Program Beras Subsidi Kerajaan (GSR) menyumbangkan 31% atau 0.4 juta tan metrik daripada jumlah jualan beras keseluruhan. Jualan beras tempatan bertambah sebanyak 69% kepada 593,944 tan metrik dalam tahun 2010 berbanding 351,875 tan metrik dalam tahun 2009.

We envision that the subsidy of rice given by the Government for Super 15% is required in years to come in order to maintain viability of rice operations and to insulate against international price volatility arising from uncertain weather patterns reported around the world and actual calamities that have decimated agricultural lands in various rice and grain producing regions. Without the subsidy, the price of Super 15% is expected to increase to offset operating cost and purely subjected to the full force of an open market which is detrimental to ensuring food security for the nation, especially for the lower income group.

RICE QUALITY, RESEARCH AND DEVELOPMENT

To achieve superior paddy and rice quality, yield improvement and technological advancements in processing and distribution, BERNAS collaborates with Universiti Putra Malaysia (UPM) under the UPM-BERNAS Memorandum of Understanding to undertake research and development projects for the enhancement of the rice industry in Malaysia. The UPM-BERNAS laboratory has been well equipped to undergo the final stage of ISO 17025 accreditation exercise, enabling it to conduct rice analysis for BERNAS and other commercial entities including contract research services. To make the most of this collaboration, BERNAS is evaluating conformity assessment standards which can also be used on its own products to ensure adherence to international standards.

Sepanjang tahun kewangan, BERNAS mengekalkan stokpail mandatori Kerajaan sebanyak 239,000 tan metrik dan stok dagangan sebanyak 150,000 tan metrik. Tiada sebarang gangguan berlaku ke atas bekalan gred-gred utama yang lain seperti beras pulut, wangi dan basmati pada sepanjang tahun yang ditinjau.

Subsidi Kerajaan untuk beras gred Super 15% dijangka masih diperlukan pada tahun-tahun yang akan datang untuk industri ini kekal berdaya maju serta sebagai pembendung sewaktu harga beras dunia menjadi tidak menentu akibat perubahan cuaca dan bencana alam yang telah menjejaskan kawasan pertanian di negara-negara pengeluar. Tanpa subsidi, harga beras Super 15% akan meningkat untuk menampung kos operasi, dan akan tertakluk kepada pasaran terbuka, yang mungkin menjejaskan struktur keselamatan makanan negara secara keseluruhan, terutamanya kepada golongan berpendapatan rendah.

KUALITI, PENYELIDIKAN DAN PEMBANGUNAN

Dalam usaha untuk menghasilkan kualiti beras dan padi yang baik, serta meningkatkan penggunaan teknologi dalam aktiviti pemprosesan dan pengedaran, BERNAS bekerjasama dengan Universiti Putra Malaysia (UPM) melalui memorandum persefahaman UPM-BERNAS untuk menjalankan projek-projek penyelidikan dan pembangunan demi memajukan industri beras di Malaysia. Makmal UPM-BERNAS telah dilengkapi untuk mendapat pengiktirafan ISO 17025 yang membolehkannya mengendalikan kerja-kerja penyelidikan beras untuk BERNAS dan entiti komersil lain termasuk penyediaan khidmat kontrak penyelidikan. Untuk menjayakan lagi usaha sama ini, BERNAS kini sedang membuat penilaian standard untuk digunakan ke atas produk-produk BERNAS seiring dengan pematuhan standard antarabangsa.



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BERNAS, through its well qualified and experienced team of inspectors, provides rice inspection and analysis in its in-house laboratory for all local and imported rice, meeting the standards and compliance for sampling and analysis methodology as stipulated in ISO 13690 and ISO 7301 respectively. A scheduled monthly consignment inspection on the imported rice procured and local rice produced; and quarterly periodic inspection on the stored rice in the warehouse, has enhanced the assurance of quality rice to consumers.

FACILITIES AND INFRASTRUCTURES

The year 2010 has seen many improvements made to our facilities, delivering both increased milling capacity and improved operating systems. Our Engineering and Facility Division has executed 235 projects for the development, improvement and maintenance of buildings, rice mills, offices, infrastructures and machineries.

Mill infrastructure upgrades include the construction of Gantry Crossing Railway Track for Paddy Pneumatic Transport System and infra works of KBB Arau, Perlis; upgrading of incoming electricity supply and control room for the 20-tonne-per-hour Central Packaging Plant in Bukit Raya, Kedah; renovation of head quarters and regional offices; warehouse improvement and maintenance work at KBBs nationwide.

BERNAS will continue to seek out greener and eco-friendlier ways to manage its mills to reduce energy consumption and wastage.

PROSPECTS FOR THE FUTURE

We envision 2011 to be challenging with a new set of hurdles to overcome due to the slower-than-expected global economic recovery, volatility of prices for commodities such as grain, corn, sugar and cooking oil, which is nearing the food crisis levels of 2008. Bad weather that disrupted agriculture lands coupled with the unrest in Middle East sparked by inflation and escalating food prices, the recent tsunami, earthquake and nuclear crisis in Japan are all expected to affect global markets and sentiments and the price of crude oil, which affects all businesses. We will continue to

BERNAS juga mempunyai pasukan penyelia yang terlatih dan berpengalaman untuk menjalankan pemeriksaan dan analisa ke atas beras-beras tempatan dan import di makmalnya sendiri yang menepati standard dan pematuhan metodologi persampelan dan analisa ISO 13690 dan ESO 7301. Pemeriksaan bulanan yang berjadual ke atas beras yang diimport dan beras yang dikeluarkan oleh kilang-kilang beras tempatan; di samping pemeriksaan berkala setiap suku tahunan ke atas beras-beras stok, telah meningkatkan lagi jaminan kualiti beras yang diedarkan kepada pengguna.

FASILITI DAN INFRASTRUKTUR

Dalam tahun 2010, pelbagai pembaharuan fasiliti telah dilaksanakan yang membawa kepada peningkatan kapasiti pengilangan dan penambahbaikan sistem operasi. Bahagian Kejuruteraan dan Fasiliti telah melaksanakan 235 projek pembangunan, penambahbaikan dan pemuliharaan bangunan, kilang, pejabat, penyediaan infrastruktur dan mesin di seluruh negara.

Peningkatan infrastruktur kilang meliputi pembinaan 'Jembatan Lintasan Keretapi Sistem Pneumatik' untuk pengangkutan padi dan kerja-kerja infra di KBB Arau, Perlis; menaiktaraf kemasukan bekalan elektrik dan bilik kawalan untuk Pusat Pembungkusan 20-tan-sejam Gudang BERNAS Bukit Raya, Kedah; kerja-kerja ubahsuai ibupejabat dan pejabat-pejabat wilayah; kerja-kerja peningkatan dan pemuliharaan gudang dan KBB seluruh negara.

BERNAS akan sentiasa mencari alternatif pengurusan kilang yang lebih mesra alam untuk mengurangkan penggunaan dan pembaziran tenaga.

PROSPEK MASA HADAPAN

Tahun 2011 dijangka mencabar dengan halangan-halangan baru yang bakal ditempuhi akibat pemulihan ekonomi global yang dijangka bergerak perlahan, di samping harga komoditi bijirin, jagung, gula dan minyak masak yang tidak menentu dan hampir mencecah tahap krisis makanan tahun 2008. Cuaca buruk yang merosakkan kawasan-kawasan pertanian serta kemelut yang melanda Timur Tengah yang tercetis akibat inflasi dan kenaikan mendadak harga barang makanan, serta kejadian tsunami, gempa bumi dan krisis nuklear yang melanda Jepun baru-baru ini,



BERNAS will continue to transform itself in the next 60 months in order to achieve individual and Group mandatory and strategic objectives post-acquisition.

monitor the situation closely and take the relevant measures to ensure food security while maintaining profitability for the Group moving forward.

The year 2011 also marks the end of the first phase of privatisation that lasted for 15 years (1996-2011). As we enter the second phase of privatisation (2011-2015), we will continue to work towards meeting all stakeholder expectations while fulfilling our social mandate as the gatekeeper of the industry.

TRANSFORMING BERNAS FOR THE FUTURE

BERNAS will continue to transform itself in the next 60 months in order to achieve individual and Group mandatory and strategic objectives post-acquisition. We will look at developing and equipping our human capital internally, as well as externally to help us achieve these strategic objectives, marrying best practices from both worlds to achieve our objectives.

We will continue to improve total supply chain integration and the various processes to ensure seamless communications, operations and just-in-time inventory management to reduce costs and increase organisational efficiencies. For our customers, BERNAS will continue to ensure food security, availability and affordability anytime, anywhere for the nation, to ensure our role is not compromised despite growing inflationary pressures around the world and unusual disruptions of food production caused by unusual weather patterns.

semuanya dijangka akan memberi kesan kepada pasaran global dan iklim perniagaan. Kami akan terus mengawasi keadaan dan mengambil langkah perlu dalam menjamin keselamatan makanan di samping mengekalkan keberhasilan Kumpulan.

Tahun 2011 juga menandakan berakhirnya fasa pertama penswastaaan selama 15 tahun (1996-2011). Memasuki fasa kedua penswastaaan (2011-2015), kami akan meneruskan tugas ke arah memenuhi harapan mereka yang berkepentingan dalam industri di samping melaksanakan mandat sosial menjaga industri ini.

TRANSFORMASI BERNAS UNTUK MASA HADAPAN

BERNAS akan terus melalui proses transformasi ke arah kebaikan untuk tempoh 60 bulan akan datang demi mencapai objektif-objektif strategik Syarikat dan Kumpulan. Kami akan membangunkan dan melengkapkan modal insan secara dalaman dan luaran bagi membantu usaha-usaha mencapai objektif-objektif strategik tersebut dengan menggabungkan amalan-amalan yang terbaik antara keduanya.

Kami akan terus memperbaiki integrasi rantaian bekalan keseluruhan dan pelbagai proses lain melalui saluran komunikasi tanpa batasan serta pengurusan operasi dan inventori yang cekap untuk mengurangkan kos dan meningkatkan kecekapan organisasi. Kepada para pelanggan, kami akan terus memastikan keselamatan, kecukupan bekalan dan kemampuan harga dapat dikecapi oleh semua golongan masyarakat pada bila-bila masa dan di mana sahaja di negara ini, tanpa kompromi – meskipun gangguan cuaca luar biasa ke atas pengeluaran makanan dan tekanan inflasi semakin dirasakan di seluruh dunia.

Managing Director's Review of Operations

Tinjauan Operasi Pengarah Urusan

BERNAS will continue to strive for continued excellence in all areas of operations to achieve preparedness for full commercialisation and competitiveness in an increasingly global marketplace, transforming ourselves from an "essential goods company" to a group of "essential people" within a larger and enhanced framework to achieve many milestones for the company and our nation.

CLOSING REMARKS

BERNAS has overcome various crises in the past three years and has grown in stature since its privatisation way back in 1996. The year 2010 marked the first year of BERNAS' operations after the completion of the acquisition by Tradewinds (M) Berhad in January 2010. We are pleased with the progressive results of BERNAS post-acquisition and will continue to tap the synergies from operating within an enlarged Group which we believe will place BERNAS in a position of strength post-WTO and AFTA market liberalisation. BERNAS will continue to play its role in ensuring food security for the nation while ensuring profitability for all stakeholders.

APPRECIATION

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

Insyah Allah, we will once again record new successes and milestones in 2011.

Bakry bin Hamzah
Managing Director

BERNAS akan sentiasa berusaha untuk mencapai kecemerlangan di semua peringkat operasi dalam persiapannya menghadapi kegiatan komersil dan persaingan sengit di pasaran yang semakin global dengan melakukan proses transformasi diri daripada sebuah "syarikat keperluan asas" kepada sebuah "kumpulan yang perlu" dalam rangka kerja yang lebih besar untuk mencapai pelbagai kejayaan syarikat dan negara.

PENUTUP

BERNAS telah berjaya mengharungi pelbagai krisis sepanjang tiga tahun lalu dan telah mencapai kedudukan yang membanggakan semenjak penwastaannya pada tahun 1996. Tahun 2010 merupakan tahun kewangan pertama BERNAS beroperasi sesudah pembelian saham oleh Tradewinds (M) Berhad, iaitu pada Januari 2010. Kami berpuas hati dengan hasil progresif setakat ini dan akan terus mencungkil peluang-peluang sinergi beroperasi dalam kumpulan yang besar, yang kami percaya akan menempatkan BERNAS di kedudukan yang lebih kukuh selepas pelaksanaan liberalisasi pasaran WTO dan AFTA.

PENGHARGAAN

Saya ingin mengambil peluang ini untuk menyampaikan ucapan setinggi-tinggi penghargaan kepada semua kakitangan BERNAS atas kesetiaan, dedikasi dan kemahiran mereka. Ucapan penghargaan khas juga ditujukan kepada barisan pengurusan atas sokongan padu mereka, juga kepada ahli Lembaga Pengarah di atas nasihat dan bimbingan mereka. Penghargaan yang ikhlas juga saya tujukan kepada rakan-rakan usahasama, rakan-rakan perniagaan, para pengilang, petani dan pelanggan yang telah memainkan peranan dalam kejayaan kami memenuhi mandat Kerajaan demi memastikan keselamatan makanan untuk semua. Tidak dilupakan, saya ingin menyampaikan ucapan terima kasih dan penghargaan yang tidak terhingga kepada pihak Kerajaan, agensi-agensi berkaitan dan pihak-pihak berkuasa di atas sokongan yang berterusan dan amat diperlukan untuk kami menempa kejayaan.

Insyah Allah, kejayaan seterusnya akan berjaya direkodkan untuk tahun kewangan 2011.

Bakry bin Hamzah
Pengarah Urusan

Building the Nation

Membangunkan Negara

At the end of the day, the measure of a person or an entity is in proportion to its contribution to society. We will strive to develop a higher standard of living and continue to nourish the nation.

Nilai murni seseorang individu atau sesebuah entiti diukur dari segi sumbangan yang setara kepada masyarakat. Kami akan berusaha untuk meningkatkan taraf hidup dan mengekalkan kesejahteraan untuk semua.



Corporate Relations Perhubungan Korporat

2010/ 2011



9 April 2010

Sheila Majid's loveable performance during BERNAS' Annual Dinner 2010 themed "Malam Seribu Warna" at Istana Hotel, Kuala Lumpur.



21 April 2010

Friendly golf match with TYT Yang Dipertua Negeri Sabah, Tun Ahmadshah Abdullah at the Mines Golf & Country Club.



29 March – 3 June 2010

Participants of "Program Integrasi Nasional" capturing a moment in front of the Hj. Narani Homestay, Kg. Spaoh, Sarawak.



15-17 June 2010

Participants of "Program Motivasi Skor A" for the children of the PRL farmers in Kuala Nerang, Kedah.



28-30 June 2010

Participants at the National Rice Conference 2010 held at Swiss Garden Golf Resort & Spa, Damai Laut, Perak – a 3-day programme organised by MARDI on National Food Security.



14 July 2010

Nurturing talents through SGA Convention, a programme designed to encourage innovative ideas and solutions among our newly appointed engineers.



21 July 2010

Islamic Commercial Papers/Medium – Term Notes signing ceremony at the Prince Hotel, Kuala Lumpur for the issuance of SUKUK (Islamic bond).



3 August 2010

Race for Charity – BERNAS joins KL Rat Race 2010, an annual charitable sporting event organised by the Edge and Bursa Malaysia.



10 August 2010

“MAKNA Mini Health Fair” held at BERNAS Headquarters intended to create cancer awareness among employees.



11 August 2010

Sponsorship presentation by BERNAS’ Chairman Dato’ Wira Syed Abdul Jabbar Syed Hassan for the ‘Program KOSMO-BERNAS Bubur Lambuk’ during the month of Ramadhan at Masjid Jamek, Kg. Baru.

Corporate Relations Perhubungan Korporat

2010/ 2011



27 August 2010

Gift of Love – children of Baitul Aitam Orphanage Home getting their souvenirs at “Majlis Berbuka Puasa Kumpulan”.



1 October 2010

Thumbs up – Chairman, Dato’ Wira Syed Abdul Jabbar with our new born band, ‘the Tradewinders’ during Group Hari Raya Open House celebration.



18 November 2010

Managing Director, Encik Bakry Hamzah giving away the ‘korban’ meat during the celebration of Hari Raya Aidil Adha.



26 November 2010

MAHA 2010 – a strategic platform for BERNAS to enhance better understanding with the consumers and public.



7 December 2010

“1 Malaysia 1 Ummah”: BERNAS’ contingent at the national-level Maal Hijrah 1431H/2010 celebration at Putrajaya International Convention Centre.



9 January 2011

RPT Golf Challenge 2011: a friendly tournament between Tradewinds (M) Berhad Group, DRB-Hicom Group and MMC Berhad at the Glenmarie Golf & Country Club.



25 January 2011

Launching of “Seminar Pengurusan Kewangan Program Bumiputera” by YB Datuk Seri Noh Omar, Minister of Agriculture and Agro-based Industry at Shah Alam Convention Centre.



8 March 2011

MoU Signing Ceremony between BERNAS and Lembaga Kemajuan Pertanian Muda (MADA) to jointly undertake the commercial activities of the Entry Point Project 10 (EPP 10) under the National Key Economic Area (NKEA) programme.



18 March 2011

D.Y.T.M Tuanku Raja Muda Perlis officially opened “Pusat Belian Padi Pertubuhan Peladang Kawasan (PPK) – BERNAS” - the first Paddy Purchasing Centre in Arau, Perlis.

Corporate Social Responsibility Tanggungjawab Sosial Korporat



BERNAS would like to thank StarBiz-ICR Malaysia for the recognition as one of the finalists at the 2010 Corporate Responsibility Awards, especially during a time when the focus in business is more than just making profits.

Setinggi-tinggi penghargaan diucapkan kepada StarBiz-ICR Malaysia di atas pengiktirafan BERNAS sebagai finalis Anugerah Tanggungjawab Korporat 2010, terutamanya di waktu fokus perniagaan melebihi sekadar mencapai keuntungan.

TOWARDS SUSTAINABLE BUSINESS PRACTICES

With the global imperative towards application of sustainable business practices, BERNAS continues to promote good business practices that incorporate corporate social responsibility ("CSR") values in all facets of its operations. Our approach is multi-pronged, in a way that is environmentally, socially and economically responsible.

KE ARAH AMALAN PERNIAGAAN MAMPAN

Selaras dengan amalan global ke arah menjalankan perniagaan yang mampan, BERNAS meneruskan amalan-amalan perniagaan yang sihat melalui penerapan nilai-nilai tanggungjawab sosial korporat ("CSR") dalam setiap fasa operasinya. Pendekatan kami berbentuk 'serampang dua mata' dengan mengambil kira tanggungjawab terhadap alam sekitar, sosial dan ekonomi.

CSR AT THE WORKPLACE

Building Employee Talent with Continuous Learning Programmes

BERNAS regards human capital as the most important resource in the organisation. Building the skills and talent of our workforce is our top priority to becoming a high-performing organisation. This is reflected in the Company's training and skill development expenditure which increased significantly from RM1 million in 2009 to RM2.1 million in 2010 to ensure that our employees are continuously learning.



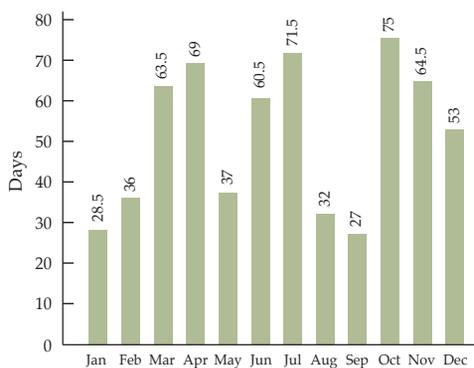
CSR DI TEMPAT KERJA

Membangunkan Kebolehan Warga Kerja Menerusi Program Pembelajaran Berterusan

BERNAS menganggap modal insan sebagai sumber terpenting dalam sesebuah organisasi. Membangunkan kebolehan dan kemahiran tenaga kerja menjadi keutamaan dalam usaha kami ke arah pembentukan organisasi berprestasi tinggi. Ini jelas dilihat melalui belanjawan latihan dan pembangunan modal insan Syarikat yang menunjukkan peningkatan ketara daripada RM1 juta pada tahun 2009 kepada RM2.1 juta pada tahun 2010, untuk menyediakan peluang pembelajaran berterusan kepada warga kerja.

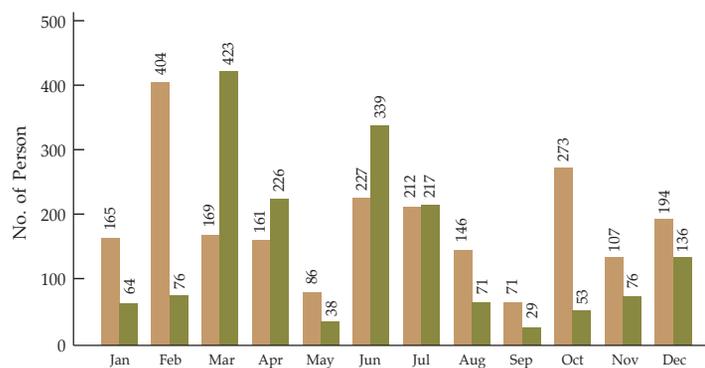
TRAINING AND DEVELOPMENT/LATIHAN DAN PEMBANGUNAN

TRAINING DAYS



Total Training Days (Year 2010) = 617.5 days

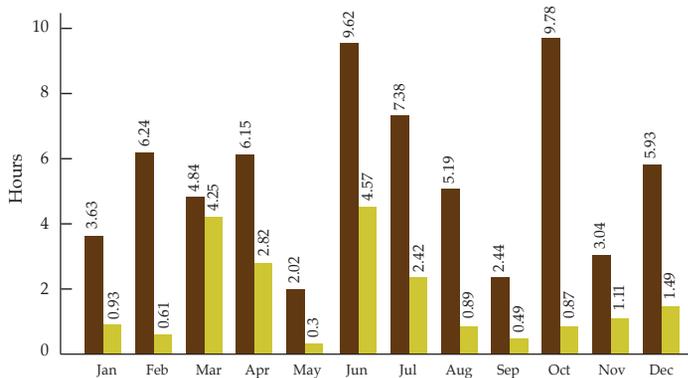
TRAINING ATTENDANCE



Total Training Attendance = 3,963 persons

Executive Non-Executive

TRAINING HOURS PER EMPLOYEE

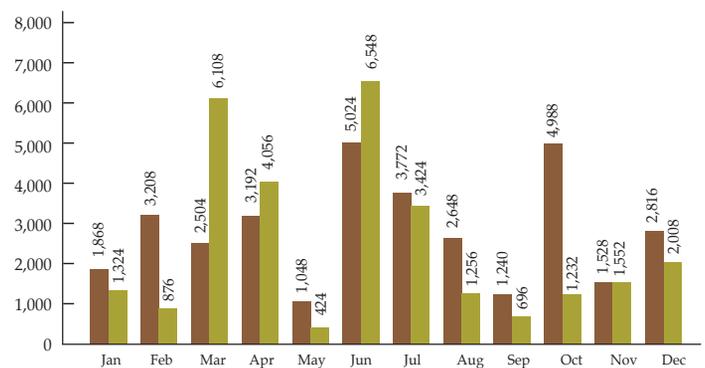


Total Training Hours per Employee:

Executive = 66.27 hours Non-Executive = 20.75 hours

Executive Non-Executive

TRAINING MAN-HOUR



Total Training Man-hour = 63,340 hours

Executive Non-Executive

Corporate Social Responsibility Tanggungjawab Sosial Korporat

Commitment Towards Employee Recreation and Well-being

BERNAS is committed on creating a work environment in which our staff are able to work positively. In every region, we have an active staff recreation club – *Kelab Bernas Malaysia*, and its regional affiliates, to encourage healthy activities among BERNAS employees nationwide.



We also believe that social interaction, fitness and recreational activities will boost employee morale, enhance productivity, reduce absenteeism and stress level. Our new headquarters in Menara HLA houses a fully equipped gymnasium, recreation area for pool and board games, and a music room along with ample space for lunchtime gatherings and after-office recreational activities. These facilities help our staff to recover from work demands and facilitate employee social interaction within the Group. Our *surau* can accommodate up to 200 *jemaahs* at any one time, while trainings are now conducted in the three well-equipped training rooms located in the same building, to minimise travel time and costs.

Commitment Towards Occupational Safety and Health at the Workplace

Keeping our employee safe at the workplace is also our top priority. In 2010, our Employee Occupational Safety and Health Division launched a safety campaign nationwide themed “*Budaya Kerja Selamat Satu Tuntutan*” to raise awareness on Occupational Safety and Health (OSH) risks and their prevention. Staff at all levels of the organisation were briefed on various aspects of OSH and the appropriate responses in times of emergency.

Komitmen Terhadap Kesejahteraan dan Rekreasi Warga Kerja

BERNAS komited terhadap pembentukan persekitaran kerja yang positif untuk warga kerjanya. Di setiap wilayah, Kelab Bernas Malaysia, sebuah kelab rekreasi dan cawangan-cawangannya bergerak aktif untuk menggalakkan warga kerja BERNAS di seluruh negara menjalankan pelbagai aktiviti yang sihat.

Kami juga percaya interaksi sosial, aktiviti kecergasan dan rekreasi mampu meningkatkan produktiviti, mengurangkan ketidakhadiran dan tekanan, sekaligus mendorong peningkatan moral dan semangat warga kerja. Ibu pejabat BERNAS yang baru di Menara HLA turut dilengkapi dengan gimnasium dan kawasan istirehat yang menyediakan peralatan rekreasi, bilik muzik serta ruang yang luas untuk warga kerja berkumpul pada waktu rehat atau menjalankan kegiatan rekreasi selepas waktu kerja. Kemudahan sebegini membantu warga kerja merehatkan minda daripada bebanan tugas harian di samping menggalakkan interaksi sosial di antara warga kerja Kumpulan. Surau kami pula mampu menampung sehingga 200 jemaah pada satu-satu masa, sementara latihan Syarikat kini dijalankan di tiga buah bilik latihan yang serba lengkap dalam bangunan yang sama, bertujuan untuk meminimumkan kos dan masa perjalanan.

Komitmen Terhadap Keselamatan dan Kesihatan Pekerja

Memastikan keselamatan di tempat kerja turut menjadi keutamaan kami. Pada tahun 2010, Bahagian Keselamatan dan Kesihatan Pekerjaan BERNAS telah melancarkan kempen keselamatan bertemakan “*Budaya Kerja Selamat Satu Tuntutan*” di seluruh negara bagi meningkatkan kesedaran terhadap risiko Keselamatan dan Kesihatan Pekerjaan (OSH) dan langkah-langkah mengatasinya. Kakitangan pada setiap peringkat organisasi telah diberikan taklimat berhubung pelbagai aspek OSH dan tindakan-tindakan yang perlu diambil pada waktu kecemasan.



With the help of PERKESO, Department of Environment Malaysia, Malaysian Fire and Rescue Department and other local emergency agencies, BERNAS had also formed an Emergency Response Team (ERT) at every regional office and KBB as the first line of defense in emergencies.

An exciting and enlightening 2-day health fair event took place at the Headquarters in August 2010. Workplace health screening for employees was conducted, in collaboration with MAKNA and a few other health screening providers. Exhibitions were also organised while doctors and health professionals conducted talks and forums on a wide range of topics including healthy lifestyle, cholesterol and heart disease, stress management, and early detection of cancer.

Extension of Benefits to Employees' Children and their Education

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

In 2010, 638 children of BERNAS' employees sitting for the UPSR, PMR and SPM examinations nationwide, joined the annual 'Kem Motivasi Anak-anak BERNAS' from 15-18 March 2010. The 4-Day/3-Night motivational camp simultaneously held at four locations in Kelantan, Kedah, Perak and Sarawak, included lectures and motivational talks, effective study techniques and tips to answering examination questions for the key subjects of Mathematics, Science, Bahasa Malaysia and English Language.

BERNAS dengan kerjasama PERKESO, Jabatan Alam Sekitar Malaysia, Jabatan Bomba dan Penyelamat serta agensi-agensi berkaitan yang lain telah menubuhkan Unit Tindakan Kecemasan ("ERT") di setiap KBB dan pejabat wilayahnya sebagai barisan pertahanan pertama dalam menghadapi kecemasan.

Bengkel kesihatan yang menarik dan penuh informasi turut diadakan di ibu pejabat BERNAS pada bulan Ogos 2010. Bengkel dua hari dengan kerjasama MAKNA dan beberapa agensi kesihatan yang lain itu turut menyediakan perkhidmatan pemeriksaan kesihatan untuk warga kerja. Selain pameran, program juga merangkumi forum dan ceramah oleh doktor dan para pegawai kesihatan profesional yang menyentuh pelbagai topik termasuk gaya hidup sihat, kolesterol dan penyakit jantung, pengurusan tekanan serta pengesanan awal kanser.

Fokus Terhadap Anak-anak Warga Kerja dan Pembelajaran Mereka

BERNAS sentiasa mengiktiraf kejayaan anak-anak warga kerja yang mendapat keputusan cemerlang dalam peperiksaan awam melalui penganugerahan hadiah dan sagu hati sebagai dorongan untuk mereka.

Pada tahun 2010, seramai 638 orang anak warga kerja BERNAS seluruh negara yang bakal menduduki peperiksaan UPSR, PMR dan SPM telah menyertai 'Kem Motivasi Anak-anak BERNAS' yang berlangsung dari 15-18 Mac 2010. Program 4-Hari/3-Malam diadakan secara serentak di empat lokasi berbeza iaitu di Kelantan, Kedah, Perak dan Sarawak. Program ini merangkumi kuliah dan ceramah motivasi, teknik pembelajaran yang efektif serta tip menjawab soalan peperiksaan untuk matapelajaran utama seperti Matematik, Sains, Bahasa Malaysia dan Bahasa Inggeris.



Corporate Social Responsibility Tanggungjawab Sosial Korporat

CSR AT THE MARKETPLACE

Balancing Corporate Profitability with Food Safety and Security

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

For the year under review, the first interim dividend of 12% was paid in October 2010. The Board of BERNAS has further approved a second interim dividend of 13% which is payable in June 2011. A final dividend of 5% is also recommended for the approval of shareholders at the forthcoming Annual General Meeting. This will translate into a total gross annual dividend payout for the year of 30%, the highest so far.

BERNAS will continue to balance corporate profitability with responsibility towards our shareholders while fulfilling all social obligations towards the general public.

Promoting Quality and Healthy Lifestyles via Research and Development Initiatives

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



CSR DI PERSEKITARAN PASARAN

Mengimbangi Keuntungan Korporat dengan Keselamatan dan Sekuriti Makanan

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

Untuk tahun yang ditinjau, dividen interim pertama sebanyak 12% sesaham telah dibayar pada Oktober 2010. Lembaga Pengarah BERNAS turut meluluskan dividen interim kedua sebanyak 13% sesaham yang akan dibayar pada bulan Jun 2011. Dividen akhir sebanyak 5% juga telah dicadangkan untuk kelulusan para pemegang saham pada Mesyuarat Agung Tahunan yang akan datang – menjadikan jumlah pembayaran keseluruhan dividen pada tahun ini sebanyak 30%, angka tertinggi pernah dicatatkan sehingga kini.

