



BERNAS
PADIBERAS NASIONAL BERHAD
(295514-U)



2012
annual report
laporan tahunan

COVER RATIONALE

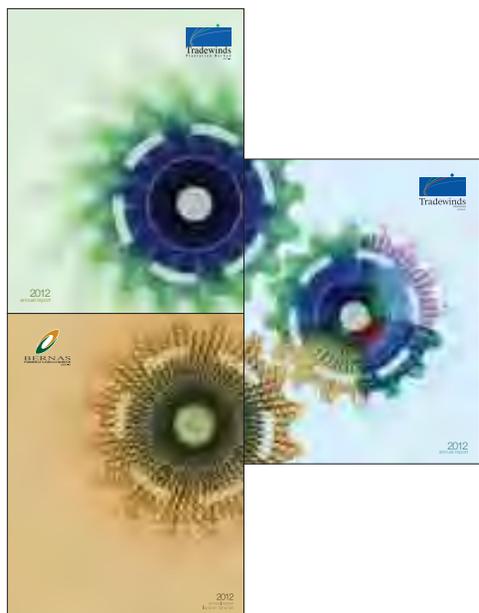
BERNAS is driving the value of rice production upwards by working hand in hand with the rice farming and milling communities to improve every aspect of rice production and sourcing activities to enhance value and increase growth.

As a member of Tradewinds (M) Berhad Group, we are able to perform competitively by working in tandem with the Group to strengthen internal and external capabilities while being focused on delivering quality and service efficiently, optimising resources and maximising shareholder returns. This synergy is illustrated by the use of gears to capture the core of our success.

RASIONAL MUKA HADAPAN

BERNAS memacu prestasi nilai pengeluaran beras menerusi kerjasama yang erat dengan komuniti petani dan pengilang bagi mempertingkatkan pencapaian setiap aspek pengeluaran dan aktiviti memunca berasnya demi meningkatkan nilai dan menjaga pertumbuhan.

Sebagai Ahli Kumpulan Tradewinds (M) Berhad, kini kami lebih berdaya saing. Melangkah seiring dengan Kumpulan, kami berupaya memperkukuhkan keupayaan dalaman dan luaran Syarikat di samping kekal komited dalam menyediakan perkhidmatan yang cekap dan berkualiti, mengoptimumkan sumber serta memaksimumkan pulangan pemegang saham. Sinergi ini digambarkan menerusi penggunaan pacuan gear untuk menonjolkan teras kejayaan kami.



19th Annual General Meeting

Mahkota Ballroom

Ballroom Level, Hotel Istana Kuala Lumpur

73 Jalan Raja Chulan, 50200 Kuala Lumpur

on Tuesday, 25 June 2013 at 10.00 a.m.

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PROXY FORM BORANG PROKSI



Cultivating Creative Inspiration by Working Together

*Memupuk Inspirasi Kreatif
Melalui Kerjasama*



Overview of BERNAS

Imbasan BERNAS





Investment Holding
Pegangan Pelaburan

Paddy Procurement
Pemerolehan Padi

Rice Importation
Pengimportan Beras

Rice Processing
Pemprosesan Padi

Rice Distribution & Marketing
Pengedaran & Pemasaran Beras

Seed & Farming
Biji Benih & Perladangan

Maintenance of Quality & Standard of Rice
Pemastian Piawaian & Kualiti Beras

Sufficient Supply at Fair & Stable Prices
Bekalan Mencukupi pada Harga Berpatutan & Stabil

Bumiputra Rice Millers Scheme Management
Pengurusan Skim Pengilang Padi Bumiputera

Buyer of Last Resort at Guaranteed Minimum Price
Pembeli Terakhir Padi pada Harga Minima Terjamin

Paddy Price Subsidies Management
Pengurusan Subsidi Harga Padi

National Stockpile Management
Pengurusan Stokpail Negara





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.



VISI **VISION**

MISSION **MISI**

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

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



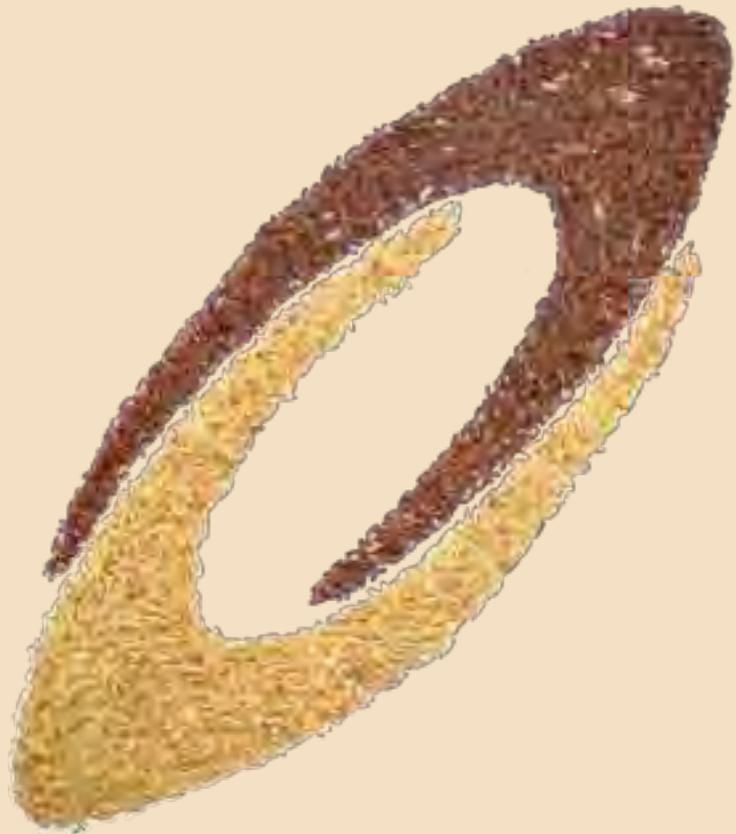
We will gain competitive advantage by leveraging existing strengths, resources and developing new competencies. We will be the best-cost producer and distributor.

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 VALUES

NILAI-NILAI KORPORAT



CHALLENGES

- ⊗ Improving performances
- ⊗ Renewing our understanding of our changing business

CONDUCT

- ⊗ Integrity
- ⊗ Ethics
- ⊗ Probity
- ⊗ Corporate governance/transparency

COMMITMENT

- ⊗ Value for customers
- ⊗ Leadership for community and environment
- ⊗ Teamwork
- ⊗ Shared purpose with regulators
- ⊗ Value for shareholders

CABARAN

- ⊗ Meningkatkan prestasi
- ⊗ Meningkatkan pemahaman tentang perubahan dalam perniagaan

SAHSIAH

- ⊗ Integriti
- ⊗ Etika
- ⊗ Kejujuran
- ⊗ Pengurusan korporat/ketelusan

KOMITMEN

- ⊗ Nilai untuk pelanggan
- ⊗ Kepimpinan untuk masyarakat dan alam sekitar
- ⊗ Kerja berpasukan
- ⊗ Matlamat bersama dengan pihak berkuasa
- ⊗ Nilai untuk pemegang saham



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
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
Al Rajhi Banking & Investment
Corporation (Malaysia) Berhad
AmBank (M) Berhad
Bank Islam (M) Berhad
Bank Muamalat (M) Berhad
HSBC Bank Malaysia Berhad
Industrial and Commercial Bank of China
(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
(LS 0008653)

AUDITOR **JURUAUDIT**

Messrs Ernst & Young
Level 23A, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur

STOCK EXCHANGE LISTING **PENYENARAIAH BURSA SAHAM**

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

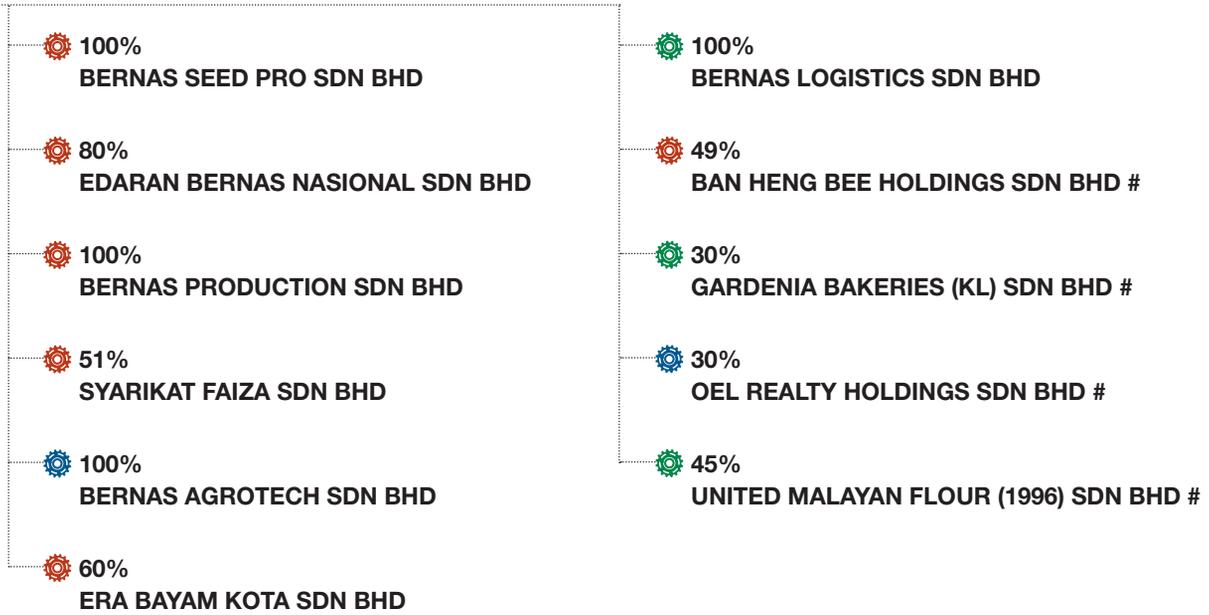




Corporate Structure

Struktur Korporat





Legends:

- # Associates
-  Rice Business
-  Other Business
-  Investment Holding





Learning to Lead by Learning from Each Other

*Mempelajari
Kepimpinan dengan
Saling Meneladan*



Board of Directors

Lembaga Pengarah



DATO' WIRA SYED ABDUL JABBAR BIN SYED HASSAN

Independent, Non-Executive Chairman
Pengerusi Bebas, Bukan Eksekutif

Dato' Wira Syed Abdul Jabbar bin Syed Hassan, a Malaysian, 73, 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 Malakoff Corporation Berhad. He also sits on the Board of KAF Investment Bank 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.

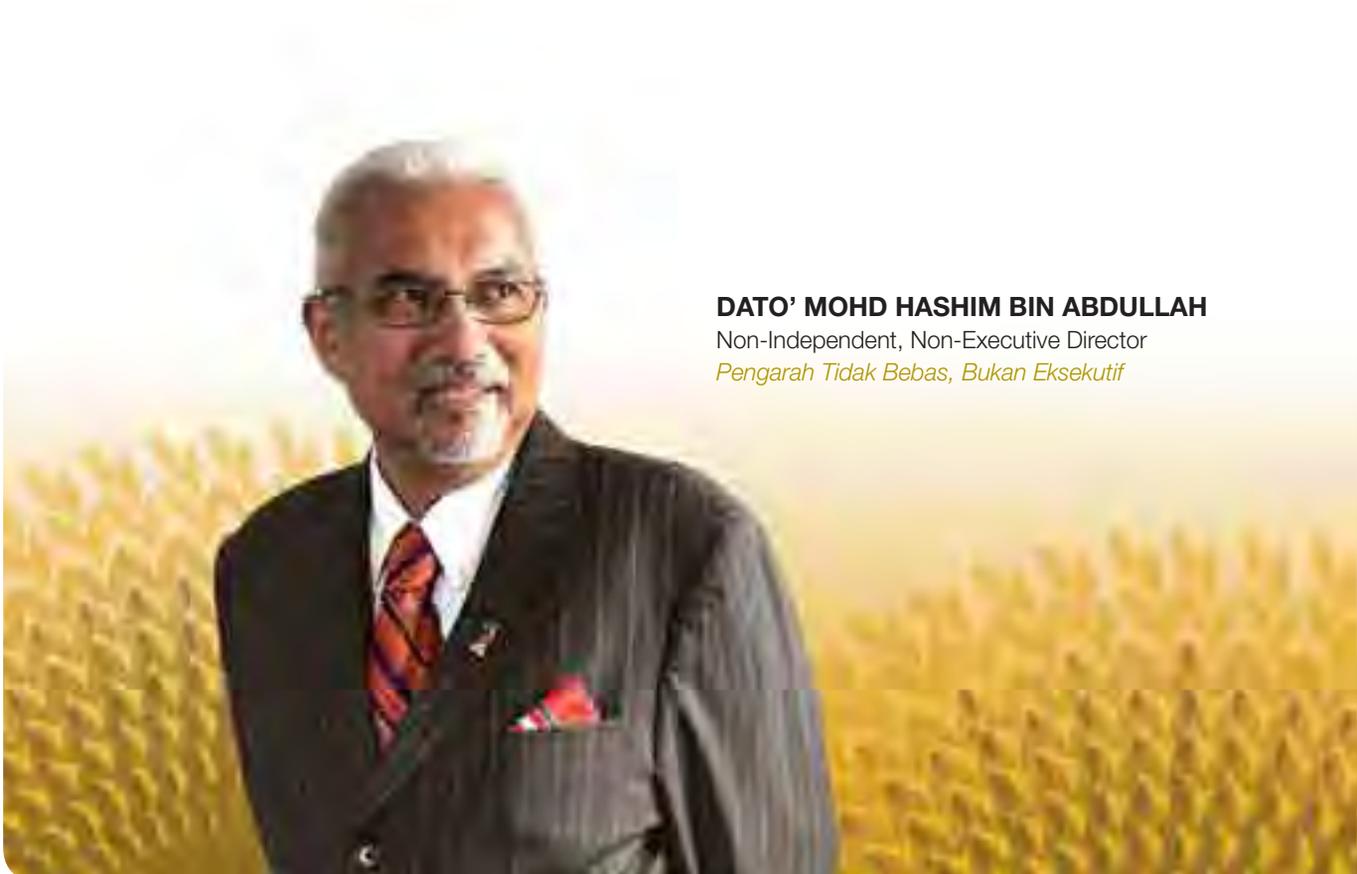
Dato' Wira Syed Abdul Jabbar holds a Bachelor of Economics degree from University of Western Australia and a Master of Science degree in Marketing from University of Newcastle-Upon Tyne, United Kingdom. He has no securities holding in BERNAS or its subsidiaries. He attended all of the six Board Meetings held during the financial year.

Dato' Wira Syed Abdul Jabbar bin Syed Hassan, warganegara Malaysia, 73 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 Malakoff Corporation Berhad. Beliau juga ialah ahli Lembaga Pengarah KAF Investment Bank 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 memegang Ijazah Sarjana Muda Ekonomi dari University of Western Australia dan Sarjana Sains dalam Pemasaran dari University of Newcastle-Upon Tyne, United Kingdom. Beliau tidak mempunyai sebarang pegangan saham dalam BERNAS atau mana-mana syarikat subsidiarinya. Beliau menghadiri kesemua enam mesyuarat Lembaga Pengarah yang diadakan dalam tahun kewangan.





DATO' MOHD HASHIM BIN ABDULLAH

Non-Independent, Non-Executive Director

Pengarah Tidak Bebas, Bukan Eksekutif

Dato' Mohd Hashim bin Abdullah, a Malaysian, 58, was appointed to the Board on 16 February 2011. He is the Secretary General of Ministry of Agriculture and Agro-based Industry. He holds a Bachelor of Arts (Hons) degree from University of Malaya and a Master degree in Political Science from University 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, Ministry of Rural Development and Ministry of Entrepreneur and Co-operative Development. Dato' Mohd Hashim has no securities holdings in BERNAS or its subsidiaries. He attended five out of six Board Meetings held during the financial year.

Dato' Mohd Hashim bin Abdullah, warganegara Malaysia, 58 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 Diplomatik di Dewan Bandaraya Kuala Lumpur dan pernah berkhidmat di pelbagai Jabatan Kerajaan termasuk Kementerian Perusahaan Awam, Kementerian Belia dan Sukan, Kementerian Luar Bandar serta Kementerian Pembangunan Usahawan dan Koperasi. Dato' Mohd Hashim tidak mempunyai sebarang pegangan saham dalam BERNAS atau mana-mana syarikat subsidiarinya. Beliau menghadiri lima daripada enam mesyuarat Lembaga Pengarah yang diadakan dalam tahun kewangan.



Board of Directors

Lembaga Pengarah

DATO' SITI HALIMAH BINTI ISMAIL

Non-Independent, Non-Executive Director

Pengarah Tidak Bebas, Bukan Eksekutif

Dato' Siti Halimah binti Ismail, a Malaysian, 57, was appointed to the Board on 2 May 2013. She is currently the Under Secretary of the Tax Analysis Division of the Ministry of Finance. She holds a Bachelor of Economics degree from University of Malaya and a Masters of Science in Demography from London School of Economics, United Kingdom.

Dato' Siti Halimah began her career in the civil service in the Economic Planning Unit, Prime Ministers' Department in 1981. She moved to Ministry of Finance in 1991, and has since held various senior positions in the Tax Analysis Division, Ministry of Finance.

She currently sits on the Board of Malaysian Investment Development Authority, Inland Revenue Board of Malaysia, Malaysia-Thailand Joint Authority, Labuan Financial Services Authority and Halal Industry Development Corporation. Dato' Siti Halimah has no securities holdings in BERNAS or its subsidiaries.

Dato' Siti Halimah binti Ismail, warganegara Malaysia, 57 tahun, dilantik sebagai Pengarah pada 2 Mei 2013. Beliau adalah Setiausaha Bahagian Analisa Cukai, Kementerian Kewangan. Beliau berkelulusan Ijazah Sarjana Muda Ekonomi dari Universiti Malaya dan Sarjana Sains dalam Demografi dari London School of Economics, United Kingdom.

Dato' Siti Halimah memulakan tugas dalam perkhidmatan awam di Unit Perancang Ekonomi, Jabatan Perdana Menteri mulai tahun 1981. Beliau kemudian berpindah ke Kementerian Kewangan pada tahun 1991, dan telah memegang pelbagai jawatan kanan di Bahagian Analisa Cukai, Kementerian Kewangan.

Dato' Siti Halimah adalah Ahli Lembaga Pengarah Lembaga Pembangunan Pelaburan Malaysia, Lembaga Hasil Dalam Negeri Malaysia, Malaysia-Thailand Joint Authority, Lembaga Perkhidmatan Kewangan dan Perbadanan Pembangunan Industri Halal (HDC). Beliau tidak mempunyai sebarang pegangan saham dalam BERNAS atau mana-mana syarikat subsidiarinya.





DATUK AZIZAN BIN AYOB

Non-Independent, Non-Executive Director

Pengarah Tidak Bebas, Bukan Eksekutif

Datuk Azizan bin Ayob, a Malaysian, 66, joined the Board on 30 September 2003. He is the Chairman of Tender Committee and a member of Audit, Executive and Nomination and Remuneration Committees of the Board. Datuk Azizan holds a Bachelor of Art (Hons) degree in Economics from University of Malaya and a Masters degree in Public Administration from University of Southern California, USA. He is the Executive Director of Puncak Tegap Sdn Bhd, Director of Commerce Access Sdn Bhd, and 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 holding in BERNAS or its subsidiaries. He attended five out of six Board Meetings held during the financial year.

Datuk Azizan bin Ayob, warganegara Malaysia, 66 tahun, dilantik sebagai Pengarah pada 30 September 2003. Beliau adalah Pengerusi Jawatankuasa Tender dan ahli Jawatankuasa Audit, Jawatankuasa Eksekutif dan Jawatankuasa Penamaan dan Imbuhan. Datuk Azizan berkelulusan Ijazah Sarjana Muda Sastera (Kepujian) dalam Ekonomi dari Universiti Malaya dan Ijazah Sarjana Pentadbiran Awam dari University of Southern California, USA. Beliau merupakan Pengarah Eksekutif di Puncak Tegap Sdn Bhd, Pengarah di Commerce Access Sdn Bhd dan 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. Beliau tidak mempunyai pegangan saham dalam BERNAS atau mana-mana syarikat subsidiarinya. Beliau menghadiri lima daripada enam mesyuarat Lembaga Pengarah yang diadakan dalam tahun kewangan.



Board of Directors

Lembaga Pengarah

**DATUK SYED ABU BAKAR
BIN S MOHSIN ALMOHDZAR**

Independent, Non-Executive Director

Pengarah Bebas, Bukan Eksekutif

Datuk Syed Abu Bakar bin S Mohsin Almohdzar, a Malaysian, 62, joined the Board on 22 November 2005. He is the Chairman of Audit Committee and a member of Tender and Nomination and Remuneration Committees of the Board. Datuk Syed Abu Bakar is a fellow member of the Association of Chartered Certified Accountants (FCCA, UK) and Malaysian Institute of Accountants (MIA). Currently, he is the Managing Director of World Islamic Economic Forum Foundation and he sits on the board of Gas Malaysia Berhad, Healthway Medical Corporation Limited, Allied Hotel Property Inc, Canada, and King George Financial Corporation, Canada. He was the Managing Director of Tradewinds (M) Berhad from 1996 to 2004. He has no securities holding in BERNAS or its subsidiaries. He attended all of the six Board Meetings held during the financial year.

Datuk Syed Abu Bakar bin S Mohsin Almohdzar, warganegara Malaysia, 62 tahun, dilantik sebagai Pengarah pada 22 November 2005. Beliau adalah Pengerusi Jawatankuasa Audit, ahli Jawatankuasa Tender serta ahli Jawatankuasa Penamaan dan Imbuhan. Datuk Syed Abu Bakar adalah ahli Association of Chartered Certified Accountants (FCCA, UK) dan Institut Akauntan Malaysia (MIA). Beliau adalah Pengarah Urusan Yayasan Forum Ekonomi Global Islam dan Pengarah di Gas Malaysia Berhad, Healthway Medical Corporation Limited, Allied Hotel Property Inc, Canada dan King George Financial Corporation, Canada. Beliau pernah memegang jawatan Pengarah Urusan Tradewinds (M) Berhad dari tahun 1996 hingga 2004. Datuk Syed Abu Bakar tidak mempunyai sebarang pegangan saham dalam BERNAS atau mana-mana syarikat subsidiarinya. Beliau menghadiri kesemua enam mesyuarat Lembaga Pengarah yang diadakan dalam tahun kewangan.



**YB DATO' ABDUL RAHMAN
BIN DATUK HAJI DAHLAN**

Independent, Non-Executive Director

Pengarah Bebas, Bukan Eksekutif



YB Dato' Abdul Rahman, a Malaysian, 47, joined the Board on 15 October 2002. He is a member of Audit and Nomination and Remuneration Committees of the Board. Currently, he is the Member of Parliament for Kota Belud, Sabah and the Managing Director of H.R.P.M Consulting (M) Sdn Bhd. YB Dato' Abdul Rahman holds a Bachelor degree in Economics and Management from Sonoma State University, California State University System, Rohnert Park, California, USA. YB Dato' Abdul Rahman has no securities holdings in BERNAS or its subsidiaries. He attended four out of six Board Meetings held during the financial year.

YB Dato' Abdul Rahman, warganegara Malaysia, 47 tahun, dilantik sebagai Pengarah pada 15 Oktober 2002. Beliau adalah ahli Jawatankuasa Audit dan Jawatankuasa Penamaan dan Imbuhan. Beliau adalah Ahli Parlimen Kota Belud, Sabah dan merupakan Pengarah Urusan H.R.P.M Consulting (M) Sdn Bhd. YB Dato' Abdul Rahman berkelulusan Ijazah Sarjana Muda Ekonomi dan Pengurusan dari Sonoma State University, California State University System, Rohnert Park, California, USA. Beliau tidak mempunyai sebarang pegangan saham dalam BERNAS atau mana-mana syarikat subsidiarinya. Beliau menghadiri empat daripada enam mesyuarat Lembaga Pengarah yang diadakan dalam tahun kewangan.



Board of Directors

Lembaga Pengarah

DATUK WIRA ISMAIL BIN SALEH

Non-Independent, Non-Executive Director

Pengarah Tidak Bebas, Bukan Eksekutif

Datuk Wira Ismail bin Saleh, a Malaysian, 60, was appointed to the Board on 3 October 2012. He is a member of the Executive Committee of the Board. He holds a Bachelor of Arts (Hons) degree from University of Malaya and attended the Advanced Management Program at Harvard Business School, Harvard, USA.

Datuk Wira Ismail has a span of over 36 years of experience in civil service where he had held various senior positions including as a Director of Industry Division, SME Corporation, MITI, Senior Director of Bilateral and Regional Trade Relations Division, MITI, Deputy Chief Executive Officer, Malaysia External Trade Development Corporation (MATRADE), and State Secretary of Melaka. Datuk Wira Ismail retired from the civil service as the Secretary General of the Ministry of Plantation Industries and Commodities in 2011 – a post that he had held from 2008. He currently sits on the Board of Tradewinds (M) Berhad, Tradewinds Plantation Berhad and MARDEC Berhad. He has no securities holdings in BERNAS or its subsidiaries. He attended two Board Meetings held during the financial year.

Datuk Wira Ismail bin Saleh, warganegara Malaysia, 60 tahun, telah dilantik sebagai Pengarah pada 3 Oktober 2012. Beliau adalah ahli Jawatankuasa Eksekutif Lembaga Pengarah. Beliau berkelulusan Ijazah Sarjana Muda Sastera (Kepujian) dari Universiti Malaya serta menghadiri Program Pengurusan Lanjutan di Harvard Business School, Harvard, Amerika Syarikat.

Datuk Wira Ismail mempunyai lebih 36 tahun pengalaman dalam perkhidmatan awam di mana beliau telah memegang pelbagai jawatan kanan termasuk sebagai Pengarah Bahagian Industri, Perbadanan Perusahaan Kecil dan Sederhana Malaysia, Kementerian Perdagangan Antarabangsa dan Industri (MITI), Pengarah Kanan di Bahagian Perhubungan Perdagangan Dua Hala dan Serantau, MITI, Timbalan Ketua Pegawai Eksekutif Perbadanan Pembangunan Perdagangan Luar Malaysia (MATRADE), dan Setiausaha Negeri Melaka. Datuk Wira Ismail bersara dari perkhidmatan awam sebagai Ketua Setiausaha Kementerian Perusahaan Perladangan dan Komoditi pada tahun 2011 – jawatan yang beliau sandang semenjak tahun 2008. Beliau adalah ahli Lembaga Pengarah Tradewinds (M) Berhad, Tradewinds Plantation Berhad dan MARDEC Berhad. Beliau tidak mempunyai sebarang pegangan saham dalam BERNAS atau mana-mana syarikat subsidiarinya. Beliau menghadiri dua mesyuarat Lembaga Pengarah yang diadakan dalam tahun kewangan.



DATIN NAIMAH BINTI RAMLI

Alternate Director to Dato' Mohd Hashim bin Abdullah

Pengarah Gantian kepada Dato' Mohd Hashim bin Abdullah

Datin Naimah binti Ramli, a Malaysian, 54, was appointed as Alternate Director to Dato' Mohd Hashim bin Abdullah on 20 December 2011. She is the Under Secretary of Paddy and Rice Industry Division, Ministry of Agriculture and Agro-based Industry. She holds a Master of Business Administration from University of Hull, UK, Bachelor of Science degree in Agricultural Education from University Pertanian Malaysia and Diploma in Public Administration from National Institute of Public Administration (INTAN). Datin Naimah was on the Board of Licensing of Penang Development Corporation from 2008 to 2009, Board of Sarawak Commercial Vehicles Licensing from 2007 to 2010, Board of Sabah Commercial Vehicles Licensing in 2010 and Board of Semenanjung Malaysia Commercial Vehicles Licensing from 2007 to 2011. Datin Naimah has no securities holdings in BERNAS or its subsidiaries. She attended one Board Meeting held during the financial year.

Datin Naimah binti Ramli, warganegara Malaysia, 54 tahun, telah dilantik sebagai Pengarah Gantian kepada Dato' Mohd Hashim bin Abdullah pada 20 Disember 2011. Beliau adalah Setiausaha Bahagian Industri Padi dan Beras, Kementerian Pertanian dan Industri Asas Tani. Datin Naimah memiliki Sarjana Pentadbiran Perniagaan dari University of Hull, UK, Sarjana Muda Pendidikan (Sains Pertanian) dari Universiti Pertanian Malaysia dan Diploma Pentadbiran Awam dari Institut Tadbiran Awam Negara (INTAN). Datin Naimah pernah menjadi Pengarah di Lembaga Perlesenan Perbadanan Pembangunan Pulau Pinang dari 2008 hingga 2009, Pengarah di Lembaga Perlesenan Kenderaan Perdagangan Sarawak dari 2007 hingga 2010, Pengarah di Lembaga Perlesenan Kenderaan Perdagangan Sabah pada tahun 2010 dan Pengarah di Lembaga Perlesenan Kenderaan Perdagangan Semenanjung Malaysia dari 2007 hingga 2011. Datin Naimah tidak mempunyai sebarang pegangan saham dalam BERNAS atau mana-mana syarikat subsidiarinya. Beliau menghadiri satu mesyuarat Lembaga Pengarah yang diadakan dalam tahun kewangan.

Note:

Save as disclosed herein, none of the Directors have:-

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

Nota:

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 atau mana-mana subsidiarinya; dan
3. Sebarang penyabitkan kesalahan dalam tempoh sepuluh (10) tahun kecuali kesalahan trafik, sekiranya ada.



Management Team

Kumpulan Pengurusan



Chief Executive Officer

Ketua Pegawai Eksekutif

**DATO' DR. MOHAMAD HASHIM
BIN AHMAD TAJUDIN**

Dato' Dr. Mohamad Hashim bin Ahmad Tajudin, a Malaysian, aged 58, was appointed as the Chief Executive Officer on 1 April 2013.

Dato' Dr. Mohamad Hashim holds a Bachelor of Science degree in Agriculture, a Master of Science in Soil Chemistry and Fertility and a Doctor of Philosophy (PhD) in Soil Fertility and Management, all from Universiti Putra Malaysia. He attended the Advanced Management Programme (AMP) at INSEAD, France and the Harvard Premier Business Management Programme. He is also the Chief Executive Officer of Tradewinds Plantation Berhad. He had held prominent positions in various companies such as the Director (R&D and Agronomy) of TH Plantations Berhad, the Group Managing Director of Chemical Company of Malaysia Berhad, the Senior Director (Oil and Fats) of Golden Hope Plantations Berhad and the Senior Research Officer/ Research Controller of Harrisons & Crosfield (M) Sdn Bhd. Currently, he is the Chairman of Planters Editorial Committee and a fellow of Incorporated Society of Planters (ISP), a Board Member of ISPM Management Sdn Bhd, a Council Member of Outward Bound Trust of Malaysia, a Council Member of Universiti Malaysia Kelantan Action Group for Entrepreneurship, a Member of Faculty of Agriculture Advisory Committee of Universiti Putra Malaysia and a member of the Board of Governors of Malaysian Agricultural Research and Development Institute (MARDI). Dato' Dr. Mohamad Hashim has no securities holdings in BERNAS or its subsidiaries. Dato' Dr. Mohamad Hashim has no family relationship with any director and/or major shareholder of BERNAS and has no conflict of interest with the Company and its subsidiaries.

Dato' Dr. Mohamad Hashim bin Ahmad Tajudin, warganegara Malaysia, berusia 58 tahun, dilantik sebagai Ketua Pegawai Eksekutif pada 1 April 2013.

Dato' Dr. Mohamad Hashim berkelulusan Ijazah Sarjana Muda Sains dalam bidang Pertanian, Ijazah Sarjana Sains dalam bidang Kesuburan dan Kimia Tanah dan Ijazah Doktor Falsafah (PhD) dalam bidang Pengurusan dan Kesuburan Tanah, kesemuanya dari Universiti Putra Malaysia. Beliau turut menghadiri Program Pengurusan Lanjutan (AMP) di INSEAD, France dan Program Pengurusan Perniagaan Perdana Harvard. Beliau juga merupakan Ketua Pegawai Eksekutif, Tradewinds Plantation Berhad. Beliau pernah memegang pelbagai jawatan utama di beberapa syarikat, antaranya sebagai Pengarah (R&D dan Agronomi) di TH Plantations Berhad, Pengarah Urusan Kumpulan Chemical Company of Malaysia Berhad, Pengarah Kanan (Minyak dan Lemak) Golden Hope Plantations Berhad dan Pegawai Penyelidik Kanan/ Pengawal Penyelidik Harrisons & Crosfield (M) Sdn Bhd. Pada masa ini, beliau merupakan Pengerusi Jawatankuasa Editorial Peladang dan ahli Pergabungan Persatuan Peladang (ISP), Pengarah ISPM Management Sdn Bhd, Ahli Majlis Outward Bound Trust of Malaysia, Ahli Majlis Kumpulan Bertindak untuk Keusahawanan Universiti Malaysia Kelantan, Ahli Jawatankuasa Penasihat Fakulti Pertanian Universiti Putra Malaysia, dan ahli Lembaga Pengelola Institut Penyelidikan dan Kemajuan Pertanian Malaysia (MARDI). Dato' Dr. Mohamad Hashim tidak mempunyai sebarang pegangan saham dalam BERNAS atau mana-mana syarikat subsidiarinya. Dato' Dr. Mohamad Hashim tiada hubungan kekeluargaan dengan mana-mana pengarah/ pemegang saham utama Syarikat dan tiada konflik kepentingan dengan Syarikat dan mana-mana subsidiarinya.