BERNAS akan terus berusaha untuk mengimbangi keuntungan korporat dengan tanggungjawab terhadap para pemegang saham tanpa mengabaikan tanggungjawab sosial terhadap masyarakat.

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

Kerjasama di antara BERNAS dan Universiti Putra Malaysia (UPM) diteruskan untuk mempromosikan nasi sebagai makanan ruji yang sihat melalui pembangunan yang berterusan serta pengenalan jenis-jenis beras yang berkhasiat dan bernilai tinggi kepada pengguna.

The UPM-BERNAS laboratory has been well equipped to undergo the final stage of ISO 17025 accreditation exercise, enabling it to conduct rice analysis for BERNAS and other commercial entities. Current rice-related scientific research undertaken includes, but not limited to, seed genotyping, microbiology studies on paddy-related diseases, chemical and physical analyses of properties of rice; clinical trials on anti-diabetic and cardio-protective properties of Germinated Brown Rice (GBR); development of skin care supplements from rice bran with GBR formulation and development of GBR and rice bran with anti-obesity properties for the advancement of human health via the fields of biotechnology and life sciences.

BERNAS, through its well qualified and experienced team of inspectors, provides rice inspection and analysis in its in-house laboratory for all local and imported rice, meeting the standards and compliance for sampling and analysis methodology as stipulated in ISO 13690 and ISO 7301 respectively. A scheduled monthly consignment inspection on the imported rice procured and local rice produced; and quarterly periodic inspection on the stored rice in the warehouse, has enhanced the assurance of quality rice to consumers.

CSR WITH THE COMMUNITY

Reaching Out to the Farming Community through Program Rakan Ladang (PRL)

Program Rakan Ladang (PRL) was launched in 2008 to intensify BERNAS' involvement in rice farming projects. The programme is a strategic pact between BERNAS, Government agencies and farmers in enhancing cooperation in order to improve yield and quality of the paddy produced, thereby increasing their income and indirectly contributing towards the Government's aspiration of achieving a higher Self Sufficiency Level (SSL) in national rice production.

Makmal UPM-BERNAS kini lengkap dan telah bersedia untuk melalui fasa terakhir pengiktirafan ISO 17025, membolehkannya menjalankan analisis untuk BERNAS dan entiti komersil yang lain. Penyelidikan saintifik berasaskan beras yang terkini meliputi analisa 'genotyping' ke atas biji benih, kajian mikrobiologi ke atas penyakit yang menyerang pokok padi, analisis sifat fizikal dan kimia beras; ujian klinikal ke atas sifat anti-diabetik dan perlindungan kardio 'Germinated Brown Rice' (GBR); pembangunan produk penjagaan kulit berasaskan dedak dengan formulasi GBR dan pembangunan sifat anti obesiti daripada GBR dan dedak bagi meningkatkan tahap kesihatan manusia menerusi bioteknologi dan sains kehidupan.

BERNAS menerusi para pegawai penyeliaanya yang berkelayakan dan berpengalaman luas berupaya menjalankan pemeriksaan dan analisa ke atas semua jenis beras import dan tempatan di makmalnya sendiri, dengan menepati standard dan pematuhan metodologi persampelan dan analisis seperti yang termaktub dalam ISO 13690 dan ISO 7301. Penyeliaan bulanan berjadual yang dijalankan ke atas serahan beras import yang dibeli dan beras tempatan yang dihasilkan; dan pemeriksaan berkala setiap suku tahun yang dijalankan ke atas beras yang disimpan di gudang telah meningkatkan jaminan kualiti beras kepada pengguna.

CSR BERSAMA MASYARAKAT

Mendekati Komuniti Pesawah Menerusi Program Rakan Ladang (PRL)

Program Rakan Ladang (PRL) diperkenalkan pada tahun 2008 bagi mengukuhkan lagi penglibatan BERNAS dalam projek perladangan padi. Program ini merupakan satu pakatan strategik di antara BERNAS, agensi-agensi kerajaan dan para pesawah dalam memperkukuhkan kerjasama bagi meningkatkan hasil dan kualiti padi yang dikeluarkan, sekaligus meningkatkan jumlah pendapatan yang secara tidak langsung menyumbang kepada aspirasi kerajaan untuk mencapai tahap sara diri beras yang lebih tinggi.

Corporate Social Responsibility Tanggungjawab Sosial Korporat



Since its inception, CSR has become an important aspect of strategic management for the *PRL* programme. *PRL* has incorporated socially responsible investment measures such as environmental protection, responsible farm practices and deployment of Good Agriculture Practice (GAP) techniques for farmers. *PRL* also involves the farming community in all aspects of management, business and operations to ensure the farming community's welfare and livelihoods are not compromised.

More than 55% of the local paddy comes from the granary areas in Kedah and Perlis, where farmers face many challenges including limited funding and infrastructure, poverty and old age. Through

Semenjak penubuhannya, CSR menjadi aspek pengurusan strategik yang penting dalam pelaksanaan *PRL*. *PRL* menitikberatkan unsur-unsur pelaburan berteraskan tanggungjawab sosial seperti perlindungan alam sekitar, amalan perladangan yang bertanggungjawab dan penerapan teknik-teknik Amalan Pertanian Baik (GAP) di kalangan para pesawah. *PRL* turut melibatkan komuniti pesawah dalam setiap aspek pengurusan, perniagaan dan operasi bagi memastikan kebajikan dan kehidupan mereka terpelihara tanpa sebarang kompromi.

Lebih daripada 55% penghasilan padi datangnya daripada kawasan jelapang padi di Kedah dan Perlis, di mana para pesawah berhadapan dengan pelbagai cabaran termasuk modal dan kemudahan yang terhad, kemiskinan dan peningkatan usia. Melalui usaha yang terancang, *PRL* membantu meningkatkan pendapatan pesawah melalui pengurusan rantaian bekalan, produktiviti dan kualiti tuaian yang lebih efisien. Para pesawah turut didedahkan kepada teknologi terkini dan program-program pembangunan di samping bantuan kewangan sehingga 100% tanpa faedah bagi menampung kos penanaman padi. Hasil padi mereka yang dihantar kepada BERNAS dibeli dengan harga pasaran yang kompetitif. Sebagai peserta *PRL*, mereka turut menikmati faedah-faedah serta insentif lain di samping berpeluang untuk melaksanakan ibadah umrah dan ziarah. Sehingga kini, seramai 48,000 orang pesawah telah menerima manfaat daripada program *PRL* di seluruh negara.



coordinated effort, *PRL* helps to improve farmers' income by promoting efficiency in the supply chain, productivity and harvest quality. Farmers are exposed to the latest technology and sustainability programmes as well as given financial assistance of up to 100% without interest for planting costs. Their paddy channelled to BERNAS is priced according to competitive market value. As participants of *PRL* they also enjoy other benefits and incentives along with the opportunity to perform *umrah and ziarah*. To date, a total of 48,000 farmers have benefited from the *PRL* programme nationwide.

In 2010, we worked with Berita Harian to organise the established "*Program Skor A*" for 500 children of the farmers preparing for primary and secondary major examinations. The children came from Kedah, Perlis, Perak, Selangor, Kelantan, Terengganu and Pahang to attend the programme. Held at Dusun Minda Resort, Kuala Nerang, Kedah, the 4-day workshop was designed to coach the children using special learning techniques and guide them to be confident and 'exam ready'.

We hope to empower farmers, their families and communities to build better lives for themselves through *PRL* while making sure we maintain an adequate supply of quality paddy for generations to come.

Investments in Public Services, Higher Education and Community Development

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



Pada tahun 2010, BERNAS dengan kerjasama Berita Harian telah menganjurkan 'Program Skor A' sebagai inisiatif untuk membantu 500 orang anak pesawah melengkapkan diri mereka bagi menghadapi peperiksaan awam di peringkat sekolah rendah dan menengah Kerajaan. Anak-anak yang menyertai program ini didatangkan dari beberapa negeri termasuk Kedah, Perlis, Perak, Selangor, Kelantan, Terengganu dan Pahang. Bengkel empat hari yang diadakan di Dusun Minda Resort, Kuala Nerang, Kedah ini membantu mereka menguasai teknik pembelajaran khas di samping membimbing mereka untuk lebih yakin dan bersedia menghadapi peperiksaan.

Kami berharap untuk membantu para pesawah, keluarga mereka dan masyarakat keseluruhannya untuk membina kehidupan yang lebih baik menerusi *PRL* di samping memastikan pengagihan bekalan padi yang mencukupi dan berkualiti buat generasi akan datang.

Pelaburan dalam Perkhidmatan Awam, Pendidikan Tinggi dan Pembangunan Masyarakat

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

Corporate Social Responsibility Tanggungjawab Sosial Korporat

Apart from tuition provisions and educational camps for the farmers' children, BERNAS also contributes towards the development of a knowledge-based economy via Albukhary International University, a non-profit university catering for the poor and less-privileged pursuing tertiary education. A total of RM15 million was allocated in 2010 to develop the operations of the newly completed campus in Alor Star, Kedah, which has opened its doors to the first intake of undergraduate students from Malaysia and overseas, selected based on family income, leadership qualities and academic excellence.



Non-cash or in-kind contributions in 2010 included provision of rice and food supply to aid local communities. These contributions were distributed to various non-governmental organisations, industry partners, orphanages, single-mother associations, and charitable organisations to improve general livelihood and to assist in lessening the impact of floods and other natural disasters.

Sebagai tambahan kepada peruntukan kelas tambahan dan kem-kem motivasi yang telah dijalankan untuk anak-anak pesawah yang bakal menduduki peperiksaan awam di peringkat sekolah rendah dan menengah Kerajaan, BERNAS juga turut menyumbang ke arah pembangunan K-Ekonomi menerusi Universiti Antarabangsa Albukhary, iaitu sebuah universiti yang tidak berlandaskan keuntungan, khusus untuk mereka yang miskin dan kurang berkemampuan untuk melanjutkan pelajaran ke peringkat yang lebih tinggi. Pada tahun 2010, sejumlah RM15 juta telah diperuntukkan untuk pembangunan operasi kampus baru yang siap dibina di Alor Star, Kedah, yang telah membuka peluang kepada kemasukan pertama para pelajar dari Malaysia dan luar negara yang dipilih berdasarkan latarbelakang pendapatan keluarga dan kualiti kepimpinan mereka di samping kecemerlangan akademik.

Sumbangan pada tahun 2010 juga termasuk dalam bentuk barangan iaitu peruntukan beras dan bekalan makanan asas bagi membantu masyarakat tempatan. Sumbangan-sumbangan ini diedarkan kepada pelbagai rumah anak-anak yatim, persatuan-persatuan ibu tunggal, dan organisasi-organisasi kebajikan untuk mempertingkatkan kehidupan mereka serta membantu dalam meringankan beban akibat banjir dan lain-lain bencana alam.

CSR UNTUK ALAM SEKITAR

Penjagaan Alam Sekitar Melalui Amalan Perniagaan Mesra Alam

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

Selaras dengan perkembangan global dan komitmen kami mengenai persekitaran yang lebih hijau, BERNAS akan terus mengenalpasti dan menggunakan amalan-amalan yang baik ke arah mengurangkan jejak karbon. Kami yakin dapat menyumbang ke arah alam sekitar

CSR FOR THE ENVIRONMENT

Caring for the Environment with Eco-friendly Business Practices

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

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

BERNAS has been using rice husks as biomass fuel to replace diesel for paddy drying in its mills and also as animal feed. In PRL, the use of agrochemicals for crop cultivation has been reduced via application of advanced seed-treatment technology.

These measures, along with continuous upgrading of mill infrastructure and improving production processes to reduce energy consumption and wastage will contribute positively towards reducing the Group's overall carbon footprint and promote a greener and healthier environment for all stakeholders.



yang lebih bersih dan lebih baik melalui amalan menggunakan tenaga secara lebih cekap di kilang-kilang kami; mengurangkan pembaziran di seluruh peringkat organisasi dan mengguna semula sisa produk operasi seperti sekam padi di mana bersesuaian.

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

Kami percaya bahawa langkah-langkah ini, berserta inisiatif penambahbaikan infrastruktur kilang dan peningkatan proses pengeluaran bagi mengurangkan penggunaan tenaga dan pembaziran, akan memberikan sumbangan positif ke arah mengurangkan jejak karbon Kumpulan secara keseluruhannya dan menggalakkan persekitaran yang lebih hijau dan sihat untuk semua yang terlibat.

Statement on Corporate Governance

Penyata Tadbir Urus Korporat

The Board of Directors of Padiberas Nasional Berhad (“the Board”) remains committed in upholding and continuously improving good corporate governance in conducting the Group affairs with full transparency, integrity and professionalism towards enhancing business prosperity and corporate accountability with the ultimate objective of safeguarding the interests of all stakeholders.

The Board is pleased to provide the following Statement which outlines the main corporate governance practices that were in place during the financial year ended 31 December 2010 up to the date of this Statement.

A. BOARD OF DIRECTORS

Board Composition

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

The Board currently consists of eight members, one Executive Director and seven Non-Executive Directors with three of them (including the Chairman) being Independent Directors.

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

The profile of each Director is as presented herein.

Board Committees

The Board is assisted by four (4) Board Committees, which operate within clearly defined terms of reference.

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

Para Pengarah dengan ini membentangkan Penyata berikut yang menggariskan pelaksanaan pematuhan tadbir urus korporat Kumpulan yang telah dilaksanakan sepanjang tahun kewangan 2010 sehingga tarikh Penyata ini dikeluarkan.

A. LEMBAGA PENGARAH

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

Lembaga Pengarah terdiri daripada lapan orang ahli, seorang Pengarah Eksekutif dan tujuh Pengarah Bukan Eksekutif yang mana tiga daripada mereka (termasuk Pengerusi) adalah Pengarah Bebas Bukan Eksekutif.

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

Profil setiap Pengarah dilampirkan dalam Laporan Tahunan ini.

Jawatankuasa Lembaga Pengarah

Lembaga Pengarah dibantu oleh empat (4) Jawatankuasa Lembaga Pengarah dengan setiap Jawatankuasa mempunyai terma rujukan masing-masing.

- **Audit Committee (“AC”)**

The AC assists the Board in reviewing the financial information and assessing the effectiveness of the Company’s internal control structure. The activities carried out by AC during the year under review and its terms of reference are presented in the AC Report in page 65.

- **Executive Committee (“EXCO”)**

The EXCO deliberates, evaluates and resolves all issues pertaining to the management, operational, financial and other matters within its limit of authority. The EXCO also assists the Board in reviewing and assessing the group performance report, business plans, budgets and strategies and making appropriate recommendations of the matters to the Board for consideration and approval.

- **Nomination and Remuneration Committee (“NRC”)**

On 28 February 2011, the roles and functions of the Nomination Committee and Remuneration Committee were consolidated and known as Nomination and Remuneration Committee (“NRC”) with combined advisory responsibilities concerning the nomination for appointment of Directors, evaluation of the effectiveness of the Board through assessment of mix skills and experience, establishment of the remuneration structure for Non-Executive Directors and make recommendation on the remuneration framework for Executive Director.

Prior to the establishment of NRC, the Nomination Committee has recommended the appointment of Dato’ Mohd Hashim bin Abdullah to the Board of BERNAS on 16 February 2011.

The Nomination Committee has also conducted a formal evaluation of the Board performance and of the Board Committees during the financial year.

- **Tender Committee**

The Tender Committee assists the Board with procurement decisions, tender and contracts within its delegated authority and procurement policies.

- **Jawatankuasa Audit**

Jawatankuasa Audit membantu Lembaga Pengarah dalam mengkaji maklumat kewangan dan menilai keberkesanan struktur kawalan dalaman Syarikat. Aktiviti-aktiviti yang dijalankan oleh Jawatankuasa Audit sepanjang tahun kewangan dan terma-terma rujukannya adalah seperti yang dibentangkan dalam Laporan Jawatankuasa Audit pada mukasurat 65.

- **Jawatankuasa Eksekutif (EXCO)**

EXCO mempertimbangkan, menilai dan menyelesaikan semua isu-isu yang berkaitan dengan operasi pengurusan, kewangan dan hal-hal lain di dalam lingkungan had kuasa yang diberikan. EXCO juga membantu Lembaga Pengarah dalam mengkaji dan menilai laporan prestasi kumpulan, rancangan perniagaan, anggaran dan strategi dan memberi cadangan yang sesuai kepada Lembaga Pengarah untuk pertimbangan dan kelulusan.

- **Jawatankuasa Penamaan dan Imbuhan**

Pada 28 Februari 2011, peranan dan fungsi Jawatankuasa Penamaan dan Jawatankuasa Imbuhan disatukan dan dikenali sebagai Jawatankuasa Penamaan dan Imbuhan dengan menggabungkan tanggungjawab menasihati berkaitan penamaan calon bagi perantikan pengarah, menilai keberkesanan Lembaga Pengarah menerusi gabungan pelbagai kemahiran dan pengalaman, melaksana struktur imbuhan bagi pengarah bukan eksekutif dan memberi cadangan bagi struktur imbuhan bagi pengarah eksekutif.

Sebelum Jawatankuasa Penamaan dan Imbuhan diwujudkan, Jawatankuasa Penamaan telahpun mencadangkan perantikan Dato’ Mohd Hashim bin Abdullah sebagai Pengarah BERNAS pada 16 Februari 2011.

Jawatankuasa Penamaan juga telah melaksanakan penilaian secara formal bagi mengkaji prestasi Lembaga Pengarah dan Jawatankuasa Lembaga Pengarah sepanjang tahun kewangan.

- **Jawatankuasa Tender**

Jawatankuasa Tender membantu Lembaga Pengarah dalam melaksanakan penentuan perolehan, tender dan kontrak tertakluk kepada kuasa yang diamanahkan seperti yang terkandung dalam polisi perolehan.

Statement on Corporate Governance

Penyata Tadbir Urus Korporat

Board Evaluation

The evaluation is carried out by way of Board Assessment Form which is to be completed by each Director. The Board Assessment Form covers the areas of Board, Board Committees, Individual Director and previous year's assessment progress. The findings of the Board Assessment are presented to the Nomination Committee for its review and the Committee will then recommend areas for improvement. The findings and recommendations by the Nomination Committee will be presented to the Board for deliberation and approval.

Board Meetings and Supply of Information

During the financial year ended 31 December 2010, the Board met on seven (7) occasions, where it deliberated upon and considered variety of matters such as the Group's financial performance and review of operations of the Company.

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

Penilaian Lembaga Pengarah

Penilaian ini dilaksanakan menerusi Borang Penilaian yang diisi oleh setiap Pengarah. Borang Penilaian merangkumi aspek berkaitan Lembaga Pengarah, Jawatankuasa Pengarah, Pengarah Individu dan kemajuan penilaian tahun sebelumnya. Hasil penemuan daripada penilaian tersebut dibentangkan kepada Jawatankuasa Penamaan untuk dikaji dan seterusnya mengesyorkan cadangan-cadangan penambahbaikan sebelum dibentangkan kepada Lembaga Pengarah untuk perbincangan dan kelulusan.

Mesyuarat Lembaga Pengarah dan Bekalan Maklumat

Sepanjang tahun kewangan berakhir 31 Disember 2010, Lembaga Pengarah telah bermesyuarat sebanyak tujuh (7) kali bagi membincangkan pelbagai perkara seperti prestasi kewangan Kumpulan dan kajian operasi Syarikat.

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

Details of each Director's attendance during the financial year ended 31 December 2010 are as follows:-
Butiran kehadiran setiap Pengarah sepanjang tahun kewangan berakhir 31 Disember 2010 seperti berikut:-

Directors Pengarah	Attendance Bilangan Kehadiran
Dato' Wira Syed Abdul Jabbar bin Syed Hassan	7/7
Encik Bakry bin Hamzah	7/7
Dato' Azman bin Umar	7/7
Dato' Mohd Mokhtar bin Ismail <i>(resigned as Director on 16 February 2011/meletak jawatan pada 16 Februari 2011)</i>	7/7
Datuk Azizan bin Ayob	6/7
Tuan Syed Abu Bakar bin S Mohsin Almohdzar	5/7
YB Dato' Abdul Rahman bin Datuk Haji Dahlan	5/7
Encik Chuah Seong Tat @ Chuah Chee Tat <i>(appointed as Director on 11 February 2010/dilantik sebagai Pengarah pada 11 Februari 2010)</i>	6/6

In the interval of the Board meetings, for any matter requiring Board decision, Board approvals are obtained through circular resolution. The resolution passed by way of circular are then affirmed in the next Board meeting.

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

Appointment of Directors

The Nomination Committee recommends the proposed appointment of a new member of the Board. The appointment to the Board is made in accordance with the Company's Articles of Association.

Re-election

In accordance with the Company's Articles of Association, one-third (1/3rd) of the Board or if their number is not a multiple of three (3), the number nearest to, but not exceeding one third shall be subject to retirement by rotation at each Annual General Meeting. In any case, all Directors shall retire from office at least once every three (3) years.

These retiring Directors shall be eligible for re-election. Newly appointed Directors shall hold office until the next Annual General Meeting and shall be eligible for re-election. The election of each Director is voted separately.

Directors' Training

All Directors have completed the Mandatory Accreditation Programme (MAP) conducted by Bursa Malaysia save and except the newly appointed Director, Dato' Mohd Hashim bin Abdullah, who has until 16 June 2011 to complete the MAP.

The Board provides for all Directors to have full opportunity to attend seminars, trainings, workshops and conferences to further enhance their business acumen and professionalism in discharging their duties to the Group.

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

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

Perlantikan Ahli Lembaga Pengarah

Jawatankuasa Penamaan mencadangkan perlantikan Pengarah baru dan perlantikan Pengarah adalah berdasarkan Tataurusuan Syarikat.

Lantikan Semula Para Pengarah

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

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

Latihan Para Pengarah

Semua Pengarah telah menghadiri program "Mandatory Accreditation (MAP)" yang dikendalikan oleh Bursa Malaysia kecuali Pengarah yang baru dilantik, Dato' Mohd Hashim bin Abdullah, yang mempunyai tempoh sehingga 16 Jun 2011 untuk menghadiri program MAP tersebut.

Kesemua Pengarah diberikan peluang untuk menghadiri seminar, kursus dan latihan, bengkel dan persidangan untuk meningkatkan lagi pengetahuan perniagaan dan tahap profesionalisma dalam melaksanakan tugas kepada Kumpulan.

Statement on Corporate Governance

Penyata Tadbir Urus Korporat

For the financial year 2010, the seminars/conferences attended by the Directors are as follows:-

Bagi tahun kewangan 2010, seminar/latihan yang dihadiri oleh para Pengarah adalah seperti berikut:-

No. Bil.	Director Pengarah	Seminar/Conference Seminar/Persidangan
1.	Dato' Wira Syed Abdul Jabbar bin Syed Hassan	<ul style="list-style-type: none"> Audit Committee Institute Roundtable Discussion on Going Forward: Risk Reform – Implication for Audit Committee Oversight Corporate Governance and the Media The MPH Power Packed Seminar– Investment Opportunities for 2010 and Beyond for Asian Companies and Investors (Jim Rogers) Seminar on Recent Tax Cases & Development Financial Institutions Directors' Education Programme – Developing High Impact Board, Module 1-4
2.	Encik Bakry bin Hamzah	<ul style="list-style-type: none"> Towards Boardroom Excellence & Corporate Governance Best Practices Corporate Governance and the Media The MPH Power-Packed Seminar – Investment Opportunities for 2010 and Beyond for Asian Companies and Investors (Jim Rogers) The 7th Superlative Annual Brand Marketing Conference 2010 Leading Innovation Seminar Strategic Agility
3.	Datuk Azizan bin Ayob	<ul style="list-style-type: none"> 2nd Annual Corporate Governance Summit 2010 – “Truth, Lies & Corporate Governance”
4.	Dato' Azman bin Umar	<ul style="list-style-type: none"> Seminar Transformasi Organisasi National Procurement Guidelines Forum “Understanding the Integrity Pact & the Do's and Don'ts of Government Procurement” MICG Updates on Regulatory Frameworks and Directors Duties 2010
5.	Tuan Syed Abu Bakar bin S Mohsin Almohdzar	<ul style="list-style-type: none"> 6th World Islamic Economic Forum (WIEF) 2nd WIEF – UiTM Global Discourse
6.	YB Dato' Abdul Rahman bin Datuk Haji Dahlan	<ul style="list-style-type: none"> Population and Development – Climate Change and Its Impact on Agriculture
7.	Encik Chuah Seong Tat @ Chuah Chee Tat	<ul style="list-style-type: none"> Corporate Governance and the Media The MPH Power-Packed Seminar – Investment Opportunities for 2010 and Beyond for Asian Companies and Investors (Jim Rogers)

B. DIRECTORS' REMUNERATION

The Remuneration Committee consists exclusively of Non-Executive Directors. The Remuneration Committee is responsible in recommending the Group's framework, policy and procedures used to determine and review specific remuneration packages of the Managing Director as well as the Senior Key Management of the Group. Directors do not participate in decisions involving their own remuneration packages.

The Remuneration Committee met thrice during the financial year ended 31 December 2010 which were held on 26 March 2010, 19 August 2010 and 9 December 2010.

The details of the Directors' remuneration for the financial year ended 31 December 2010 are as follows:-
Butiran imbuhan para Pengarah bagi tahun kewangan berakhir 31 Disember 2010 adalah seperti berikut:-

Category Kategori	Fees Yuran (RM'000)	Salaries & Emoluments Gaji & Emolomen (RM'000)	Meeting & Other Allowances Mesyuarat & lain-lain elaun (RM'000)	Benefits-in-kind Manfaat (RM'000)
Executive-Director Pengarah Eksekutif	-	464	-	-
Non-Executive Directors Pengarah Bukan Eksekutif	472	-	323	-

The details of the remuneration paid for the financial year ended 31 December 2010, are as follows:
Imbuhan Pengarah yang dibayar, dianalisa dalam lingkungan seperti berikut:-

Amount of Remuneration Jumlah Imbuhan	Executive Director Pengarah Eksekutif	Non-Executive Directors Pengarah Bukan-Eksekutif
RM50,000 – RM100,000	-	4
RM100,001 – RM150,000	-	2
RM150,001 – RM200,000	-	-
RM200,001 – RM250,000	-	1
RM450,001 – RM500,000	1	-

B. IMBUHAN PENGARAH

Jawatankuasa Imbuhan secara eksklusif terdiri daripada para Pengarah Bukan Eksekutif. Jawatankuasa Imbuhan adalah bertanggungjawab mengesyorkan rangka kerja, polisi dan prosedur Kumpulan yang digunakan untuk menentukan dan mengkaji semula pakej imbuhan khusus bagi Pengarah Urusan serta Pengurusan Kanan dalam Kumpulan. Pengarah tidak terlibat dalam memutuskan pakej imbuhan sendiri.

Jawatankuasa Imbuhan bermesyuarat sebanyak tiga (3) kali dalam tahun kewangan berakhir 31 Disember 2010 iaitu pada 26 Mac 2010, 19 Ogos 2010 and 9 Disember 2010.

Statement on Corporate Governance

Penyata Tadbir Urus Korporat

C. SHAREHOLDERS

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

It has been the Company's practice to send the Notice of Annual General Meeting ("AGM") and related papers to shareholders at least twenty-one (21) days before the meeting. At the AGM, the shareholders are encouraged to ask questions both about the resolutions being proposed or about the Company's operations in general. A press conference is normally held immediately after the AGM for the Board to clarify and explain any issues raised.

D. ACCOUNTABILITY & AUDIT

Financial Reporting

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

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

The Board is responsible for ensuring that the financial statements of the Group give a true and fair view of the state of affairs of the Company and the Group at the end of the financial year and of the results and cash flow of the Company and the Group for the financial year. In preparing the financial statements, the Board has ensured that applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965 have been applied.

C. PEMEGANG SAHAM

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

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

D. AKAUNTABILITI & AUDIT

Laporan Kewangan

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

Penyata Tanggungjawab Pengarah Berkaitan dengan Penyediaan Laporan Kewangan yang Telah Diaudit

Lembaga Pengarah adalah bertanggungjawab dalam memastikan penyata kewangan Kumpulan yang dibentangkan memberikan gambaran sebenar dan saksama berkenaan dengan hal ehwal Syarikat dan Kumpulan pada akhir tempoh kewangan dan untung atau rugi serta aliran tunai pada tempoh kewangan berakhir. Dalam menyediakan penyata kewangan, Lembaga Pengarah telah memastikan bahawa ianya

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

Relationship with the External Auditors

The Board through the establishment of Audit Committee maintains a formal and transparent arrangement with the Company's Auditors. The external auditors independently report their conclusions and recommendation to the Audit Committee and from time to time, bring to the attention, of any significant deficiency in the Group's system of control.

This statement is made in accordance with the resolution of the Board of Directors dated 25 April 2011.

ADDITIONAL COMPLIANCE INFORMATION

(i) Utilisation of Proceeds Raised from Any Corporate Proposal

During the financial year ended 31 December 2010, the proceeds raised from the completion of the restructuring exercise by Beras Corporation Sdn. Bhd., ('BCSB'), a wholly-owned subsidiary of BERNAS, involving the disposal of Tong Seng Huat Rice Trading Sdn. Bhd. to Liansin Trading Sdn. Bhd. ('Liansin') amounting to RM5,176,000 were utilised to increase BCSB's equity interest from 30% to 60% in Liansin.

(ii) Share Buyback

During the financial year ended 31 December 2010, the Company has not exercised any share buy-back.

(iii) Options, Warrants or Convertible Securities

During the financial year ended 31 December 2010, the Company did not issue/exercise any options, warrants or convertible securities.

disediakan mengikut Piawaian Perakaunan yang diluluskan yang diterimapakai di Malaysia dan peruntukan dalam Akta Syarikat, 1965.

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

Hubungan dengan Juruaudit

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

Penyata ini dibuat mengikut resolusi Lembaga Pengarah bertarikh 25 April 2011.

MAKLUMAT TAMBAHAN PEMATUHAN

(i) Penggunaan Hasil daripada Mana-mana Cadangan Korporat

Pada tahun kewangan, hasil daripada penstrukturan semula oleh Beras Corporation Sdn. Bhd., ('BCSB'), syarikat subsidiari milik penuh BERNAS, yang melibatkan penjualan ekuiti yang dimiliki dalam Tong Seng Huat Rice Trading Sdn. Bhd. kepada Liansin Trading Sdn. Bhd. ('Liansin') berjumlah RM5,176,000 telah digunakan untuk meningkatkan kepentingan ekuiti BCSB daripada 30% kepada 60% dalam Liansin.

(ii) Pembelian Balik Saham

Sepanjang tahun kewangan berakhir 31 Disember 2010, tiada pelaksanaan pembelian balik saham oleh Syarikat.