1. **Dato' Dr. Mohamad Hashim bin Ahmad Tajudin**
Chief Executive Officer
Ketua Pegawai Eksekutif
2. **Ahmad Tarmizi bin Mohamed Hariri**
Chief Financial Officer
Ketua Pegawai Kewangan
3. **Zurkarnain bin Mohd Yusoff**
Senior General Manager, International Business Sector
Pengurus Besar Kanan, Sektor Perniagaan Antarabangsa
4. **Abdul Rahman bin Mohd Nasri**
Senior General Manager, Local Rice Business Sector
Pengurus Besar Kanan, Sektor Perniagaan Beras Tempatan
5. **Wan Razif bin Wan Musa**
Senior General Manager, Domestic Business Sector
Pengurus Besar Kanan, Sektor Perniagaan Domestik
6. **Azhar bin Abdullah**
Senior General Manager, CEO's Office
Pengurus Besar Kanan, Pejabat Ketua Pegawai Eksekutif
7. **Zainudin bin Hashim**
Senior General Manager, Corporate Planning
& Business Development Division
*Pengurus Besar Kanan, Bahagian Perancangan
Korporat & Pembangunan Perniagaan*
8. **Mohd Azmy bin Abu Samah**
Senior General Manager, Finance Division
Pengurus Besar Kanan, Bahagian Kewangan
9. **Mohd Redha bin Talib**
Senior General Manager, Engineering Services Division
*Pengurus Besar Kanan, Bahagian Perkhidmatan
Kejuruteraan*
10. **Mohamad Nazuir bin Ahmad Toee**
Senior General Manager, Human Capital
& Administration Division
*Pengurus Besar Kanan, Bahagian Modal Insan
& Pentadbiran*
11. **Mohammad Kamaluddin bin Mohammed Effendie**
Chief Executive Officer
Ketua Pegawai Eksekutif
Beras Corporation Sdn Bhd
12. **Amiruddin bin Ahmad Tajuddin**
General Manager, Local Rice Business Sector
Pengurus Besar, Sektor Perniagaan Beras Tempatan
13. **Normala binti Hassan**
General Manager, Compliance Management Division
Pengurus Besar, Bahagian Pengurusan Pematuhan
14. **Mohd Khusaini bin Harumaini**
General Manager, CEO's Office
Pengurus Besar, Pejabat Ketua Pegawai Eksekutif
15. **Nasliza binti Mohd Nasir**
General Manager, Legal & Secretarial Division
(Company Secretary)
*Pengurus Besar, Bahagian Undang-Undang &
Kesetiausahaan (Setiausaha Syarikat)*
16. **Sabrina binti Yon**
General Manager, Corporate Affairs Division
Pengurus Besar, Bahagian Perhubungan Korporat
17. **Mohamad Bahari bin Aluan**
General Manager, Change Management
& Business Process Department
*Pengurus Besar, Jabatan Pengurusan Perubahan
& Proses Perniagaan*
18. **Shahri Abu Mansul @ Abu Mansor**
General Manager, Security Division
Pengurus Besar, Bahagian Keselamatan
19. **Ir Mohamad Ridzuan bin Idris**
General Manager, Engineering Services Division
Pengurus Besar, Bahagian Perkhidmatan Kejuruteraan



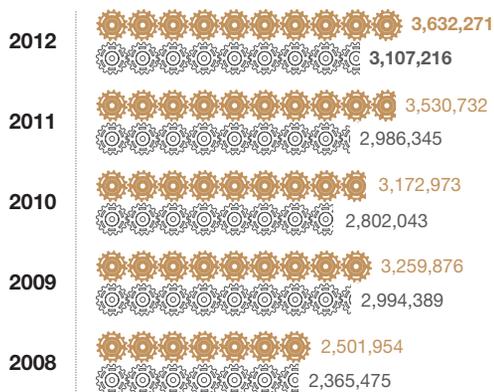
Five-Year Financial Highlights

Maklumat Kewangan Lima-Tahun

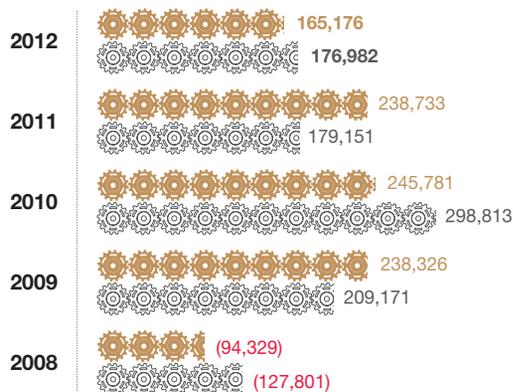
	2008 RM'000	2009 RM'000	2010 RM'000	2011 RM'000	2012 RM'000
REVENUE/PEROLEHAN					
Group/ <i>Kumpulan</i>	2,501,954	3,259,876	3,172,973	3,530,732	3,632,271
Company/ <i>Syarikat</i>	2,365,475	2,994,389	2,802,043	2,986,345	3,107,216
PROFIT/(LOSS) BEFORE TAX/ KEUNTUNGAN/(KERUGIAN) SEBELUM CUKAI					
Group/ <i>Kumpulan</i>	(94,329)	238,326	245,781	238,733	165,176
Company/ <i>Syarikat</i>	(127,801)	209,171	298,813	179,151	176,982
PROFIT/(LOSS) AFTER TAX/ KEUNTUNGAN/(KERUGIAN) SELEPAS CUKAI					
Group/ <i>Kumpulan</i>	(57,472)	179,537	186,161	171,356	117,438
Company/ <i>Syarikat</i>	(92,075)	151,651	228,892	128,810	127,323
TOTAL TANGIBLE ASSETS/ JUMLAH ASET KETARA					
Group/ <i>Kumpulan</i>	2,033,931	2,174,904	2,401,994	2,865,157	2,905,862
Company/ <i>Syarikat</i>	1,927,159	1,971,640	2,225,874	2,611,864	2,647,422
NET TANGIBLE ASSETS ASET KETARA BERSIH					
Group/ <i>Kumpulan</i>	861,045	1,018,115	1,058,777	1,195,096	1,156,252
Company/ <i>Syarikat</i>	715,121	856,187	949,821	966,279	940,706
	2008 sen	2009 sen	2010 sen	2011 sen	2012 sen
EARNING PER SHARE (EPS) PEROLEHAN SESAHAM					
Group/ <i>Kumpulan</i>	(16.20)	36.00	37.70	35.00	23.40
NET DIVIDEND PER SHARE DIVIDEN BERSIH SESAHAM					
Group/ <i>Kumpulan</i>	2.30	18.00	19.00	26.25	12.75



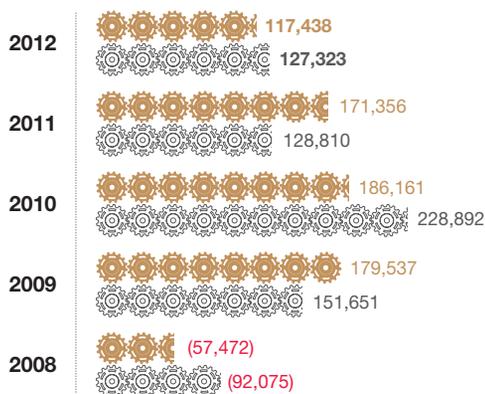
Revenue/Perolehan
(RM'000)



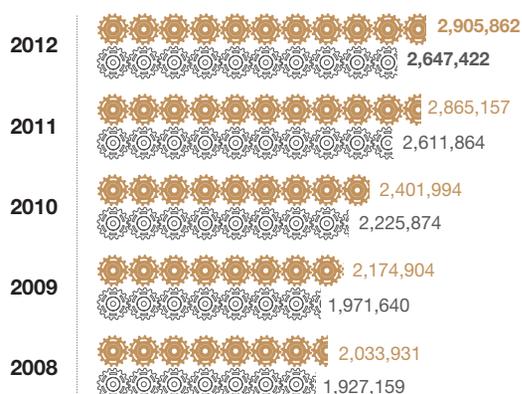
Profit/(Loss) Before Tax
Keuntungan/(Kerugian) Sebelum Cukai
(RM'000)



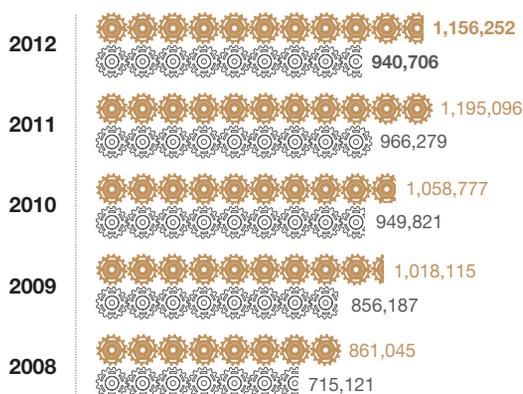
Profit/(Loss) After Tax
Keuntungan/(Kerugian) Selepas Cukai
(RM'000)



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



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



 Group/Kumpulan

 Company/Syarikat



Responsibilities Shared Make for Greater Success

*Tanggungjawab
Dikongsi dalam Merintis
Kecemerlangan*





Chairman's Statement

Perutusan Pengerusi



**DATO ' WIRA SYED ABDUL
JABBAR BIN SYED HASSAN**

Chairman/Pengerusi

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 2012.

Bagi pihak Lembaga Pengarah, sukacitanya saya membentangkan Laporan Tahunan dan Penyata Kewangan Padiberas Nasional Berhad (BERNAS) yang telah diaudit bagi tahun kewangan berakhir 31 Disember 2012.





FINANCIAL PERFORMANCE

The Group's revenue for financial year 2012 grew marginally by 2.9% to RM3.63 billion from RM3.53 billion recorded in the preceding financial year. Volume of rice sold also increased by 1.6% from 1.41 million MT in the previous year to 1.44 million MT in 2012. The rice segment accounted for 85% of the Group's total revenue.

However, the Group recorded a 30.8% drop in its profit before tax from RM238.73 million recorded in 2011 to RM165.18 million in the year under review. Net profit for the year was RM117.44 million, down from RM171.36 million a year before. The lower profit was mainly attributed to the higher cost of imported rice and a 23.0% decline in contributions from associate companies.

CORPORATE DEVELOPMENTS

Major corporate developments within the Company are as follows:

- On 18 September 2012, BERNAS signed an agreement with the Government of Malaysia (BERNAS Agreement) for the extension of its concession business for a further period of 10 years commencing from 11 January 2011 to 10 January 2021. Based on the agreement, BERNAS shall perform a number of obligations including maintaining and managing the Government's rice stockpile of 292,000 MT at its cost, and comply with the security, safety and other standards as required by the Government.

PRESTASI KEWANGAN

Pendapatan Kumpulan untuk tahun kewangan 2012 meningkat sedikit sebanyak 2.9% kepada RM3.63 bilion daripada RM3.53 bilion yang direkodkan pada tahun kewangan sebelumnya. Jumlah beras yang dijual menokok sebanyak 1.6% daripada 1.41 juta TM dalam tahun sebelumnya kepada 1.44 juta TM dalam tahun 2012. Segmen perniagaan beras menyumbangkan sebanyak 85% daripada pendapatan keseluruhan Kumpulan.

Walau bagaimanapun, Kumpulan merekodkan keuntungan sebelum cukai yang menurun sebanyak 30.8% daripada RM238.73 juta yang direkodkan dalam tahun 2011 kepada RM165.18 juta dalam tahun yang ditinjau. Keuntungan bersih untuk tahun ini adalah RM117.44 juta, menurun daripada RM171.36 juta yang dicatatkan pada tahun sebelumnya. Ini adalah disebabkan oleh kos beras import yang lebih tinggi dan sumbangan keuntungan syarikat-syarikat usahasama yang berkurangan sebanyak 23.0%.

PERKEMBANGAN KORPORAT

Perkembangan utama dalam Syarikat adalah seperti berikut:

- Pada 18 September 2012, BERNAS telah menandatangani perjanjian dengan Kerajaan Malaysia (Perjanjian BERNAS) untuk konsesi perniagaannya dilanjutkan selama 10 tahun lagi bermula 11 Januari 2011 hingga 10 Januari 2021. Berdasarkan perjanjian tersebut, BERNAS akan melaksanakan tanggungjawabnya termasuk mengekal dan menguruskan stokpail beras Kerajaan sebanyak 292,000 TM dengan kos yang ditanggungnya sendiri, dan mematuhi segala standard keselamatan dan perlindungan yang ditetapkan oleh Kerajaan.*



Chairman's Statement

Perutusan Pengerusi



- The Company through its wholly-owned subsidiary, Dayabest Sdn Bhd had on 26 February 2013 entered into the Sale and Purchase Agreement with Unified Corridor Sdn Bhd (UCSB) for the disposal of 51% of equity interest in Haskarice Food Sdn Bhd to UCSB for a sale consideration of RM1.00. The rationale of the disposal is part of BERNAS Group's restructuring exercise to divest non-performance and loss-making subsidiary company.
- On 24 December 2012, Tradewinds (M) Berhad (TWM), the holding company of BERNAS received a Notice of Conditional Take-Over Offer from Perspective Lane (M) Sdn Bhd, Kelana Ventures Sdn Bhd, Seaport Terminal (Johore) Sdn Bhd and Acara Kreatif Sdn Bhd, collectively known as the Joint Offerors, to acquire all the remaining ordinary shares in TWM. The Joint Offerors had on that date held 45.13% of the issued and paid up share capital of TWM.

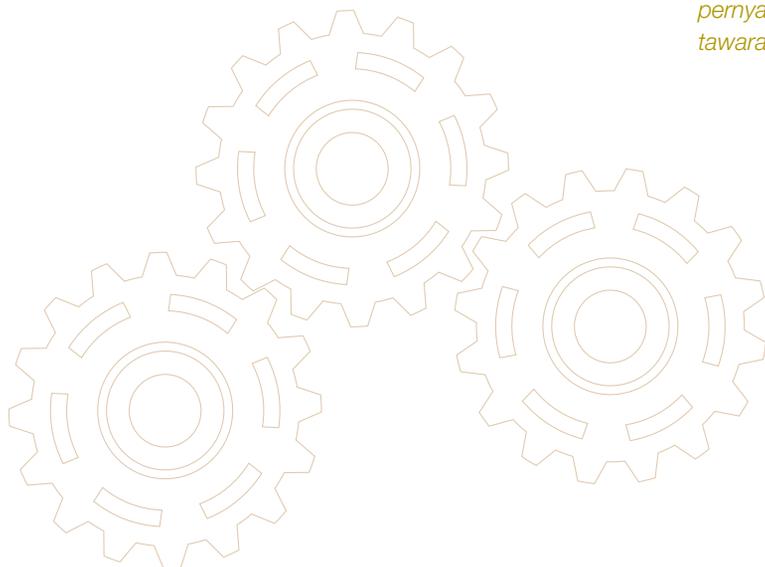
Subsequently, on 28 February 2013, TWM announced that the Joint Offerors succeeded in garnering the additional 147.69 million or 49.82% of its shares resulting in the Joint Offerors collectively holding 94.95% of the issued and paid up capital of TWM, thus making the takeover offer unconditional. This triggered a mandatory general offer to acquire all the remaining ordinary shares of RM1.00 each in BERNAS not already owned by the Joint Offerors and TWM, for a cash offer price of RM3.70 per share.

On 23 April 2013, the Company announced that the closing date for acceptance of the takeover offer has been extended from 25 April 2013 to 20 May 2013. At the date of this writing (2 May 2013), the level of acceptance for the offer stood at 83.35%.

- *Melalui syarikat subsidiari milik penuh Syarikat, Dayabest Sdn Bhd telah menandatangani Perjanjian Jual Beli dengan Unified Corridor Sdn Bhd (UCSB) pada 26 Februari 2013 untuk melepaskan 51% ekuiti dalam Haskarice Food Sdn Bhd kepada UCSB dengan nilai jualan yang dipertimbangkan sebanyak RM1.00. Ia adalah sebahagian daripada pelan penstrukturan semula Kumpulan BERNAS untuk melepaskan syarikat subsidiari yang tidak berkeuntungan.*
- *Pada 24 Disember 2012, Tradewinds (M) Berhad (TWM), syarikat pegangan pelaburan BERNAS telah menerima Notis Tawaran Pangambilalihan Tidak Bersyarat daripada Perspective Lane (M) Sdn Bhd, Kelana Ventures Sdn Bhd, Seaport Terminal (Johor) Sdn Bhd dan Acara Kreatif Sdn Bhd, atau dirujuk sebagai Pemberi Tawaran Bersama, untuk mendapatkan kesemua baki saham-saham biasa dalam TWM. Pada tarikh tersebut, Pemberi Tawaran Bersama memegang 45.13% saham modal TWM yang dikeluarkan dan berbayar.*

Seterusnya pada 28 Februari 2013, TWM telah mengisytiharkan bahawa Pemberi Tawaran Bersama telah berjaya memiliki sebanyak 147.69 juta atau 49.82% saham-saham tambahan yang membawa kepada Pemberi Tawaran Bersama memegang 94.95% modal yang dikeluarkan dan berbayar TWM, menjadikan tawaran pengambilalihan tersebut tidak lagi bersyarat. Sekaligus, ia telah mewujudkan tawaran biasa mandatori untuk memperolehi kesemua saham-saham biasa dalam BERNAS yang belum dimiliki oleh Pemberi Tawaran Bersama dan TWM, dengan harga tunai yang ditawarkan sebanyak RM3.70 setiap saham.

Pada 23 April 2013, Syarikat mengumumkan tarikh tutup penerimaan untuk tawaran pengambilalihan dilanjutkan dari 25 April 2013 kepada 20 Mei 2013. Pada tarikh pernyataan ini ditulis (2 Mei 2013), penerimaan untuk tawaran ini berjumlah 83.35%.



Chairman's Statement

Perutusan Pengerusi



KEY IMPERATIVES

- In 2012, projects costing RM74.5 million were implemented to enhance milling capacities and improve operating system. These include the development, renovation, improvement and maintenance of buildings, rice mills, offices, infrastructures and machineries.
- BERNAS was endorsed by the Sarawak State Government as the anchor company to develop the Entry Point Project 11 (EPP 11) in Batang Lupar, identified under the National Key Economic Area (NKEA) for Agriculture Sector. A pilot project involving 77 hectares of land in Batang Lupar, Sri Aman celebrated its inaugural harvest of 3.8 MT per hectare on 17 February 2012.
- In tandem with EPP 11 Batang Lupar project, *Program Rakan Ladang (PRL)* was extended to 300 farmers mostly within the EPP 11 project area and Project Padi Gedong. BERNAS's project in both areas served as the hub for rice production in Sarawak.
- In Sabah, *Program Rakan Kilang* has benefited some 1,000 farmers in Kota Belud and Kota Marudu districts through the support of our participating rice millers.

PERKEMBANGAN PERKARA UTAMA

- *Dalam tahun 2012, projek-projek bernilai RM74.5 juta telah dilaksanakan untuk meningkatkan kapasiti pengilangan dan menambahbaik sistem pengeluaran. Ia merangkumi pembangunan, pengubahsuaian, penambahbaikan dan penyelenggaraan bangunan, kilang-kilang beras, pejabat, infrastruktur dan jentera.*
- *Kerajaan Negeri Sarawak telah menetapkan BERNAS sebagai syarikat induk untuk membangunkan Projek Permulaan 11 (EPP 11) di Batang Lupar yang dikenalpasti di bawah Bidang Ekonomi Utama Negara (NKEA) untuk Sektor Pertanian. Projek perintis seluas 77 hektar di Batang Lupar, Sri Aman telah menghasilkan tuaian pertama 3.8 TM sehektar pada 17 Februari 2012.*
- *Selaras dengan projek EPP 11 di Batang Lupar, Program Rakan Ladang (PRL) telah diperkembangkan untuk memanfaatkan 300 petani di kawasan projek EPP 11 dan Projek Padi Gedong. Projek BERNAS di kedua-dua kawasan ini bertindak sebagai pusat pengeluaran padi tempatan di Sarawak.*
- *Di Sabah, Program Rakan Kilang pula telah memberi manfaat kepada lebih 1,000 petani di daerah Kota Belud dan Kota Marudu melalui sokongan yang diberikan oleh para pengilang beras yang mengambil bahagian.*





ENRICHING OUR WORK FORCE

The Group has remained committed to ensure that opportunities are given to our employees to undergo appropriate training and development not only to enhance their performance but also for their career advancement. Adequate financial resources were allocated each year to provide a mixture of structured training and on the job training programmes which were designed based on the training needs to equip them with work-based knowledge and skills. During the year, employees at the entry and mid-level positions attended rice management workshops while those at management level were provided with change management and leadership programmes.

FULFILLING SOCIAL RESPONSIBILITY

BERNAS has always been in the forefront in terms of support for charitable causes. In this regard, the Group continued to implement the “Bowls for Humanity” campaign which was first launched by the Deputy Prime Minister, YAB Tan Sri Dato’ Haji Muhyiddin Yassin in 2011. In 2012, RM1.84 million was raised under this campaign which was subsequently donated to 115 orphanages in the country thus benefiting some 7,000 orphans nationwide.



PENAMBAHAN NILAI TENAGA KERJA

Kumpulan kekal komited dalam memastikan peluang secukupnya diberikan kepada kakitangan untuk terlibat dalam latihan dan pembangunan yang berkaitan bagi meningkatkan prestasi kerja dan kerjaya mereka. Sejumlah sumber kewangan diperuntukkan setiap tahun dalam menyediakan pelbagai latihan berstruktur dan program-program latihan kerja yang direka berdasarkan keperluan kerja dan membekalkan mereka dengan pengetahuan dan kemahiran yang berkaitan. Sepanjang tahun yang ditinjau, kakitangan di peringkat permulaan dan pertengahan telah menghadiri pelbagai bengkel pengurusan beras manakala program pengurusan perubahan dan kepimpinan diberikan kepada kakitangan di peringkat pengurusan.

MEMENUHI TANGGUNGJAWAB SOSIAL

BERNAS selalu tampil di barisan hadapan dalam memberikan sokongan kebajikan. Untuk itu, Kumpulan meneruskan kempen “Secupak Budi Sepenuh Hati” yang telah dirasmikan oleh Timbalan Perdana Menteri, YAB Tan Sri Dato’ Haji Muhyiddin Yassin pada tahun 2011. Dalam tahun 2012, RM1.84 juta telah berjaya dikumpul di bawah kempen ini, dan seterusnya disumbangkan kepada 115 rumah-rumah anak yatim seluruh negara, sekaligus memanfaatkan lebih 7,000 anak-anak yatim.



Chairman's Statement

Perutusan Pengerusi



INDUSTRY TRENDS

The Rice Pledging Scheme launched by Thailand in October 2011 failed to raise international price of rice as it took place almost simultaneously with India's return to the international rice trade. Vietnam continued to dominate the export market, followed by India with Thailand trailing far behind, dethroned from the top rank for the first time in three decades. Thai White Rice (TWR) 100%B, which traditionally set the benchmark price for white rice has lost its position. This development in the rice industry has contributed to the stability of the Malaysian rice market. Another new development in the past year has been the emergence of China as the second largest importer with 2.6 million MT of import.

Looking ahead in 2013, rice prices are likely to be range-bound in the first half of 2013 with sufficient supply coming from India, Vietnam, Thailand and Pakistan. The price may trend lower if the exporters are aggressive in unloading more stocks as new crops enter the market.

TREND INDUSTRI

Skim Jaminan Beras yang dilancarkan Thailand pada bulan Oktober 2011 gagal untuk meningkatkan harga beras antarabangsa kerana ianya berlaku secara serentak dengan penglibatan semula India di persada perdagangan beras antarabangsa. Pasaran eksport terus didominasi oleh Vietnam, diikuti oleh India, manakala Thailand ketinggalan jauh di belakang, jatuh dari kedudukan tertinggi pengeksport dunia buat ulung kalinya dalam tiga dekad ini. Beras Putih Thai (TWR) 100%B, yang secara tradisinya dijadikan tanda aras untuk harga beras putih, telah hilang kedudukannya. Perkembangan ini telah menyumbang kepada kestabilan pasaran beras Malaysia. Terkini, China pula muncul sebagai pengimport kedua terbesar dengan jumlah import bernilai 2.6 juta TM.

Meninjau ke tahun 2013, harga-harga beras dilihat akan terikat pada harga julat untuk separuh tahun pertama 2013 dengan bekalan yang mencukupi datang dari India, Vietnam, Thailand dan Pakistan. Harga mungkin menurun sekiranya para pengeksport ini lebih agresif dalam mengeluarkan lebih banyak stok setibanya hasil tuaian baru memasuki pasaran.





As with other commodities, rice production will always be subject to weather conditions. In this regard, the monsoon holds the key to what will happen to rice prices in the second half of 2013. A favourable weather condition in major rice-growing regions will ensure ample supply and help prices to remain stable.

PROSPECTS AND OUTLOOK

The trust and confidence given to BERNAS by the Government through the extension of the BERNAS Agreement reinforces our motivation to perform our mandated role of ensuring national rice security. We have come a long way and surmounted many challenges in the past and emerged better prepared to face any eventualities.

Thus, BERNAS will continue to stay focused and vigilant to both supply and price threat that could undermine the national food security.

We have learnt many valuable lessons in the way we managed the 2008 food crisis. One of our strategic plans is to continue to increase our local paddy purchase. Our smart partnership under PRL has contributed positively to the sustainability of our business and local paddy supply as well as increasing the income of farmers.



Seperti komoditi lain, keadaan cuaca sentiasa mempengaruhi hasil pengeluaran beras. Dalam keadaan ini, monsun merupakan faktor utama yang akan menentukan harga beras dalam separuh tahun kedua 2013. Keadaan cuaca yang baik di kawasan-kawasan utama penanaman beras akan menentukan bekalan yang mencukupi dan membantu menstabilkan harga.

PROSPEK DAN PANDANGAN

Kepercayaan dan keyakinan yang diberikan oleh Kerajaan kepada BERNAS melalui penyambungan Perjanjian BERNAS menguatkan lagi motivasi kami untuk melaksanakan peranan yang telah dimandatkan kepada kami untuk memastikan keselamatan beras negara. Kami telah melalui perjalanan yang jauh dan mengatasi pelbagai cabaran di masa lalu dan muncul dengan lebih bersedia untuk menghadapi sebarang kemungkinan di masa akan datang.

Justeru, BERNAS akan kekal fokus dan berwaspada terhadap sebarang ancaman ke atas bekalan dan harga beras yang mungkin menjejaskan keselamatan makanan negara.

Pelbagai pengalaman dan pengajaran diperolehi ketika kami mengendalikan krisis makanan tahun 2008. Antara lain, pelan strategik kami adalah untuk terus meningkatkan perolehan padi tempatan. Perkongsian bijak di bawah PRL telah menyumbang secara positif kepada kelestarian perniagaan kami dan bekalan padi tempatan, selain turut meningkatkan pendapatan para petani.



Chairman's Statement

Perutusan Pengerusi



We will continue to actively pursue our cost reduction measures by increasing milling capacities and improving the efficiency of our drying and milling facilities to reduce operational costs and increase recovery of rice. This is reflected in the significant improvement in rice recovery output from 57.4% recorded in 2011 to 58.8% in 2012, whilst paddy stock loss has decreased from 1.8% in 2011 to 0.8% in 2012.

As a partner of the nation's rice industry, we look forward to assist the Government to help paddy farmers from the clutches of poverty contributed by low paddy yield, uneconomical farm size and outdated farming methods. We want to elevate the paddy industry to a higher stage of development through the NKEA for the Agriculture Sector. We look forward to expanding the paddy planting area in EPP 11 Batang Lupar Programme in Sarawak beyond the 77 hectare pilot project area. We want to leverage on the success of our collaboration with MADA by increasing paddy production, boosting the income of farmers and increase farmers' participation in land amalgamation scheme under the EPP 10 initiative.

With the new initiatives in place and with the trust of the Government in BERNAS to discharge its functions and responsibilities, we will transform the paddy and rice industry in the country into a vibrant and progressive sector.

Kami akan terus berusaha melaksanakan langkah-langkah pengurangan kos dengan menambahbaik kapasiti pengilangan dan daya efisien fasiliti pengeringan dan pengilangan untuk menurunkan kos operasi dan meningkatkan perolehan beras. Ini jelas digambarkan dengan peningkatan perolehan beras yang diproses daripada 57.4% yang direkodkan dalam tahun 2011 ke 58.8% dalam tahun 2012, manakala kerugian stok padi telah berkurang daripada 1.8% pada tahun 2011 ke 0.8% pada tahun 2012.

Sebagai rakan kongsi industri padi dan beras negara, kami akan turut sama membantu Kerajaan untuk membawa para petani keluar dari cengkaman kemiskinan yang disebabkan oleh penghasilan padi yang rendah, saiz sawah yang tidak ekonomi dan kaedah-kaedah pertanian yang ketinggalan zaman. Kami ingin meningkatkan industri padi ini ke peringkat yang lebih tinggi melalui NKEA untuk Sektor Pertanian. Kawasan penanaman padi program EPP 11 di Batang Lupar akan diperkembangkan melebihi 77 hektar kawasan projek perintis. Kami ingin mengambil kesempatan di atas kejayaan kerjasama dengan MADA untuk meningkatkan penghasilan padi, menaikkan pendapatan para petani dan juga meningkatkan penglibatan para petani dalam skim penggabungan tanah di bawah inisiatif EPP 10.

Melalui penetapan inisiatif dan kepercayaan yang telah diberikan oleh Kerajaan kepada BERNAS untuk melaksanakan peranan dan tanggungjawab yang telah dimandatkan, kami akan menjadikan industri padi dan beras di negara ini sebagai sektor yang lebih berdaya maju dan progresif.



APPRECIATION

I would like to take this opportunity to express my deepest appreciation to our management and employees for their commitment, dedication and hard work, and in particular, to Datuk Bakry bin Hamzah who has retired in early 2013 after having served BERNAS with undivided loyalty and dedication since 2007. Under his stewardship as the Managing Director, BERNAS has progressively grown to be a company we can all be proud of today. May I also take this opportunity to welcome his successor, Dato' Dr. Mohamad Hashim bin Ahmad Tajudin as the new Chief Executive Officer of BERNAS.

My sincere appreciation also to our shareholders and other stakeholders in the industry, namely the farmers, millers, consumers, business partners, industry players and many others who have been very supportive towards our every endeavour.

I would like to express my utmost gratitude to the Government and various agencies for the trust in BERNAS without which we will not be able to adequately fulfil our responsibilities.

Finally to my fellow directors in the Board, thank you for your support and wise counsel as we strive hard to fulfil the mandate entrusted to us. In this regard, I wish to record my appreciation to Dato' Sri Dr. Mohd Irwan Serigar bin Abdullah for his invaluable contributions during his tenure as a member of the Board. At the same time, may I extend a very warm welcome to Dato' Wira Ismail bin Saleh and Dato' Siti Halimah binti Ismail to the Board. With their diverse backgrounds and extensive knowledge and experience, I am confident that they would bring to the Board ideas that will further strengthen BERNAS's position in the industry and bring it to a new and higher level of engagement.

Dato' Wira Syed Abdul Jabbar Bin Syed Hassan
Chairman

PENGHARGAAN

Saya ingin mengambil peluang ini untuk menyampaikan penghargaan kepada pihak pengurusan dan kakitangan atas komitmen, dedikasi dan kerja keras mereka, terutama kepada Datuk Bakry bin Hamzah yang telah bersara pada awal 2013 setelah berkhidmat dengan penuh dedikasi dan kesetiaan yang tidak berbelah bagi semenjak 2007. Di bawah kepimpinannya sebagai Pengarah Urusan, BERNAS telah berkembang secara progresif sebagai sebuah syarikat yang boleh dibanggakan. Saya juga ingin mengambil peluang ini untuk mengalu-alukan pengganti beliau, Dato' Dr. Mohamad Hashim bin Ahmad Tajudin sebagai Ketua Pegawai Eksekutif BERNAS.

Penghargaan yang tulus ikhlas juga ditujukan kepada pemegang-pemegang saham dan pihak berkepentingan dalam industri ini, terutamanya para petani, pengilang, pengguna, rakan niaga, peserta industri dan ramai lagi yang telah menyokong setiap usaha kami.

Setinggi-tinggi penghargaan ditujukan kepada Kerajaan dan pelbagai agensi yang telah memberikan kepercayaan kepada BERNAS yang tanpanya, kami tidak akan mampu memenuhi tanggungjawab kami dengan sepenuhnya.

Akhirnya kepada rakan-rakan Ahli Lembaga Pengarah, terima kasih di atas sokongan dan pandangan arif sepanjang usaha untuk memenuhi pelbagai mandat yang diamanahkan kepada kami. Saya ingin mengucapkan penghargaan kepada Dato' Sri Dr. Mohd Irwan Serigar bin Abdullah atas sumbangan yang amat berharga sepanjang tempoh perkhidmatan beliau sebagai Ahli Lembaga Pengarah. Pada masa yang sama, saya ingin mengucapkan selamat datang kepada Dato' Wira Ismail bin Saleh dan Dato' Siti Halimah binti Ismail sebagai ahli baru Lembaga Pengarah. Dengan latar belakang mereka yang pelbagai dan pengetahuan serta pengalaman mereka yang luas, saya yakin mereka akan dapat memberikan sumbangan yang bermakna untuk memperkasakan kedudukan BERNAS di dalam industri dan membawanya ke arah pencapaian yang lebih cemerlang.

Dato' Wira Syed Abdul Jabbar Bin Syed Hassan
Pengerusi



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**DATO' DR. MOHAMAD HASHIM
BIN AHMAD TAJUDIN**
Chief Executive Officer

BERNAS remains committed to its mandated role as an entity entrusted with safeguarding the nation's food security. With that determination, we will continue to move forward to achieve both stability in rice supply and prices by strengthening our operational efficiency.