(iii) Opsyen, Jaminan atau Saham Boleh Tebus

Sepanjang tahun kewangan berakhir 31 Disember 2010, Syarikat tiada menerbitkan/melaksanakan mana-mana opsiyen, jaminan atau saham boleh tebus.

Statement on Corporate Governance

Penyata Tadbir Urus Korporat

- | | |
|---|--|
| <p>(iv) American Depository Receipt (ADR) or Global Depository Receipt (GDR) Programme
During the financial year ended 31 December 2010, the Company has not sponsored such programme.</p> | <p>(iv) “American Depository Receipt (ADR)” atau “Global Depository Receipt (GDR) Programme”
Sepanjang tahun kewangan berakhir 31 Disember 2010, Syarikat tiada menaja sebarang ADR atau GDR.</p> |
| <p>(v) Imposition of Sanctions/Penalties
During the financial year ended 31 December 2010, there was no imposition of sanctions/penalties imposed on the Company and its subsidiaries, Directors or Management by the regulatory bodies.</p> | <p>(v) Sekatan/Penalti
Sepanjang tahun kewangan berakhir 31 Disember 2010, tiada sebarang sekatan/penalti dikenakan ke atas Syarikat.</p> |
| <p>(vi) Non-Audit Fees
During the financial year ended 31 December 2010 the amount of non-audit fees paid to external auditors by the Group was RM305,000.</p> | <p>(vi) Yuran Selain Audit
Sepanjang tahun kewangan berakhir 31 Disember 2010, jumlah yuran yang dibayar selain yuran audit kepada juruaudit luar oleh Kumpulan adalah RM305,000.</p> |
| <p>(vii) Profit Estimate, Forecast or Projection
During the financial year ended 31 December 2010, the Company did not release any profit estimate, forecast or projection.</p> | <p>(vii) Anggaran, Ramalan atau Unjuran
Sepanjang tahun kewangan berakhir 31 Disember 2010, Syarikat tiada mengeluarkan sebarang anggaran, ramalan atau unjuran.</p> |
| <p>(viii) Profit Guarantee
During the financial year ended 31 December 2010, the Company did not give any profit guarantee.</p> | <p>(viii) Jaminan Keuntungan
Sepanjang tahun kewangan berakhir 31 Disember 2010, Syarikat tiada memberi sebarang jaminan keuntungan.</p> |
| <p>(ix) Material Contracts
During the financial year ended 31 December 2010, there was no material contracts entered into by BERNAS Group involving the Directors’ and major shareholders’ interest.</p> | <p>(ix) Perjanjian Penting
Sepanjang tahun kewangan berakhir 31 Disember 2010, tiada sebarang perjanjian penting yang dimeterai oleh Kumpulan BERNAS yang melibatkan Pengarah dan kepentingan pemegang saham utama.</p> |
| <p>(x) Revaluation of Landed Properties
During the financial year ended 31 December 2010, the Company did not have any revaluation policy on landed properties.</p> | <p>(x) Penilaian Semula Hartanah
Sepanjang tahun kewangan berakhir 31 Disember 2010, Syarikat tidak mempunyai sebarang polisi penilaian semula hartanah.</p> |

Statement on Internal Control

Penyata Kawalan Dalam

INTRODUCTION

The Bursa Malaysia Securities Berhad requires the Board of Directors of public listed companies to include in its annual report a “statement about the state of internal controls of the listed issuer as a group”. The Board of Directors is committed to maintain a sound system of internal controls in the Group and is pleased to provide the following statement, which outlines the nature and scope of internal control of the Group during the financial year ended 31 December 2010.

RESPONSIBILITY OF THE BOARD

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

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

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

PENGENALAN

Bursa Malaysia Securities Berhad memerlukan agar Lembaga Pengarah bagi syarikat tersenarai awam melampirkan “penyata mengenai keadaan kawalan dalaman kumpulan” di dalam laporan tahunannya. Lembaga Pengarah perlu komited untuk memelihara sistem kawalan dalaman Kumpulan dan menyediakan penyata berikut, yang mana menggariskan skop kawalan dalaman Kumpulan dalam tahun kewangan berakhir 31 Disember 2010.

TANGGUNGJAWAB LEMBAGA PENGARAH

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

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

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

Statement on Internal Control

Penyata Kawalan Dalaman

ENTERPRISE RISK MANAGEMENT FRAMEWORK

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

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

- Establishment of a formalised Risk Management Policy and Procedure on risks and communicated throughout key areas in the Group;
- Establishment of Risk Management Committee (RMC) to assist the Board of Director (BOD) in discharging its statutory duties and responsibilities relating to Risk Management Activities;
- Establishment and review of the risk management structure, which outlines the reporting framework and responsibility of the Board, Risk Management Committee, Management, Risk Management Department and risk representatives;
- Appointment of Risk Representatives within each division of the Group;
- Reviewing and, where appropriate, revising the risk parameters (qualitative and quantitative) for the Group and at the individual business unit level to strengthen effectiveness of the risk management process;
- Ongoing formal and informal risk management education and training at management and staff levels;

RANGKA KERJA PENGURUSAN RISIKO KESELURUHAN

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

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

- Pembentukan Polisi dan Prosedur Pengurusan Risiko yang formal yang disampaikan melalui bidang-bidang utama Kumpulan;
- Penubuhan Jawatankuasa Pengurusan Risiko bagi membantu Lembaga Pengarah dalam melaksanakan tugas dan tanggungjawab yang berkaitan dengan Aktiviti Pengurusan Risiko;
- Pembentukan dan pengkajian semula struktur pengurusan risiko yang menggariskan rangka kerja laporan dan tanggungjawab Lembaga Pengarah, Jawatankuasa Kewangan, Pengurusan, Jabatan Pengurusan Risiko dan perwakilan risiko;
- Perlantikan para Perwakilan Risiko bagi setiap bahagian dalam Kumpulan;
- Pengkajian semula dan di mana sesuai, menyemak semula parameter risiko (kualitatif dan kuantitatif) bagi Kumpulan dan di peringkat unit perniagaan individu agar pelaksanaan proses pengurusan risiko lebih berkesan;
- Pendidikan dan latihan pengurusan risiko secara formal dan tidak formal yang berterusan di peringkat pengurusan dan kakitangan;

- Continuous review and refinement of existing risk management framework model to enhance risk awareness within the Group and facilitate re-affirmation of risk prioritisation and aggregation exercises with various subsidiaries, associates, divisions, and departments;
 - Implementation by Management of a group-wide risk assessment process, which includes the identification of key risks facing each business unit, the potential impact and likelihood of those risks occurring, the control effectiveness and the action plans to manage those risks to the desired level; and
 - Development of a Group Risk Profile.
- Proses pengkajian semula dan perbaiki yang berterusan terhadap rangka kerja pengurusan risiko sedia ada untuk meningkatkan kesedaran risiko dalam Kumpulan dan memudahkan pernyataan semula keutamaan risiko serta latihan-latihan yang menyeluruh pelbagai syarikat-syarikat subsidiari, syarikat-syarikat bersekutu, bahagian-bahagian dan jabatan-jabatan;
 - Pelaksanaan proses penilaian risiko secara meluas oleh pihak pengurusan termasuk mengenal pasti risiko-risiko penting yang dihadapi oleh setiap unit perniagaan, potensi kesan dan kemungkinan berlakunya risiko tersebut, keberkesanan kawalan dan pelan tindakan bagi mengurus risiko-risiko tersebut; dan
 - Pembangunan Profil Risiko Kumpulan.

INTERNAL AUDIT FUNCTION

The Internal Audit Department and KPMG Business Advisory Sdn. Bhd., through out-sourcing engagement, provide the Board with the assurance it requires regarding the adequacy and integrity of internal controls. Internal audit independently reviews the internal control processes and risk profiles in the key activities of the Group's businesses and reports directly to the Audit Committee on a quarterly basis or as appropriate. Internal audit also test the effectiveness of the internal controls on the basis of an internal audit strategy and detailed annual internal audit plan presented to the Audit Committee. Reports on internal audit findings, together with recommendations for Management actions, are reviewed by the Audit Committee and reported to the Board by the Audit Committee on a quarterly basis or as appropriate. Follow-up audits are conducted to assess the implementation of audit corrective actions and recommendations.

FUNGSI AUDIT DALAMAN

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

Statement on Internal Control

Penyata Kawalan Dalam

OTHER RISK AND CONTROL PROCESSES

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

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

CONCLUSION

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

This statement is made in accordance with the resolution of the Board of Directors dated 25 April 2011.

PROSES-PROSES RISIKO DAN KAWALAN LAIN

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

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

KESIMPULAN

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

Penyata ini telah dibuat mengikut resolusi Lembaga Pengarah bertarikh 25 April 2011.

Audit Committee Report

Laporan Jawatankuasa Audit

MEMBERSHIP

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

Tuan Syed Abu Bakar bin S Mohsin Almohdzar
(Chairman, Independent Non-Executive Director and MIA member)

Datuk Azizan bin Ayob
(Member, Non-Independent Non-Executive Director)

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

MEETINGS

Meetings shall be conducted at least four (4) times annually, each meeting planned to coincide with key dates in the Company's financial reporting cycle, or more frequently as circumstances dictate.

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

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

During the financial year ended 31 December 2010, the Audit Committee convened eight (8) meetings. The details of attendance of the Committee members are as follows:-

Name of Directors/ Nama Pengarah	Attendance/ Kehadiran
Tuan Syed Abu Bakar bin S Mohsin Almohdzar	8/8
YB Dato' Abdul Rahman bin Datuk Haji Dahlan	8/8
Datuk Azizan bin Ayob	8/8

KEAHLIAN

Ahli Jawatankuasa Audit ("Jawatankuasa") terdiri dari:

Tuan Syed Abu Bakar bin S Mohsin Almohdzar
(Pengerusi, Pengarah Bebas Bukan Eksekutif dan ahli MIA)

Datuk Azizan bin Ayob
(Ahli, Pengarah Tidak Bebas Bukan Eksekutif)

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

MESYUARAT

Mesyuarat diadakan sekurang-kurangnya empat (4) kali setahun, dengan setiap mesyuarat diatur selari dengan tarikh-tarikh utama dalam pusingan laporan kewangan Syarikat atau lebih kerap bergantung kepada keperluan.

Pengarah Urusan, Ketua Pegawai Kewangan dan Pengurus Besar, Bahagian Pematuhan dan wakil dari audit luar lazimnya akan menghadiri mesyuarat. Jawatankuasa Audit boleh mengundang mana-mana Pengurusan Kanan untuk menghadiri sesuatu mesyuarat sekiranya perlu. Jawatankuasa Audit akan bermesyuarat dengan juruaudit luar sekurang-kurangnya sekali setiap tahun tanpa kehadiran pengurusan eksekutif Syarikat.

Jawatankuasa Audit akan mengatur tatacara perjalanan mesyuarat mengikut kelazimannya.

Sepanjang tahun kewangan berakhir 31 Disember 2010, Jawatankuasa Audit telah mengadakan lapan (8) mesyuarat. Maklumat kehadiran ahli-ahli Jawatankuasa Audit adalah seperti berikut:-

Audit Committee Report

Laporan Jawatankuasa Audit

TERMS OF REFERENCE

Objective of the Audit Committee

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

- Review the financial reporting and associated announcements;
- Evaluate the internal and external audit processes; and
- Assess the adequacy and effectiveness of the Group's control environment, corporate governance and risk management processes in compliance with the Combined Code of Principles of Good Governance and Code of Best Practice.

Composition of the Committee

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

Committee's Procedures

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

Authority

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

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

The Committee shall have direct communication channels with the internal and external auditors, and with the employees of the Group.

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

TERMA-TERMA RUJUKAN

Objektif Jawatankuasa Audit

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

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

Komposisi Jawatankuasa

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

Prosedur Jawatankuasa

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

Kuasa

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

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

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

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

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

Duties and Responsibilities

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

Risk Management and Internal Control

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

Financial Reporting

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

Audit Process

- Review the adequacy of the functions and resources of the Internal Audit Department; and approve on the internal audit scope and plan of work with the necessary authority to carry out its duties.
- Review on annual basis the performance of the internal audit function.
- Oversee all matters relating to external audit including the appointment, performance, audit fee and dismissals before making recommendation to the Board.

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

Tugas dan Tanggungjawab

Tugas dan tanggungjawab Jawatankuasa adalah seperti berikut:

Pengurusan Risiko dan Kawalan Dalaman

- Mengkaji keberkesanan kawalan dalam memastikan tumpuan perhatian diberikan ke atas risiko yang telah dikenalpasti;
- Mengkaji kecukupan dan keberkesanan pengurusan risiko, sistem kawalan dalaman dan tadbir urus Kumpulan; dan
- Mengkaji dan mengesyor kepada Lembaga Pengarah Penyata Tadbir Urus Korporat dan Penyata Kawalan Dalaman berhubung dengan kawalan dalaman dan pengurusan risiko yang dimasukkan dalam Laporan Tahunan.

Laporan Kewangan

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

Proses Audit

- Mengkaji kecukupan fungsi dan sumber Jabatan Audit Dalaman serta meluluskan skop dan rancangan kerja audit dalaman dengan kuasa yang diberikan.
- Mengkaji prestasi operasi audit dalaman secara tahunan.
- Menyelia segala perkara berkaitan audit luar termasuk perlantikan, prestasi, yuran audit dan pemberhentian sebelum membuat syor kepada Lembaga Pengarah.

Audit Committee Report

Laporan Jawatankuasa Audit

- Review the internal and external audit reports to evaluate the findings of their work and to ensure that the appropriate and prompt remedial action is taken by the management on major deficiencies in controls or procedures that are identified.

Other Responsibilities and Duties

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

SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR

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

- Assisted the Board in discharging its statutory duties and responsibilities relating to accounting and reporting practice of the Company and companies within the Group in accordance with the Generally Accepted Accounting Practice.
- Reviewed the external audit term of engagement, audit strategy, proposed audit fee and the achievement of the agreed reporting time frames for the audit of the financial statements.
- Reviewed the Audit Committee Report, Statement of Internal Control and Statement of Corporate Governance and recommend to the Board for inclusion in the Annual Report.
- Reviewed the results of the follow up audits conducted by the internal and external teams on the management's implementation of recommendations.
- Reviewed quarterly and year end financial results prior to submission to the Board for consideration and approval.
- Kept under review the effectiveness of internal controls system within the Group and determine the state of Internal Controls and Corporate Governance within the Group.
- Reviewed the management reports and external audit reports and discussed any problems and reservations arising thereon.

- Mengkaji laporan audit luar dan dalaman untuk menilai penemuan hasil kerja mereka serta memastikan tindakan pembetulan yang wajar dan segera dilaksanakan oleh pihak pengurusan ke atas kekurangan kawalan atau prosedur yang telah dikenal pasti.

Tugas dan Tanggungjawab Lain

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

RINGKASAN AKTIVITI SEPANJANG TAHUN KEWANGAN

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

- Membantu Lembaga Pengarah dalam menjalankan tugas dan tanggungjawab statutori mereka berkaitan amalan perakaunan dan laporan Syarikat serta syarikat lain dalam Kumpulan berdasarkan Amalan Perakaunan yang Diterima Pakai Secara Am.
- Mengkaji semula terma-terma pengambilan juruaudit luar, strategi audit, yuran audit yang dicadangkan dan pencapaian dalam laporan audit bagi laporan-laporan kewangan dalam tempoh masa yang ditetapkan.
- Mengkaji semula Laporan Jawatankuasa Audit, Penyata Kawalan Dalaman dan Penyata Tadbir Urus Korporat untuk disyorkan kepada Lembaga Pengarah untuk disertakan dalam Laporan Tahunan.
- Mengkaji semula keputusan lanjutan audit yang dijalankan oleh pihak audit dalaman dan luar ke atas tindakan pengurusan dalam melaksanakan tindakan-tindakan yang dicadangkan.
- Mengkaji semula keputusan kewangan suku tahunan dan akhir tahunan sebelum diserahkan kepada Lembaga Pengarah untuk dipertimbangkan dan diluluskan.
- Mengawal dan mengkaji semula keberkesanan sistem kawalan dalaman Kumpulan dan mengenalpasti tahap Kawalan Dalaman dan Tadbir Urus Korporat di dalam Kumpulan.
- Mengkaji semula laporan pengurusan dan laporan juruaudit luar dan membincangkan mana-mana permasalahan dan keraguan yang timbul.

- Reviewed the internal audit plan, methodology, functions and resources and advised on the appointment of internal audit services.
- Reviewed major findings on internal audit reports and management response and promoted coordination between internal auditors and all relevant parties for effective and efficient audit.
- Reviewed any related party transactions that may arise within the Company and the Group.

INTERNAL AUDIT FUNCTION

The Board and the Audit Committee are assisted by Internal Audit Department and KPMG Business Advisory Sdn. Bhd. through outsourcing arrangement in maintaining a sound system of internal controls to provide reasonable assurance against any irregularities arising from the daily operational activities.

The internal and external teams are to give independent, objective assurance and consulting activity designed to add value and improve the organisation's operations. They will also perform internal audit reviews on the internal controls within the key activities of the Group's businesses on the basis of an internal audit strategy and detailed annual internal audit plan presented to the Audit Committee.

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

1. Conduct reviews and evaluations of management practices and procedures within the Group and the reviews will include but are not limited to:
 - i. Evaluation of internal control systems, corporate governance and risk assessment to determine their adequacy for the protection of Company's assets and resources, the production of accurate and reliable information, and the assurance on the compliance of statutory and regulatory requirements as well as company policies, procedures and guidelines.

- Mengkaji semula perancangan audit dalam, metodologi, fungsi dan sumber serta mengesyorkan perlantikan perkhidmatan audit dalam.
- Mengkaji semula penemuan utama pada laporan-laporan audit dalam serta tindakan pengurusan dan juga menyelaraskan tindakan audit dalam dan pihak-pihak lain bagi mencapai audit yang efektif dan efisien.
- Mengkaji semula sebarang transaksi dengan pihak-pihak berkaitan yang melibatkan Syarikat serta Kumpulan.

FUNGSI AUDIT DALAMAN

Lembaga Pengarah dan Jawatankuasa dibantu oleh Jabatan Audit Dalaman dan KPMG Business Advisory Sdn. Bhd. menerusi perkhidmatan kontrak yang diatur dalam mengekalkan sistem pengawasan dalaman yang berkesan bagi memberikan kepastian yang munasabah kepada ketidaktentuan yang mungkin timbul dalam operasi harian.

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

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

1. Mengkaji semula serta menilai amalan-amalan pengurusan dan prosedur-prosedur di dalam Kumpulan di mana kajian tersebut adalah termasuk tetapi tidak terhad kepada:
 - i. Penilaian ke atas sistem kawalan dalaman, tadbir urus korporat dan penilaian risiko untuk mengenalpasti kemampuan mereka bagi melindungi aset dan sumber Syarikat, penghasilan maklumat yang tepat dan boleh dipercayai dan memastikan polisi, prosedur dan garis panduan dipatuhi.

Audit Committee Report

Laporan Jawatankuasa Audit

- | | |
|--|---|
| <ul style="list-style-type: none"> ii. Determination as to whether desired results or benefits are being achieved from approved programs and projects. iii. Formulating recommendations to Management for improvement in, or correction of, inefficient practices and procedures. <ol style="list-style-type: none"> 2. Conduct special studies of procedural or problem areas as requested or directed by Audit Committee and Management. 3. Review the existing financial, operational and information systems to ensure that they are adequately defined, properly justified, and include the necessary internal controls. 4. Prepare formal reports on the results of completed reviews, discusses these reports with appropriate levels of management, as deemed appropriate. 5. Conduct follow-up audit on prior recommendations to determine any corrective or preventive actions by Management on the previously reported conditions or whether such conditions still exist. | <ul style="list-style-type: none"> ii. Mengenalpasti sama ada pencapaian atau manfaat yang diinginkan diperolehi daripada program-program dan projek-projek yang diluluskan. iii. Mengesyorkan kepada Pengurusan untuk memperbaiki dan mengemaskini prosedur dan amalan-amalan tidak efisien. <ol style="list-style-type: none"> 2. Menjalankan kajian-kajian khas ke atas mana-mana masalah yang timbul sebagaimana yang diarahkan oleh Jawatankuasa Audit dan pihak Pengurusan. 3. Mengkaji semula sistem-sistem kewangan, operasi dan maklumat yang sedia ada bagi memastikan kesemuanya mempunyai takrifan dan justifikasi termasuk kawalan dalaman yang sewajarnya. 4. Menyediakan laporan-laporan formal ke atas hasil kajian dan membincangkan laporan-laporan tersebut dengan pihak Pengurusan. 5. Menjalankan tindakan susulan audit terhadap cadangan-cadangan yang telah disyorkan bagi mengenalpasti sama ada pihak Pengurusan telah menjalankan tindakan pembetulan atau pencegahan ke atas perkara-perkara yang telah dilaporkan atau sebaliknya. |
|--|---|

Internal Audit Department undertakes the internal audit function based on the approved audit plan, which is continuously reviewed and updated upon the changing nature of the Group's operations.

Forty (40) audit reports were issued in 2010 and presented to the Audit Committee for their information and further action. The reports were deliberated by the Audit Committee and recommendations made were acted upon by the Management. Total cost incurred for the Internal Audit function in respect of the financial year 2010 was RM2.198 million. At the end of financial year, the department was supported by a total strength of eleven (11) internal auditors.

Jabatan Audit Dalam bertanggungjawab melaksanakan fungsi audit dalaman berdasarkan pelan audit yang dikaji secara berterusan dengan mengambil kira perubahan di dalam operasi Kumpulan.

Sebanyak empat puluh (40) laporan audit telah dikeluarkan dalam tahun 2010 dan telah dibentangkan kepada Jawatankuasa Audit berserta cadangan tindakan-tindakan pembetulan yang telah dilaksanakan oleh pihak Pengurusan. Jumlah keseluruhan kos yang dibelanjakan pada tahun kewangan 2010 adalah RM2.198 juta. Pada akhir tahun kewangan, jabatan ini mempunyai sebelas (11) kakitangan audit dalaman.

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Directors' Report

The directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2010.

PRINCIPAL ACTIVITIES

The principal activities of the Company are procuring, collecting, processing, importing, exporting, purchasing, storing, packaging, distribution of rice, paddy and other grains, which include activities such as seed production, paddy farming, paddy procurement, paddy processing, rice processing and rice storage, distribution and marketing of rice research and development on paddy seeds, rice and related products and investment holding. Pursuant to the Privatisation Agreement between the Company and the Government of Malaysia dated 12 January 1996 ("the Privatisation Agreement"), the Company shall also ensure the maintenance of the sufficient supply of rice at reasonably fair and stable prices. The Company's obligations under the Privatisation Agreement also include the maintenance of the rice stockpile, the distribution of paddy price subsidies to farmers on behalf of the Government, the management of the Bumiputra Rice Millers Scheme and acting as a buyer of last resort at the Guaranteed Minimum Price of paddy. The principal activities of the Group are those of the procurement, importing, buying, processing and selling of rice, rice by-products and paddy.

The principal activities of the subsidiaries are described in Note 36(a) to the financial statements.

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

RESULTS

	Group RM'000	Company RM'000
Profit net of tax	186,161	228,892
Attributable to:		
Owners of the parent	177,538	228,892
Minority interests	8,623	–
	186,161	228,892

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

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

DIVIDENDS

The amount of dividends paid by the Company since 31 December 2009 were as follows:

	RM'000
In respect of the financial year ended 31 December 2009, as reported in the directors' report of that year:	
Interim dividend of 12% taxable dividend less 25% taxation on 470,401,501 ordinary shares declared on 22 January 2010 and paid on 23 February 2010	42,336
Final dividend of 12% taxable dividend less 25% taxation on 470,401,501 ordinary shares declared on 21 May 2010 and paid on 14 July 2010	42,336
In respect of the financial year ended 31 December 2010:-	
First Interim dividend of 12% taxable dividend less 25% taxation on 470,401,501 ordinary shares declared on 31 August 2010 and paid on 26 October 2010	42,336
	127,008
Not recognised as at 31 December 2010:-	
Second Interim dividend of 13% taxable dividend less 25% taxation on 470,401,501 ordinary shares declared on 17 March 2011 and payable on 1 June 2011	45,864
	172,872

DIRECTORS

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

Dato' Wira Syed Abdul Jabbar Bin Syed Hassan Bakry Bin Hamzah	(Managing Director)
Datuk Azizan Bin Ayob	
YB Dato' Abdul Rahman Bin Datuk Haji Dahlan	
Tuan Syed Abu Bakar Bin S. Mohsin Almohdzar	
Dato' Azman Bin Umar*	
Chuah Seong Tat @ Chuah Chee Tat	(Appointed on 11 February 2010)
Dato' Mohd Hashim Bin Abdullah*	(Appointed on 16 February 2011)
Tuan Haji Osman Bin Makmor	(Alternate Director to Dato' Azman Bin Umar)
Dato' Mohd Mokhtar Bin Ismail*	(Resigned on 16 February 2011)
Dato' Dr. Baharom Bin Jani	(Alternate Director to Dato' Mohd Mokhtar Bin Ismail, resigned on 16 February 2011)

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

Directors' Report

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Note 8 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares in the Company during the financial year were as follows:-

	Number of Ordinary Shares of RM1 Each			
	1 January 2010	Bought	Sold	31 December 2010
Direct Interest				
- Dato' Wira Syed Abdul Jabbar Bin Syed Hassan	30,000	10,000	-	40,000

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

OTHER STATUTORY INFORMATION

- (a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
- (i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and
 - (ii) the values attributed to current assets in the financial statements of the Group and of the Company misleading.

OTHER STATUTORY INFORMATION (CONT'D.)

- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
 - (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the directors:
 - (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

SIGNIFICANT AND SUBSEQUENT EVENTS

The significant and subsequent events are as disclosed in Note 35 to the financial statements.

AUDITORS

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

Signed on behalf of the Board in accordance with a resolution of the directors dated 28 March 2011.

Dato' Wira Syed Abdul Jabbar Bin Syed Hassan

Bakry Bin Hamzah

Statement by Directors

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

We, Dato' Wira Syed Abdul Jabbar Bin Syed Hassan and Bakry Bin Hamzah, being two of the directors of Padiberas Nasional Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 79 to 178 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2010 and of their financial performance and cash flows of the Group and of the Company for the year then ended.

The information set out in Note 42 to the financial statements have been prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the directors dated 28 March 2011.

Dato' Wira Syed Abdul Jabbar Bin Syed Hassan

Bakry Bin Hamzah

Statutory Declaration

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

I, Ahmad Tarmizi Bin Mohamed Hariri, being the officer primarily responsible for the financial management of Padiberas Nasional Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 79 to 178 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the)
abovenamed Ahmad Tarmizi Bin Mohamed Hariri)
at Kuala Lumpur in the Federal Territory)
on 28 March 2011)

Ahmad Tarmizi Bin Mohamed Hariri

Before me,

Aishah Bt Shahul Hameed
PJK
W565
Commissioner for Oaths

Independent Auditors' Report

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

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Padiberas Nasional Berhad, which comprise the statement of financial position as at 31 December 2010 of the Group and of the Company, and the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 79 to 178.

Directors' responsibility for the financial statements

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

Auditors' responsibility

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

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

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2010 and of their financial performance and cash flows for the year then ended.

Independent Auditors' Report

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the financial statements and the auditors' report of a subsidiary of which we have not acted as auditors, which is indicated in Note 36(a) to the financial statements, being financial statements that have been included in the consolidated financial statements.
- (c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.
- (d) The auditors' reports on the 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.