BERNAS kekal komited dengan peranan yang telah dimandatkan kepadanya sebagai sebuah entiti yang dipertanggungjawabkan untuk melindungi keselamatan makanan negara. Dengan penuh semangat, kami akan terus melangkah untuk mencapai kestabilan bekalan dan harga beras melalui pengukuhan kecekapan operasi.





OPERATIONAL HIGHLIGHTS

- BERNAS's share of the local paddy market declined marginally to 30.6% in 2012 from 33.3% recorded in the previous year. The decline is mainly due to the lower volume of paddy purchased by the Company's mills (*Kilang Beras BERNAS – KBB*) and Bumiputra Rice Millers through the *Skim Upah Mengering dan Kisar (SUMK)* which dipped from approximately 600,000 MT in 2011 to approximately 562,000 MT during the year under review. However, the paddy purchase volume of our joint venture (JV) companies increased marginally by 4.9% to 321,000 MT in 2012 from approximately 306,000 MT in 2011.
- Paddy stock loss for the year has been reduced further from 1.8% in the previous year to 0.8% in 2012. This is mainly attributable to the continuous improvements in the paddy grading process at all of our mills. Consequently, Graded Rice Recovery (GRR) rate has also improved from 57.4% in 2011 to 58.8% in 2012.
- In 2012, the Company committed a sum of RM74.5 million to execute improvement projects involving milling infrastructures and machineries.

SOROTAN OPERASI

- *Penguasaan BERNAS dalam pasaran padi tempatan menyusut sedikit kepada 30.6% dalam tahun 2012, daripada 33.3% yang direkodkan dalam tahun sebelumnya. Penyusutan ini adalah disebabkan oleh jumlah pemerolehan padi yang berkurangan oleh Kilang-Kilang Beras BERNAS (KBB) dan Pengilang-Pengilang Beras Bumiputera melalui Skim Upah Mengering dan Kisar (SUMK) iaitu daripada 600,000 TM pada tahun 2011 kepada 562,000 TM dalam tahun yang ditinjau. Walau bagaimanapun, jumlah pemerolehan padi oleh syarikat-syarikat usahasama kami meningkat sedikit sebanyak 4.9% kepada 321,000 TM dalam tahun 2012, daripada sekitar 306,000 TM dalam tahun 2011.*
- *Kerugian stok padi pada tahun lepas dapat dikurangkan lagi dari 1.8% dalam tahun sebelumnya kepada 0.8% dalam tahun 2012. Ini adalah hasil perbaikan yang berterusan dalam proses pemutuan padi di kesemua KBB. Secara tidak langsung, kadar Hasil Perolehan Beras (GRR) juga telah meningkat daripada 57.4% dalam tahun 2011 kepada 58.8% dalam tahun 2012.*
- *Dalam tahun 2012, Syarikat memperuntukkan sejumlah RM74.5 juta untuk melaksanakan projek-projek penambahbaikan yang melibatkan infrastruktur dan jentera pengilangan.*



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- During the year, our team of qualified and experienced inspectors under the Quality Management Division conducted consignment inspections and analysis on approximately 864,000 MT of imported rice upon arrival at 9 ports of loading across Malaysia as well as about 176,500 MT of local rice at 24 KBBs nationwide. The team also conducted quarterly inspection on the rice stored at our warehouses to ensure the safety and quality of our stock is not compromised. The inspections scrutinised such attributes as milling quality, damaged grains, yellow grains, caked rice, presence of pests and moisture content and were conducted in accordance with the standards and compliance for sampling and analysis methodology stipulated under the internationally recognised ISO 13690 and ISO 7301 respectively.
- The Change Management and Business Process Departments were merged during the year as part of the Company's rationalisation exercise to eliminate duplication of roles and functions among departments. The new department will continue with its core responsibility of promoting productivity and efficiency. Serving both as secretariat and internal consultant for improvement activities, it conducted Small Group Activities (SGA) based on Innovative and Creative Cycle (ICC) methodology. All 24 integrated KBBs took part in the exercise. Finalists of the SGA ICC Convention would represent BERNAS to compete with the best at the Malaysia Productivity Corporation (MPC) Regional ICC. Two SGA ICC teams were selected to the MPC National ICC.
- BERNAS also expanded its Quality Environment (QE) programme based on the 5S approach to all its warehouses during the year under review. Since the programme was re-initiated in 2011, it has brought marked improvements to our KBB operations. Premises that showed marked improvements were rewarded publicly at the "Majlis Malam Anugerah". We are proud to note that BERNAS's rice mills and warehouses are the only such premises in the country that implement both the SGA ICC and QE 5S programmes.
- *Dalam tahun yang ditinjau, pasukan penyelia kami yang berpengalaman dan berkelayakan dari Bahagian Pengurusan Kualiti telah menjalankan pemeriksaan konsainan dan analisa ke atas anggaran 864,000 TM beras import di 9 pelabuhan di seluruh Malaysia serta kira-kira 176,500 TM beras tempatan di 24 KBB di seluruh negara. Pemeriksaan turut dijalankan pada setiap suku tahunan untuk memastikan keselamatan dan kualiti stok yang disimpan di gudang-gudang kami tidak terjejas. Pemeriksaan yang dilakukan merangkumi kualiti pengilangan, kerosakan bijirin, bijirin kuning, beras keredak, kehadiran perosak dan kandungan lembapan, dengan mematuhi standard-standard dan pematuhan metodologi persampelan dan analisa yang termaktub dalam ISO 13690 dan ISO 7301 yang diiktiraf di peringkat antarabangsa.*
- *Jabatan Pengurusan Perubahan dan Jabatan Proses Perniagaan telah digabungkan sebagai sebahagian daripada amalan perasionalan Syarikat untuk mengurangkan penggandaan peranan dan fungsi antara jabatan. Jabatan yang baru ini meneruskan tanggungjawab utamanya dalam menggalakkan produktiviti dan kecekapan. Bertindak sebagai sekretariat dan perunding dalaman untuk aktiviti-aktiviti penambahbaikan, jabatan ini telah menjalankan Aktiviti-aktiviti Kumpulan Kecil (SGA) berdasarkan metodologi 'Innovative and Creative Cycle' (ICC). Kesemua 24 KBB telah mengambil bahagian dalam aktiviti ini. Peserta-peserta peringkat akhir Konvensyen SGA ICC ini akan mewakili Syarikat untuk bertanding dengan yang terbaik di peringkat ICC Wilayah, Perbadanan Produktiviti Malaysia (MPC). Dua kumpulan SGA ICC telah terpilih untuk ke peringkat nasional.*
- *Dalam tahun yang ditinjau, BERNAS turut mengembangkan program Persekitaran Berkualiti (QE) berdasarkan aplikasi 5S di kesemua gudang-gudangnya. Semenjak program ini diwujudkan semula dalam tahun 2011, ia telah membawa perubahan yang ketara kepada semua operasi KBB. Premis-premis yang menunjukkan penambahbaikan yang nyata telah diberi ganjaran di "Majlis Malam Anugerah". Kami berbangga untuk menyatakan kilang-kilang dan gudang-gudang BERNAS merupakan satu-satunya premis seumpamanya di negara ini yang mengamalkan kedua-dua program SGA ICC dan QE 5S.*





- BERNAS was entrusted to lead the Entry Point Project 11 (EPP 11: Scaling up and Strengthening Productivity of Paddy Farming in other areas other than MADA) for Batang Lupar in Sarawak, under the National Key Economic Area (NKEA), involving some 2,817 hectares within Tanjung Bijat, Stumbin, Gran, Entulang and Seduku with total project value of approximately RM253.4 million. A 77-hectare pilot project launched in August 2011 marked its inaugural harvest in February 2012.
- In tandem with EPP 11 Batang Lupar project, *Program Rakan Ladang (PRL)* was extended to 300 farmers mostly within the EPP 11 project area and Project Padi Gedong. BERNAS's projects in both areas serve as the hubs for Sarawak's rice production.
- In Sabah, some 1,000 farmers in Kota Belud and Kota Marudu districts enjoyed the benefits of *Program Rakan Kilang* through improvements in paddy purchase volume, and pricing and weight deduction advantage by the participating rice millers.
- *BERNAS telah diberi kepercayaan untuk menerajui Projek Permulaan (EPP) 11 di Batang Lupar, Sarawak di bawah Bidang Ekonomi Utama Negara (NKEA) yang melibatkan 2,817 hektar tanah di daerah-daerah Tanjung Bijat, Stumbin, Gran, Entulang dan Seduku dengan nilai anggaran berjumlah RM253.4 juta. Projek perintis seluas 77 hektar yang telah dilancarkan dalam bulan Ogos 2011, telah menghasilkan tuaian pertama pada Februari 2012.*
- *Selaras dengan projek EPP 11 di Batang Lupar, Program Rakan Ladang (PRL) telah diperkembangkan untuk memanfaatkan 300 petani di kawasan projek EPP 11 dan Projek Padi Gedong, iaitu kawasan-kawasan padi tempatan utama di Sarawak.*
- *Di Sabah, Program Rakan Kilang memberi manfaat kepada lebih 1,000 petani dari daerah Kota Belud dan Kota Marudu. Jumlah pembelian padi bertambah dan harga yang lebih tinggi dapat dinikmati oleh para petani melalui sokongan dan potongan timbangan yang saksama oleh para pengilang beras yang terlibat.*

GLOBAL OVERVIEW

The Food & Agriculture Organisation (FAO) estimated the global rice production in 2012 reached 730 million MT (487 million MT milled) largely attributable to favourable weather conditions and increased paddy planting area. However, yields were predicted to remain at 4.48 MT per hectare.

TINJAUAN DUNIA

Pertubuhan Makanan dan Pertanian (FAO) menganggarkan pengeluaran beras global dalam tahun 2012 mencecah 730 juta TM (487 juta TM beras proses) hasil daripada keadaan cuaca yang baik dan penambahan kawasan penanaman padi. Walau bagaimanapun, hasil tuaian dijangka kekal di paras 4.48 TM setiap hektar.



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In Asia, rice production is estimated to reach 662 million MT (442 million MT milled) in 2012, 0.9% higher than in 2011. Virtually all countries in the region register gains in rice production with the exception of Myanmar and Bangladesh.

After the main season of 2012, international rice prices had undergone a downward trend. According to the FAO All Rice Index, prices in calendar 2012 was 5% less than in 2011 for specific varieties of rice. Price slides in other rice segments were more contained. However, the Thai Government's large purchase under the rice pledging programme coupled with active purchases from African countries and China helped international rice prices to firm up.

In Asia, better prospects are expected in Cambodia, Indonesia, Thailand and Vietnam whilst in Bangladesh, India, Republic of Korea and Nepal, the outlook on growth in rice production is rather grim due to poor weather conditions, amongst other factors. With the global production forecasted to exceed consumption by 11 million MT, the supplies are estimated to be added to inventories which would boost global rice carryover stocks to 171 million MT in 2013. China, Thailand and Vietnam are projected to end the season with higher inventories.

PROCUREMENT, SALES AND DISTRIBUTION

During the year under review, national paddy production increased by 2.0% to 1.84 million MT from 1.80 million MT recorded in the previous year. Total rice sales for 2012 increased marginally to 1.44 million MT as against 1.41 million MT in 2011. Government Subsidised Rice (GSR) programme contributed 44% or 0.64 million MT of the total local rice sales in 2012.

BERNAS continues to play its role in managing and maintaining the Government Rice Stockpile of 292,000 MT at any point in time to ensure that the country has sufficient supply of rice at all times. The stockpile serves as an emergency food security buffer as well as to stabilise rice supplies and prices in the country.

Di Asia, pengeluaran beras dijangka mencecah 662 juta TM (442 juta TM beras proses) dalam tahun 2012, iaitu 0.9% lebih tinggi daripada tahun 2011. Boleh dikatakan hampir semua negara pengeluar di kawasan ini mencatatkan pertambahan pengeluaran, kecuali Myanmar dan Bangladesh.

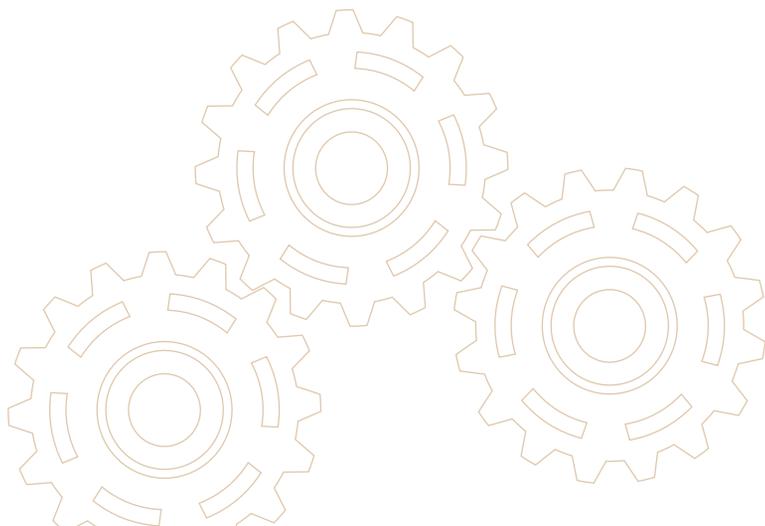
Selepas musim utama tahun 2012, harga beras antarabangsa mengalami kemerosotan. Menurut Indeks Harga Keseluruhan FAO, harga dalam tahun 2012 menurun sebanyak 5% berbanding tahun 2011 untuk beberapa jenis beras tertentu. Penurunan harga dalam segmen beras yang lain didapati lebih terkawal. Walau bagaimanapun, pembelian besar-besaran oleh Kerajaan Thailand di bawah program cagaran beras serta pembelian aktif dari negara-negara Afrika dan China telah membantu mengukuhkan harga beras antarabangsa.

Prospek yang lebih baik dijangkakan di negara-negara seperti Kemboja, Indonesia, Thailand dan Vietnam, manakala di Bangladesh, India, Republik Korea dan Nepal, prospek pertumbuhan pengeluaran beras dijangkakan agak suram akibat keadaan cuaca yang buruk serta faktor-faktor lain. Dengan jangkakan pengeluaran global dianggarkan melebihi penggunaan sebanyak 11 juta TM, bekalan tersebut dijangka akan menjadi tambahan kepada inventori yang bakal merangsang stok bawa-ke-depan beras global kepada 171 juta TM untuk tahun 2013. Negara China, Thailand dan Vietnam dijangka akan mengakhiri musim dengan inventori yang lebih besar.

PEMEROLEHAN, JUALAN DAN PENGEDARAN

Dalam tahun yang ditinjau, pengeluaran padi negara telah meningkat sebanyak 2.0% kepada 1.84 juta TM berbanding 1.80 juta TM yang direkodkan dalam tahun sebelumnya. Jumlah jualan beras untuk tahun 2012 meningkat kepada 1.44 juta TM berbanding 1.41 juta TM dalam tahun 2011. Program Beras Subsidi Kerajaan (GSR) menyumbangkan 44% atau 0.64 juta TM daripada jumlah keseluruhan jualan beras tahun 2012.

BERNAS terus memainkan peranannya dalam menguruskan dan mengekalkan Stokpail Beras Negara berjumlah 292,000 TM untuk memastikan negara mempunyai bekalan beras yang mencukupi pada setiap masa. Stokpail ini berfungsi sebagai penimbal di waktu kecemasan di samping menstabilkan bekalan dan harga beras di negara ini.



Chief Executive Officer's Review of Operations

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FACILITIES & INFRASTRUCTURE IMPROVEMENTS

As the buyer of last resort, it is obligatory for BERNAS to buy all paddy delivered by farmers to its KBBs nationwide, irrespective of quality. To achieve the desired quality and consistency of rice output, improvement in rice recovery and minimise stock loss, BERNAS has spent approximately RM74.5 million on various plant, machinery and infrastructure upgrade projects during the year.

These projects included the installation of Hot Water Generator for dryer at nine KBBs at a cost of RM19.5 million and another RM13.4 million was spent on the installation and construction of new building for Inclined Bed Dryer (IBD) drying plant and IBD dryers at three KBBs and storage for paddy as well as IBD dryers with Cyclonic Husk Furnace (CHF) at one KBB. Other significant capital expenditure includes upgrading of incoming TNB supply for new mill plant, construction of rice mill platform and installation of new 10 MT per hour mill plant and rough cleaner and dust aspiration system. There are currently 50 projects costing RM25.0 million in various stages of completion whilst another 47 projects worth RM18.3 million are undergoing the preliminary tendering and approval process.

PENAMBAHBAIKAN FASILITI DAN INFRASTRUKTUR

Sebagai 'Pembeli Terakhir Padi dari Petani' adalah menjadi tanggungjawab BERNAS untuk membeli semua padi yang dihantar oleh petani ke KBB di seluruh negara, tanpa mengira kualiti. Untuk mencapai tahap kualiti dan ketekalan beras yang diproses, di samping meningkatkan hasil perolehan beras serta mengurangkan kerugian stok padi, BERNAS telah membelanjakan sekitar RM74.5 juta untuk menaik taraf infrastruktur kilang serta memasang jentera baru dalam tahun yang ditinjau.

Antara yang dilaksanakan termasuk projek pemasangan Penjana Air Panas untuk jentera pengeringan padi di 9 buah KBB pada kos RM19.5 juta, dan RM13.4 juta yang dibelanjakan untuk pemasangan dan pembinaan bangunan baru untuk kilang pengeringan 'Inclined Bed Dryer' (IBD) dan jentera pengeringan IBD di 3 buah KBB, serta tempat penstoran padi dan jentera pengeringan IBD berserta Janahaba (CHF) di sebuah KBB. Perbelanjaan modal lain yang ketara termasuklah menaiktaraf bekalan tenaga TNB untuk kilang baru, pembinaan platform kilang beras dan pemasangan kilang beras 10 TM sejam yang baru serta pemasangan jentera pembersih padi dan sistem habuk. Pada masa ini, terdapat 50 buah projek bernilai RM25.0 juta dalam pelbagai peringkat siap sedang dilaksanakan, sementara 47 projek lain bernilai RM18.3 juta sedang dalam peringkat awal tender dan proses kelulusan.





ENSURING RICE QUALITY

Gaining the trust of consumers and the public at large through uncompromising product quality is crucial for the sustainability of our business. BERNAS's quest for excellence and quality assurance is best exemplified by the setting up of our own Quality Management Division, spearheaded by a team of qualified and experienced personnel. The team undertakes rice inspections and conduct analysis stipulated under the internationally recognised ISO 13690 and ISO 7301 standards.

The ISO 13690 standard specifies general conditions relating to sampling for the assessment of the quality of cereals, pulses and milled products from cereals and pulses in bulk or in bags. ISO 7301 standard prescribes the minimum specifications for international trade and is applicable to husked and milled rice, parboiled or otherwise, intended for direct human consumption.

During the year, the team carried out inspections and analysis on consignments of more than one million MT of rice, made up of approximately 864,000 MT of imported rice at nine ports of loading across Malaysia and 176,500 MT of local rice at 24 KBBs nationwide. Quarterly inspections were also conducted on the rice stored in BERNAS's warehouses to ensure high standard of safety and quality of stock.



MEMASTIKAN KUALITI BERAS

Keyakinan para pengguna dan orang ramai terhadap produk yang berkualiti tanpa kompromi adalah penting bagi menjamin kelestarian perniagaan kami. Usaha BERNAS ke arah kecemerlangan dan jaminan kualiti terbukti melalui penubuhan Bahagian Pengurusan Kualiti dalaman, yang dikendalikan oleh sekumpulan penyelia yang berkecualan dan berpengalaman. Pasukan ini menjalankan pemeriksaan dan analisa beras yang mematuhi piawaian ISO 13690 dan ISO 7301 yang diiktiraf di peringkat antarabangsa.

Piawaian ISO 13690 menetapkan syarat-syarat umum berkaitan persampelan bagi penilaian kualiti bijirin, kacang dan produk kisar daripada bijirin dan kacang dalam bentuk pukal atau kampil, manakala Piawaian ISO 7301 menggariskan spesifikasi minima untuk perdagangan antarabangsa yang diguna pakai untuk padi dan beras yang telah dikisar, beras rebus atau sebaliknya, sebagai bahan makanan manusia.

Pada tahun yang ditinjau, pasukan penyelia ini telah menjalankan pemeriksaan dan analisa konsainan ke atas lebih daripada satu juta tan metrik beras yang terdiri daripada kira-kira 864,000 TM beras import di 9 pelabuhan di seluruh Malaysia dan 176,500 TM beras tempatan di 24 KBB di seluruh negara. Pemeriksaan suku tahunan juga diadakan ke atas stok-stok beras yang disimpan di gudang-gudang BERNAS bagi menjamin keselamatan dan kualiti stok.



Chief Executive Officer's Review of Operations

Tinjauan Operasi oleh Ketua Pegawai Eksekutif

RESEARCH & DEVELOPMENT

During the year, research projects outlined in the Memorandum of Understanding between BERNAS and UPM proceeded as planned. These include clinical trials of germinated brown rice (GBR) on anti-diabetic and cardio-protective effects; skincare supplements and products derived from GBR and rice bran extracts; development of anti-diabetic products from GBR and rice bran extracts and counter-flow propelled grain drying machine.

The BERNAS – UPM research projects involve participation with the Faculty of Engineering, Bio-Science Institute and Faculty of Food Science and Technology. New projects in the pipeline include research on development of rice-based products such as ice cream, biscuit, rice crackers and noodles (*laksa*); rice husk dust and silica rich bio-diesel; treated paddy seeds to overcome Golden Apple Snail problem; formula for treatment of diabetic patient using brown rice extract and fabrication of paddy sowing and planting machine for the System of Rice Intensification practitioners.

In an era of industry-science collaborations, commercialisation of research products is a viable business model. Through BERNAS-UPM Research Laboratory, our future plan for the collaborative effort with UPM will focus on improving efficiency and development of research product across the entire value chain of BERNAS's paddy and rice business.

We look forward to the ISO 17025 accreditation of the research laboratory that will give it the privilege of joining the ranks of the best laboratories in the country.

FORWARD THRUST

As an open economy, Malaysia enjoys the advantages of greater choice for consumers, increased competition for lower prices, expanded markets and global investment opportunities. At the same time, Malaysia is also exposed to risks emanating from economic factors beyond its control. Given the scenario of the global rice industry, BERNAS seeks to implement the following strategies to fulfil its mandate of preserving supply and price stability of the local rice market while pursuing strategic initiatives to accelerate its growth momentum for further advancement:

PENYELIDIKAN DAN PEMBANGUNAN

Dalam tahun 2012, projek-projek penyelidikan yang telah digariskan dalam Memorandum Persefahaman di antara BERNAS dan UPM berjalan seperti yang dirancang. Ini termasuklah ujian klinikal beras perang yang dicambahkan (GBR) ke atas kesan anti-diabetik dan perlindungan kardio; produk penjagaan dan makanan tambahan untuk kecantikan kulit yang diekstrak daripada GBR dan ekstrak bran beras; pembangunan produk anti-diabetik daripada ekstrak GBR dan ekstrak bran beras serta ujian ke atas jentera pengering bijirin jenis "counter-flow propelled."

Projek-projek penyelidikan BERNAS – UPM melibatkan Fakulti Kejuruteraan, Institut Biosains dan Fakulti Sains dan Teknologi Makanan. Projek-projek baru dalam perancangan pula merangkumi penyelidikan ke atas perkembangan produk-produk berasaskan beras seperti ais kerim, biskut, emping beras dan mi laksa; habuk sekam beras dan 'silica rich bio-diesel'; benih padi yang dirawat untuk mengatasi masalah Siput Gondang Emas; formula rawatan untuk pesakit diabetik menggunakan ekstrak beras perang dan pemasangan jentera penanaman dan penyemaian padi untuk pengamal "System of Rice Intensification".

Dalam era kerjasama industri dan sains, pengkomersilan produk-produk penyelidikan merupakan sebuah model perniagaan yang berdaya maju. Melalui Makmal Penyelidikan BERNAS-UPM, perancangan usaha-usaha kerjasama dengan UPM akan ditumpukan ke arah peningkatan tahap kecekapan dan perkembangan produk penyelidikan di sepanjang rantaian perniagaan padi dan beras BERNAS.

Kami turut mengharapkan pentauliahian ISO 17025 ke atas makmal penyelidikan ini yang akan memberi kelebihan untuknya menyertai makmal-makmal yang terbaik di negara ini.

MELANGKAH KE HADAPAN

Sebagai sebuah ekonomi yang terbuka, Malaysia mempunyai kelebihan dari segi kepelbagaian pilihan yang terbaik untuk pengguna, persaingan untuk harga lebih rendah, pasaran yang luas dan peluang-peluang pelaburan global. Pada masa yang sama, Malaysia juga terdedah kepada pelbagai risiko yang datang dari faktor-faktor ekonomi yang di luar kawalannya. Melihat senario industri beras global, BERNAS ingin mengambil peluang untuk melaksanakan strategi-strategi berikut bagi memenuhi mandatnya dalam memelihara kestabilan bekalan dan harga pasaran beras negara sambil meneruskan inisiatif-inisiatif strategik untuk mempercepatkan momentum pertumbuhan masa hadapan:



- Expanding the coverage of SUMK to increase command of the local paddy market.
- Deploy Good Agriculture Practice (GAP) through PRL to improve paddy quality and yield thus fulfilling BERNAS's long term objective of producing higher quality rice at lower cost.
- Greater focus on R&D and application of new technology to gain break-away advantages in the business. Technology and innovation should focus on high value rice products, with due consideration on unit cost of production and delivery to targeted markets.
- Constant review of our work practices and systems with the aim to reduce costs and improve productivity and efficiency.
- Optimise portfolio for greater returns.
- Expand strategic partnerships to widen business scope and diversify products and services.

BERNAS is determined to fulfil its corporate and social mandate and to seek improvement in all aspects of its operations in order to maintain the delicate balance amongst its diverse stakeholders, acting as a centrifugal force with the objective of ensuring food security for the nation.

APPRECIATION

I wish to take this opportunity to express my most sincere appreciation to all our employees for their dedication, loyalty and professionalism that makes BERNAS what it is today. We look forward to their continuous dedication and commitment to take the Company to greater heights.

My most sincere appreciation goes to our JV partners, business associates, millers and farmers for their continued support to our programmes and to share with us the fruits of our success and achievements.

Last but not least, to our Government for the trust and support given to us in discharging our responsibilities as the custodian of the rice industry, for the people and the nation.

Thank you.

Dato' Dr. Mohamad Hashim bin Ahmad Tajudin
Chief Executive Officer

- *Memperluaskan liputan SUMK untuk meningkatkan penguasaan pasaran padi tempatan.*
- *Menggerakkan Amalan Pertanian Baik (GAP) melalui PRL untuk meningkatkan kualiti padi dan tuaian dan menyempurnakan objektif jangka panjang BERNAS untuk mengeluarkan beras berkualiti tinggi pada harga yang lebih rendah.*
- *Menambah fokus R&D dan aplikasi teknologi baru untuk mendapatkan kelebihan dalam pemiagaan. Teknologi dan inovasi perlu fokus kepada produk-produk beras bernilai tinggi, dengan mengambil kira kos pengeluaran se unit dan penghantaran ke pasaran sasaran.*
- *Pantau berterusan ke atas amalan dan sistem kerja dengan tujuan untuk mengurangkan kos dan menambahbaik produktiviti dan kecekapan.*
- *Mengoptimumkan portfolio untuk pulangan yang lebih besar.*
- *Mengembangkan usahasama strategik bagi memperluaskan skop pemiagaan dan mempelbagaikan produk dan perkhidmatan.*

BERNAS bertekad untuk memenuhi mandat korporat dan sosialnya di samping menuju ke arah penambahbaikan dalam segala aspek operasinya bagi mengekalkan keseimbangan di kalangan pihak-pihak berkepentingan yang pelbagai, demi memainkan peranannya untuk melindungi keselamatan makanan negara.

PENGHARGAAN

Saya ingin mengambil peluang ini untuk mengucapkan terima kasih kepada semua kakitangan di atas kesetiaan, sikap dedikasi dan profesionalisme mereka sehingga BERNAS berada di tahapnya sekarang. Kami berharap mereka akan terus berdedikasi dan komited untuk membawa Syarikat ini ke tahap yang lebih tinggi.

Penghargaan yang tulus ikhlas juga ditujukan kepada rakan-rakan kongsi pemiagaan, syarikat-syarikat usahasama, para pengilang dan para petani di atas sokongan mereka yang berterusan dalam pelbagai program kami dan juga kesudian mereka untuk berkongsi hasil kejayaan.

Setinggi-tinggi penghargaan juga ditujukan kepada pihak Kerajaan di atas kepercayaan dan sokongan yang telah diberikan untuk kami menjalankan tanggungjawab sebagai pelindung industri ini, demi rakyat dan negara.

Setinggi-tinggi terima kasih.

Dato' Dr. Mohamad Hashim bin Ahmad Tajudin
Ketua Pegawai Eksekutif



Corporate Social Responsibility

Tanggungjawab Sosial Korporat

At BERNAS we look at Corporate Social Responsibility (CSR) as an obligation beyond that required by law for our business to pursue long term goals that are good for society. We aspire to manage our business to produce an overall positive impact on society through development in the four key domains of workplace, marketplace, community and preservation of the environment.

Di BERNAS, Tanggungjawab Sosial Korporat (CSR) adalah satu kewajipan yang melangkaui keperluan perundangan perniagaan, dalam usaha kami mencapai matlamat jangka panjang secara yang terbaik untuk masyarakat. Kami berhasrat untuk menguruskan perniagaan yang menghasilkan impak positif secara menyeluruh kepada masyarakat melalui pembangunan empat bidang utama iaitu persekitaran kerja, persekitaran pasaran, masyarakat dan pemeliharaan alam sekitar.

WORKPLACE DEVELOPMENT

The adage that people are the most important assets of an organisation is perhaps overused. It may lull us into complacency and contentment that could lead to these 'assets' remain unattended, undeveloped and uninspired. At BERNAS, we take our people seriously. We adopt a corporate philosophy that values our employees and emphasises on the development of human resource.

Human Resource Development

We believe that a well-trained workforce with a sense of dedication and belonging is vital to our aspiration of becoming a high performing company. We have therefore embarked on a structured approach to enable our people to acquire knowledge and skills as well as professionalism that would enhance their service to the organisation. A significant financial allocation has been made available to provide a comprehensive range of training and manpower development. Given the diverse nature of our business, the training programmes cover a broad spectrum ranging from induction programmes, courses to enhance functional and technical skills and rice management workshops for those at entry and mid-level positions to leadership and change management programmes to those at the managerial level.

PEMBANGUNAN PERSEKITARAN KERJA

Kakitangan seringkali dirujuk sebagai aset paling berharga buat sesebuah organisasi, namun aset ini sering dibiarkan tanpa dorongan, rangsangan semangat dan pembangunan diri yang khusus. Di BERNAS, kami memandang serius terhadap perkara ini. Kami mengamalkan falsafah korporat yang menghargai kakitangan dan menitikberatkan pembangunan sumber manusia.

Pembangunan Sumber Manusia

Kami percaya bahawa kakitangan yang terlatih, berdedikasi dan bersemangat kekitaan adalah penting dalam mencapai aspirasi kami untuk muncul sebagai sebuah syarikat yang berprestasi tinggi. Justeru, kami telah memperkenalkan pendekatan berstruktur yang membolehkan mereka memperoleh pengetahuan dan kemahiran serta menunjukkan tahap profesionalisme yang tinggi dalam perkhidmatan mereka. Sejumlah peruntukan kewangan telah ditetapkan bagi penyediaan latihan serta pembangunan tenaga kerja yang lebih komprehensif. Mengambil kira sifat perniagaan kami yang pelbagai, program-program latihan yang dirancang merangkumi spektrum yang luas meliputi program-program induksi, kursus-kursus peningkatan fungsi dan kemahiran teknikal, bengkel pengurusan beras bagi kakitangan baru dan peringkat pertengahan sehinggalah kepada program-program kepimpinan dan pengurusan perubahan bagi kakitangan peringkat pengurusan.





Corporate Social Responsibility

Tanggungjawab Sosial Korporat

A Conducive Work Environment

While we value hard work and dedication, we want our people to strike a good balance between work and play. Our corporate headquarters at Menara HLA in Kuala Lumpur houses a fully-equipped gymnasium, a surau that can accommodate 200 jemaah and a recreation area that provides ideal settings for employees to socialise and relax after office hours, pursue their exercise regime as well as to fulfill their religious obligation.

Kelab BERNAS Malaysia (KBM), which is the Group's sports and recreation club, has its affiliates in every region where we operate. Programmes organised by KBM included futsal matches, inter-club bowling and badminton tournaments and subsidised company trips to foreign destinations.

Since 2009, our employees are empowered to assess their performance and competency goals. During the biannual performance appraisals, employees have been able to renew and manage their annual objective and performance online before the year end appraisal.

Occupational Safety and Health

We place very high priority in looking after the safety and health of our people. To this end, it is imperative that a safe and conducive working environment be created to enable them to grow, progress and excel. Our Employee Occupational Safety and Health Division conducted the annual safety and health campaign in 2012 to create awareness on occupational safety and health (OSH) and risk prevention throughout the Group's Kilang Beras BERNAS (KBB). While we have succeeded in substantially reducing workplace accidents, our final objective is to achieve Zero-Accident target by enforcing a stringent set of operational controls for more effective risk management.