OTHER MATTERS

The supplementary information set out in Note 42 on page 179 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

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

Hanafiah Raslan & Mohamad
AF: 0002
Chartered Accountants

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

Kuala Lumpur, Malaysia
28 March 2011

Consolidated Income Statement

for the financial year ended 31 December 2010

	Note	2010 RM'000	2009 RM'000
Revenue	4	3,172,973	3,259,876
Other income	5	23,831	22,784
Changes in inventory of finished goods and work in progress		30,948	181,428
Raw materials and consumables	6	(2,522,672)	(2,838,818)
Staff costs	7	(190,470)	(174,354)
Depreciation	14	(40,802)	(33,897)
Other expenses		(233,573)	(193,035)
Finance costs	9	(28,324)	(24,196)
Share of profit of associates		33,870	38,538
Profit before tax	10	245,781	238,326
Income tax expense	11	(59,620)	(58,789)
Profit net of tax		186,161	179,537
Attributable to:			
Owners of the parent		177,538	169,261
Minority interests		8,623	10,276
		186,161	179,537
Earnings per share attributable to owners of the parent (sen per share):			
Basic/diluted, for profit net of tax	12	37.7	36.0

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Statement of Comprehensive Income

for the financial year ended 31 December 2010

	2010 RM'000	2009 RM'000
Profit net of tax	186,161	179,537
Other comprehensive income:-		
Foreign currency translation	(1,506)	(1,339)
Total comprehensive income	184,655	178,198
Attributable to:		
Owners of the parent	176,032	167,922
Minority interests	8,623	10,276
	184,655	178,198

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Statement of Financial Position

as at 31 December 2010

	Note	2010 RM'000	2009 (restated) RM'000	As at 1.1.2009 (restated) RM'000
Non-current assets				
Property, plant and equipment	14	381,098	357,346	361,284
Investment in associates	16	242,363	232,323	210,508
Intangible assets	17	139	139	210
Deferred tax assets	18	62,704	51,454	78,205
		686,304	641,262	650,207
Current assets				
Inventories	19	583,877	552,929	371,501
Non-current asset held for sale	20	–	4,870	4,276
Trade and other receivables	21	886,164	777,167	780,356
Tax recoverable		1,916	–	15,201
Cash and bank balances	22	243,872	198,815	212,600
		1,715,829	1,533,781	1,383,934
Total assets		2,402,133	2,175,043	2,034,141
Current liabilities				
Retirement benefit obligations	23	4,428	3,968	3,018
Short term borrowings	24	515,377	760,568	858,793
Trade and other payables	27	223,870	195,140	130,959
Tax payable		20,825	22,853	12,699
		764,500	982,529	1,005,469
Net current assets		951,329	551,252	378,465
Non-current liabilities				
Retirement benefit obligations	23	65,989	63,367	58,477
Long term borrowings	24	409,484	12,791	12,785
Deferred tax liabilities	18	19,604	28,083	32,500
		495,077	104,241	103,762
Total liabilities		1,259,577	1,086,770	1,109,231
Net assets		1,142,556	1,088,273	924,910

Consolidated Statement of Financial Position

as at 31 December 2010

	Note	2010 RM'000	2009 (restated) RM'000	As at 1.1.2009 (restated) RM'000
Equity attributable to owners of the parent				
Share capital	28	470,402	470,402	470,402
Retained profits	29	569,813	527,645	369,307
Other reserves	30	18,701	20,207	21,546
		1,058,916	1,018,254	861,255
Minority interests		83,640	70,019	63,655
Total Equity		1,142,556	1,088,273	924,910
Total equity and liabilities		2,402,133	2,175,043	2,034,141

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Statement of Changes In Equity

for the year ended 31 December 2010

	Equity attributable to owners of the parent		Attributable to owners of the parent					Non-distributable reserves					
	Equity, total	Equity, the parent, total	Share capital (Note 28)	Distributable retained profits (Note 29)	Other reserves (Note 30)	Share premium	Capital redemption reserve	Capital reserve	Foreign exchange reserve	Minority interest			
Note	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Opening balance at 1 January 2009	924,910	861,255	470,402	369,307	21,546	7,085	12,520	2,864	(923)	63,655			
Total comprehensive income	178,198	167,922	-	169,261	(1,339)	-	-	-	(1,339)	10,276			
Transactions with owners													
Dividends on ordinary shares	13	(10,585)	-	(10,585)	-	-	-	-	-	-			
Effect arising from acquisition of minority interest of subsidiary		(4,250)	-	(338)	-	-	-	-	-	(3,912)			
Total transactions with owners		(14,835)	-	(10,923)	-	-	-	-	-	(3,912)			
Closing balance at 31 December 2009	1,088,273	1,018,254	470,402	527,645	20,207	7,085	12,520	2,864	(2,262)	70,019			
Opening balance at 1 January 2010	1,088,273	1,018,254	470,402	527,645	20,207	7,085	12,520	2,864	(2,262)	70,019			
As previously stated	(8,362)	(8,362)	-	(8,362)	-	-	-	-	-	-			
Effects of adopting FRS 139	2.2												
At 1 January 2010 (restated)	1,079,911	1,009,892	470,402	519,283	20,207	7,085	12,520	2,864	(2,262)	70,019			
Total comprehensive income	184,655	176,032	-	177,538	(1,506)	-	-	-	(1,506)	8,623			
Transactions with owners													
Acquisition of a subsidiary company	15	11,293	-	-	-	-	-	-	-	11,293			
Effects arising from acquisition of minority interest of subsidiary	15	(5,195)	-	-	-	-	-	-	-	(5,195)			
Dividends on ordinary shares	13	(128,108)	-	(127,008)	-	-	-	-	-	(1,100)			
Total transactions with owners		(122,010)	-	(127,008)	-	-	-	-	-	4,998			
Closing balance at 31 December 2010	1,142,556	1,058,916	470,402	569,813	18,701	7,085	12,520	2,864	(3,768)	83,640			

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Statement of Cash Flows

for the year ended 31 December 2010

	2010 RM'000	2009 RM'000
OPERATING ACTIVITIES		
Profit before tax	245,781	238,326
Adjustments for:		
Depreciation of property, plant and equipment	40,802	33,897
Loss on disposal of property, plant and equipment	874	2,120
Property, plant and equipment written off	5,072	1,654
Impairment loss on trade receivables	10,649	10,689
(Writeback)/impairment loss on other receivables	(529)	2,779
Provision for retirement benefits	8,704	8,370
Impairment loss recovered on trade receivables	(44)	(496)
Loss on disposal of associates	–	2,853
Interest expense	27,009	22,137
Interest income	(5,293)	(2,591)
Share of results from associates	(33,870)	(38,538)
Inventories written down	–	2,233
Negative goodwill	(1,292)	–
Impairment of intangible asset	–	71
Unrealised gain in foreign exchange	(2,489)	(99)
Operating profit before working capital changes	295,374	283,405
Increase in receivables	(74,080)	(9,783)
Increase in inventories	(18,269)	(183,661)
Increase in payables	3,520	64,181
Cash generated from operations	206,545	154,142
Interest paid	(27,009)	(22,137)
Retirement benefits paid	(5,622)	(2,530)
Income tax paid	(83,502)	(10,115)
Interest income received	5,293	2,591
Net cash generated from operating activities	95,705	121,951

	2010 RM'000	2009 RM'000
INVESTING ACTIVITIES		
Additional of investment in subsidiaries	(4,730)	(4,250)
Net cash outflow on acquisition of subsidiaries	(24,943)	–
Proceeds from disposal of subsidiaries	3,567	–
Dividend received from associates	18,036	10,822
Purchase of property, plant and equipment	(51,204)	(54,487)
Proceeds from disposal of associates	–	1,469
Proceeds from disposal of property, plant and equipment	1,001	21,297
Net cash used in investing activities	(58,273)	(25,149)
FINANCING ACTIVITIES		
Drawdown of borrowings	2,388,847	2,240,166
Repayment of borrowings	(2,252,983)	(2,338,448)
Dividend paid	(127,008)	(10,585)
Net cash generated from/(used in) financing activities	8,856	(108,867)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	46,288	(12,065)
EFFECT OF FOREIGN EXCHANGE RATES CHANGES	(1,506)	(1,339)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR	194,856	208,260
CASH AND CASH EQUIVALENTS AT THE END OF YEAR (NOTE 22)	239,638	194,856

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Income Statement

for the financial year ended 31 December 2010

	Note	2010 RM'000	2009 RM'000
Revenue	4	2,802,043	2,994,389
Other income	5	48,730	48,368
Changes in inventory of finished goods and work in progress		23,213	(51,045)
Raw materials and consumables	6	(2,281,611)	(2,538,065)
Staff costs	7	(96,518)	(85,273)
Depreciation	14	(21,779)	(20,595)
Other expenses		(153,589)	(120,004)
Finance costs	9	(21,676)	(18,604)
Profit before tax	10	298,813	209,171
Income tax expense	11	(69,921)	(57,520)
Profit net of tax		228,892	151,651

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statement of Comprehensive Income

for the financial year ended 31 December 2010

	2010 RM'000	2009 RM'000
Profit net of tax	228,892	151,651
Other comprehensive income	–	–
Total comprehensive income	228,892	151,651

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statement of Financial Position

as at 31 December 2010

	Note	2010 RM'000	2009 (restated) RM'000	As at 1.1.2009 (restated) RM'000
Non-current assets				
Property, plant and equipment	14	204,281	197,856	219,185
Investment in subsidiaries	15	370,000	356,590	354,547
Investment in associates	16	97,523	99,273	99,273
Deferred tax assets	18	17,158	14,145	42,128
		688,962	667,864	715,133
Current assets				
Inventories	19	157,624	134,411	185,456
Non-current asset held for sale		–	–	2,856
Trade and other receivables	21	1,267,776	1,094,416	935,791
Tax recoverable		–	–	13,036
Cash and bank balances	22	111,512	74,949	74,887
		1,536,912	1,303,776	1,212,026
Total assets		2,225,874	1,971,640	1,927,159
Current liabilities				
Retirement benefit obligations	23	2,498	648	647
Short term borrowings	24	330,544	616,566	747,187
Trade and other payables	27	486,711	442,289	425,883
Tax payable		17,553	14,431	–
		837,306	1,073,934	1,173,717
Net current assets		699,606	229,842	38,309
Non-current liabilities				
Retirement benefit obligations	23	40,375	41,519	38,321
Long term borrowings	24	398,372	–	–
		438,747	41,519	38,321
Total liabilities		1,276,053	1,115,453	1,212,038
Net assets		949,821	856,187	715,121

	Note	2010 RM'000	2009 (restated) RM'000	As at 1.1.2009 (restated) RM'000
Equity attributable to owners of the parent				
Share capital	28	470,402	470,402	470,402
Retained profits	29	464,364	370,730	229,664
Other reserves	30	15,055	15,055	15,055
Total equity		949,821	856,187	715,121
Total equity and liabilities		2,225,874	1,971,640	1,927,159

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statement of Changes in Equity

for the financial year ended 31 December 2010

	Note	Equity, total RM'000	Attributable to owners of the parent			Non-distributable reserves		
			Share capital (Note 28) RM'000	Distributable retained profits (Note 29) RM'000	Other reserves (Note 30) RM'000	Share premium RM'000	Capital reserve RM'000	Capital redemption reserve RM'000
Opening balance at 1 January 2009		715,121	470,402	229,664	15,055	7,085	600	7,370
Total comprehensive income		151,651	-	151,651	-	-	-	-
Transactions with owners								
Dividends on ordinary shares	13	(10,585)	-	(10,585)	-	-	-	-
At 31 December 2009		856,187	470,402	370,730	15,055	7,085	600	7,370
Opening balance at 1 January 2009								
As previously stated		856,187	470,402	370,730	15,055	7,085	600	7,370
Effects of adopting FRS 139	2.2	(8,250)	-	(8,250)	-	-	-	-
At 1 January 2010 (restated)		847,937	470,402	362,480	15,055	7,085	600	7,370
Total comprehensive income		228,892	-	228,892	-	-	-	-
Transactions with owners								
Dividends on ordinary shares	13	(127,008)	-	(127,008)	-	-	-	-
At 31 December 2010		949,821	470,402	464,364	15,055	7,085	600	7,370

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statement of Cash Flows

for the financial year ended 31 December 2010

	2010 RM'000	2009 RM'000
OPERATING ACTIVITIES		
Profit before tax	298,813	209,171
Adjustments for:		
Depreciation of property, plant and equipment	21,779	20,595
Loss on disposal of property, plant and equipment	1,136	2,165
Property, plant and equipment written off	2,771	809
Impairment loss on trade receivables	7,662	11,410
Impairment loss on other receivables	1,984	6,596
Provision for retirement benefits	4,654	4,449
Impairment loss of investment in subsidiaries	100	957
Loss on disposal of associates	–	1,428
Interest expense	20,440	16,685
Interest income	(4,117)	(1,795)
Gross dividend income	(19,229)	(16,272)
Gain on disposal of investment in subsidiaries	–	(688)
Unrealised gain in foreign exchange	(1,474)	–
Operating profit before working capital changes	334,519	255,510
Increase in receivables	(333,417)	(175,943)
(Increase)/decrease in inventories	(23,213)	51,045
Increase in payables	186,584	16,406
Cash generated from operations	164,473	147,018
Interest paid	(20,440)	(16,685)
Retirement benefits paid	(3,948)	(1,250)
Income tax paid	(69,301)	(727)
Interest income received	4,117	1,795
Net cash generated from operating activities	74,901	130,151

Statement of Cash Flows

for the financial year ended 31 December 2010

	2010 RM'000	2009 RM'000
INVESTING ACTIVITIES		
Net dividend received from:		
– Subsidiaries	682	4,107
– Associates	18,036	10,822
Additional of investment in subsidiaries	(11,760)	(4,350)
Purchase of property, plant and equipment	(32,661)	(23,310)
Proceeds from disposal of associates	–	1,428
Proceeds from disposal of property, plant and equipment	549	21,070
Investment in subsidiaries written-off	–	1,350
Net (cash used in)/generated from investing activities	(25,154)	11,117
FINANCING ACTIVITIES		
Drawdown of borrowings	2,360,900	1,906,542
Repayment of borrowings	(2,247,076)	(2,037,163)
Dividend paid	(127,008)	(10,585)
Net cash used in financing activities	(13,184)	(141,206)
NET INCREASE IN CASH AND CASH EQUIVALENTS	36,563	62
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR	74,949	74,887
CASH AND CASH EQUIVALENTS AT THE END OF YEAR (NOTE 22)	111,512	74,949

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Notes to the Financial Statements

for the financial year ended 31 December 2010

1. CORPORATE INFORMATION

Padiberas Nasional Berhad (“the Company”) is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at Level 31, Menara HLA, No. 3 Jalan Kia Peng, 50450 Kuala Lumpur.

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

The principal activities of the Company are procuring, collecting, processing, importing, exporting, purchasing, storing, packaging, distribution of rice, paddy and other grains, which include activities such as seed production, paddy farming, paddy procurement, paddy processing, rice processing and rice storage, distribution and marketing of rice research and development on paddy seeds, rice and related products and investment holding. Pursuant to the Privatisation Agreement between the Company and the Government of Malaysia dated 12 January 1996 (“the Privatisation Agreement”), the Company shall also ensure the maintenance of the sufficient supply of rice at reasonably fair and stable prices. The Company’s obligations under the Privatisation Agreement also include the maintenance of the rice stockpile, the distribution of paddy price subsidies to farmers on behalf of the Government, the management of the Bumiputra Rice Millers Scheme and acting as a buyer of last resort at the Guaranteed Minimum Price of paddy. The principal activities of the Group are those of the procurement, importing, buying, processing and selling of rice, rice by-products and paddy.

The principal activities of the subsidiaries are described in Note 36(a) to the financial statements. There have been no significant changes in the nature of the principal activities during the financial year.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards (“FRSs”) and the Companies Act, 1965 in Malaysia. At the beginning of the current financial year, the Group and the Company adopted new and revised FRSs which are mandatory for financial periods beginning on or after 1 January 2010 as describe fully in Note 2.2.

The financial statements of the Group and of the Company have been prepared on a historical cost basis, except as disclosed in the accounting policies below.

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

Notes to the Financial Statements

for the financial year ended 31 December 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 January 2010, the Group and the Company adopted the following new and amended FRS and IC Interpretations mandatory for annual financial periods beginning on or after 1 January 2010.

- FRS 7 Financial Instruments: Disclosures
- FRS 8 Operating Segments
- FRS 101 Presentation of Financial Statements (Revised)
- FRS 123 Borrowing Costs
- FRS 139 Financial Instruments: Recognition and Measurement
- Amendments to FRS 1 First-time Adoption of Financial Reporting Standards and FRS 127 Consolidated and Separate Financial Statements: Cost of and Investment in a Subsidiary, Jointly Controlled Entity or Associate
- Amendments to FRS 2 Share-based Payment – Vesting Conditions and Cancellations
- Amendments to FRS 132 Financial Instruments: Presentation
- Amendments to FRS 139 Financial Instruments: Recognition and Measurement, FRS 7 Financial Instruments: Disclosures and IC Interpretation 9 Reassessment of Embedded Derivatives
- Improvements to FRS issued in 2009
- IC Interpretation 9 Reassessment of Embedded Derivatives
- IC Interpretation 10 Interim Financial Reporting and Impairment
- IC Interpretation 11 FRS 2 – Group and Treasury Share Transactions
- IC Interpretation 13 Customer Loyalty Programmes
- IC Interpretation 14 FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

FRS 4 Insurance Contracts and TR i-3 Presentation of Financial Statements of Islamic Financial Institutions will also be effective for annual periods beginning on or after 1 January 2010. These FRS are, however, not applicable to the Group or the Company.

Adoption of the above standards and interpretations did not have any effect on the financial performance or position of the Group and the Company except for those discussed below:

FRS 7 Financial Instruments: Disclosures

Prior to 1 January 2010, information about financial instruments was disclosed in accordance with the requirements of FRS 132 Financial Instruments: Disclosure and Presentation. FRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk.

The Group and the Company have applied FRS 7 prospectively in accordance with the transitional provisions. Hence, the new disclosures have not been applied to the comparatives. The new disclosures are included throughout the Group's and the Company's financial statements for the year ended 31 December 2010.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Changes in accounting policies (Cont'd.)

FRS 8 Operating Segments

FRS 8, which replaces FRS 114 Segment Reporting, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The Standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. The Group has adopted FRS 8 retrospectively. These revised disclosures, including the related revised comparative information, are shown in Note 40 to the financial statements.

FRS 101 Presentation of Financial Statements (Revised)

The revised FRS 101 introduces changes in the presentation and disclosures of financial statements. The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. The Standard also introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group and the Company have elected to present this statement as two linked statements.

In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the classification of items in the financial statements.

The revised FRS 101 also requires the Group to make new disclosures to enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital (See Note 39).

The revised FRS 101 was adopted retrospectively by the Group and the Company.

FRS 139 Financial Instruments: Recognition and Measurement

FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. The Group and the Company have adopted FRS 139 prospectively on 1 January 2010 in accordance with the transitional provisions. The effects arising from the adoption of this Standard has been accounted for by adjusting the opening balance of retained earnings as at 1 January 2010. Comparatives are not restated. The details of the changes in accounting policies and the effects arising from the adoption of FRS 139 are discussed below:

- Financial guarantee contracts

During the current and prior years, the Company provided financial guarantees to banks in connection with bank loans and other banking facilities granted to its subsidiaries. Prior to 1 January 2010, the Company did not provide for such guarantees unless it was more likely than not that the guarantees would be called upon. The guarantees were disclosed as contingent liabilities. Upon the adoption of FRS 139, all unexpired financial guarantees issued by the Company are recognised as financial liabilities and are measured at their initial fair value less accumulated amortisation as at 1 January 2010.

At the balance sheet date, the Company has reassessed the financial guarantee contracts in accordance with FRS 139. There is no fair value adjustment required for the financial guarantee granted to its subsidiaries.

Notes to the Financial Statements

for the financial year ended 31 December 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Changes in accounting policies (Cont'd.)

FRS 139 Financial Instruments: Recognition and Measurement (Cont'd.)

- Impairment of trade receivables

Prior to 1 January 2010, provision for doubtful debts was recognised when it was considered uncollectible. Upon the adoption of FRS 139, an impairment loss is recognised when there is objective evidence that an impairment loss has been incurred. The amount of the loss is measured as the difference between the receivable's carrying amount and the present value of the estimated future cash flows discounted at the receivable's original effective interest rate. As at 1 January 2010, the Group has remeasured the allowance for impairment losses as at that date in accordance with FRS 139 and the difference is recognised as adjustments to the opening balance of retained earnings as at that date.

The following are the effects arising from the above changes in accounting policy:

	Increase/(decrease)	
	As at 31 December 2010 RM'000	As at 1 January 2010 RM'000
Statements of financial position		
Group		
Trade and other receivables	(7,933)	(8,362)
Tax payable	(107)	–
Retained earnings	(7,933)	(8,362)
Company		
Trade and other receivables	(7,558)	(8,250)
Tax payable	(173)	–
Retained earnings	(7,558)	(8,250)
Income Statements		
Other expenses	(429)	(692)
Income tax expense	(107)	(173)
Profit net of tax	536	865

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Changes in accounting policies (Cont'd.)

FRS 139 Financial Instruments: Recognition and Measurement (Cont'd.)

	Group increase/ (decrease) 2010 Sen per share
Earnings per share Basic/diluted	(1.78)

Amendments to FRS 117 Leases

Prior to 1 January 2010, for all leases of land and buildings, if title is not expected to pass to the lessee by the end of the lease term, the lessee normally does not receive substantially all of the risks and rewards incidental to ownership. Hence, all leasehold land held for own use was classified by the Group and the Company as operating lease and where necessary, the minimum lease payments or the up-front payments made were allocated between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represented prepaid lease payments and were amortised on a straight-line basis over the lease term.

The amendments to FRS 117 Leases clarify that leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets. They also clarify that the present value of the residual value of the property in a lease with a term of several decades would be negligible and accounting for the land element as a finance lease in such circumstances would be consistent with the economic position of the lessee. Hence, the adoption of the amendments to FRS 117 has resulted in certain unexpired land leases to be reclassified as finance leases. The Group and the Company have applied this change in accounting policy retrospectively and certain comparatives have been restated.

The following are the effects to the statement of financial position as at 31 December 2010 arising from the above change in accounting policy:

	Group 2010 RM'000	Company 2010 RM'000
Increase/(decrease) in:		
Property, plant and equipment	16,939	2,178
Prepaid land lease payments	(16,939)	(2,178)

Notes to the Financial Statements

for the financial year ended 31 December 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Changes in accounting policies (Cont'd.)

Amendments to FRS 117 Leases (Cont'd.)

The following comparatives have been restated:

	As previously stated RM'000	Adjustments RM'000	As restated RM'000
Consolidation statement of financial position			
31 December 2009			
Property, plant and equipment	347,351	9,995	357,346
Prepaid land lease payments	9,995	(9,995)	–
1 January 2009			
Property, plant and equipment	333,999	27,285	361,284
Prepaid land lease payments	27,285	(27,285)	–
Statement of financial position			
31 December 2009			
Property, plant and equipment	195,726	2,130	197,856
Prepaid land lease payments	2,130	(2,130)	–
1 January 2009			
Property, plant and equipment	195,905	23,280	219,185
Prepaid land lease payments	23,280	(23,280)	–

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Standards issued but not yet effective

The Group and the Company have not adopted the following standards and interpretations that have been issued but are not yet effective:

Description	Effective for annual periods beginning on or after
FRS 1 First-time Adoption of Financial Reporting Standards	1 July 2010
FRS 3 Business Combinations (Revised)	1 July 2010
Amendments to FRS 2 Share-based Payment	1 July 2010
Amendments to FRS 5 Non-current Assets Held for Sale and Discontinued Operations	1 July 2010
Amendments to FRS 127 Consolidated and Separate Financial Statements	1 July 2010
Amendments to FRS 138 Intangible Assets	1 July 2010
Amendments to IC Interpretation 9 Reassessment of Embedded Derivatives	1 July 2010
IC Interpretation 12 Service Concession Arrangements	1 July 2010
IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17 Distributions of Non-cash Assets to Owners	1 July 2010
Amendments to FRS 132: Classification of Rights Issues	1 March 2010
Amendments to FRS 1: Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters	1 January 2011
Amendments to FRS 7: Improving Disclosures about Financial Instruments	1 January 2011
Amendments to FRSs contained in the document entitled "Improvements to FRSs (2010)"	1 January 2011
IC Interpretation 4 Determining whether an Arrangement contains a Lease	1 January 2011
IC Interpretation 18 Transfers of Assets from Customers	1 January 2011
IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
Prepayments of a Minimum Funding Requirement (Amendments to IC Interpretation 14)	1 July 2011
FRS 124 Related Party Transactions	1 January 2012
IC Interpretation 15 Agreements for the Construction of Real Estate	1 January 2012

The directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application.

Notes to the Financial Statements

for the financial year ended 31 December 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amount is included in income statement. The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the balance sheet date. The financial statements of the subsidiaries are prepared for the same reporting date as the Company. Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for the like transactions and events in similar circumstances.

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

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

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

2.5 Transactions with minority interests

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in profit or loss of the Group and within equity in the consolidated statements of financial position, separately from parent shareholders' equity. Transactions with minority interests are accounted for using the entity concept method, whereby, transactions with minority interests are accounted for as transactions with owners. On acquisition of minority interests, the difference between the consideration and book value of the share of the net assets acquired is recognised directly in equity. Gain or loss on disposal to minority interests is recognised directly in equity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.6 Foreign currency

(a) Functional and presentation currency

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

(b) Foreign currency transactions

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

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

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

(c) Foreign Operations

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

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

Notes to the Financial Statements

for the financial year ended 31 December 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.7 Property, plant and equipment

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

Subsequent to recognition, plant and equipment and furniture and fixtures are measured at cost less accumulated depreciation and accumulated impairment losses.

Freehold land has an unlimited useful life and therefore is not depreciated.

Capital work in progress comprises the construction of buildings and renovation in progress which have not been commissioned. Capital work in progress is not depreciated.

Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Buildings and infrastructure	2% to 10%
Leasehold land	Over lease period
Renovations	10%
Plant and machinery	4% to 20%
Furniture, fittings and office equipment	10% to 33.3%
Motor vehicles	20%

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in profit or loss.

2.8 Intangible Assets

(i) Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.8 Intangible Assets (Cont'd.)

(i) Goodwill (Cont'd.)

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

Goodwill and fair value adjustments arising on the acquisition of foreign operation are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in Note 2.6.

(ii) Other Intangible Assets

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

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

(iii) Trademarks

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

Notes to the Financial Statements

for the financial year ended 31 December 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.9 Impairment of Non-Financial Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

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

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss. Impairment loss on goodwill is not reversed in a subsequent period.

2.10 Subsidiaries

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

2.11 Associates

An associate is an entity, not being a subsidiary or a joint venture, in which the Group has significant influence. An associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

The Group's investments in associates are accounted for using the equity method. Under the equity method, the investment in associates is measured in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associates. Goodwill relating to associates is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss for the period in which the investment is acquired.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.11 Associates (Cont'd.)

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

The financial statements of the associates are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

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

2.12 Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition.

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

All financial assets of the Group and the Company are classified as loan and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

Notes to the Financial Statements

for the financial year ended 31 December 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.13 Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

– Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

2.14 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

2.15 Inventories

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.15 Inventories (Cont'd.)

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

The Company is vested with the duty to maintain and manage the Government Stockpile of rice of 239,000 metric tonnes (2009: 239,000 metric tonnes). The inventories of paddy and rice of the Group and of the Company are disclosed net of the Government Stockpile.

2.16 Provisions

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

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

2.17 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of FRS 139, are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

The Group and the Company has not designated any financial liabilities at fair value through profit and loss.

The Group's and the Company's other financial liabilities include trade payables, other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Notes to the Financial Statements

for the financial year ended 31 December 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.17 Financial liabilities (Cont'd.)

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.18 Borrowing costs

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

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.19 Employee Benefits

(a) Short Term Benefits

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

(b) Defined Contribution Plans

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

(c) Defined Benefit Plans

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.19 Employee Benefits (Cont'd.)

(c) Defined Benefit Plans (Cont'd.)

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

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

2.20 Leases

(a) As Lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

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

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.21 (b).

2.21 Revenue Recognition

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

Notes to the Financial Statements

for the financial year ended 31 December 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.21 Revenue Recognition (Cont'd.)

(a) Sale of Goods

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

(b) Rental Income

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

(c) Interest Income

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

(d) Dividend Income

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

2.22 Income taxes

(a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.22 Income taxes (Cont'd.)

(b) Deferred tax (Cont'd.)

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.23 Share capital

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

Notes to the Financial Statements

for the financial year ended 31 December 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.24 Non-current asset held for sale

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

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

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

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

3.1 Key sources of estimation uncertainty

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

(a) Contingent Liabilities – Litigation

As disclosed in Note 33 to the financial statements, the Group has several pending litigation with various parties as at current financial year end. The Board of Directors, after due consultation with the Group's solicitors, assess the merit of each case, and makes the necessary provision for liabilities in the financial statements if its crystallisation is deemed to be probable.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D.)

3.1 Key sources of estimation uncertainty (Cont'd.)

(b) Impairment of loans and receivables

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivable at the reporting date is disclosed in Note 21. If the present value of estimated future cash flows for individual assessment increases by 10% from management's estimates, the Group's allowance for impairment will decrease by RM 27,155,000.

(c) Impairment of goodwill

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires an estimation of the value in use of the cash-generating units to which goodwill is allocated.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. Further details of the carrying value, the key assumptions applied in the impairment assessment of goodwill are given in Note 17.

(d) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profit together with future tax planning strategies. The details of recognised and unrecognised deferred tax assets are disclosed in Note 18.

4. REVENUE

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Sale of rice	2,856,172	2,785,561	2,627,598	2,746,653
Others	316,801	474,315	174,445	247,736
	3,172,973	3,259,876	2,802,043	2,994,389

Notes to the Financial Statements

for the financial year ended 31 December 2010

5. OTHER INCOME

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Dividend income from:				
– Subsidiaries	–	–	910	4,465
– Associates	–	–	18,319	11,807
Rental income	744	567	17,681	17,681
Government incentive	5,459	11,326	5,459	11,326
Interest income from deposits	5,293	2,591	4,117	1,795
Scrap sales	7,909	4,390	–	–
Negative goodwill	1,292	–	–	–
Other	3,134	3,910	2,244	1,294
	23,831	22,784	48,730	48,368

6. RAW MATERIALS AND CONSUMABLES

Raw materials and consumables comprise cost of local rice and cost of import rice sold which include overhead costs of paddy mills, net of claims over the cost on Government Subsidised Rice (“GSR”) program and the lower recoverability of margin in relation of obligation as buyer of last resort.

7. STAFF COSTS

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Wages and salaries	157,713	145,990	78,482	71,354
Social security costs	1,444	1,248	456	401
Pension costs – defined contribution plan	17,754	14,600	9,330	7,504
Pension costs defined benefit plan (Note 23)	8,704	8,370	4,654	4,449
Other staff related expenses	4,855	4,146	3,596	1,565
	190,470	174,354	96,518	85,273

Included in employee benefits expense of the Group and of the Company are executive directors’ remuneration amounting to RM464,000 (2009: RM1,018,000) as further disclosed in Note 8.

8. DIRECTORS' REMUNERATION

	Group and Company	
	2010	2009
	RM'000	RM'000
Executive:		
Salaries, bonus and other emoluments	464	1,018
Non-Executive:		
Fees and other emoluments	740	421
Total (Note 34)	1,204	1,439

	Group and Company	
	2010	2009
	RM'000	RM'000
Analysis excluding benefits-in-kind:		
Total executive directors' remuneration excluding benefits-in-kind	464	1,018
Total non-executive directors' remuneration excluding benefits-in-kind	740	421
Total directors' remuneration excluding benefits-in-kind	1,204	1,439

	Number of directors	
	2010	2009
Executive directors:		
RM50,001 – RM1,050,000	1	1
Non-executive directors:		
Below RM50,000	–	3
RM50,001 – RM100,000	4	2
RM100,001 – RM150,000	2	1
RM150,001 – RM200,000	–	–
RM200,001 – RM250,000	1	–

Notes to the Financial Statements

for the financial year ended 31 December 2010

9. FINANCE COSTS

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Interest expense on borrowings	27,009	22,137	20,440	16,685
Bank charges	1,315	2,059	1,236	1,919
	28,324	24,196	21,676	18,604

10. PROFIT BEFORE TAX

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

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Staff costs (Note 7)	190,470	174,354	96,518	85,273
Non-executive directors' remuneration (Note 8)	740	421	740	421
Auditors' remuneration:				
Statutory audit	743	714	195	180
Other services	305	20	305	20
Depreciation of property, plant and equipment (Note 14)	40,802	33,897	21,779	20,595
Charitable contributions for Albukhary International University	15,000	20,000	15,000	20,000
Loss on disposal of property, plant and equipment	874	2,120	1,136	2,165
Write off of property, plant and equipment	5,072	1,654	2,771	809
Impairment loss/(writeback) on				
– trade receivables	10,649	10,689	7,662	11,410
– other receivables	(529)	2,779	1,984	6,596
Provision for retirement benefit obligations	8,704	8,370	4,654	4,449
Rental of land and buildings	50,387	40,282	36,602	29,126
Rental of plant and machinery	4,930	3,467	2,521	1,145
Unrealised gain in foreign exchange	(2,489)	(99)	(1,474)	–
Impairment of investments in subsidiaries	–	–	100	957
Impairment loss recovered on trade receivables	(44)	(496)	–	–
Gain on disposal of investment in subsidiaries	–	–	–	(688)
Loss on disposal of associates	–	2,853	–	1,428
Inventories written down	–	2,233	–	–
Impairment of intangible asset	–	71	–	–

11. INCOME TAX EXPENSEMajor components of income tax expense

The major components of income tax expense for the years ended 31 December 2010 and 2009 are:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Current income tax:				
Current income tax charge	88,147	39,346	79,331	29,537
Overprovision in prior years	(7,775)	(2,891)	(6,397)	–
	80,372	36,455	72,934	29,537
Deferred tax (Note 18):				
Relating to origination and reversal of temporary differences	(22,085)	26,329	(4,385)	33,366
Under/(over)provision in prior years	1,333	(3,995)	1,372	(5,383)
	(20,752)	22,334	(3,013)	27,983
Total income tax expense	59,620	58,789	69,921	57,520

Reconciliation between tax expense and accounting profit

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2010 and 2009 are as follows:

	Group	
	2010 RM'000	2009 RM'000
Profit before tax	245,781	238,326
Taxation at Malaysian statutory tax rate of 25% (2009: 25%)	61,445	59,582
Effect of expenses not deductible for tax purposes	11,934	12,172
Effect of expenses eligible for double deduction	19	–
Utilisation of unrecognised tax losses and capital allowances brought forward from previous years	(446)	(413)
Deferred tax assets not recognised on unutilised tax losses and unabsorbed capital allowances	5,938	–
Utilisation of current year reinvestment allowance	(1,091)	(222)
Effect of income not subject to tax	(11,737)	(5,444)
Under/(over)provision of deferred tax in prior years	1,333	(3,995)
Overprovision of income tax in prior years	(7,775)	(2,891)
Tax expense for the year	59,620	58,789

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for the financial year ended 31 December 2010

11. INCOME TAX EXPENSE (CONT'D.)

Reconciliation between tax expense and accounting profit (Cont'd.)