Persekitaran Kerja yang Kondusif

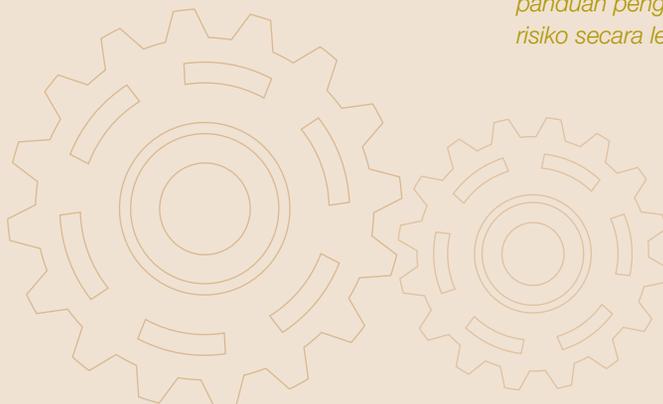
Dalam mengutamakan kesungguhan dan dedikasi kerja, kami turut memastikan wujudnya keseimbangan di antara kerja dan riadah. Ibu pejabat kami di Menara HLA, Kuala Lumpur dilengkapi dengan gimnasium, surau yang mampu menampung sehingga 200 jemaah pada satu-satu masa dan ruang rekreasi yang bersesuaian bagi mendorong aktiviti sosial dan riadah di kalangan warga kerja selepas waktu pejabat.

Kelab BERNAS Malaysia (KBM), iaitu sebuah kelab sukan dan rekreasi, mempunyai cawangan di setiap wilayah di mana kami beroperasi. Program-program yang dianjurkan oleh KBM merangkumi perlawanan futsal, boling antara kelab dan kejohanan badminton di samping lawatan-lawatan amal dan sambil belajar ke destinasi luar negara.

Semenjak tahun 2009, BERNAS turut menyediakan peluang kepada kakitangannya untuk mengukur prestasi kerja dan matlamat pencapaian mereka. Menerusi penilaian dua kali setahun ini, setiap warga kerja berpeluang untuk memperbaharui serta mengurus prestasi dan objektif tahunan mereka secara dalam talian sebelum penilaian akhir ke atas mereka dilakukan.

Keselamatan dan Kesihatan Pekerja

Keselamatan dan kesihatan kakitangan merupakan keutamaan kami. Adalah penting untuk kami menyediakan sebuah persekitaran kerja yang selamat dan kondusif bagi membolehkan kakitangan mencapai peningkatan prestasi dan kecemerlangan. Pada tahun 2012, Bahagian Keselamatan dan Kesihatan Pekerja BERNAS telah meneruskan penganjuran kempen keselamatan dan kesihatan tahunannya bagi mewujudkan kesedaran terhadap keselamatan dan kesihatan pekerja (OSH) serta langkah-langkah pencegahan risiko di Kilang Beras BERNAS (KBB) di seluruh negara. Walaupun kempen ini telah membantu menurunkan angka kemalangan di tempat kerja, namun objektif mutlak kami adalah untuk mencapai Kadar Kemalangan Sifar dengan mewujudkan garis panduan pengawasan operasi yang ketat bagi menguruskan risiko secara lebih berkesan.





MARKETPLACE DEVELOPMENT

In terms of marketplace, our CSR objective is to adhere to the highest standards of corporate governance by operating with integrity, transparency and accountability to enhance shareholder value and achieving sustainable growth. We abide by the principles of honesty and professionalism in all our business dealings.

It is worthy to note that we have a rather unique status in the marketplace. One as a public listed company answerable to the expectations of shareholders and another as an organisation of national service entrusted with the responsibilities of ensuring rice sufficiency and security at stable prices to the nation at all time.

BERNAS is honoured to be identified as the organisation to implement two of the 16 Entry Point Projects (EPP) under the National Key Economic Area (NKEA) for Agriculture Sector with triple objectives of increasing paddy production, boosting the income of farmers and achieving national food security. Under EPP 10 which was launched in October 2011, BERNAS collaborated with Muda Agricultural Development Authority (MADA) to transform small scale farming activities into larger scale operations using the sustainable practices, intensification of irrigation facilities and high yield MR219 and MR229 varieties to move the farmers up the value chain. In EPP 11, BERNAS was appointed as the anchor company to develop paddy farms in Batang Lupar, Sri Aman, Sarawak.

PEMBANGUNAN PERSEKITARAN PASARAN

Objektif utama CSR kami terhadap persekitaran pasaran adalah untuk mematuhi piawaian tertinggi tadbir urus korporat menerusi sistem operasi yang berintegriti, telus dan bertanggungjawab, yang memberi nilai kepada para pemegang saham sekaligus mencapai pertumbuhan yang mampan. Kami berpegang kepada prinsip kejujuran dan profesionalisme dalam setiap urusan perniagaan.

Kedudukan BERNAS dalam persekitaran pasaran adalah agak unik. Sebagai sebuah syarikat tersenarai awam, kami bertanggungjawab untuk memenuhi harapan para pemegang saham. Sebagai sebuah syarikat yang melaksanakan agenda nasional pula, kami bertanggungjawab untuk memastikan bekalan beras negara yang mencukupi dan selamat dengan harga yang stabil.

BERNAS berbangga di atas kepercayaan yang diberikan untuk melaksanakan dua daripada 16 Projek Permulaan (EPP) yang dikenalpasti di bawah Bidang Ekonomi Utama Negara (NKEA) bagi Sektor Pertanian dengan berteraskan tiga objektif utama iaitu meningkatkan pengeluaran padi, mempertingkatkan pendapatan golongan petani dan menjamin bekalan makanan negara. Di bawah Program EPP 10 yang telah dilancarkan pada Oktober 2011, BERNAS menjalin kerjasama dengan Lembaga Kemajuan Pertanian Muda (MADA) bagi mengubah aktiviti penanaman padi berskala kecil kepada operasi berskala besar menerusi aplikasi amalan pertanian yang lebih mampan, memperbaiki sistem pengairan sedia ada dan memperluaskan penanaman padi MR219 dan MR229 yang memberikan hasil tuaian yang lebih tinggi, sekaligus melonjakkan taraf hidup petani. Di bawah Program EPP 11, BERNAS telah dilantik sebagai syarikat peneraju untuk membangunkan projek ladang padi di Batang Lupar, Sri Aman, Sarawak.



Corporate Social Responsibility

Tanggungjawab Sosial Korporat

Two years after BERNAS-MADA collaboration under EPP 10, some 3,028 farmers have signed up to participate in land amalgamation scheme involving 10,000 hectares. For EPP 11 at Batang Lupar, a pilot project involving 77 hectares was launched in August 2011. In February 2012, the project celebrated its inaugural harvest of 3.8 MT per hectare.

Another contribution to marketplace development is through R&D programme of the upgraded BERNAS-UPM Research Laboratory. The primary focus of the laboratory is the development of new and improved rice varieties, upgrade efficiency levels throughout the supply chain and commercialisation of research products to penetrate new markets.

BERNAS's team of qualified and experienced inspectors conduct audits on all rice supplies to ensure they meet stringent quality requirements stipulated in the Rice (Grade and Price Control) Amendment Order 2008. Our laboratory also conducts analysis on rice samples to ensure they meet the standards of ISO 13690 and ISO 7301.

Selepas dua tahun usahasama di antara BERNAS-MADA di bawah Program EPP 10, seramai 3,028 petani telah menyertai skim penyatuan tanah yang melibatkan tanah seluas 10,000 hektar. Bagi Projek NKEA EPP 11 di Batang Lupar, satu projek perintis yang melibatkan tanah seluas 77 hektar telah dilancarkan pada Ogos 2011, dan hasil tuaian pertama sebanyak 3.8 TM sehektar telah diperolehi pada Februari 2012.

Selain itu, sumbangan BERNAS terhadap pembangunan persekitaran pasaran turut dapat dilihat menerusi program-program Penyelidikan & Pembangunan yang dijalankan oleh Makmal BERNAS-UPM yang telah dinaiktaraf. Fokus utama makmal ini merangkumi pembangunan varieti padi baru yang lebih baik, mempertingkatkan tahap kecekapan di sepanjang rantaian bekalan dan pengkomersilan hasil penyelidikan bagi menembusi pasaran baru.

Pasukan pegawai pemeriksa BERNAS yang terlatih dan berpengalaman pula sentiasa menjalankan audit kualiti bekalan beras yang diperolehi agar ianya menepati syarat kualiti yang ketat seperti yang termaktub dalam Perintah Beras (Gred dan Kawalan Harga) Pindaan 2008. Analisis ke atas sampel-sampel beras turut dijalankan di makmal beras BERNAS untuk memastikan piawaian ISO 13690 dan ISO 7301 ditepati.



COMMUNITY DEVELOPMENT

It has long been a tradition for BERNAS to support various charitable organisations and worthy causes throughout the country. During exceptional events like floods and other natural calamities, we render assistance by donating rice and other food supplies to the victims.

PEMBANGUNAN MASYARAKAT

Membantu serta menyokong pelbagai usaha kebajikan menerusi pelbagai badan amal di negara ini telah menjadi sebahagian dari tradisi BERNAS. Bantuan seperti beras dan bekalan makanan yang lain sering dihulurkan kepada mangsa-mangsa bencana alam seperti banjir dan sebagainya.





Bowls for Humanity Campaign

Our "Bowls for Humanity" campaign launched on 28 July 2011 by the Deputy Prime Minister, YAB Tan Sri Dato' Hj. Muhyiddin bin Hj. Mohd Yassin, continues to pick up momentum. In 2012, around RM1.8 million has benefited 7,000 orphans from 115 orphanages throughout the country under this campaign.

Kempen Secupak Budi Sepenuh Hati

Kempen "Secupak Budi Sepenuh Hati" yang telah dilancarkan pada 28 Julai 2011 oleh Timbalan Perdana Menteri, YAB Tan Sri Dato' Hj. Muhyiddin bin Hj. Mohd Yassin, semakin berkembang. Kempen murni ini telah menyumbangkan sebanyak RM1.8 juta pada tahun 2012 kepada hampir 7,000 anak-anak dari 115 buah rumah anak-anak yatim di seluruh negara.



Corporate Social Responsibility

Tanggungjawab Sosial Korporat



Program Rakan Ladang (PRL)

Traditionally, paddy farming has been labelled as a poor man's sector plagued by a multitude of problems including uneconomic farm size averaging only two hectares, low yields, rising costs of production and decreasing profitability. BERNAS stepped in since 2008 with *Program Rakan Ladang* (PRL) to redress some of these problems.

The PRL is a strategic pact between BERNAS, Government Agencies and farmers working together to improve yields and the quality of paddy produced to achieve the two goals of raising the income of farmers and bringing the nation closer towards achieving a higher self-sufficiency level in rice production. Since its launch, BERNAS has played an important role in educating paddy farmers on the deployment of good agriculture practices, environmental protection and management techniques.

The granary area of Kedah and Perlis accounted for 55% of local paddy. Farmers in this area are plagued with many challenges which include limited funding and infrastructure, poverty and old age. Through coordinated efforts, BERNAS is using the PRL as a platform to promote greater efficiency in the supply chain and to enhance productivity and crop quality. Farmers are also introduced to the latest technology and are given interest-free financing assistance of up to 100% to cover planting costs. To date some 42,000 farmers have benefited from the PRL programme.

During the year, BERNAS through its Entrepreneur Development and Research Department organised training for Bumiputra rice wholesaler under the *Program Bumiputera BERNAS* (PBB) to share knowledge on the operation of Rice Processor and Packer Machine at all key zones. The wholesalers also participated in seminars on accounting and financial management, marketing and productivity.

Program Rakan Ladang (PRL)

Sektor pertanian seringkali dilabelkan sebagai sektor golongan berpendapatan rendah yang masih dibayangi oleh pelbagai masalah, termasuk purata keluasan tanah sekitar dua hektar yang tidak berkeuntungan dari sudut ekonomi, hasil tuaian yang rendah, kos pengeluaran yang meningkat serta penurunan kadar keuntungan. Sejak tahun 2008, BERNAS telah mengatur perancangan menerusi Program Rakan Ladang (PRL) bagi mencari penyelesaian kepada beberapa permasalahan ini.

PRL merupakan satu perkongsian strategik di antara BERNAS, agensi-agensi kerajaan dan para petani yang bekerjasama untuk meningkatkan jumlah dan kualiti padi yang dihasilkan, sekaligus mencapai matlamat serampang dua mata iaitu meningkatkan pendapatan para petani dan meningkatkan tahap sara diri pengeluaran beras tempatan. Sejak pelancarannya, BERNAS telah memainkan peranan yang penting dalam melatih para petani menggunakan kaedah amalan pertanian baik, perlindungan alam sekitar serta teknik-teknik pengurusan.

Jelapang padi di Kedah dan Perlis menghasilkan sebanyak 55% keluaran padi tempatan. Para petani di sini berhadapan dengan pelbagai cabaran seperti dana dan infrastruktur yang terhad, kemiskinan serta faktor peningkatan usia. Menerusi usaha terselaras, BERNAS menggunakan PRL sebagai landasan untuk menambah kecekapan dalam pengurusan rantai bekalan, seterusnya meningkatkan produktiviti hasil tuaian. Para petani turut diperkenalkan dengan teknologi terkini di samping diberikan pembiayaan sehingga 100% untuk menampung kos penanaman. Sehingga kini, sekitar 42,000 orang petani telah mendapat manfaat daripada program PRL.

Pada tahun ini juga, BERNAS menerusi Jabatan Pembangunan Usahawanan dan Penyelidikan telah menganjurkan latihan untuk para pemborong beras bumiputera di bawah Program Bumiputera BERNAS (PBB) bertujuan untuk berkongsi pengetahuan tentang operasi Mesin Pemprosesan dan Pengampitan Beras di kesemua zon-zon utama. Para pemborong tersebut turut menyertai seminar-seminar berkaitan dengan perakaunan dan pengurusan kewangan, pemasaran dan produktiviti.





Celebrating Festivals

Living in a multi-cultural and multi-racial society like what we have in Malaysia, the Group has the opportunity to celebrate the many festivals with staff and invited guests. For example, our subsidiary Beras Corporation Sdn Bhd (BCSB), held an Open House in conjunction with Hari Raya Aidil Fitri in Sabah and Sarawak which helped to strengthen our relationships with key state leaders, government officials, customers and suppliers.

Sambutan Perayaan

Hidup dalam masyarakat berbilang bangsa dan budaya seperti di Malaysia, Kumpulan BERNAS mempunyai banyak peluang untuk meraikan pelbagai perayaan bersama-sama kakitangan dan tetamu jemputan. Di Sabah dan Sarawak misalnya, Beras Corporation Sdn Bhd (BCSB) telah mengadakan Majlis Rumah Terbuka Hari Raya Aidil Fitri yang telah mengeratkan hubungan syarikat dengan para pemimpin tempatan, pegawai-pegawai kerajaan, para pelanggan dan pembekal.



Corporate Social Responsibility

Tanggungjawab Sosial Korporat



Education Programmes

One of the key pillars under our CSR programme is education. It is through education that we are able to groom our future generations who may turn out to be new leaders or captains of industry.

In this regard, we continued to lend our support to the Albukhary International University (AIU) which is established as a *waqf* (eternal charity) and funded by the Albukhary Foundation. All students attending AIU are sponsored through the scholarship of the said Foundation. The scholarship has enabled disadvantaged youths, mainly Muslim youths to pursue a tertiary education at the AIU.

Program Pendidikan

Pendidikan merupakan salah satu tonggak utama dalam program CSR kami. Ia merupakan asas di dalam membentuk generasi akan datang yang bakal menjadi pemimpin atau pengemudi di masa hadapan.

Bagi tujuan ini, kami terus memberikan sokongan kepada pembangunan Universiti Antarabangsa Albukhary (AIU) yang ditubuhkan sebagai wakaf (amal kekal) dan dibiayai oleh Yayasan Albukhary. Kesemua pelajar yang menyertai AIU adalah merupakan pelajar tajaan biasiswa yayasan tersebut. Biasiswa tersebut telah membolehkan remaja-remaja yang kurang bernasib baik, khususnya yang beragama Islam untuk melanjutkan pengajian ke peringkat yang lebih tinggi.



ENVIRONMENT PRESERVATION

As our business is closely associated with natural resources, giving back to nature through responsible environment stewardship has been our corporate dictum. The Group will continue to make progress towards that objective by implementing the following initiatives:

- Adopting best practices across our value chain to reduce our carbon foot-print.
- Improving overall energy efficiency in all mills, reducing wastage across its operations and recycling operational by-products wherever economically viable. BERNAS's mills have been using rice husks as a bio-fuel substitute for drying paddy and also as animal feed.
- Increasing use of advanced seed-treatment technology to replace agro-chemicals for crop cultivation in our PRL programme.

BERNAS is determined to improve its dedication to preserving the environment. Through these and other initiatives we hope to promote healthier and greener environment for the benefits of our stakeholders and our future generations.