	Company	
	2010 RM'000	2009 RM'000
Profit before tax	298,813	209,171
Taxation at Malaysian statutory tax rate of 25% (2009: 25%)	74,703	52,293
Effect of expenses not deductible for tax purposes	9,328	13,682
Effect of income not subject to tax	(9,085)	(3,072)
Under/(over)provision of deferred tax in prior years	1,372	(5,383)
Overprovision of income tax in prior years	(6,397)	–
Tax expense for the year	69,921	57,520

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2009: 25%) of the estimated assessable profit for the year.

12. EARNINGS PER SHARE

(a) Basic

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

	2010 RM'000	2009 RM'000
Profit net of tax attributable to owners of the parent used in computation of basic earnings per share	177,538	169,261
Number of ordinary shares in issue/weighted average number of ordinary shares in issue (in '000)	470,402	470,402
Basic earnings per share for the year (sen)	37.7	36.0

(b) Diluted

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

13. DIVIDENDS

	Dividends in respect of Year		Dividends Recognised in Year	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Recognised during the year:				
Final dividend for 2008: 3% taxable dividend less 25% taxation on 470,401,501 ordinary shares (2.2 sen per ordinary share)	–	–	–	10,585
Interim dividend for 2009: 12% taxable dividend less 25% taxation on 470,401,501 ordinary shares (9.0 sen per ordinary share)	–	42,336	42,336	–
Final dividend for 2009: 12% taxable dividend less 25% taxation on 470,401,501 ordinary shares (9.0 sen per ordinary share)	–	42,336	42,336	–
First Interim dividend for 2010: 12% taxable dividend less 25% taxation on 470,401,501 ordinary shares (9.0 sen per ordinary share)	42,336	–	42,336	–
Not recognised during the year:				
Second Interim dividend for 2010: 13% taxable dividend less 25% taxation on 470,401,501 ordinary shares (9.6 sen per ordinary share)	45,864	–	–	–
	88,200	84,672	127,008	10,585

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for the financial year ended 31 December 2010

14. PROPERTY, PLANT AND EQUIPMENT

GROUP	Freehold land RM'000	Leasehold land RM'000	Buildings and infrastructure RM'000	Plant and machinery RM'000	Work-in- Progress RM'000	Others*	Total RM'000
At 31 December 2010							
Cost							
At 1 January 2010, as restated	36,923	11,089	118,348	249,508	46,095	122,433	584,396
Acquisition of subsidiary companies	–	8,077	3,936	4,052	574	6,876	23,515
Additions	–	–	1,660	3,568	35,580	12,569	53,377
Disposals	–	–	(77)	(5,388)	–	(4,159)	(9,624)
Write off	–	–	(385)	(6,596)	–	(7,599)	(14,580)
Reclassification	–	–	657	6,361	(10,604)	3,586	–
At 31 December 2010	36,923	19,166	124,139	251,505	71,645	133,706	637,084
Accumulated depreciation							
At 1 January 2010, as restated	–	1,094	22,429	121,663	–	81,864	227,050
Acquisition of subsidiary companies	–	780	562	1,986	–	2,063	5,391
Charge for the year	–	353	3,742	21,086	–	15,621	40,802
Disposals	–	–	(50)	(3,692)	–	(4,007)	(7,749)
Write off	–	–	(81)	(2,621)	–	(6,806)	(9,508)
At 31 December 2010	–	2,227	26,602	138,422	–	88,735	255,986
Net carrying amount							
At 31 December 2010	36,923	16,939	97,537	113,083	71,645	44,971	381,098

14. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

GROUP (Cont'd.)	Freehold land RM'000	Leasehold land RM'000	Buildings and infrastructure RM'000	Plant and machinery RM'000	Work-in- Progress RM'000	Others*	Total RM'000
At 31 December 2009							
Cost							
At 1 January 2009, as restated	36,923	33,089	113,231	249,559	30,472	104,728	568,002
Additions	–	4,000	5,858	3,781	21,578	19,813	55,030
Disposals	–	(26,000)	(40)	(5,735)	–	(1,756)	(33,531)
Write off	–	–	(1,330)	(1,339)	–	(2,436)	(5,105)
Reclassification	–	–	629	3,242	(5,955)	2,084	–
At 31 December 2009	36,923	11,089	118,348	249,508	46,095	122,433	584,396
Accumulated depreciation and impairment							
At 1 January 2009, as restated	–	5,804	18,695	107,249	–	74,970	206,718
Charge for the year	–	565	3,779	18,541	–	11,012	33,897
Disposals	–	(5,275)	–	(3,156)	–	(1,683)	(10,114)
Write off	–	–	(45)	(971)	–	(2,435)	(3,451)
At 31 December 2009	–	1,094	22,429	121,663	–	81,864	227,050
Net carrying amount							
At 31 December 2009	36,923	9,995	95,919	127,845	46,095	40,569	357,346

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14. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

COMPANY	Freehold land RM'000	Leasehold land RM'000	Buildings and infrastructure RM'000	Plant and machinery RM'000	Work-in- Progress RM'000	Others*	Total RM'000
At 31 December 2010							
Cost							
At 1 January 2010, as restated	19,589	2,892	44,564	161,840	41,317	71,574	341,776
Additions	-	-	194	627	30,280	1,559	32,660
Disposals	-	-	(72)	(3,938)	-	(1,203)	(5,213)
Write off	-	-	(385)	(4,327)	-	(7,359)	(12,071)
Reclassification	-	-	657	6,361	(10,604)	3,586	-
At 31 December 2010	19,589	2,892	44,958	160,563	60,993	68,157	357,152
Accumulated depreciation							
At 1 January 2010, as restated	-	762	12,402	80,793	-	49,963	143,920
Charge for the year	-	(48)	1,722	14,495	-	5,610	21,779
Disposals	-	-	(45)	(2,284)	-	(1,199)	(3,528)
Write off	-	-	(81)	(2,621)	-	(6,598)	(9,300)
Reclassification	-	-	(750)	-	-	750	-
At 31 December 2010	-	714	13,248	90,383	-	48,526	152,871
Net carrying amount							
At 31 December 2010	19,589	2,178	31,710	70,180	60,993	19,631	204,281

14. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

COMPANY (Cont'd.)	Freehold land RM'000	Leasehold land RM'000	Buildings and infrastructure RM'000	Plant and machinery RM'000	Work-in- Progress RM'000	Others*	Total RM'000
At 31 December 2009							
Cost							
At 1 January 2009, as restated	19,589	28,892	44,142	164,784	27,294	69,905	354,606
Additions	-	-	99	704	19,978	2,529	23,310
Disposals	-	(26,000)	-	(5,550)	-	(773)	(32,323)
Write off	-	-	(306)	(1,340)	-	(2,171)	(3,817)
Reclassification	-	-	629	3,242	(5,955)	2,084	-
At 31 December 2009	19,589	2,892	44,564	161,840	41,317	71,574	341,776
Accumulated depreciation							
At 1 January 2009, as restated	-	5,612	10,231	72,599	-	46,979	135,421
Charge for the year	-	425	2,215	12,027	-	5,928	20,595
Disposals	-	(5,275)	-	(3,040)	-	(773)	(9,088)
Write off	-	-	(44)	(793)	-	(2,171)	(3,008)
At 31 December 2009	-	762	12,402	80,793	-	49,963	143,920
Net carrying amount							
At 31 December 2009	19,589	2,130	32,162	81,047	41,317	21,611	197,856

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for the financial year ended 31 December 2010

14. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

* Others	Furniture, fittings and office equipment	Renovations	Motor vehicles	Total
GROUP	RM'000	RM'000	RM'000	RM'000
At 31 December 2010				
Cost				
At 1 January 2010	78,962	12,780	30,691	122,433
Acquisition of subsidiary companies	4,353	628	1,895	6,876
Additions	7,988	1,437	3,144	12,569
Disposals	(2,588)	(1)	(1,570)	(4,159)
Write off	(5,575)	(956)	(1,068)	(7,599)
Reclassification	2,438	1,148	–	3,586
At 31 December 2010	85,578	15,036	33,092	133,706
Accumulated depreciation and impairment				
At 1 January 2010	56,968	3,864	21,032	81,864
Acquisition of subsidiary companies	973	455	635	2,063
Charge for the year	11,572	1,738	2,311	15,621
Disposals	(2,523)	(1)	(1,483)	(4,007)
Write off	(5,492)	(295)	(1,019)	(6,806)
At 31 December 2010	61,498	5,761	21,476	88,735
Net carrying amount				
At 31 December 2010	24,080	9,275	11,616	44,971

14. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

* Others (Cont'd.)	Furniture, fittings and office equipment	Renovations	Motor vehicles	Total
GROUP (Cont'd.)	RM'000	RM'000	RM'000	RM'000
At 31 December 2009				
Cost				
At 1 January 2009	68,500	6,446	29,782	104,728
Additions	11,635	5,912	2,266	19,813
Disposals	(507)	–	(1,249)	(1,756)
Write off	(2,328)	–	(108)	(2,436)
Reclassification	1,662	422	–	2,084
At 31 December 2009	78,962	12,780	30,691	122,433
Accumulated depreciation and impairment				
At 1 January 2009	51,531	3,020	20,419	74,970
Charge for the year	8,241	844	1,927	11,012
Disposals	(477)	–	(1,206)	(1,683)
Write off	(2,327)	–	(108)	(2,435)
At 31 December 2009	56,968	3,864	21,032	81,864
Net carrying amount				
At 31 December 2009	21,994	8,916	9,659	40,569

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14. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

* Others (Cont'd.)

COMPANY	Furniture, fittings and office equipment RM'000	Renovations RM'000	Motor vehicles RM'000	Total RM'000
At 31 December 2010				
Cost				
At 1 January 2010	61,704	4,492	5,378	71,574
Additions	1,118	187	254	1,559
Disposals	(724)	–	(479)	(1,203)
Write off	(5,503)	(956)	(900)	(7,359)
Reclassification	2,438	1,148	–	3,586
At 31 December 2010	59,033	4,871	4,253	68,157
Accumulated depreciation and impairment				
At 1 January 2010	44,931	943	4,089	49,963
Charge for the year	4,978	498	134	5,610
Disposals	(724)	–	(475)	(1,199)
Write off	(5,452)	(295)	(851)	(6,598)
Reclassification	–	750	–	750
At 31 December 2010	43,733	1,896	2,897	48,526
Net carrying amount				
At 31 December 2010	15,300	2,975	1,356	19,631

14. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

* Others (Cont'd.)	Furniture, fittings and office equipment	Renovations	Motor vehicles	Total
COMPANY (Cont'd.)	RM'000	RM'000	RM'000	RM'000
At 31 December 2009				
Cost				
At 1 January 2009	60,390	3,965	5,550	69,905
Additions	1,840	105	584	2,529
Disposals	(75)	–	(698)	(773)
Write off	(2,113)	–	(58)	(2,171)
Reclassification	1,662	422	–	2,084
At 31 December 2009	61,704	4,492	5,378	71,574
Accumulated depreciation and impairment				
At 1 January 2009	41,303	911	4,765	46,979
Charge for the year	5,816	32	80	5,928
Disposals	(75)	–	(698)	(773)
Write off	(2,113)	–	(58)	(2,171)
At 31 December 2009	44,931	943	4,089	49,963
Net carrying amount				
At 31 December 2009	16,773	3,549	1,289	21,611

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for the financial year ended 31 December 2010

14. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

- (a) During the financial year, the Group and the Company acquired property, plant and equipment with an aggregate cost of RM2,713,000 (2009: RM543,000) and RMnil (2009: RMnil) respectively by means of hire purchase and finance lease arrangements. The net carrying amounts of property, plant and equipment held under hire purchase and finance lease arrangements are as follows:

	Group	
	2010 RM'000	2009 RM'000
Motor vehicles	3,587	2,606
Forklift, plant and machinery	4,003	5,817
	7,590	8,423

Details of the terms and conditions of the hire purchase and finance lease arrangements are disclosed in Note 25.

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

	Group	
	2010 RM'000	2009 RM'000
Freehold land	7,307	7,307
Buildings and infrastructure	12,573	12,830
Plant and machinery	11,636	12,929
	31,516	33,066

15. INVESTMENT IN SUBSIDIARIES

	Company	
	2010 RM'000	2009 RM'000
Unquoted shares, at cost	415,963	403,003
Less: Accumulated impairment losses	(45,963)	(46,413)
	370,000	356,590

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

15. INVESTMENT IN SUBSIDIARIES (CONT'D.)**a. Acquisition of new subsidiaries**

- i. The Company had on 2 December 2009 entered into a conditional Share Sale and Purchase Agreement ("SSA") with JPB for the acquisition of 12,000,000 ordinary shares of RM1.00 each which is equivalent to 75% of equity interest in Bernas Logistic Sdn. Bhd. ("BLSB") from JPB for a purchase consideration of RM11,760,000. Upon completion of the SSA on 31 May 2010, BLSB became a wholly owned subsidiary of the Company.

The fair values of the identifiable assets and liabilities of BLSB as at the date of acquisition were:

	Fair value RM'000	Carrying amount RM'000
Property, plant and equipment	186	186
Deferred tax assets	47	47
Trade and other receivables	30,302	30,302
Cash and cash equivalents	345	345
	30,880	30,880
Trade and other payables	13,950	13,950
Net identifiable assets	16,930	16,930

Total cost of the business combination

The total cost of the business combination is as follows:

	RM'000
Cash paid	13,510

The effect of the acquisition on cash flows is as follows:

Total cost of the business combination	13,510
Less: Cash and cash equivalents of subsidiary acquired	(345)
Net cash outflow on acquisition	13,165

Goodwill arising on acquisition

Purchase consideration	13,510
Less: Net identifiable assets as at 31 May 2010	(16,930)
Add: Profit sharing to date as an associate	2,926
Negative goodwill on acquisition	(494)

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for the financial year ended 31 December 2010

15. INVESTMENT IN SUBSIDIARIES (CONT'D.)

a. Acquisition of new subsidiaries (Cont'd.)

i. (Cont'd.)

	RM'000
Fair value of net identifiable assets represents Group's interest in fair value of net identifiable assets	16,930
Profit sharing to date as an associate	(2,926)
Goodwill on acquisition	(494)
Cost of business combination	13,510

The effect of the acquisitions on the financial results of the Group from the date of acquisitions to the reporting date is as follows:

	Group 2010 RM'000
Revenue	58,643
Profit net of tax	305

The acquisitions of BLSB was completed on 31 May 2010. However, if the acquisitions of BLSB had occurred on 1 January 2010, the Group's revenue and profit net of tax would have been RM3,201.53 million and RM186.09 million respectively for the financial year ended 31 December 2010.

- ii. On 30 June 2010, a wholly-owned subsidiary, Beras Corporation Sdn. Bhd. ("BCSB"), entered into Second Subscription Agreement, Supplemental Shareholders Agreement and Supplemental Performance Guarantee Reward Scheme with Liansin Trading Sdn. Bhd. ("Liansin") and the remaining shareholders of Liansin namely SBE Resources Holding Sdn. Bhd., Liansin Resources Holdings Sdn. Bhd. and Lian Giat Holdings Sdn. Bhd. in respect of the proposed subscription of 401,068 Ordinary Shares in Liansin for a subscription price of RM12,633,642. Upon completion of those agreements on 30 September 2010, the Company's equity interest in Liansin increased to 60% from 30% previously and Liansin became a subsidiary of the Company.

15. INVESTMENT IN SUBSIDIARIES (CONT'D.)**a. Acquisition of new subsidiaries (Cont'd.)**

ii. (Cont'd.)

The fair values of the identifiable assets and liabilities of Liansin as at the date of acquisition were:

	Fair value RM'000	Carrying amount RM'000
Property, plant and equipment	17,938	17,938
Inventories	15,048	15,048
Trade and other receivables	20,567	20,567
Tax recoverable	535	535
Cash and cash equivalents	2,733	2,733
	56,821	56,821
Trade and other payables	11,839	11,839
Borrowings	15,678	15,678
Deferred tax liabilities	1,070	1,070
	28,587	28,587
Net assets	28,234	28,234
Less : Minority Interest	(11,293)	
Net identifiable assets	16,941	

Total cost of business combination

The total cost of the business combination is as follows:

	RM'000
Cash paid	14,511

The effect of the acquisition on cash flows is as follows:

Total cost of the business combination	14,511
Less: Cash and cash equivalents of subsidiary acquired	(2,733)
Net cash outflow on acquisition	11,778

Notes to the Financial Statements

for the financial year ended 31 December 2010

15. INVESTMENT IN SUBSIDIARIES (CONT'D.)

a. Acquisition of new subsidiaries (Cont'd.)

ii. (Cont'd.)

Goodwill arising on acquisition

	RM'000
Purchase consideration	14,511
Less: Net identifiable assets	(16,941)
Add: Profit sharing to date as an associate	2,097
Negative goodwill on acquisition	(333)
Fair value of net identifiable assets represents Group's interest in fair value of net identifiable assets	16,941
Profit sharing to date as an associate	(2,097)
Goodwill on acquisition	(333)
Cost of business combination	14,511

- iii. On 8 December 2010, the Company has acquired two subsidiaries namely, Subur Majubumi Sdn. Bhd. and Berkat Beringin Sdn. Bhd., both incorporated in Malaysia on 10 October 2010 as wholly-owned subsidiaries of the Company with an issued and paid-up capital of RM2.00 divided into 2 ordinary shares of RM1.00 each respectively. The intended principal activities are as investment holding company and rice miller respectively but have yet to commence business.

b. Acquisition of additional equity interest in a subsidiary company

- i. On 21 May 2010, a wholly-owned subsidiary, Beras Corporation Sdn. Bhd. ("BCSB"), entered into a Share Sale Agreement ("SSA") with Tan Kien Chong Sdn. Bhd. ("TKCSB") for the acquisition of 697,500 ordinary shares of RM1.00 each ("Sale Shares") which is equivalent to 45% of equity interest in Sabarice Sdn. Bhd. ("Sabarice") from TKCSB for a purchase consideration of RM4,730,000 ("Proposed Acquisition").

BCSB is the registered and beneficial owner of 852,500 ordinary shares of RM1.00 each in Sabarice representing 55% of the issued and paid-up share capital of Sabarice. Upon completion on 16 June 2010, the equity interest of BCSB in Sabarice increased to 100%.

15. INVESTMENT IN SUBSIDIARIES (CONT'D.)**b. Acquisition of additional equity interest in a subsidiary company (Cont'd.)**

i. (Cont'd.)

The additional acquisition of Sabarice had the following impact on the financial statements:

	RM'000
Purchase consideration	4,730
Less: Share of net assets acquired	(5,195)
Negative goodwill arising on acquisition	(465)

c. Disposal of subsidiaries

i. On 6 April 2010, the Group dissolved the following wholly-owned subsidiaries:-

- i. Bernas Realty & Development Sdn. Bhd.
- ii. Bernas-KME Sdn. Bhd.
- iii. Bernas Fisheries Sdn. Bhd.

The dissolution of the above subsidiaries did not have any material effect on the net assets per share and earning per share of the Group for the year ended 31 December 2010. The dissolution had the following effect on the Group's financial results for the year:

	2010 RM'000
Net loss for the year	(23)

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

	2010 RM'000
Trade and other receivables	17
Trade and other payables	(5)
	12

- ii. On 30 June 2010, Dayabest Sdn. Bhd. ("Dayabest"), a wholly-owned subsidiary of BCSB, entered into a Share Sale Agreement ("SSA") with Liansin for the proposed disposal of entire investment of 153,000 ordinary shares representing 51% shareholding in Tong Seng Huat Rice Trading Sdn. Bhd. ("TSH") to Liansin for a cash consideration of RM5,176,000.

The SSA was completed on 30 September 2010.

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16. INVESTMENT IN ASSOCIATES

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
In Malaysia:				
Unquoted shares, at cost	100,596	125,337	99,823	101,573
Share of post-acquisition reserves	129,562	94,821	–	–
	230,158	220,158	99,823	101,573
Less: Accumulated impairment losses	(2,300)	(2,300)	(2,300)	(2,300)
	227,858	217,858	97,523	99,273
Outside Malaysia:				
Unquoted shares, at cost	528	528	–	–
Share of post-acquisition reserves	13,977	13,937	–	–
	14,505	14,465	–	–
	242,363	232,323	97,523	99,273

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

The financial statements of the associates as mentioned in Note 36(b) are coterminous with those of the Group, except for United Malayan Flour (1996) Sdn. Bhd., which has a financial year end of 31 July to conform with its holding company's financial year end. For the purpose of applying the equity method of accounting, the financial statements of United Malayan Flour (1996) Sdn. Bhd. for the year ended 31 July 2010 have been used and appropriate adjustments have been made for the effects of significant transactions between that date and 31 December 2010.

The summarised financial information of the associates, not adjusted for the proportion of ownership interest by the Group, is as follows:

	2010 RM'000	2009 RM'000
Assets and liabilities		
Total assets	1,415,035	1,430,838
Total liabilities	995,231	867,920

16. INVESTMENT IN ASSOCIATES (CONT'D.)

	2010 RM'000	2009 RM'000
Results		
Revenue	2,832,551	2,980,612
Profit for the year	101,617	121,486

17. INTANGIBLE ASSETS

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

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

(a) Allocation of Trademarks

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

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

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

(c) Sensitivity to change in assumptions

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

18. DEFERRED TAX

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
At 1 January	23,371	45,705	14,145	42,128
Acquisition of subsidiaries (Note 15)	(1,023)	-	-	-
Recognised in the income statement (Note 11)	20,752	(22,334)	3,013	(27,983)
At 31 December	43,100	23,371	17,158	14,145

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for the financial year ended 31 December 2010

18. DEFERRED TAX (CONT'D.)

Presented after appropriate offsetting as follows:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Deferred tax assets	62,704	51,454	17,158	14,145
Deferred tax liabilities	(19,604)	(28,083)	–	–
	43,100	23,371	17,158	14,145

Deferred Tax Assets of the Group:

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

	Retirement Benefit Obligations RM'000	Allowance for Impairment of Receivables RM'000	Tax Losses and Unabsorbed Capital Allowances RM'000	Others RM'000	Total RM'000
At 1 January 2010	16,834	7,221	8,150	17,624	49,829
Acquisition of subsidiary companies	–	–	47	–	47
Recognised in the income statement	770	15,637	4,440	1,748	22,595
At 31 December 2010	17,604	22,858	12,637	19,372	72,471
At 1 January 2009	15,374	5,572	48,316	8,270	77,532
Recognised in the income statement	1,460	1,649	(40,166)	9,354	(27,703)
At 31 December 2009	16,834	7,221	8,150	17,624	49,829

18. DEFERRED TAX (CONT'D.)

Deferred Tax Liabilities of the Group:

	Accelerated Capital Allowances RM'000	Others RM'000	Total RM'000
At 1 January 2010	26,896	(438)	26,458
Acquisition of subsidiary companies Recognised in the income statement	1,070 32	– 1,811	1,070 1,843
At 31 December 2010	27,998	1,373	29,371
At 1 January 2009	32,199	(372)	31,827
Recognised in the income statement	(5,303)	(66)	(5,369)
At 31 December 2009	26,896	(438)	26,458

Deferred Tax Assets of the Company:

	Retirement Benefit Obligations RM'000	Allowance for Impairment of Receivables RM'000	Tax Losses and Unabsorbed Capital Allowances RM'000	Others RM'000	Total RM'000
At 1 January 2010	10,542	6,686	–	7,454	24,682
Recognised in the income statement	176	496	–	3,318	3,990
At 31 December 2010	10,718	7,182	–	10,772	28,672
At 1 January 2009	9,742	5,037	36,913	1,539	53,231
Recognised in the income statement	800	1,649	(36,913)	5,915	(28,549)
At 31 December 2009	10,542	6,686	–	7,454	24,682

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18. DEFERRED TAX (CONT'D.)

Deferred Tax Liabilities of the Company:

	Accelerated Capital Allowances RM'000
At 1 January 2010	10,537
Recognised in the income statement	977
At 31 December 2010	11,514
At 1 January 2009	11,103
Recognised in the income statement	(566)
At 31 December 2009	10,537

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

	Group	
	2010 RM'000	2009 RM'000
Unutilised tax losses	39,624	21,472
Unabsorbed capital allowances	12,241	8,427
	51,865	29,899

The available unutilised tax losses and unabsorbed capital allowances for offsetting against future taxable profits of the respective subsidiaries are subject to no substantial changes in the shareholdings of the subsidiaries under Section 44(5A) & (5B) of Income Tax Act, 1967. Deferred tax assets have not been recognised in respect of these items as they may not be used to offset taxable profits of other subsidiaries in the Group and they arose in subsidiaries that have a recent history of losses.

19. INVENTORIES

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Paddy and rice	535,712	509,769	157,624	134,411
Spares and consumables	10,752	7,225	–	–
Raw materials	5,107	5,541	–	–
Finished goods	32,306	30,394	–	–
	583,877	552,929	157,624	134,411

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

20. NON-CURRENT ASSET HELD FOR SALE

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

	Group	
	2010 RM'000	2009 RM'000
Investment in associates	–	4,870

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

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for the financial year ended 31 December 2010

21. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Trade Receivables:				
Due from subsidiaries	–	–	541,487	473,689
Due from associates	36,992	37,951	36,992	37,951
Third parties	325,995	313,713	123,158	134,122
	362,987	351,664	701,637	645,762
Less: Allowance for impairment	(91,433)	(72,466)	(75,030)	(59,118)
Total trade receivables	271,554	279,198	626,607	586,644
Other Receivables:				
Due from subsidiaries	–	–	85,686	87,605
Due from associates	8,487	21,295	8,487	21,295
Advances to farmers	28,405	40,562	28,405	40,562
Insurance claims recoverable	1,112	1,086	1,112	1,086
Due from Government of Malaysia	483,936	296,989	483,936	296,989
Sundry receivables	105,353	151,249	62,272	86,980
	627,293	511,181	669,898	534,517
Less: Allowance for impairment	(12,683)	(13,212)	(28,729)	(26,745)
Total other receivables	614,610	497,969	641,169	507,772
Total trade and other receivables	886,164	777,167	1,267,776	1,094,416
Add: Cash and bank balances (Note 22)	243,872	198,815	111,512	74,949
Total loans and receivables	1,130,036	975,982	1,379,288	1,169,365

(a) Trade Receivables

Trade receivables are non-interest bearing and are generally on 30 to 90 days (2009: 30 to 90 days) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

21. TRADE AND OTHER RECEIVABLES (CONT'D.)**(a) Trade receivables (Cont'd.)**Ageing analysis of trade receivables

The ageing analysis of the Group's and the Company's trade receivables is as follows:-

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Neither past due nor impaired	203,058	179,426	371,864	231,635
Past due not impaired:-				
– 1 to 30 days	10,260	13,542	4,555	4,068
– 31 to 60 days	3,548	4,023	2,501	1,165
– 61 to 90 days	9,781	14,888	78,178	130,759
– more than 90 days	28,047	61,900	128,631	166,990
	51,636	94,353	213,865	302,982
Impaired	108,293	77,885	115,908	111,145
	362,987	351,664	701,637	645,762

Receivables that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. More than 85% (2009: 85%) of the Group's trade receivables arise from customers with more than four years of experience with the Group and losses have occurred infrequently.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM51,636,000 (2009: RM94,353,000) and RM213,865,000 (2009: RM302,982,000) respectively that are past due at the reporting date but not impaired.

The remaining balance of receivables that are past due but not impaired are unsecured in nature.

Trade receivables that have past due but not impaired relate to customers that have a good track record with the Group. Based on past experience and no adverse information to date, the directors of the Group are of the opinion that no allowance for impairment is necessary in respect of these balances as there has not been a significant change in the credit quality and the balances are still considered fully recoverable.

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for the financial year ended 31 December 2010

21. TRADE AND OTHER RECEIVABLES (CONTD.)

(a) Trade receivables (Cont'd.)

Receivables that are impaired

The Group and the Company's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	Group Individually impaired 2010 RM'000	Company Individually impaired 2010 RM'000
Trade receivables		
– nominal amounts	108,293	115,908
Less: Allowance for impairment losses	(91,433)	(75,030)
	16,860	40,878

Movement in allowance accounts:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
At 1 January	72,466	62,273	59,118	47,708
Effect of adopting FRS 139	8,362	–	8,250	–
Charge for the year (Note 10)	10,649	10,689	7,662	11,410
Reversal of impairment losses	(44)	(496)	–	–
At 31 December	91,433	72,466	75,030	59,118

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

Included in trade receivables of the Group is an aggregate amount of RM2,131,000 (2009: RM1,565,000) due from Recent Giant Sdn. Bhd. ("RGSB"), Benua Haulage Sdn. Bhd. ("BHSB"), Fragstar Corporation Sdn. Bhd. ("FCSB"), Firma Rena Sdn. Bhd. ("FRSB"), Kien Fatt Rice Mill Sdn. Bhd. ("KFRM") and Ban Seng Heng Rice Mill Sdn. Bhd. ("BSH"), companies in which Yew Poe Hoe, Yew Chye Seng and Ong Chye Eng, directors of YHL Holding Sdn. Bhd. are related by virtue of their family relationships with the directors of RGSB, BHSB and BSH.

21. TRADE AND OTHER RECEIVABLES (CONT'D.)**(b) Other receivables**

Other receivables are non-interest bearing. They are recognised at the amounts which represent their fair value on initial recognition. At 31 December 2010, the Group and the Company have provided on allowance of RMnil (2009: RM2,779,000) and RM1,984,000 (2009: RM6,596,000) for impairment of its other receivables that are not considered recoverable.

Included in other receivables of the Group is an amount of RM5,108,400 (2009: RM5,108,400) being rental deposits paid to Yew Poe Hai and Yew Chor Khooi; where the former is an alternate director of YHL Holding Sdn. Bhd., a subsidiary and the latter is connected by virtue of his family relationship with certain directors of YHL Holding Sdn. Bhd.

(c) Amount due from Government of Malaysia

The amount due from Government of Malaysia relates to subsidies recoverable from the Government of Malaysia.

(d) Related party balance

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

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

22. CASH AND BANK BALANCES

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Cash at banks and on hand	135,018	111,423	30,902	39,799
Deposits with:				
Licensed banks	26,926	51,242	–	–
Other financial institutions	81,928	36,150	80,610	35,150
	243,872	198,815	111,512	74,949

(a) The entire deposits with licensed banks of the Group for 2010 and 2009 which have been pledged to the banks for credit facilities granted to certain subsidiaries as referred to in Note 24.

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22. CASH AND BANK BALANCES (CONT'D.)

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

	Group and Company	
	2010	2009
	%	%
Licensed banks	1.00 – 3.21	1.00 – 3.70
Other financial institutions	0.22 – 4.70	1.00 – 2.15

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

	Group		Company	
	2010	2009	2010	2009
	Days	Days	Days	Days
Licensed banks	186	185	15	13
Other financial institutions	16	16	14	13

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

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

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Cash and bank balances	243,872	198,815	111,512	74,949
Bank overdrafts (Note 24)	(4,234)	(3,959)	–	–
Total cash and cash equivalents	239,638	194,856	111,512	74,949

23. RETIREMENT BENEFIT OBLIGATIONS

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

23. RETIREMENT BENEFIT OBLIGATIONS (CONT'D.)

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

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Present value of unfunded defined benefits obligations	70,417	67,335	42,873	42,167
Analysed as:				
Current:	4,428	3,968	2,498	648
Non-current:				
Later than 1 year but not later than 2 years	4,428	3,968	2,498	648
Later than 2 years but not later than 5 years	13,284	11,904	7,494	1,944
Later than 5 years	48,277	47,495	30,383	38,927
	65,989	63,367	40,375	41,519
	70,417	67,335	42,873	42,167

The amounts recognised in the income statements are as follows:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Current service cost	4,797	4,779	2,482	2,440
Interest cost	3,907	3,591	2,172	2,009
Total, included in employee benefits expense (Note 7)	8,704	8,370	4,654	4,449

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

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
At 1 January	67,335	61,495	42,167	38,968
Provision for the year	8,704	8,370	4,654	4,449
Benefits paid	(5,622)	(2,530)	(3,948)	(1,250)
At 31 December	70,417	67,335	42,873	42,167

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for the financial year ended 31 December 2010

23. RETIREMENT BENEFIT OBLIGATIONS (CONT'D.)

Principal actuarial assumptions used:

	2010	2009
	%	%
Discount rate	6.0	6.0
Expected rate of salary increases	5.0	5.0

24. BORROWINGS

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Short term borrowings				
Secured:				
Term loans	4,774	3,392	–	–
Hire purchase and finance lease payables (Note 25)	2,815	4,082	–	–
	7,589	7,474	–	–
Unsecured:				
Bank overdrafts	4,234	3,959	–	–
Bankers' acceptances	499,190	749,135	330,544	616,566
Revolving credit	4,364	–	–	–
	507,788	753,094	330,544	616,566
	515,377	760,568	330,544	616,566
Long term borrowings				
Secured:				
Term loans	6,211	7,937	–	–
Unsecured:				
Islamic Commercial Papers and Medium Term Notes ("ICP/MTN Programme") (Note 26)	398,372	–	398,372	–
Hire purchase and finance lease payables (Note 25)	4,901	4,854	–	–
	403,273	4,854	398,372	–
	409,484	12,791	398,372	–

24. BORROWINGS (CONT'D.)

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Total borrowings				
Bank overdrafts (Note 22)	4,234	3,959	–	–
Bankers' acceptances	499,190	749,135	330,544	616,566
Revolving credit	4,364	–	–	–
Term loans	10,985	11,329	–	–
Islamic Commercial Papers and Medium Term Notes ("ICP/MTN Programme") (Note 26)	398,372	–	398,372	–
Hire purchase and finance lease payables	7,716	8,936	–	–
	924,861	773,359	728,916	616,566
Maturity of borrowings (excluding hire purchase and finance lease payables):				
Within one year	512,562	756,486	330,544	616,566
More than 1 year and less than 2 years	2,206	2,159	–	–
More than 2 years and less than 5 years	400,861	2,159	398,372	–
5 years or more	1,516	3,619	–	–
	917,145	764,423	728,916	616,566

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

	Group		Company	
	2010 %	2009 %	2010 %	2009 %
Term loans	3.34 – 7.80	6.25 – 7.80	–	–
Bank overdrafts	5.25 – 8.55	3.40 – 5.00	–	–
Islamic Commercial Papers and Medium Term Notes ("ICP/MTN Programme") (Note 26)	5.05	–	5.05	–
Bankers' acceptances	2.43 – 4.72	2.30 – 3.83	2.43 – 3.58	2.35 – 3.83
Revolving credit	4.56 – 5.80	2.35 – 3.85	–	–

The term loans are secured by the following:

- First legal charge over the freehold land and buildings of the Group as disclosed in Note 14(b) to the financial statements; and
- Deposits placed with a licensed bank as disclosed in Note 22(a) to the financial statements.

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25. HIRE PURCHASE AND FINANCE LEASE LIABILITIES

	Group	
	2010 RM'000	2009 RM'000
Future minimum hire purchase and lease payments:		
Not later than 1 year	3,172	4,402
Later than 1 year and not later than 2 years	2,200	2,610
Later than 2 years and not later than 5 years	4,105	2,517
	9,477	9,529
Less: Future finance charges	(1,761)	(593)
Present value of hire purchase and finance lease liabilities	7,716	8,936
Analysis of present value of hire purchase and finance lease liabilities:		
Not later than 1 year	2,815	4,082
Later than 1 year and not later than 2 years	1,952	2,454
Later than 2 years and not later than 5 years	2,949	2,400
	7,716	8,936
Less: Amount due within 12 months (Note 24)	(2,815)	(4,082)
Amount due after 12 months (Note 24)	4,901	4,854

The hire purchase and finance lease liabilities bear interest rates ranging from 1.75% to 7.80% (2009: 2.75% to 6.90%) per annum.

26. ISLAMIC COMMERCIAL PAPERS AND MEDIUM TERM NOTES PROGRAMME ("ICP/MTN PROGRAMME")

	Group/Company	
	2010 RM'000	2009 RM'000
ICP/MTN Programme (Note 24)	398,372	–

The Sukuk of RM750 million nominal value of Islamic Commercial Paper (ICP) and/or Medium Term Notes (MTN) is issued under the Islamic principle of Musyarakah which is a partnership contract ("Sukuk").

26. ISLAMIC COMMERCIAL PAPERS AND MEDIUM TERM NOTES PROGRAMME ("ICP/MTN PROGRAMME") (CONT'D.)

The Sukuk is initially stated at cost, being the fair value of the consideration received. After initial recognition, the profit element attributable to the Sukuk in each period is recognized as an expense at a constant rate to its maturity. The profit is payable semi-annually in arrears.

As at 31 December 2010, the Company has drawdown the MTN with the tenure of 5 years from issue date. The maturity date of MTN is 7 September 2015.

RAM Ratings Services Berhad has assigned initial long and short-term ratings of AA3 and P1 to the Group proposed ICP/MTN respectively, with a stable outlook.

27. TRADE AND OTHER PAYABLES

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Current				
Trade payables				
Due to associates	–	3,030	–	3,030
Third parties	96,400	61,202	49,800	12,652
Total trade payables	96,400	64,232	49,800	15,682
Other payables				
Due to subsidiaries	–	–	351,847	332,071
Due to associates	304	338	–	–
	304	338	351,847	332,071
Accruals and sundry payables	127,166	130,570	85,064	94,536
Total other payables	127,470	130,908	436,911	426,607
Total traded other payables	223,870	195,140	486,711	442,289
Borrowings (Note 24)	924,861	773,359	728,916	616,566
Total financial liabilities carried at amortised cost	1,148,731	968,499	1,215,627	1,058,855

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

Included in trade payables of the Group in 2009 was RM315,363 due to Recent Giant Sdn. Bhd., Sin Hock Soon Transport Sdn. Bhd. and Ban Seng Heng Rice Mill Sdn. Bhd., companies in which certain directors of a subsidiary, YHL Holding Sdn. Bhd., are connected by virtue of their family relationships with the directors of FCSB. There were no such amount in 2010.

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

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28. SHARE CAPITAL

	Number of Shares of RM1.00 Each		Amount	
	2010	2009	2010 RM	2009 RM
Authorised:				
At 1 January and 31 December				
Special Rights Redeemable Preference Share ("Special Share") of RM1.00	1	1	1	1
Ordinary shares of RM1.00 each	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000
Issued and fully paid:				
At 1 January and 31 December				
Special Share of RM1.00 (note a)	1	1	1	1
Ordinary shares of RM1.00 each	470,401,500	470,401,500	470,401,500	470,401,500

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

- (i) The Special Share may only be held by or transferred to the Minister of Finance (Incorporated) or its successor or any Minister, representatives or any person acting on behalf of the Government of Malaysia.
- (ii) The Special Shareholder has the right to receive notice of, and to attend and speak at, all general meetings or any other meeting of any class of shareholders of the Company, but the Special Share shall carry no right to vote nor any other rights at any such meeting.
- (iii) The Special Shareholder has the right to require the Company to redeem the Special Share at par at any time by serving written notice upon the Company and delivering the relevant share certificate.
- (iv) Certain matters which vary the rights attached to the Special Share can only be effective with the consent in writing of the Special Shareholder, in particular matters relating to the amendment or removal or alteration of the effect of the Special Share, the creation and issue of additional shares which carry different voting rights, the dissolution of the Company, substantial disposal of assets, amalgamation, merger and take over.
- (v) The Special Shareholder has the right to review all policies, programmes, projects and commercial activities undertaken or proposed to be undertaken by the Company, the right to veto any resolution proposed to be passed by the Board of Directors or the shareholders of the Company if the Government considers that it is necessary to do so in the national interest and security of Malaysia.
- (vi) The Special Shareholder has the right to veto any resolution proposed to be passed by the Board of Directors and/or the shareholders of the Company purporting to amend the provisions of the Memorandum and Articles of Association of the Company which affects the rights or any matter relating to the Special Share or the rights attaching to the Special Share.

29. RETAINED PROFITS

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

The Company and all its Malaysia incorporated subsidiaries did not elect for the irrevocable option to disregard the 108 balance. Accordingly, during the transitional period, the Company may utilise the credit in the 108 balance as at 31 December 2010 to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Act 2007. As at 31 December 2010, the Company has sufficient credit in the 108 balance to pay franked dividends amounting to RM393,208,866 out of its retained earnings. The balance of retained earnings of RM71,155,380 can be distributed as dividends under the single tier system.

30. OTHER RESERVES

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Non-distributable:				
Capital reserve	2,864	2,864	600	600
Capital redemption reserve	12,520	12,520	7,370	7,370
Foreign exchange reserve	(3,768)	(2,262)	–	–
Share premium	7,085	7,085	7,085	7,085
	18,701	20,207	15,055	15,055

31. PADDY PRICE SUBSIDY ACCOUNT

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

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31. PADDY PRICE SUBSIDY ACCOUNT (CONT'D.)

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

	Company	
	2010 RM'000	2009 RM'000
At 1 January	7,407	74,341
Add: Government subsidy funds received	468,000	532,000
Interest income	525	1,030
Less: Payments made during the year	(470,417)	(599,964)
At 31 December	5,515	7,407

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

32. CAPITAL COMMITMENTS

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Capital expenditure:				
Approved and contracted for:				
Property, plant and equipment	76,482	28,370	65,830	28,370
Approved but not contracted for:				
Property, plant and equipment	278,914	148,457	278,914	83,353
	355,396	176,827	344,744	111,723

33. CONTINGENT LIABILITIES

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

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

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

The Court of Appeal on 16 November 2010 had unanimously allowed the Company’s appeal against the decision of the Senior Assistant Registrar in dismissing the Company’s application to strike out KBK’s derivative action that was commenced against the Company. The Court of Appeal was of the view that the Statement of Claim filed by KBK clearly indicate that this case is one of a breach of the Joint Venture Agreement and there is no basis for a derivative action and the damages suffered by KBK is a result of the breach of the Joint Venture Agreement.

Notes to the Financial Statements

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33. CONTINGENT LIABILITIES (CONT'D.)

(b) On 27 March 2006, the Company was served with a sealed copy of a Summons in Chambers dated 3 March 2006 by KBK for an interlocutory injunction, inter alia, the followings:

- (i) Restrain the Company from selling, hiring and supplying rice to any third party or allowing any activities which may compete with the business of the Plaintiff; and
- (ii) Instruct the Company to resume selling, hiring and supplying rice to the Plaintiff.

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

With the decision awarded by the Court of Appeal on 16 November 2010 in allowing the Company's appeal to strike out KBK's derivative action that was commenced against the Company as set out in (a) above, KBK can no longer maintain the suit against the Company.

(c) The Company was served with a Writ of Summons and Statement of Claim dated 5 May 2006 initiated by A Halim Bin Hamzah & 291 others ("the Plaintiffs"). The civil suit is brought by the Plaintiffs against the Company & 24 others ("the Defendants") for, inter alia, the following claims:

- (i) A declaration that the 2000 VSS scheme initiated by the Company is void and of no effect.
- (ii) A declaration that the Defendants had by unlawful means conspired and combined together to defraud or injure the Plaintiffs.
- (iii) Alternatively, a declaration that the Defendants had acted in furtherance of a wrongful conspiracy to injure the Plaintiffs.
- (iv) Damages to be assessed.
- (v) Interest and costs.

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

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

33. CONTINGENT LIABILITIES (CONT'D.)

(c) (Cont'd.)

The Court has granted Order In Terms for the Company's application to strike out the 21st Defendant with cost payable to the Company but dismissed the Company's application to strike out the 2nd to 12th Defendants on 3 September 2007. On 3 March 2008, the Court dismissed the Company's application to strike out the 2nd to 12th Defendants from being the party to the suit. The Company's solicitors had on 17 April 2008, filed Statements of Defence for 2nd to 12th Defendants. During its last case management, the Court fixed 30, 31 May and 1 June 2011 for hearing of the matter.

(d) The Company on 6 June 2006 was served with a sealed copy of Originating Summons and Affidavit in Support ("the Plaintiffs Application") affirmed by Zainon Bt Ahmad for and on behalf of the 690 others ("the Plaintiffs") for the following claims:

(i) A declaration that the Plaintiffs as employees of the Company whose service of employment had been terminated before attaining the age of 55 due to reasons other than that of compulsory retirement, optional retirement, death or a disability are entitled to the Retirement/Termination Benefits provided for in clause 7.3 of the 'Terma dan Syarat Perkhidmatan Kumpulan Eksekutif dan Kumpulan Bukan Eksekutif' and in clause 5.5 of the 'Buku Panduan Kumpulan Eksekutif dan Bukan Eksekutif'.

(ii) An order that the Company pays the Retirement/Termination Benefits due to the Plaintiffs as follows:-

- for those Plaintiffs who have attained the age of retirement of 55 years as at the date of the order, the Retirement/Termination Benefits be paid directly to them; and
- for those Plaintiffs who have not attained the age of retirement of 55 years as at the date of the order, the Retirement/Termination Benefits be paid into their accounts at the Employment Provident Fund.

(iii) Interest at the rate of 8% per annum from 1 January 2004 to the date of payment as ordered by the Court.

(iv) Such further orders, directions or relief that the Court deems fit and appropriate.

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

The Court had on 13 March 2008 allowed Plaintiff's application with cost and the Company had instructed the Company's solicitors to file Grounds of Appeal to the Court of Appeal. The Court of Appeal had on 24 August 2009 allowed the Company's application to amend the memorandum of appeal and the Notice of Appeal. The Court of Appeal fixed 18 January 2011 as the hearing date for the appeal and that the decision of the same fixed for 8 February 2011. Matter came up for decision on 7 February 2011 wherein the Court of Appeal allowed the Company's appeal and set aside the High Court order with no order as to costs. Plaintiffs through their solicitors had filed an application on 7 March 2011 for leave to appeal to the Federal Court against the entire decision of the Court of Appeal given on 7 February 2011. The hearing of the leave application is fixed on 20 June 2011.

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for the financial year ended 31 December 2010

33. CONTINGENT LIABILITIES (CONT'D.)

- (e) The Company on 4 January 2010 was served with a sealed copy of Originating Summons and Affidavit in Support ("the Plaintiffs Application") affirmed by Rahman Bin Samud for and on behalf of the 242 others ("the Plaintiffs") for the following claims:
- (i) A declaration that the Plaintiffs as employees of the Company whose service of employment had been terminated before attaining the age of 55 due to reasons other than that of compulsory retirement, optional retirement, death or a disability are entitled to the Retirement/Termination Benefits provided for in clause 7.3 of the 'Terma dan Syarat Perkhidmatan Kumpulan Eksekutif dan Kumpulan Bukan Eksekutif' and in clause 5.5 of the 'Buku Panduan Kumpulan Eksekutif dan Bukan Eksekutif'.
 - (ii) An order that the Company pays the Retirement/Termination Benefits due to the Plaintiffs as follows:-
 - for those Plaintiffs who have attained the age of retirement of 55 years as at the date of the order, the Retirement/Termination Benefits be paid directly to them; and
 - for those Plaintiffs who have not attained the age of retirement of 55 years as at the date of the order, the Retirement/Termination Benefits be paid into their accounts at the Employment Provident Fund.
 - (iii) Interest at the rate of 8% per annum from 1 January 2004 to the date of payment as ordered by the Court.
 - (iv) Such further orders, directions or relief that the Court deems fit and appropriate.
 - (v) Costs to be paid by the Company to the Plaintiffs.

The Company had filed its affidavit in reply to the affidavit in support affirmed by the Plaintiffs. Matter came up for mention on 5 October 2010, wherein the court fixed for 15 December 2010 for further case management pending the disposal of the appeal in the Court of Appeal in relation to the civil suit filed by Zainon Binti Ahmad & 690 others against the Company. Court has fixed for 23 May 2011 for the case management.

There are no other changes in contingent liabilities since the last annual balance sheet as at 31 December 2010.

33. CONTINGENT LIABILITIES (CONT'D.)*Contingent liability arising subsequent to year end:*

- (f) The Company was served with a Writ and Statement of Claim on 25 February 2011 by Konsortium Pemborong Beras (Melayu) Kelantan Sdn Bhd ("KBK") and was named as the First Defendant. KBK is seeking, the following:
- (i) A declaration that the Company as the 1st Defendant had committed fraud against the minority shareholders of Formula Timur Sdn Bhd (FTSB) including KBK;
 - (ii) General damages;
 - (iii) Interest;
 - (iv) Costs;
 - (v) Such further orders, direction or relief that the Court deems fit and appropriate.

The Company has filed its Memorandum of Appearance on 25 February 2011 and intends to dispute the said claim by filing its defence by/or on 21 March 2011. The Company has filed its defence and application to strike out KBK's Statement of Claim. The Court has yet to fix the date for the hearing of the Company's application to strike out KBK's Statement of Claim.

No provision was made in the financial statements of the Group and Company as at 31 December 2010 as the Company may have a reasonable prospect of success against the Plaintiffs' claim.

34. RELATED PARTY DISCLOSURES**(a) Key management personnel compensation**

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

The key management personnel compensation is as follows:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Short-term employee benefits	4,191	3,019	4,191	3,019
Post-employment benefits defined contribution plan	522	378	522	378
Other benefits	473	300	473	300
	5,186	3,697	5,186	3,697

Notes to the Financial Statements

for the financial year ended 31 December 2010

34. RELATED PARTY DISCLOSURES (CONT'D.)

Included in the total key management personnel compensation above are:

	Group and Company	
	2010	2009
	RM'000	RM'000
Directors' remuneration (Note 8)	1,204	1,439

(b) Others

	Company	
	2010	2009
	RM'000	RM'000
(a) Purchases from and services rendered by subsidiaries	117,938	87,448
(b) Sales to subsidiaries	1,755,733	1,878,716
(c) Sales to associates		
– Bernas Feedstuff Sdn. Bhd.	35,906	46,531
– Serba Wangi Sdn. Bhd. and its subsidiaries	163,419	317,686
– OEL Realty Holdings Sdn. Bhd. and its subsidiaries	130,119	173,401
(d) Purchases from associates		
– Irfan Noman Bernas (Pvt) Limited	10,735	95,364
– Asian Peninsula Corporation Ltd	–	1,095
(e) Services rendered from related company		
– Synergycentric Sdn. Bhd.	9,800	–

34. RELATED PARTY DISCLOSURES (CONT'D.)**(b) Others (Cont'd.)****(f) Transactions with subsidiaries' director related companies and other related parties**

	Group	
	2010	2009
	RM'000	RM'000
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(i) Syarikat Faiza Sdn. Bhd. Group ("SFSB")		
Purchases from Faiza Marketing Sdn. Bhd., an enterprise in which directors (namely Faiza Bawumi Bt Syed Ahmad and Najwa Bt Abu Bakar) have interest	–	2,544
Sales to Pasar Mini Syarikat Faiza, an enterprise in which certain directors (namely Faiza Bawumi Bt Syed Ahmad and Najwa Bt Abu Bakar) have interest	582	639
Transportation charged to SFSB including maintenance, road tax and maintenance of lorry by Iman Cargo which the son of a director (namely Faiza Bawumi Bt Syed Ahmad) has interest	230	6,400
Purchase of packed spices from Faiza Marketing which certain directors (namely Faiza Bawumi Bt Syed Ahmad and Najwa Bt Abu Bakar) have interest	3,073	3,000
Purchase of "bubur herba" from Faiza Food Industries Sdn. Bhd., a company in which certain directors (namely Faiza Bawumi Bt Syed Ahmad and Salwa Bt Abu Bakar) have interest	84	–
Transport charges paid to Racktop Transport Sdn. Bhd.	5,198	–
Sales to MM R.C.F, an enterprise in which certain directors (namely Faiza Bawumi Bt Syed Ahmad and Najwa Bt Abu Bakar) have interest	59	–
Sale and purchase of rice and transportations fee charged to SFSB by Melia Best Sdn. Bhd. in which the family of the director (namely Faiza Bawumi Bt Syed Ahmad) have interest	3,500	4,380
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Notes to the Financial Statements

for the financial year ended 31 December 2010

34. RELATED PARTY DISCLOSURES (CONT'D.)

(b) Others (Cont'd.)

(f) Transactions with subsidiaries' director related companies and other related parties (Cont'd.)

	Group	
	2010 RM'000	2009 RM'000
(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	3,794	3,960
Sales to Chop Joo Seng Sdn. Bhd. and Joo Seng Enterprise, two entities in which directors of JS Jasmine Sdn. Bhd., have substantial financial interest	2,038	3,046
Rental of premises paid to Asian Net Sdn. Bhd., a company in which the directors of JFC and its subsidiaries have substantial financial interest	871	871
Sales to Aroma Beras Edar, Joo Seng Enterprise and JS Sasaran Trading Sdn. Bhd., an entity in which directors of JS Jasmine Sdn. Bhd., Tee Sin Joo has substantial financial interest	1,018	1,457
Transport charges paid to Joo Seng Edar Sdn. Bhd., a corporate shareholder of JS Jasmine Sdn. Bhd. and a company in which Tee Sin Joo and Tee Sin Kong, directors of JS Jasmine Sdn. Bhd. have substantial financial interests	587	578
Rental of office paid to director, Lim Swee Keat and his brother Lim Eng Giap	330	330
Rental of office and warehouse paid to Joo Seng Edar Sdn. Bhd., a corporate shareholder of JS Jasmine Sdn. Bhd. and a company in which Tee Sin Joo and Tee Sin Kong, directors of JS Jasmine Sdn. Bhd. have substantial financial interests	330	330
Sales to Joo Seng Edar Sdn. Bhd., a corporate shareholders of JS Jasmine Sdn. Bhd.	–	713
Transport charges paid to Nagoya Agency, an entity owned by a person connected to certain directors and shareholders of Jasmine Rice Mill (Tunjang) Sdn. Bhd. and Jasmine Rice Products Sdn. Bhd.	4,363	10,091

34. RELATED PARTY DISCLOSURES (CONT'D.)**(b) Others (Cont'd.)**

(f) Transactions with subsidiaries' director related companies and other related parties (Cont'd.)

	Group	
	2010	2009
	RM'000	RM'000
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(iii) YHL Holding Sdn. Bhd. Group ("YHLH")		
Sales to Recent Giant Sdn. Bhd. ("RGSB"), a company in which certain directors of YHLH are connected by virtue of their family relationships with the directors of RGSB	9,517	9,622
Transport charges paid to Sin Hock Soon Transport Sdn. Bhd ("SHST"), a company in which certain directors of YHLH are connected by virtue of their family relationships with the directors of SHST	3,367	3,905
Rental of premises paid to Southern Edipro Packaging Sdn. Bhd. ("SEPSB"), a company in which certain directors of YHLH are connected by virtue of their family relationships with the directors of SEPSB	1,161	1,161
Rental of premises paid to Yew Chye Seng, a director of YHLH	300	300
Rental of premises paid to Eternal Promenade Sdn. Bhd. ("EPSB"), a company in which certain directors of YHLH are connected by virtue of their family relationships with the directors of EPSB	1,354	1,354
Transport charges paid to Xeng Heng Sdn. Bhd. ("XHSB"), a company in which certain director of YHLH are connected by virtue of their family relationships with the directors of XHSB	–	93
Rental charges paid to Xeng Hin Sdn. Bhd. ("XHSB"), a company in which certain director of YHLH are connected by virtue of their family relationships with the directors of XHSB	90	–
Rental expense paid to Sin Hock Soon Trading Sdn. Bhd., a company in which certain directors of the Company, namely Yew Poh Chong and Yew Poh Aik have substantial financial interest	234	234
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Notes to the Financial Statements

for the financial year ended 31 December 2010

34. RELATED PARTY DISCLOSURES (CONT'D.)

(b) Others (Cont'd.)

(f) Transactions with subsidiaries' director related companies and other related parties (Cont'd.)

	Group	
	2010 RM'000	2009 RM'000
(iv) Beras Corporation Sdn. Bhd. Group ("BCSB")		
Rental charged to Tong Seng Huat Sdn. Bhd. ("TSH"), by TSH Realty Sdn. Bhd. a company in which the directors TSH (namely Tan Gee Huat and Tho Lai Hock) have interest	–	174
Sales to Ban Say Tong Sdn. Bhd. ("BST"), an entity owned by Kueh Peng Ho, a director and substantial shareholder of BST	1,409	1,751
Rental charged to BST by Wangang Sdn. Bhd., a company in which the directors of BST (namely Kueh Ching and Kong Kuok Chu) have interest	36	36
Rental charged to BST by Kueh Peng Ho, a directors of BST	30	30
Purchase of rice and sugar, and handling charges from Ban Say Tong Sole Proprietor, an entity owned by Kueh Peng Ho, a director and substantial shareholder of BST	–	193
Trading of rice, rental of go down, machinery and wooded planks to Hock Chiong Co. Sdn. Bhd, a company in which directors of Hock Chiong Foodstuff Sdn. Bhd., Datuk Lau Hieng Ing and Datin Wong Puo Siong have substantial financial interest	134	163
Trading of rice, rental of go down by Naturewood Sdn. Bhd., a company in which directors of Hock Chiong Foodstuff Sdn. Bhd., Datuk Lau Hieng Ing and Datin Wong Puo Siong have substantial financial interest	60	60

35. SIGNIFICANT AND SUBSEQUENT EVENTS

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

The said disposal has been completed during the year.

- (b) On 2 December 2009, the Company had entered into a Termination Agreement to terminate the Sub-Lease Agreement with Johor Port Berhad (“JPB”) dated 6 October 2005. Subsequent to the completion of the Termination Agreement, the vacant possession of the warehouses had been surrendered by the Company to JPB. JPB is to refund RM20,725,000 as full and final settlement within 6 months from the date of Termination Agreement.

The termination of agreement has been completed during the year.

- (c) The Company had on 2 December 2009 entered into a conditional Share Sale and Purchase Agreement (“SSA”) with JPB for the acquisition of 12,000,000 ordinary shares of RM1.00 each which is equivalent to 75% of equity interest in Bernas Logistic Sdn. Bhd. (“BLSB”) from JPB for a purchase consideration of RM11,760,000.

The acquisition has been completed during the year and BLSB became a wholly owned subsidiary of the Company.

- (d) On 30 June 2010, the wholly-owned subsidiary, BCSB, entered into Second Subscription Agreement, Supplemental Shareholders Agreement and Supplemental Performance Guarantee Reward Scheme with Liansin Trading Sdn. Bhd. (“Liansin”) and the remaining shareholders of Liansin namely SBE Resources Holding Sdn. Bhd., Liansin Resources Holdings Sdn. Bhd. and Lian Giat Holdings Sdn. Bhd. in respect of the proposed subscription of 401,068 Ordinary Shares in Liansin for a subscription price of RM12,633,642. Upon completion of those agreements on 30 September 2010, the BCSB’s equity interest in Liansin increased to 60% and Liansin become a subsidiary of BCSB.

- (e) On 21 May 2010, the wholly-owned subsidiary, BCSB, had entered into a Share Sale Agreement (“SSA”) with Tan Kien Chong Sdn. Bhd. (“TKCSB”) for the acquisition of 697,500 ordinary shares of RM1.00 each (“Sale Shares”) which is equivalent to 45% of equity interest in Sabarice Sdn. Bhd. (“Sabarice”) from TKCSB for a purchase consideration of RM4,730,000.00 (“Proposed Acquisition”).

BCSB is the registered and beneficial owner of 852,500 ordinary shares of RM1.00 each in Sabarice representing 55% of the issued and paid-up share capital of Sabarice. Upon completion on 16 June 2010, the equity interest of BCSB in Sabarice increased from 55% to 100%.

The acquisition has been completed during the year, Sabarice is now a wholly owned subsidiary of BCSB.

- (f) On 8 December 2010, the Company has acquired two subsidiaries namely, Subur Majubumi Sdn. Bhd. and Berkas Beringin Sdn. Bhd., both incorporated in Malaysia on 10 October 2010 as wholly-owned subsidiaries of the Company with an issued and paid-up capital of RM2.00 divided into 2 ordinary shares of RM1.00 each respectively. The intended principal activities are as investment holding company and rice miller respectively but have yet to commence business.

Notes to the Financial Statements

for the financial year ended 31 December 2010

36. SUBSIDIARIES AND ASSOCIATES

(a) SUBSIDIARIES

Name of Subsidiaries	Proportion of Ownership Interest		Principal Activities
	2010 %	2009 %	
Incorporated in Malaysia			
<i>Subsidiaries of the Company</i>			
Bernas Production Sdn. Bhd.	100	100	Rice processing
Era Bayam Kota Sdn. Bhd.	60	60	Trader, distributor and supplier of rice
Syarikat Faiza Sdn. Bhd.	51	51	Trader, distributor and supplier of rice
Consolidated Bernas United Distributors Sdn. Bhd.	100	100	Dormant
Jasmine Food Corporation Sdn. Bhd.	61	61	Trader, distributor and supplier of rice
YHL Holding Sdn. Bhd.	51	51	Investment holding
Bernas Seed Pro Sdn. Bhd.	100	100	Paddy seed production
Bernas Agrotech Sdn. Bhd.	100	100	Investment holding
Beras Corporation Sdn. Bhd.	100	100	Processing and trading of rice
Bernas Dominals Sdn. Bhd.	100	100	Investment holding
Edaran Bernas Nasional Sdn. Bhd.	80	80	Trader, distributor and supplier of rice
Bernas Overseas (L) Limited	100	100	Offshore investment holding company
Bernas Logistic Sdn. Bhd.*@	100	25	Provision of logistic services
Bernas Engineering & Technology Sdn. Bhd.	100	100	Dormant

36. SUBSIDIARIES AND ASSOCIATES (CONT'D.)

(a) SUBSIDIARIES (Cont'd.)

Name of Subsidiaries	Proportion of Ownership Interest		Principal Activities
	2010 %	2009 %	
Incorporated in Malaysia (Cont'd.)			
<i>Subsidiaries of the Company (Cont'd.)</i>			
P.B. Construction & Supplies Sdn. Bhd.	100	100	Dormant
Bernas Realty & Development Sdn. Bhd. #	–	100	Dormant
Bernas Utama Sdn. Bhd.	100	100	Dormant
Bernas Perdana Sdn. Bhd.	100	100	Dormant
Belikmat Corporation Sdn. Bhd.	100	100	Dormant
Bernas (Sabah) Sdn. Bhd.	100	100	Dormant
Bernas (Sarawak) Sdn. Bhd.	100	100	Dormant
Bernas Fisheries Sdn. Bhd.#	–	100	Dormant
Bernas-KME Sdn. Bhd.#	–	100	Dormant
Subur Majubumi Sdn. Bhd.	100	–	Dormant
Berkat Beringin Sdn. Bhd.	100	–	Dormant
Bernas Agrogreen Sdn. Bhd.	100	100	Dormant
Bernas Project & Development Sdn. Bhd.	100	100	Retails
<i>Subsidiary of Consolidated Bernas United Distributors Sdn. Bhd.</i>			
Machind Realty Sdn. Bhd.	100	100	Dormant

Notes to the Financial Statements

for the financial year ended 31 December 2010

36. SUBSIDIARIES AND ASSOCIATES (CONT'D.)

(a) SUBSIDIARIES (Cont'd.)

Name of Subsidiaries	Proportion of Ownership Interest		Principal Activities
	2010 %	2009 %	
Incorporated in Malaysia (Cont'd.)			
<i>Subsidiaries of Jasmine Food Corporation Sdn. Bhd.</i>			
Jasmine Food (Ipoh) Sdn. Bhd.	61	61	Trader, distributor and supplier of rice
Jasmine Food (Alor Setar) Sdn. Bhd.	61	61	Trader, distributor and supplier of rice
Jasmine Food (Johor Bahru) Sdn. Bhd.	61	61	Trader, distributor and supplier of rice
Jasmine Khidmat & Harta Sdn. Bhd.	61	61	Letting of properties
JS Jasmine Sdn. Bhd.	31	31	Trader, distributor and supplier of rice
Jasmine Food (Seremban) Sdn. Bhd.	61	61	Trader, distributor and supplier of rice
Jasmine Food (Prai) Sdn. Bhd.	61	61	Trader, distributor and supplier of rice
Jasmine Rice Mill (Tunjang) Sdn. Bhd.	61	61	Rice miller and rice trader
Jasmine Food (Kuantan) Sdn. Bhd.	61	61	Trader, distributor and supplier of rice
<i>Subsidiaries of YHL Holding Sdn. Bhd.</i>			
YHL Trading (KL) Sdn. Bhd.	51	51	Trader, distributor and supplier of rice
YHL Trading (Johor) Sdn. Bhd.	51	51	Trader, distributor and supplier of rice
YHL Trading (Segamat) Sdn. Bhd.	51	51	Trader, distributor and supplier of rice

36. SUBSIDIARIES AND ASSOCIATES (CONT'D.)

(a) SUBSIDIARIES (Cont'd.)

Name of Subsidiaries	Proportion of Ownership Interest		Principal Activities
	2010 %	2009 %	
Incorporated in Malaysia (Cont'd.)			
<i>Subsidiaries of Jasmine Food Corporation Sdn. Bhd. (Cont'd.)</i>			
YHL Trading (Kedah) Sdn. Bhd.	51	51	Trader, distributor and supplier of rice
YHL Trading (Melaka) Sdn. Bhd.	51	51	Trader, distributor and supplier of rice
YHL Trading (Terengganu) Sdn. Bhd.	51	51	Trader, distributor and supplier of rice
YHL (Kuantan) Sdn. Bhd.	51	51	Dormant
<i>Subsidiary of Jasmine Rice Mill (Tunjang) Sdn. Bhd.</i>			
Jasmine Rice Products Sdn. Bhd.	61	61	Manufacturing and sale of vermicelli
<i>Subsidiary of Bernas Agrotech Sdn. Bhd.</i>			
Padi Gedong Sdn. Bhd.	61	61	Dormant
<i>Subsidiaries of Beras Corporation Sdn. Bhd.</i>			
Sazarice Sdn. Bhd.	95	95	Trader, distributor and supplier of rice
Dayabest Sdn. Bhd.	100	100	Investment holding
Sabarice Sdn. Bhd.	100	55	Trader, distributor and supplier of rice
Liansin Trading Sdn. Bhd. [^]	60	30	Wholesale and trading of rice and rice related products

Notes to the Financial Statements

for the financial year ended 31 December 2010

36. SUBSIDIARIES AND ASSOCIATES (CONT'D.)

(a) SUBSIDIARIES (Cont'd.)

Name of Subsidiaries	Proportion of Ownership Interest		Principal Activities
	2010 %	2009 %	
Incorporated in Malaysia (Cont'd.)			
<i>Subsidiaries of Dayabest Sdn. Bhd.</i>			
Haskarice Food Sdn. Bhd.	51	51	Trader, distributor and supplier of rice
Hock Chiong Foodstuff Sdn. Bhd.	51	51	Trader, distributor and supplier of rice
Ban Say Tong Sdn. Bhd.	51	51	Trader, distributor and supplier of rice
Tong Seng Huat Rice Trading Sdn. Bhd.	–	51	Trader, distributor and supplier of rice
<i>Subsidiary of Bernas Dominals Sdn. Bhd.</i>			
Bernas Chaff Products Sdn. Bhd.	51	51	Dormant
<i>Subsidiaries of Liansin Trading Sdn. Bhd.</i>			
Liangtye Trading Sdn. Bhd.	60	30	General trading and rice wholesaler
Liansin Trading (Bintulu) Sdn. Bhd.	60	30	Trader, distributor and supplier of rice
Liansin Trading (Miri) Sdn. Bhd.	60	30	Dormant
Tong Seng Huat Rice Trading Sdn. Bhd.	51	–	Trader, distributor and supplier of rice
Incorporated in Thailand			
<i>Subsidiary of the Company</i>			
Bernas International Trading Ltd. *	95	95	Processing and trading of rice and other related food products

36. SUBSIDIARIES AND ASSOCIATES (CONT'D.)

(b) ASSOCIATES

Name of Associates	Proportion of Ownership Interest		Principal Activities
	2010 %	2009 %	
Incorporated in Malaysia			
<i>Associates of the Company</i>			
Gardenia Bakeries (KL) Sdn. Bhd.	30	30	Bread manufacturing and bakery
Kilang Beras Fajar Sdn. Bhd.	49	49	Dormant
Formula Timur Sdn. Bhd.	40	40	Dormant
Ban Heng Bee Holdings Sdn. Bhd.	20	20	Rice miller
Serba Wangi Sdn. Bhd.**	52	52	Trader, distributor and supplier of rice
OEL Realty Holdings Sdn. Bhd.	30	30	Investment holding
United Malayan Flour (1996) Sdn. Bhd.	45	45	Manufacturing and trading of wheat flour
<i>Associates of Bernas Dominants Sdn. Bhd.</i>			
Bernas Feedstuff Sdn. Bhd.	49	49	Trading in all kinds of rice brand and broken
<i>Subsidiaries of Kilang Beras Fajar Sdn. Bhd.</i>			
Fajar Jerlun Sdn. Bhd.	49	49	Dormant
Fajar Jerlun (Negeri Sembilan) Sdn. Bhd.	49	49	Dormant
<i>Subsidiaries of Serba Wangi Sdn. Bhd.</i>			
Serba Wangi (KL) Sdn. Bhd.**	40	40	Trader, distributor and supplier of rice
Serba Wangi JH Sdn. Bhd.	26.5	26.5	Trader, distributor and supplier of rice
Serba Wangi (PG) Sdn. Bhd.	46.8	46.8	Trader, distributor and supplier of rice

Notes to the Financial Statements

for the financial year ended 31 December 2010

36. SUBSIDIARIES AND ASSOCIATES (CONT'D.)

(b) ASSOCIATES (CONT'D.)

Name of Associates	Proportion of Ownership Interest		Principal Activities
	2010 %	2009 %	
Incorporated in Malaysia (Cont'd.)			
<i>Subsidiaries of Serba Wangi Sdn. Bhd. (Cont'd.)</i>			
Serba Wangi (Perak) Sdn. Bhd.**	40	40	Trader, distributor and supplier of rice
Eng Chuan Chan Sdn. Bhd.	41.6	41.6	Trader, distributor and supplier of rice
Serba Wangi ML Sdn. Bhd.	26.5	26.5	Trader, distributor and supplier of rice
SW Transport Sdn. Bhd. **	40	40	Provision of transport services
<i>Subsidiaries of OEL Realty Holdings Sdn. Bhd.</i>			
OEL Distribution (Kedah) Sdn. Bhd.	30	30	Trader, distributor and supplier of rice
OEL Distribution (Perak) Sdn. Bhd.	30	30	Trader, distributor and supplier of rice
OEL Origin (Kedah) Sdn. Bhd.	30	30	Trader, distributor and supplier of rice
OEL Distribution (Penang) Sdn. Bhd.	30	30	Trader, distributor and supplier of rice
OEL Distribution (Johor) Sdn. Bhd.	30	30	Trader, distributor and supplier of rice
OEL Distribution (Selangor) Sdn. Bhd.	18	18	Trader, distributor and supplier of rice
OEL Distribution (KL) Sdn. Bhd.	18	18	Trader, distributor and supplier of rice
OEL Food Manufacturing Sdn. Bhd.	30	30	Manufacturing of health drinks

36. SUBSIDIARIES AND ASSOCIATES (CONT'D.)

(b) ASSOCIATES (CONT'D.)

Name of Associates	Proportion of Ownership Interest		Principal Activities
	2010 %	2009 %	
Incorporated in Malaysia (Cont'd.)			
<i>Subsidiaries of Gardenia Bakeries (KL) Sdn. Bhd.</i>			
Gardenia Sales & Distribution Sdn. Bhd.	30	30	Sales and distribution of bread
Everday Bakery & Confectionery Sdn. Bhd.	30	30	Bread manufacturing and bakery
Incorporated in Thailand			
<i>Associate of Bernas Overseas (L) Limited</i>			
Asian Peninsula Corporation Ltd.***	–	49	Rice trading
Incorporated in Pakistan			
<i>Associate of Bernas Overseas (L) Limited</i>			
Irfan Noman Bernas (Pvt) Limited	20	20	Rice trading

Dissolved during the year under voluntary liquidation

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

@ As disclosed in Note 15 (a)(i), Bernas Logistic Sdn. Bhd. became a subsidiary of the Company during the year.

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

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

^ As disclosed in Note 15 (a)(ii), Liansin Trading and its subsidiaries became subsidiaries of the Company during the year.

Notes to the Financial Statements

for the financial year ended 31 December 2010

37. FINANCIAL INSTRUMENTS

Financial Risk Management Objectives and Policies

The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk and interest rate risk and foreign currency risk. The Board of Directors reviews and approves policies and procedures for the management of these risks, which are executed by the management.

The following sections provide details regarding the Group's exposures to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(i) Credit Risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk arises primarily from trade and other receivables. For cash and bank balances, the Group minimises credit risk by dealing exclusively with high credit rating financial institutions.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivables' balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Exposure to credit risk

At the reporting date, the Group's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position.

Credit risk concentration profile

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

Financial assets that are neither past due nor impaired

Information regarding trade receivables that are neither past due nor impaired is disclosed in Note 21. Deposits with banks and other financial institutions that are neither past due nor impaired are placed with or entered into with reputable financial institutions with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 21.

37. FINANCIAL INSTRUMENTS (CONT'D.)**(ii) Liquidity Risk**

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group's and the Company's liquidity risk management policy is to maintain sufficient liquid financial assets and stand-by credit facilities with several banks. It also requires reliable access to enough cash resources at unpredictable times and to unpredictable extents to meet uncertain cashflow obligations.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

2010	On demand or within one year RM'000	One to five years RM'000	More than five years RM'000	Total RM'000
Group				
Financial liabilities:				
Trade and other payables	223,870	–	–	223,870
Borrowings	550,443	493,883	4,258	1,048,584
Total undiscounted financial liabilities	774,313	493,883	4,258	1,272,454
Company				
Financial liabilities:				
Trade and other payables	486,711	–	–	486,711
Borrowings	362,561	479,228	–	841,789
Total undiscounted financial liabilities	849,272	479,228	–	1,328,500

Notes to the Financial Statements

for the financial year ended 31 December 2010

37. FINANCIAL INSTRUMENTS (CONT'D.)

(iii) Interest Rate Risk

The Group's primary interest rate risk relates to interest-bearing debt as at 31 December 2010. 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.

At the reporting date, the Group does not have significant interest risk exposure.

(iv) Foreign Exchange Risk

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

The Group's and the Company's foreign exchange policy is to manage its foreign exchange risk as an unexpected adverse movement in the foreign exchange rate that can have a negative impact on the profitability and viability of the company.

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.

The Group has not entered into any forward foreign exchange contracts as at 31 December 2010 and 31 December 2009.

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the USD exchange rates against the functional currency of the affected group companies ("RM") with all other variables held constant.

	Group	
	2010	2009
	Effect on profit before tax RM'000	Effect on profit before tax RM'000
USD/RM – strengthen 10% (2009: 10%)	(34,469)	(2,823)
USD/RM – weaken 10% (2009: 10%)	34,469	2,823

38. FAIR VALUES OF FINANCIAL INSTRUMENTS

(a) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

	2010		2009	
	RM'000 Carrying amount	RM'000 Fair value	RM'000 Carrying amount	RM'000 Fair value
Group				
Hire purchase	7,716	7,061	8,936	8,118
Term loans	10,985	8,045	11,329	9,174
ICP/MTN Programme	398,372	406,658	–	–

(b) Determination of fair value

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The carrying amounts of current financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The carrying amounts of the current portion of borrowings are reasonable approximations of fair values due to the insignificant impact of discounting.

The fair values of non-current borrowings are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

39. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a healthy capital ratio in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2010 and 31 December 2009.

The Group monitors capital using a ratio of equity over capital and net debt, which is equity divided by total capital plus net debt. The Group's policy is to maintain a positive shareholders' fund. The Group includes within net debt, borrowings, trade and other payables, less cash and short term funds. Capital includes equity attributable to the owners of the parent.

40. SEGMENT INFORMATION (CONT'D.)

2010	Rice RM'000	Non-rice RM'000	As per consolidated financial statements RM'000
Revenue:-			
External customers	2,761,501	411,472	3,172,973
Segment profit	(a) 574,884	106,365	681,249

2009	Rice RM'000	Non-rice RM'000	As per consolidated financial statements RM'000
Revenue:-			
External customers	2,785,561	474,315	3,259,876
Segment profit	(a) 400,687	201,799	602,486

(a) The following items are added to/(deducted from) segment profit to arrive at "Profit before tax" presented in the consolidated income statement:

	2010 RM'000	2009 RM'000
Other income	23,831	22,784
Staff costs	(190,470)	(174,354)
Depreciation	(40,802)	(33,897)
Other expenses	(233,573)	(193,035)
Finance cost	(28,324)	(24,196)
Share of profit of associates	33,870	38,538
	(435,468)	(364,160)

Notes to the Financial Statements

for the financial year ended 31 December 2010

40. SEGMENT INFORMATION (CONT'D.)

(a) (Cont'd.)

Geographical 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.

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenues		Non-current assets	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Peninsular Malaysia	2,481,756	2,599,255	605,114	572,981
East Malaysia	691,217	660,621	81,190	68,281
	3,172,973	3,259,876	686,304	641,262

Non-current assets presented above consist the following items as presented in the consolidated statement of financial position:

	2010 RM'000	2009 RM'000
Property, plant and equipment	381,098	357,346
Investment in associates	242,363	232,323
Intangible assets	139	139
Deferred tax assets	62,704	51,454
	686,304	641,262

Information about major customers

The Group's customers are primarily retailers and wholesale distributors.

41. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 28 March 2011.

42. SUPPLEMENTARY INFORMATION – BREAKDOWN OF RETAINED PROFITS INTO REALISED AND UNREALISED

The breakdown of the retained profits of the Group and of the Company as at 31 December 2010 into realised and unrealised is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits and Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group RM'000	Company RM'000
Total retained profits of the Company and its subsidiaries		
– Realised	442,666	445,732
– Unrealised	45,535	18,632
	488,201	464,364
Total share of retained earnings from associated companies		
– Realised	130,160	–
– Unrealised	(7,727)	–
Less:		
Consolidation adjustments	(40,821)	–
Retained profits as per financial statements	569,813	464,364

List of Landed Properties

as at 31 December 2010

Location	Description & Existing Use	Tenure & Expiry Date	Age of Buildings	Net Book Value @ 31 December 2009 RM	Date of Acquisition & Date of Revaluation
Selangor					
No. 2, Jalan Pasak Bumi Bukit Jelutong, Seksyen U8 40510 Shah Alam Selangor	Vacant Land	Freehold	N/A	19,589,194.82	26 August 2006
Lot No. 3802, Batu 6 ³ / ₄ Jalan Klinik, Bukit Kemuning Seksyen 32 40460 Selangor	Vacant Land	Freehold	N/A	11,430,000.00	22 September 2002 & 7 February 2005
Lot No. 66, Hicom Glenmarie Industrial Park (Phase 1) HS (D) 136183, PT No. 1 Bandar Glenmarie Daerah Petaling Jaya Selangor	Building	Freehold	15	6,349,004.96	20 April 2004
Lot No. 8, Jalan 25/123 Seksyen 25, 40000 Shah Alam Selangor	Building	Freehold	13	4,360,964.31	20 April 1995 & 14 November 2005
Kedah					
Lot No. 1451 & 1452 Batu 18 ¹ / ₂ , Jalan Kodiang Mukim Padang Perahu Kubang Pasu 60000 Jitra Kedah	Business Land & Building	Freehold	14	11,474,622.00	28 May 1996 & 11 September 2003
Kelantan					
Lot 37, Kawasan Perindustrian Pengkalan Chepa II Padang Tembak 1 16000 Kota Bharu Kelantan	Office & Warehouse	Leasehold	N/A	4,620,581.26	29 April 2005
Johor					
PLO 442, Jalan Wawasan 16 Kaw. Perindustrian Sri Gading 2 83300 Batu Pahat Johor	Office, Plant & Warehouse	Leasehold	N/A	1,039,330.00	24 March 2005 & 27 July 2009

Location	Description & Existing Use	Tenure & Expiry Date	Age of Buildings	Net Book Value @ 31 December 2009 RM	Date of Acquisition & Date of Revaluation
Sabah & Sarawak					
Lot 193, Sedco Light Industrial Estate, Phase 2 Batu 3, Jalan Utara PPM No. 433 90000 Sandakan Sabah	Business Land & Building	31 December 2037	3	4,058,146.25	15 July 2004
Lot 85(A) Kompleks Perindustrian Sedco Likas, Lorong Mega 1 88995 Kolombong Inanam, Sabah	Business Land & Building	31 December 2034	5	9,344,579.96	31 December 2003
Level 8, Lot 2-8-1 & 2-8-2 Wisma San Hin Wawasan Plaza 88837 Kota Kinabalu Sabah	Building	1 January 2087	7	2,952,460.84	19 December 2003
Lot 1019 Kawasan Perindustrian Kidurong 97000 Bintulu Sarawak	Business Land & Building	9 May 2051	13	1.00	18 January 1996
No. 96-M, Lot 2654-2656 Block 195 KNLD, Jln Green 93150 Kuching Sarawak	Building	April 2063	9	2,116,542.58	19 June 2003
Master Title CI045335082 At Lot 11B, Jalan 3 Kkip Timur Industrial Zone 13 (Iz.13) Kota Kinabalu Industrial Park (Kkip), Km 25 Jalan Tuaran 88450 Kota Kinabalu Leasehold 99 Years effective 01/01/2000 to 31/12/2098, 1.619 hectares (4.00 acres), Deed of Assignment 13 February 2009	Business Land & Building	31 December 2098	2	8,521,893.94	24 March 2009

Analysis of Shareholdings

as at 25 April 2011

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

SUBSTANTIAL SHAREHOLDERS

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

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

(2) Deemed interested by virtue of its interest in PL which in turn has interest in TWM in accordance with Section 6A of the Act.

(3) Deemed interested by virtue of TSSM's interest in KV, RJSB, PL and TWM in accordance with Section 6A of the Act.

DISTRIBUTION SCHEDULES OF EQUITY

Category	No. of Holders	No. of Shares	%
Less than 100	494	20,433	0.00
100 – 1,000	919	748,090	0.16
1,001 – 10,000	6,664	19,754,434	4.20
10,001 -100,000	679	16,730,158	3.56
100,001 to less than 5% issued shares	53	91,772,915	19.51
5% and above of issued shares	1	341,375,471	72.57

CATEGORY OF SHAREHOLDER FOR EACH CLASS

Category	No. of Holders	No. of Shares	%
Individuals	8006	35,881,273	7.63
Banks/Finance companies	9	18,991,487	4.04
Trusts/Foundation/Charity	41	16,906,506	3.59
Private/Limited Companies	146	2,971,050	0.63
Government Agencies/Institutions	3	16,413,006	3.49
Nominees	605	379,238,179	80.62

TOP THIRTY (30) SHAREHOLDERS

No.	Names	No. of Shares Held	%
1.	Mayban Nominees (Tempatan) Sdn Bhd <i>Pledged Sec A/C For Tradewinds (M) Berhad</i>	341,375,471	72.57
2.	AIBB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Batu Bara Resources</i>	22,096,000	4.70
3.	Lembaga Tabung Haji	18,241,400	3.88
4.	Pertubuhan Peladang Kebangsaan	16,098,006	3.42
5.	Persatuan Nelayan Kebangsaan (NEKMAT)	16,092,006	3.42
6.	HLG Nominee (Tempatan) Sdn Bhd <i>Pledged Securities Account For Ilustrasi Hikmat Sdn Bhd</i>	6,386,503	1.36
7.	CIMB Nominees (Tempatan) Sdn Bhd <i>Economic Planning Unit Approved Investors</i>	1,374,000	0.29
8.	Batu Bara Sdn Bhd	780,000	0.17
9.	Amanahraya Trustees Berhad <i>Public Islamic Sector Select Fund</i>	730,000	0.16
10.	Rosni Binti Rahmat	460,000	0.10
11.	Koo Hong @ Ku Hong Hai	450,000	0.10
12.	Goh Chin Hong	432,000	0.09
13.	Yayasan Pok Rafeah Berdaftar	420,000	0.09
14.	Tan Gim Hoe	397,500	0.08
15.	HSBC Nominees (Tempatan) Sdn Bhd <i>HSBC (M) Trustee Bhd For Texas Instruments Malaysia</i>	369,000	0.08
16.	HSBC Nominees (Tempatan) Sdn Bhd <i>HSBC (M) Trustee Bhd For Malaysian Agents Provident Fund</i>	330,000	0.07
17.	OSK Nominees (Tempatan) Sdn Berhad <i>DMG & Partners Securities Pte Ltd For Espoir Investment Pte Ltd</i>	323,500	0.07
18.	Ooi Li Ying	319,500	0.07
19.	Menteri Besar Incorporation <i>Perbendaharaan Negeri Perlis</i>	315,000	0.07
20.	HSBC Nominees (Asing) Sdn Bhd <i>Exempt An For JPMorgan Chase Bank, National Association (U.S.A.)</i>	307,000	0.07
21.	Ooi Tek Sin @ Wee Teck Yock	300,000	0.06
22.	Citigroup Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Yuen Chin Luen</i>	285,000	0.06
23.	HLB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Yuen Chin Luen</i>	282,500	0.06
24.	HSBC Nominees (Asing) Sdn Bhd <i>HSBC-FS I For Mgh Investment Fund Limited</i>	280,000	0.06
25.	Citigroup Nominees (Asing) Sdn Bhd <i>Exempt An For Citibank Na (Charles Schwab)</i>	273,000	0.06
26.	Straits Consortium Sdn Bhd	265,500	0.06
27.	Choong Kim Sun @ Chong Kam Sun	258,500	0.05
28.	RHB Capital Nominees (Asing) Sdn Bhd <i>Pledged Securities Account For Green Priscilla Lee</i>	250,000	0.05
29.	Low Tiong Lek	220,000	0.05
30.	HSBC Nominees (Tempatan) Sdn Bhd <i>HSBC (M) Trustee Bhd For OSK-UOB Emerging Opportunity Unit Trust</i>	193,900	0.04

Corporate Directory

Direktori Korporat

RICE BUSINESS/PERNIAGAAN BERAS

No.	Company/Syarikat	Address/Alamat	Contact/Talian
1	Bernas Production Sdn. Bhd. (428934-K)	Pejabat BERNAS Wilayah Utara Level 4, Souq Al-Bukhary Commercial Centre Jalan Langgar, Alor Setar, Kedah	Tel : 04-774 0100 Fax : 04-735 2944
2	Beras Corporation Sdn. Bhd. (480493-H)	Ibu Pejabat Wilayah Sabah Lot 2-8-2, 7th Floor Wisma San Hin Wawasan Plaza, Coastal Highway P.O. Box 13311, 88837 Kota Kinabalu, Sabah Ibu Pejabat Wilayah Sarawak No. 96-M, Lot 2654-2656, Block 195 KNLD Jalan Green, 93150 Kuching, Sarawak	Tel : 088-257 510 Fax : 088-253 517 Tel : 082-243 002 Fax : 082-234 000
3	Ban Say Tong Sdn. Bhd. (100912-T)	No. 2, Jalan Pedada P.O. Box 28, 97007 Bintulu, Sarawak	Tel : 086-335 316 Fax : 086-355 002/ 086-355 317
4	Ban Heng Bee Holdings Sdn. Bhd. (690130-W)	450, 1st Floor, Jalan Raja 05000 Alor Setar, Kedah	Tel : 04-735 5620 Fax : 04-730 6620
5	Edaran Bernas Nasional Sdn. Bhd. (390534-M)	Level 29, Menara HLA, No. 3, Jalan Kia Peng 50450 Kuala Lumpur	Tel : 03-2161 1803 Fax : 03-2161 1812
6	Era Bayam Kota Sdn. Bhd. (472357-P)	Lot PT 4154, Kawasan Perindustrian Pengkalan Chepa 11 Padang Tembak, 16100 Kota Bharu, Kelantan	Tel : 09-773 0878/ 09-773 5878 Fax : 09-744 7878
7	Hock Chiong Foodstuff Sdn. Bhd. (443434-K)	No. 17, Jalan Bank 96000 Sibu, Sarawak	Tel : 084-330 476 Fax : 084-330 964
8	Jasmine Food Corporation Sdn. Bhd. (162356-H)	Lot No. 5, Jalan 25/124, Section 25 40000 Shah Alam, Selangor	Tel : 03-5122 3188 Fax : 03-5122 3288
9	Liansin Trading Sdn. Bhd. (516882-W)	Lot 2041, Section 66, Jalan Kisar Bintawa Industrial Estate, 93450 Kuching, Sarawak	Tel : 082-333 555 Fax : 082-335 599
10	OEL Realty Holding Sdn. Bhd. (395528-W)	Lot 54623, Jalan Kuala Kangsar 31200 Ipoh, Perak	Tel : 05-291 5555 Fax : 05-291 2233
11	Sabarice Sdn. Bhd. (658854-M)	Lot 85 (A), Kompleks Perindustrian SEDCO Likas 88999 Kolombong, Inanam, Kota Kinabalu, Sabah	Tel : 088-381 252/ 088-381 253 Fax : 088-433 539
12	Sazarice Sdn. Bhd. (385374-U)	Lot 85, Kompleks Perindustrian SEDCO Likas 88999 Kolombong, Inanam, Kota Kinabalu, Sabah	Tel : 088-433 586/ 088-433 640 Fax : 088-433 539

RICE BUSINESS/PERNIAGAAN BERAS (cont'd./samb.)

No.	Company/Syarikat	Address/Alamat	Contact/Talian
13	Serba Wangi Sdn. Bhd. (280872-A)	450, 1st Floor, Jalan Raja 05000 Alor Setar, Kedah	Tel : 04-759 6620 Fax : 04-759 0264
14	Syarikat Faiza Sdn. Bhd. (247191-D)	PLO 442, Jalan Wawasan 16 Kawasan Perindustrian Sri Gading 83300 Batu Pahat, Johor	Tel : 07-455 6900 Fax : 07-455 7900
15	Tong Seng Huat Rice Trading Sdn. Bhd. (439863-H)	58A, Merbau Road, 98000 Miri, Sarawak	Tel : 085-431 037 Fax : 085-415 643
16	YHL Holding Sdn. Bhd. (452413-V)	No. 39-45, Jalan P4/6, Bandar Teknologi Kajang Batu 18, Jalan Semenyih 43500 Semenyih, Kajang, Selangor	Tel : 03-8724 3368/ 03-8724 3792 Fax : 03-8724 3763

OTHER BUSINESS/PERNIAGAAN LAIN

No.	Company/Syarikat	Address/Alamat	Contact/Talian
1	Bernas Feedstuff Sdn. Bhd. (464527-U)	Lot PT 4132 & 4133 Kawasan Perindustrian Pengkalan Chepa II Mukim Panchor, 16100 Kota Bharu, Kelantan	Tel : 09-773 3232 Fax : 09-774 2252
2	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
3	United Malayan Flour (1996) Sdn. Bhd. (216546-T)	4826, Jalan Permatang Pauh 13400 Butterworth, Pulau Pinang	Tel : 04-333 2499 Fax : 04-331 7557

OVERSEAS VENTURES/PERNIAGAAN ANTARABANGSA

No.	Company/Syarikat	Address/Alamat	Contact/Talian
1	Irfan Noman Bernas (Pvt) Limited (K07127)	QNB House, Bahria Complex-1 Ground Floor, M.T. Khan Road Karachi 74000, Pakistan	Tel : 00 9221-561 0132 Fax : 00 9221-561 0226

Corporate Directory

Direktori Korporat

BERNAS RICE MILLS/KILANG BERAS BERNAS (KBB)

No.	KBB	Address/Alamat	Contact/Talian
Perlis & Kedah (Utara 1)			
1	Arau	KBB Arau, 02600 Arau, Perlis	Tel : 04-986 4558 Fax : 04-986 3770
2	Utang Aji	KBB Utang Aji, 01000 Kangar, Perlis	Tel : 04-976 1133 Fax : 04-976 5155
3	Simpang Empat	KBB Simpang Empat, 02700 Simpang Empat, Perlis	Tel : 04-980 7244 Fax : 04-980 7191
4	Kuala Perlis	KBB Kuala Perlis, 02000 Kuala Perlis, Perlis	Tel : 04-985 4133 Fax : 04-985 5487
5	Kodiang	KBB Kodiang, 06100 Kodiang, Kedah	Tel : 04-925 5346 Fax : 04-925 2877
6	Jerlun	KBB Jerlun, 06150 Alor Setar, Kedah	Tel : 04-794 0229 Fax : 04-794 9669
7	Megat Dewa	KBB Megat Dewa, 06510 Alor Setar, Kedah	Tel : 04-925 1349 Fax : 04-925 1679
8	Jitra	KBB Jitra, 06000 Jitra, Kedah	Tel : 04-917 1235 Fax : 04-917 3032
9	Sungai Baru	KBB Sg. Baru, 06250 Alor Setar, Kedah	Tel : 04-733 0896 Fax : 04-733 2173
10	Pering	KBB Pering, Jalan Sanglang, 06000 Kodiang, Kedah	Tel : 04-925 2673 Fax : 04-925 3526
11	Kerpan	KBB Kerpan, 06510 Alor Setar, Kedah	Tel : 04-794 0228 Fax : 04-794 9671
Kedah & Pulau Pinang (Utara 2)			
1	Guar Chempedak	KBB Guar Chempedak, 08800 Gurun, Kedah	Tel : 04-468 0694 Fax : 04-468 1618
2	Bukit Besar	KBB Bukit Besar, 06800 Alor Setar, Kedah	Tel : 04-769 1297 Fax : 04-769 3414
3	Bukit Raya	KBB Bukit Raya, 06700 Pendang, Kedah	Tel : 04-759 6227 Fax : 04-759 7429
4	Kangkong	KBB Kangkong, 06650 Alor Setar, Kedah	Tel : 04-764 1278 Fax : 04-764 2137
5	Sungai Limau	KBB Sungai Limau, 06910 Yan, Kedah	Tel : 04-769 3616 Fax : 04-769 3617
6	Telok Kechai	KBB Telok Kechai, 06600 Kuala Kedah, Kedah	Tel : 04-762 1844 Fax : 04-762 1103
7	Paya Keladi	KBB Paya Keladi, 13200 Kepala Batas, Pulau Pinang	Tel : 04-575 7558 Fax : 04-575 1148

BERNAS RICE MILLS/KILANG BERAS BERNAS (KBB) (cont'd./samb.)

No.	KBB	Address/Alamat	Contact/Talian
Perak			
1	Sungai Manik	KBB Sungai Manik, 36000 Telok Intan, Perak	Tel : 05-623 4542 Fax : 05-621 2551
2	Changkat Lada	KBB Changkat Lada, 36800 Kampong Gajah, Perak	Tel : 05-655 1872 Fax : 05-655 1875
3	Sungai Ranggung	KBB Sungai Ranggung, 36800 Kampong Gajah, Perak	Tel : 05-655 1428 Fax : 05-655 1608
4	Simpang Lima	KBB Simpang Lima, 34200 Parit Buntar, Perak	Tel : 05-716 1279 Fax : 05-716 4795
Kelantan & Terengganu (Timur)			
1	Tumpat	KBB Tumpat, 16200 Tumpat, Kelantan	Tel : 09-725 7377 Fax : 09-725 7334
2	Peringat	KBB Peringat, 16400 Melor, Kota Bharu, Kelantan	Tel : 09-712 8389 Fax : 09-712 7310
3	Pasir Putih	KBB Pasir Putih, 16800 Pasir Putih, Kelantan	Tel : 09-786 6330 Fax : 09-786 9927
4	Bukit Kenak	KBB Bukit Kenak, 22000 Jerneh, Terengganu	Tel : 09-697 1221 Fax : 09-697 1412
Pahang & Selangor (Tengah)			
1	Kuala Rompin	KBB Rompin, 26800 Kuala Rompin, Pahang	Tel : 09-414 6575 Fax : 09-414 5793
2	Sungai Besar	KBB Sg. Besar, 45300 Sungai Besar, Selangor	Tel : 03-3224 2204 Fax : 03-3224 1601
3	Seri Tiram Jaya	KBB Seri Tiram Jaya, 45500 Tanjung Karang, Selangor	Tel : 03-3269 8101 Fax : 03-3269 8568
4	Sekinchan	KBB Sekinchan, 45400 Sekinchan, Selangor	Tel : 03-3241 0001 Fax : 03-3241 1300
5	Bagan Terap	KBB Bagan Terap, 45300 Sungai Besar, Selangor	Tel : 03-3216 4240 Fax : 03-3224 7025/ 03-3224 1601
Bahagian Pengurusan Benih			
1	Langgar	KBB Langgar, 06650 Langgar, Kedah	Tel : 04-787 6571 Fax : 04-787 7116

Corporate Directory

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BERNAS DISTRIBUTION CENTRES/WAREHOUSES/PUSAT PENGEDARAN/GUDANG BERNAS

No.	WAREHOUSE/GUDANG	Address/Alamat	Contact/Talian
CENTRAL/TENGAH			
1	Gudang BSS 1	Lot 30, Lengkongan Sultan Hishamuddin 1 Bandar Sultan Sulaiman 42000 Pelabuhan Klang, Selangor	Tel : 03-3176 0361 Fax : 03-3176 0375
2	Gudang BSS 2 (Century 1)	No. 7, Jalan Hishamuddin 2, Kawasan 20 42000 Pelabuhan Klang, Selangor	Tel : 03-3176 4763 Fax : 03-3176 4791
3	Gudang EBN	Lot 30, Lengkongan Sultan Hishamuddin 1 Bandar Sultan Sulaiman 42000 Pelabuhan Klang, Selangor	Tel : 03-3176 3311 Fax : 03-3176 2154
4	Gudang Century 2 (DC4)	Lot 4, Solok Sultan Hishamuddin 8 Kawasan 20, Bandar Sultan Sulaiman 42000 Pelabuhan Klang, Selangor	Tel : 03-3176 0739 Fax : 03-3176 0740
5	Gudang Markono	Lot 12, Jalan Sultan Mohamad 6 Kawasan Perindustrian Bandar Sultan Sulaiman 42000 Pelabuhan Klang, Selangor	Tel : 03-3176 0214 Fax : 03-3176 0224
6	Gudang ITG	PT 119979 & 119980, Jalan Canang Emas, 8/KS10 Telok Gong, 42000 Pelabuhan Klang, Selangor	Tel : 03-3167 3520 Fax : 03-3167 3526
7	Gudang Tamadam	Lot 23, Solok Hishamuddin 4 Kawasan Perusahaan Selat Kelang Utara 42000 Pelabuhan Klang, Selangor	Tel : 03-3176 0739 Fax : 03-3176 0740
8	Gudang Global Grit	Lot 11778 & 11780, Jalan Mata Ikan Duyung Telok Gong, 42000 Pelabuhan Klang, Selangor	Tel : 03-3134 1243 Fax : 03-3134 1242
9	Gudang BSS 4 (Gubahan Jaya)	Lot 8980, Jalan Ikan Bawal, Off Jalan Telok Gong 42000 Pelabuhan Klang, Selangor	Tel : 03-3167 3520 Fax : 03-3167 3526
NORTH/UTARA			
10	Gudang BERNAS PR/DC (1,2)	Lot 331, MK 1, Solok Perusahaan 4 Perindustrian Perai, Seberang Prai Tengah 13600 Prai, Pulau Pinang	Tel : 04-397 3287 Fax : 04-397 2148
11	Gudang BERNAS PR/DC (3,4,5)	Lot 331, MK 1, Solok Perusahaan 4 Perindustrian Perai, Seberang Prai Tengah 13600 Prai, Pulau Pinang	Tel : 04-399 0801 Fax : 04-397 2148
12	Gudang BERNAS PR/RAY (A&B)	2521, Tingkat Perusahaan 6, Perai Industrial Estate 13600 Prai, Pulau Pinang	Tel : 04-398 7923 Fax : 04-398 7904
13	Gudang BERNAS PR/RAY (C&D)	Mukim 1, 1026 Lorong Perusahaan 2 Kawasan Perindustrian Prai, Seberang Prai Tengah 13600 Prai, Pulau Pinang	Tel : 04-390 0566 Fax : 04-390 0584

No.	WAREHOUSE/GUDANG	Address/Alamat	Contact/Talian
PASIR GUDANG			
14	Gudang BERNAS PGU/DC (1,2,3,4,5)	Lot 86, Jalan Pasir Putih 81707 Pasir Gudang, Johor	Tel : 07-252 9798 Fax : 07-251 5457
15	Gudang BERNAS PGU/JYP-A	Lot 259, Jalan Tembaga 2 Pasir Gudang Industrial Area 81700 Pasir Gudang, Johor	Tel : 07-254 6195 Fax : 07-254 6196
16	Gudang BERNAS PGU/JYP-B	Lot 306, Jalan Tembaga 2, Pasir Gudang Industrial Area, 81700 Pasir Gudang, Johor	Tel : 07-254 6195 Fax : 07-254 6196
17	Gudang PGU/DN	Plot 271, Jalan Gangsa 81700 Pasir Gudang, Johor	Tel : 07-251 5300 Fax : 07-251 5300
18	Gudang BERNAS PGU/USB-A	Blok A, HSD 444056, PTD 194763 Mukim Plentong, Johor Bahru, Johor	Tel : 07-386 1581 Fax : 07-386 1582
19	Gudang Pasir Gudang	Blok B, HSD 444056, PTD 194763 Mukim Plentong, Johor Bahru, Johor	Tel : 07-386 1581 Fax : 07-386 1582
WEST MALAYSIA/BARAT			
20	Gudang Lendu A & B (EBN)	Lot 451, Mukim Kelemak 78000 Alor Gajah, Melaka	Tel : 06-556 2868 Fax : 06-556 2505
21	Gudang Kempas A, B & C (EBN)	Lot 6600, Jalan Kempas Baru 81200 Johor	Tel : 07-234 4526 Fax : 07-254 4527
22	Gudang Chendering A & B (EBN)	Gudang EBN, Jalan Kubang Ikan 21080 Kuala Terengganu, Terengganu	Tel : 09-616 1551 Fax : 09-616 1552
23	Gudang Bukit Raya (BERNAS)	Lot PT S28 & 30, Mukim Bukit Raya Pendang, Kedah	Tel : 04-759 6227 Fax : 04-759 7429
EAST MALAYSIA/TIMUR			
Sabah			
1	Gudang Kota Kinabalu (1)	Gudang Bandar (B5) Kota Kinabalu, Sabah	Tel : 088-423 267 Fax : 088-422 322
2	Gudang Kota Kinabalu (2)	BCSB, Lot 85, Kompleks Perindustrian Sedco Likas Inanam Kota Kinabalu, Sabah	Tel : 088-423 267 Fax : 088-422 322
3	Gudang Kota Kinabalu (3)	BCSB, Batu 17½, Kg Nongkolod Jalan Tuaran, Tuaran, Sabah	Tel : 088-423 267 Fax : 088-422 322
4	Gudang Sandakan (1)	BCSB, Gdg By 3 ABC, Jalan Bomba Bt 3, Jalan Labuk, Sandakan, Sabah	Tel : 089-213 500 Fax : 089-219 311
5	Gudang Sandakan (2)	BCSB, Gdg Bandar JKR Jalan Dewan Masyarakat, Sandakan, Sabah	Tel : 089-213 500 Fax : 089-219 311

Corporate Directory

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No.	WAREHOUSE/GUDANG	Address/Alamat	Contact/Talian
Sabah (cont'd./samb.)			
6	Gudang Tawau	BCSB, TB 1774, Gdg Apas KM 5.5, Jalan Apas, Tawau, Sabah	Tel : 089-911 017 Fax : 089-912 952
7	Gudang Lahad Datu	BCSB, MDLD 2637 KK 5, Jln Kastam Baru Lahad Datu, Sabah	Tel : 089-881 452 Fax : 089-881 411
8	Gudang Labuan	BCSB, Lot 12, Jln Arshat Ranca-Ranca Wilayah Persekutuan Labuan	Tel : 087-424 493 Fax : 087-421 929
9	Gudang Kudat	BCSB, Jln Pantai Bandar WDT 33, Kudat, Sabah	Tel : 088-612 987 Fax : 088-621 214
Sarawak			
1	Gudang Kuching	BCSB, Lot 895, Jalan Belian Biawak Kuching, Sarawak	Tel : 082-349 672 Fax : 082-343 745
2	Gudang Sibul	BCSB, Lot 478, Jalan Lanang Ulu Sibu, Sarawak	Tel : 084-212 733 Fax : 084-216 251
3	Gudang Bintulu	BCSB, Lot 1019, Kaw. Perindustrian Kidurong Sarawak	Tel : 086-253 934 Fax : 086-253 842

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the 17th Annual General Meeting of Padiberas Nasional Berhad (“the Company”) will be held at **Nirwana Ballroom 1, Crowne Plaza Mutiara Kuala Lumpur, Jalan Sultan Ismail, 50250 Kuala Lumpur on Thursday, 23 June 2011 at 10.00 a.m.** for the purpose of considering and, if thought fit, passing the following resolutions:-

ORDINARY BUSINESS

1. “THAT the Audited Financial Statements for the financial year ended 31 December 2010 and the Directors’ Report and Auditors’ Report thereon be and are hereby received.”
2. “THAT a final dividend of 5% less tax of 25% for the financial year ended 31 December 2010 be and is hereby approved and declared payable on 14 July 2011 to the members of the Company registered at the close of business on 30 June 2011.”
3. “THAT Dato’ Mohd Hashim bin Abdullah, who was appointed after the last Annual General Meeting and retires pursuant to Article 110(2) of the Company’s Articles of Association, be and is hereby re-elected a Director of the Company.”
4. “THAT the following Directors, who retire in accordance with Article 115 of the Company’s Articles of Association, be and are hereby re-elected Directors of the Company:
 - i Dato’ Azman bin Umar
 - ii Datuk Azizan bin Ayob.”
5. “THAT Dato’ Wira Syed Abdul Jabbar bin Syed Hassan, a Director whose office shall become vacant at the conclusion of this AGM pursuant to Section 129(2) of the Companies Act, 1965, be and is hereby re-appointed a Director of the Company pursuant to Section 129(6) of the Companies Act, 1965 and to hold office until the conclusion of the next Annual General Meeting.”
6. “THAT Messrs Hanafiah Raslan & Mohamad, who are eligible and have given their consent for re-appointment, be and are hereby re-appointed Auditors of the Company until the conclusion of the next Annual General Meeting and that their remuneration be fixed by the Board.”

SPECIAL BUSINESS

7. Proposed Amendment to the Articles of Association of the Company (Special Resolution)

“THAT the existing Article 146 of the Articles of Association of the Company be and is hereby deleted in its entirety and be substituted with a new Article 146 as follows:

New Article 146

Any dividend, interest or other money payable in cash in respect of shares may be paid by cheque or warrant sent through the post to the last registered address of the Member or person entitled thereto or paid by direct transfer or such other electronic means to the bank account provided by the Member whose name appears in the Record of Depositors. Every such cheque or warrant shall be made payable to the order of the Member or person entitled thereto, and the payment of any such cheque or warrant or the payment by direct transfer or such other electronic means to the bank account provided by the Member whose name appears in the Record of Depositors shall operate as a good discharge of the Company’s obligation in respect of the dividend represented thereby, notwithstanding that it may subsequently appear that the cheque has been stolen or that the endorsement thereon or the instruction for the payment by direct transfer or such other electronic means has been forged. Every such cheque or warrant sent or payment by direct transfer or such other electronic means shall be at the risk of the person entitled to the dividend thereby represented.”

Notice of Annual General Meeting

CLOSURE OF BOOKS

NOTICE IS ALSO HEREBY GIVEN THAT shareholders who are registered in the Record of Depositors at the close of business on 30 June 2011 shall be entitled to the final dividend which will be paid on 14 July 2011.

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

- Shares transferred into the Depositors' Securities Account before 4.00 p.m. on 30 June 2011 in respect of ordinary transfers.
- Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

BY ORDER OF THE BOARD

NASLIZA BINTI MOHD NASIR (LS0008653)

Company Secretary

Kuala Lumpur
31 May 2011

NOTES:

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

EXPLANATORY NOTE ON SPECIAL BUSINESS:-

- i. The proposed Special Resolution, if passed, will align Article 146 with Bursa Malaysia Securities Berhad's requirement in relation to eDividend.

Notis Mesyuarat Agung Tahunan

DENGAN INI DIMAKLUMKAN BAHAWA Mesyuarat Agung Tahunan Padiberas Nasional Berhad (“Syarikat”) yang ke-17 akan diadakan di **Nirwana Ballroom 1, Crowne Plaza Mutiara Kuala Lumpur, Jalan Sultan Ismail, 50250 Kuala Lumpur pada hari Khamis, 23 Jun 2011 jam 10.00 pagi**, bagi tujuan pertimbangan dan jika difikirkan wajar, meluluskan resolusi-resolusi berikut:-

URUSAN BIASA

1. “BAHAWA Penyata Kewangan Yang Telah Diaudit bagi tahun kewangan berakhir 31 Disember 2010 beserta Laporan Pengarah dan Juruaudit mengenainya diterima.”
2. “BAHAWA dividen akhir sebanyak 5% ditolak cukai 25% bagi tahun kewangan berakhir 31 Disember 2010 diluluskan dan dibayar pada 14 Julai 2011 kepada pemegang saham Syarikat yang berdaftar pada 30 Jun 2011.”
3. “BAHAWA Dato’ Mohd Hashim bin Abdullah, yang dilantik selepas Mesyuarat Agung Tahunan yang lalu dan bersara menurut Artikel 110(2), Tataurus Syarikat, dengan ini dilantik semula sebagai Pengarah Syarikat.”
4. “BAHAWA Pengarah-Pengarah berikut yang bersara menurut Artikel 115, Tataurus Syarikat dengan ini dilantik semula sebagai Pengarah Syarikat:
 - i Dato’ Azman bin Umar
 - ii Datuk Azizan bin Ayob”
5. “BAHAWA Dato’ Wira Syed Abdul Jabbar bin Syed Hassan, Pengarah yang mana jawatannya dikosongkan pada berakhirnya Mesyuarat Agung Tahunan ini, menurut Seksyen 129(2), Akta Syarikat 1965 dengan ini dilantik semula sebagai Pengarah Syarikat menurut Seksyen 129(6), Akta Syarikat, 1965 dan kekal sebagai Pengarah sehingga berakhirnya tempoh Mesyuarat Agung Tahunan yang akan datang.”
6. “Bahawa Tetuan Hanafiah Raslan & Mohamad, Juruaudit, yang layak dan telah memberikan persetujuannya untuk dilantik semula, dengan ini dilantik semula sebagai Juruaudit Syarikat dan memberi kuasa kepada para Pengarah untuk menetapkan imbuhan mereka.”

URUSAN KHAS

7. Cadangan Meminda Tataurus Syarikat (Resolusi Khas)

“BAHAWA Artikel 146, Tataurus Syarikat sedia ada dengan ini dipinda dan digantikan keseluruhannya dengan Artikel 146 yang baru seperti berikut:

Artikel 146

Mana-mana dividen, faedah, atau wang yang perlu dibayar tunai berkaitan saham boleh dibayar dengan cek atau waran dihantar melalui pos ke alamat yang berdaftar terkini pemegang saham atau orang perseorangan yang berhak atau dibayar dengan pindahan langsung atau secara elektronik ke akaun bank yang diberikan oleh pemegang saham dengan syarat namanya disenaraikan di dalam Rekod Pendeposit. Setiap cek atau waran akan dibayar seperti mana yang diarahkan oleh pemegang saham atau orang perseorangan yang berhak, dan pembayaran ke atas cek tersebut atau waran atau pembayaran menerusi pindahan langsung atau secara elektronik ke akaun bank yang diberikan oleh pemegang saham dengan syarat namanya disenaraikan di dalam Rekod Pendepositor akan diuruskan Syarikat bagi melaksanakan tanggungjawab Syarikat dalam hal berkaitan dividen, walaupun kemudiannya jika didapati cek telah dicuri atau arahan bayaran pindahan langsung atau secara elektronik telah dipalsukan. Sebarang risiko ke atas setiap cek atau waran dihantar atau dibayar menerusi pindahan langsung atau secara elektronik, adalah tanggungjawab pemegang saham yang berhak ke atas dividen tersebut.”

Notis Mesyuarat Agung Tahunan

PENUTUPAN PERNIAGAAN

NOTIS INI TURUT MEMAKLUMKAN BAHAWA, pemegang saham yang berdaftar di dalam Rekod Pendeposit pada penutupan perniagaan pada 30 Jun 2011 adalah layak untuk menerima dividen akhir yang akan dibayar pada 14 Julai 2011.

Pendeposit layak untuk menerima dividen berhubung dengan:

- Saham-saham yang dipindahkan ke dalam Akaun Sekuriti Pendeposit sebelum jam 4.00 petang pada 30 Jun 2011 berhubung dengan pindahan biasa.
- Saham-saham yang dibeli di Bursa Malaysia Securities Berhad atas dasar hak bersama mengikut peraturan-peraturan yang ditetapkan oleh Bursa Malaysia Securities Berhad.

DENGAN PERINTAH LEMBAGA

NASLIZA BINTI MOHD NASIR (LS0008653)
Setiausaha Syarikat

Kuala Lumpur
31 Mei 2011

NOTA:

- i. Seseorang pemegang saham Syarikat yang layak hadir dan mengundi adalah layak untuk melantik seorang proksi atau tidak melebihi dua orang proksi untuk menghadiri dan mengundi bagi pihaknya. Proksi tidak semestinya pemegang saham Syarikat.
- ii. Apabila seseorang pemegang saham melantik dua orang proksi, perlantikan tersebut akan menjadi tidak sah kecuali nisbah pegangan beliau yang akan diwakilkan oleh setiap proksi dinyatakan.
- iii. Suratcara perlantikan proksi mestilah dibuat secara bertulis di bawah tandatangan orang yang melantik atau peguamnya yang telah diberi kuasa sewajarnya secara bertulis atau jika pihak yang melantik itu sebuah perbadanan, samaada di meterai rasmi atau ditandatangani oleh pegawai atau peguam yang dilantik yang telah diberi kuasa.
- iv. Suratcara perlantikan proksi mestilah dihantar ke Pendaftar Saham, Shareworks Sdn. Bhd. beralamat di No. 10-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur tidak lewat dari empat puluh lapan (48) jam sebelum bermulanya mesyuarat atau sebarang penangguhannya.

PENERANGAN NOTA URUSAN KHAS:-

- i. Cadangan resolusi khas, sekiranya diluluskan, ianya akan menyelaraskan Artikel 146 dengan Keperluan Penyeneraian Bursa Malaysia Securities Berhad berkaitan eDividen.

Statement Accompanying the Notice of Annual General Meeting

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

1. Dato' Mohd Hashim bin Abdullah was appointed on 16 February 2011 and is seeking for re-election at the 17th Annual General Meeting of the Company. His profile is set out in the Profile of Directors on page 12.
2. Dato' Azman bin Umar was appointed on 20 June 2006 and is seeking for re-election at the 17th Annual General Meeting of the Company. His profile is set out in the Profile of Directors on page 12.
3. Datuk Azizan bin Ayob was appointed on 30 September 2003 and is seeking for re-election at the 17th Annual General Meeting of the Company. His profile is set out in the Profile of Directors on page 13.
4. Dato' Wira Syed Abdul Jabbar bin Syed Hassan was appointed on 10 July 2006 and who is over the age of 70 years is seeking appointment at the 17th Annual General Meeting pursuant to the Companies Act, 1965. His profile is set out in the Profile of Directors on page 10.

Penyata yang Disertakan Bersama Notis Mesyuarat Agung Tahunan

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

1. Dato' Mohd Hashim bin Abdullah dilantik pada 16 Februari 2011 dan menawarkan diri untuk dilantik semula pada Mesyuarat Agung Tahunan Syarikat yang ke-17. Sila rujuk profil beliau pada mukasurat 12.
2. Dato' Azman bin Umar dilantik pada 20 Jun 2006 dan menawarkan diri untuk pemilihan semula pada Mesyuarat Agung Tahunan Syarikat yang ke-17. Sila rujuk profil beliau dilantik pada mukasurat 12.
3. Datuk Azizan bin Ayob dilantik pada 30 September 2003 dan menawarkan diri untuk pemilihan semula pada Mesyuarat Agung Tahunan Syarikat yang ke-17. Sila rujuk profil beliau pada mukasurat 13.
4. Dato' Wira Syed Abdul Jabbar bin Syed Hassan dilantik pada 10 Julai 2006 dan kini berusia lebih 70 tahun menawarkan diri untuk dilantik semula pada Mesyuarat Agung Tahunan Syarikat yang ke-17 menurut Akta Syarikat 1965. Sila rujuk profil beliau pada mukasurat 10.

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Proxy Form

Borang Proksi

Number of Shares Held Bilangan Saham	CDS Account No. No. Akaun CDS

I/We/Saya/Kami _____
(NAME AS PER NRIC/PASSPORT/CERTIFICATE OF INCORPORATION IN CAPITAL LETTERS/NAMA SEPERTI TERTERA PADA KAD PENGENALAN/PASPORT/SIJIL PENDAFTARAN SYARIKAT DALAM HURUF BESAR)

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

(PASSPORT NO./NO. PASPORT) _____ (COMPANY NO./NO. SYARIKAT) _____

of address/beralamat _____

being a member of PADIBERAS NASIONAL BERHAD hereby appoint/sebagai pemegang saham PADIBERAS NASIONAL BERHAD dengan ini melantik _____

_____ (NAME AS PER NRIC/PASSPORT IN CAPITAL LETTERS/NAMA SEPERTI TERTERA PADA KAD PENGENALAN/PASPORT DALAM HURUF BESAR)

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

(PASSPORT NO./NO. PASPORT) _____ of address/beralamat _____

or failing him/her/atau ketiadaan beliau _____

(NAME AS PER NRIC/PASSPORT IN CAPITAL LETTERS/NAMA SEPERTI TERTERA PADA KAD PENGENALAN/PASPORT DALAM HURUF BESAR)

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

(PASSPORT NO./NO. PASPORT) _____ of address/beralamat _____

or failing him/her, the Chairman of the Meeting as my/our proxy, to vote for me/us on my/our behalf at the 17th Annual General Meeting of Padiberas Nasional Berhad ("the Company") to be held at Nirwana Ballroom 1, Crowne Plaza Mutiara Kuala Lumpur, Jalan Sultan Ismail, 50250 Kuala Lumpur on Thursday, 23 June 2011 at 10.00 a.m. and at any adjournment thereof, in the manner indicated below:-

atau ketiadaan beliau, Pengerusi sebagai proksi saya/kami, untuk mengundi bagi pihak saya/kami pada Mesyuarat Agung Tahunan Padiberas Nasional Berhad ("Syarikat") yang ke-17 yang akan diadakan di Nirwana Ballroom 1, Crowne Plaza Mutiara Kuala Lumpur, Jalan Sultan Ismail, 50250 Kuala Lumpur pada hari Khamis, 23 Jun 2011 jam 10.00 pagi dan mana-mana penangguhannya, mengundi seperti berikut:-

Resolution Resolusi	As Ordinary Business Urusan Biasa	For Setuju	Against Menentang
1	Audited Financial Statements for the financial year ended 31 December 2010 and the Reports of the Directors and Auditors. Penyata Kewangan Yang Telah Diaudit bagi tahun kewangan berakhir 31 Disember 2010 berserta Laporan Pengarah dan Juruaudit.		
2	Payment of a final dividend 5% less tax of 25% for the financial year ended 31 December 2010. Pembayaran dividen akhir sebanyak 5% ditolak cukai 25% bagi tahun kewangan berakhir 31 Disember 2010.		
3	Re-election of Dato' Mohd Hashim bin Abdullah as Director pursuant to Article 110(2) of the Company's Articles of Association. Pemilihan semula Dato' Mohd Hashim bin Abdullah sebagai Pengarah menurut Artikel 110(2), Tataurusan Syarikat.		
4	Re-election of Dato' Azman bin Umar as Director pursuant to Article 115 of the Company's Articles of Association. Pemilihan semula Dato' Azman bin Umar sebagai Pengarah menurut Artikel 115, Tataurusan Syarikat. Re-election of Datuk Azizan bin Ayob as Director pursuant to Article 115 of the Company's Articles of Association. Pemilihan semula Datuk Azizan bin Ayob sebagai Pengarah menurut Artikel 115, Tataurusan Syarikat.		
5	Re-appointment of Dato' Wira Syed Abdul Jabbar bin Syed Hassan as Director pursuant to Section 129(6) of the Companies Act, 1965. Perlantikan semula Dato' Wira Syed Abdul Jabbar bin Syed Hassan menurut Seksyen 129(6), Akta Syarikat, 1965.		
6	Re-appointment of the retiring Auditors. Perlantikan semula Juruaudit yang bersara.		
7	Proposed Amendment to the Articles of Association of the Company. Cadangan meminda Tataurusan Syarikat.		

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

Dated this/Bertarikh _____ 2011.

Signature/Seal/Tandatangan/Meterai

NOTES:

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

NOTA:

- i. Seseorang pemegang saham Syarikat yang layak hadir dan mengundi adalah layak untuk melantik seorang proksi atau tidak melebihi dua (2) orang proksi untuk menghadiri dan mengundi bagi pihaknya. Proksi tidak semestinya pemegang saham Syarikat.
- ii. Apabila seseorang pemegang saham melantik dua (2) orang proksi, perlantikan tersebut akan menjadi tidak sah kecuali nisbah pegangan beliau yang akan diwakilkan oleh setiap proksi dinyatakan.
- iii. Suratcara perlantikan proksi mestilah dibuat secara bertulis di bawah tandatangan orang yang melantik atau peguamnya yang telah diberi kuasa sewajarnya secara bertulis atau jika pihak yang melantik itu sebuah perbadanan, mestilah di bawah meterai rasmi atau ditandatangani oleh peguamnya.
- iv. Suratcara perlantikan proksi mestilah dihantar ke Pendaftar Saham, Shareworks Sdn. Bhd. beralamat di No.10-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur tidak lewat dari empat puluh lapan (48) jam sebelum bermulanya mesyuarat atau sebarang penangguhannya.

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STAMP
SETEM

PADIBERAS NASIONAL BERHAD
c/o Share Registrar
Shareworks Sdn. Bhd.
No 10-1, Jalan Sri Hartamas 8
Sri Hartamas
50480 Kuala Lumpur

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Padiberas Nasional Berhad (295514-U)

Level 27, Menara HLA
No. 3, Jalan Kia Peng
50450 Kuala Lumpur

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