PEMELIHARAAN ALAM SEKITAR

Memandangkan perniagaan kami amat berkait rapat dengan sumber semulajadi, maka adalah menjadi pegangan kami untuk memelihara sumber ini menerusi pengawasan pengurusan persekitaran secara bertanggungjawab. Kumpulan BERNAS akan terus berusaha ke arah pencapaian matlamat tersebut menerusi pelaksanaan langkah-langkah berikut:

- *Penetapan amalan-amalan terbaik di sepanjang rantaian nilai kami untuk memastikan pengurangan jejak karbon.*
- *Meningkatkan kecekapan penggunaan tenaga di dalam kesemua operasi pengilangan, mengurangkan kadar pembaziran di setiap peringkat operasi dan mengitar semula produk sampingan di setiap peluang. Kilang-kilang BERNAS telah menggunakan sekam padi sebagai alternatif yang lebih mesra alam bagi menggantikan disel dalam proses pengeringan padi dan juga sebagai makanan haiwan.*
- *Meningkatkan penggunaan teknologi rawatan benih yang terkini bagi menggantikan penggunaan bahan kimia sewaktu proses penanaman padi di dalam Program PRL.*

BERNAS beriltizam untuk mempertingkatkan dedikasinya dalam memelihara alam sekitar. Menerusi pelbagai inisiatif yang berterusan, kami akan terus berusaha ke arah pencapaian kualiti persekitaran yang lebih hijau dan sihat demi kesejahteraan semua pihak yang berkepentingan serta generasi akan datang.





Staying on Course by Helping One Another

*Mengekalkan Haluan
dengan Saling
Membantu*





Statement on Corporate Governance

Penyata Tadbir Urus Korporat

The Board of Directors of Padiberas Nasional Berhad (“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 2012 up to the date of this Statement. The Board has made considerable efforts to align their governance framework as far as practicable to the Principles and Recommendations enumerated in the Malaysian Code on Corporate Governance 2012 (“MCCG 2012”) issued recently by the Securities Commission as well as the requirements promulgated in the relevant chapters of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“the Listing Requirements”). Where a specific recommendation of the MCCG 2012 has not been observed during the financial year under review, the non-observance, including the reasons thereof, is included in this Statement.

The Board remains committed in upholding and continuously improving good corporate governance in conducting the Group affairs with full transparency, integrity and professionalism towards enhancing business prosperity and corporate accountability with the ultimate objective to safeguard the interests of all stakeholders.

Lembaga Pengarah Padiberas Nasional Berhad (“Lembaga Pengarah”) dengan ini membentangkan Penyata berikut yang menggariskan pelaksanaan pematuhan tadbir urus korporat Kumpulan yang telah dilaksanakan sepanjang tahun kewangan 31 Disember 2012 sehingga tarikh Penyata ini dikeluarkan. Lembaga Pengarah telah berusaha untuk menyelaraskan rangka kerja tadbir urus yang dapat dilaksanakan merujuk kepada Prinsip dan Cadangan yang tersenarai di dalam Kod Tadbir Urus Korporat Malaysia (“MCCG 2012”) yang dikeluarkan baru-baru ini oleh Suruhanjaya Sekuriti serta keperluan yang dinyatakan di dalam Keperluan Penyenaraian Pasaran Utama Bursa Malaysia Securities Berhad (“Keperluan Penyenaraian”). Di mana cadangan khusus yang tersenarai dalam MCCG 2012 tidak dipatuhi sepanjang tahun kewangan 31 Disember 2012, sebab-sebab ianya tidak dilaksanakan turut dinyatakan di dalam Penyata ini.

Para 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 mengengapikan tanggungjawab korporat bagi mencapai objektif utama iaitu melindungi kepentingan semua pihak yang berkepentingan.



Principle 1 – Establish Clear Roles and Responsibilities of the Board and Management

Principal Responsibilities of the Board of Directors

The Board retains effective control of the Company. This control effectively includes, amongst others:

- reviewing and adopting a strategic plan for the Group;
- overseeing the conduct of the Group's business to determine whether the business is being properly managed;
- identifying principal risks, determining risk appetite and ensuring the implementation of appropriate internal controls and mitigation procedures;
- succession planning, including determining that all candidates appointed to senior management positions are of sufficient caliber and competence. This also includes ensuring that procedures are in place to provide for the orderly succession of Senior Management;
- overseeing the development and implementation of an effective investors' relation programme; and
- reviewing the adequacy and the effectiveness of the Group's management information and internal control system.

The Board is also assisted by various Board Committees in the execution of its duties, namely the Audit Committee, the Nomination and Remuneration Committee, the Executive Committee ("EXCO") and the Tender Committee, all which are guided by their own established terms of reference as approved by the Board.

A brief description of each of the Board Committee is as follows:

- 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 pages 85 to 90 of the Annual Report.
- 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.

Prinsip 1 – Mewujudkan dengan Jelas Peranan dan Tanggungjawab Lembaga Pengarah dan Pengurusan

Tanggungjawab Utama Lembaga Pengarah

Lembaga Pengarah mengekalkan kawalan efektif ke atas Syarikat. Antara lain, termasuklah:

- mengkaji dan melaksanakan pelan strategi Kumpulan;
- menyelia operasi perniagaan Kumpulan untuk memastikan keseluruhan operasi perniagaan diuruskan dengan baik;
- mengenalpasti risiko-risiko utama, menentukan kehendak risiko dan memastikan pelaksanaan kawalan dalaman dan langkah-langkah bagi mengurangkan risiko;
- perancangan berterusan termasuk mengenalpasti calon yang dilantik untuk jawatan pengurusan kanan adalah berkualiti dan cekap. Ini termasuk memastikan prosedur disediakan bagi perancangan berterusan teratur untuk pengurusan kanan;
- menyelia pembangunan dan melaksanakan program pelabur yang efektif; dan
- mengkaji keperluan dan keberkesanan pengurusan maklumat Kumpulan dan sistem kawalan dalaman.

Lembaga Pengarah turut dibantu oleh beberapa Jawatankuasa dalam melaksanakan tugas mereka, iaitu Jawatankuasa Audit, Jawatankuasa Penamaan dan Imbuan, Jawatankuasa Eksekutif dan Jawatankuasa Tender yang mana setiap Jawatankuasa ini mempunyai terma rujukan masing-masing yang telah diluluskan oleh Lembaga Pengarah.

Fungsi secara ringkas bagi setiap Jawatankuasa Lembaga Pengarah adalah seperti berikut:

- 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 muka surat 85 sehingga 90 pada Laporan Tahunan ini.
- Jawatankuasa Eksekutif ("EXCO")
EXCO mempertimbang, menilai dan menyelesaikan semua isu-isu berkaitan dengan operasi pengurusan, kewangan dan hal-hal lain dalam lingkungan had kuasa yang diberikan.

EXCO juga membantu Lembaga Pengarah dalam mengkaji dan menilai laporan prestasi kumpulan, rancangan perniagaan, anggaran dan strategi serta memberi cadangan yang sesuai kepada Lembaga Pengarah untuk pertimbangan dan kelulusan.



Statement on Corporate Governance

Penyata Tadbir Urus Korporat

- **Nomination and Remuneration Committee (“NRC”)**
The NRC is responsible for making recommendations to the Board on candidates for directorship for both the executives and non-executives to the Board of the Company and its Group in consideration of the professionalism, mix of skills, experience, personality, competence and integrity as required therein.

The NRC is also responsible in reviewing and recommending the Group’s remuneration framework which is used to determine and review remuneration packages of Directors, including the Chief Executive Officer as well as the senior key management personnel within the Group.

- **Tender Committee**
The Tender Committee is responsible to undertake and assist the Board with procurement related activities, tender and contracts within its delegated authority in accordance with the procurement policies as approved by the Board.

All deliberations and decisions taken by the Board Committees are documented and approved by the respective Committee Chairmen prior to submission as Board papers for deliberation at the Board meeting. The ultimate responsibility for decision making however, lies with the Board.

Clear Roles and Responsibilities

The Board has a formal schedule of matters specifically reserved to it for decision to ensure that the direction and control of the Company is firmly in its hands. The schedule encompasses the conduct of the Board, the remuneration aspects, the operational and financial matters, including matters which clearly warrant the attention of the Board such as, charitable contributions, entering into indemnities or guarantees or any other matters that require the convening of any class of shareholders.

The roles of the Independent Non-Executive Chairman and the Chief Executive Officer are separate with a clear distinction of responsibilities to ensure there is balance of power and authority. The Chairman is primarily responsible for the orderly conduct and workings of the Board whilst the Chief Executive Officer, in consultation with the Executive Committee, is responsible for the overall operations of the business on a day-to-day basis assisted by the Chief Financial Officer and the Senior Management Committee.

- **Jawatankuasa Penamaan dan Imbuan (“JPI”)**
JPI bertanggungjawab untuk mencadangkan kepada Lembaga Pengarah calon Pengarah yang layak bagi lantikan Pengarah Eksekutif dan Pengarah Bukan Eksekutif Syarikat dan Kumpulan berdasarkan profesionalisme, kemahiran yang pelbagai, pengalaman, personaliti, kompetensi dan integriti yang dikehendaki.

JPI juga bertanggungjawab mengkaji dan mengesyorkan rangka kerja imbuan Kumpulan yang digunapakai. Menentukan dan mengkaji semula pakej imbuan bagi Pengarah termasuk Ketua Pegawai Eksekutif serta Pengurusan Kanan dalam Kumpulan.

- **Jawatankuasa Tender**
Jawatankuasa Tender bertanggungjawab untuk menjalankan dan membantu Lembaga Pengarah dalam melaksanakan aktiviti berkaitan perolehan, tender dan kontrak tertakluk pada kuasa yang dimandatkan sebagaimana yang terkandung dalam manual perolehan yang diluluskan oleh Lembaga Pengarah.

Semua perbincangan dan keputusan yang diambil oleh Jawatankuasa Lembaga Pengarah didokumentasi dan diluluskan oleh Pengerusi Jawatankuasa masing-masing sebelum dikemukakan untuk pertimbangan di dalam mesyuarat Lembaga Pengarah. Walau bagaimanapun, tanggungjawab yang mutlak adalah terletak pada Lembaga Pengarah.

Peranan dan Tanggungjawab yang Jelas

Lembaga Pengarah mempunyai agenda formal bagi perkara-perkara khusus terutamanya memastikan halatuju dan kawalan Syarikat. Agenda formal tersebut merangkumi tatacara Lembaga Pengarah, imbuan, hal-hal operasi dan kewangan, termasuk perkara-perkara yang wajar untuk pertimbangan Lembaga Pengarah seperti sumbangan amal, pemberian jaminan atau gantirugi atau perkara-perkara lain yang melibatkan mana-mana kelas pemegang saham.

Peranan Pengerusi Bebas Bukan Eksekutif dan Ketua Pegawai Eksekutif adalah berasingan dengan perbezaan tanggungjawab yang jelas bagi memastikan terdapat keseimbangan kuasa dan autoriti. Pengerusi bertanggungjawab ke atas perihal dan peranan Lembaga Pengarah yang teratur manakala Ketua Pegawai Eksekutif, dengan merujuk kepada Jawatankuasa Eksekutif, bertanggungjawab ke atas urusan keseluruhan operasi harian Syarikat, dibantu oleh Ketua Pegawai Kewangan dan Jawatankuasa Pengurusan Kanan.



A Board Charter was formalised and adopted by the Board in 2008. The Board Charter serves as an induction material and a reference to the Directors on the roles and responsibilities of the Board as well as providing clear delineation of duties of the Chairman and individual Directors. The Board Charter aims to promote ethical behavior among the members and firmly inculcate good governance in the Board's undertakings. The Board Charter is subject to review from time to time to ensure that the Group is kept abreast with the relevant regulatory changes and practices of good corporate governance. Necessary steps will be taken by the Company to make the salient points of the Board Charter available on their website.

Standard of Conduct for Directors

The Board is cognisant of its role in establishing ethical values that supports the culture on integrity, trust and balance. To this end, the Board has formalised a standard of conduct with a view to promoting ethical values and standards amongst management and employees. The standard of conduct outlines the minimum standard of conduct and serves as a guide for ethical behavior when making key business decisions. Compliance is ensured and monitored via an annual declaration process, whereby all Directors provide disclosure on any existing and/or potential conflict of interest circumstances.

Sustainability of Business

The Board also acknowledges the importance of threading sustainability through the fabric of the Company's business. The Company has taken steps to reduce its carbon footprint by means of operational improvements, committing to reducing wastage, utilising by-products in its recycling programmes and employing the use of advanced technology to become more environmentally friendly in the treatment of its crops. The Board is committed to receive significant investment to further strengthen the green agenda in tandem with the business strategies of the Group.

Piagam Lembaga Pengarah telah diluluskan dan digunakan oleh Lembaga Pengarah pada tahun 2008. Piagam Lembaga Pengarah berfungsi sebagai rujukan kepada Lembaga Pengarah tentang peranan dan tanggungjawab mereka serta menyediakan diskripsi tugas yang jelas antara Pengerusi dan Pengarah. Piagam ini juga bertujuan untuk menggalakkan tatacara yang beretika di kalangan Lembaga Pengarah dan memupuk tadbir urus yang baik dalam pengurusan Lembaga Pengarah. Piagam Lembaga Pengarah adalah tertakluk kepada kajian semula dari masa ke semasa untuk memastikan Kumpulan mengemaskini sebarang perubahan dalam amalan tadbir urus korporat. Langkah-langkah yang sewajarnya akan diambil oleh Syarikat bagi memastikan terma-terma penting di dalam Piagam Lembaga Pengarah dimuat turun di laman sesawang Syarikat.

Piawaian Tatacara Pengarah

Lembaga Pengarah menyedari peranan mereka dalam mewujudkan nilai-nilai etika yang menyokong budaya integriti, kepercayaan dan keseimbangan. Untuk tujuan ini, Lembaga Pengarah telah membuat piawaian tatacara untuk menerapkan nilai-nilai etika di kalangan pengurusan dan kakitangan. Piawaian tatacara menggariskan piawaian minima dan sebagai panduan untuk bertindak secara beretika dalam membuat keputusan dalam perniagaan. Pematuhan dan pemantauan dilaksanakan menerusi proses pengisytiharan tahunan di mana semua Pengarah perlu membuat pengisytiharan sebarang percanggahan kepentingan dan/atau sebarang potensi percanggahan kepentingan.

Kemampuan/Pengukuhan Perniagaan

Lembaga Pengarah mengiktiraf kepentingan pengukuhan dalam segala perancangan hal ehwal perniagaan Syarikat. Syarikat telah mengambil langkah-langkah untuk mengurangkan kesan karbon menerusi peningkatan operasi, pembaziran, menggunakan produk melalui program kitar semula dan penggunaan teknologi canggih yang lebih mesra alam dalam rawatan tanaman. Lembaga Pengarah komited untuk menerima pelaburan yang penting untuk memperkukuhkan lagi strategi perniagaan Kumpulan.



Statement on Corporate Governance

Penyata Tadbir Urus Korporat

Access to Information and Advice

All Directors are provided with the relevant documents pertaining to matters which require their consideration in a timely manner prior to the Board meetings. This is to ensure the Directors are able to obtain further explanations, where necessary, deliberate knowledgeably on issues whilst allowing the Directors to discharge their duties effectively and efficiently. The meeting papers provide information on the Group's performance as well as on major operational, financial and corporate issues. Directors are also granted unhindered access to the advice and services of the Company Secretary, and when necessary, independent professional advisers.

Effective deliberation and its decision making process is highly dependent on the quality of information furnished by the Management. All meeting papers are presented in a concise and complete manner and adequately supported by relevant supporting documents.

Presentations to the Board and its Committees are prepared and delivered in a comprehensive and clear manner to ensure full understanding on the subject matter. Senior Management Team and external advisers, where necessary, are invited to attend Board/Board Committee meetings to provide additional insights and professional advice and clarifications on specific items on the meeting agenda. All Directors are provided with full access to all information pertaining to the Company and the Group's activities.

The Company Secretary, who is qualified, experienced and competent remains responsible to advise the Board on matters relating to compliance with the relevant laws, rules, procedures and regulations affecting the Board and the Group, as well as better practices on corporate governance. In addition to this, the Company Secretary is also tasked with providing advice to the Directors on their obligations and duties to disclose their interest in securities, disclosure of any conflict of interest situations, and prohibition on dealing in securities and limitations on disclosure of price-sensitive information. The Directors are also notified by the Company Secretary of any corporate announcements released to Bursa Malaysia Securities from time to time.

Akses kepada Maklumat dan Nasihat

Semua Pengarah diberikan maklumat menerusi kertas kerja bagi perkara-perkara yang memerlukan pertimbangan Lembaga Pengarah sebelum mesyuarat berlangsung. Ini adalah untuk memastikan semua Pengarah boleh mendapat penerangan lebih lanjut mengenai sesuatu perkara agar tugas mereka lebih mudah, berkesan dan cekap. Kertas kerja mesyuarat memberi maklumat berkaitan prestasi serta tinjauan operasi Kumpulan, kewangan dan hal-hal korporat yang lain. Pengarah juga diberi akses tanpa batasan untuk mendapatkan nasihat dan perkhidmatan Setiausaha Syarikat, dan bila perlu, penasihat profesional bebas.

Pertimbangan dan keputusan yang efektif amat bergantung kepada kualiti maklumat yang disediakan oleh pihak pengurusan. Semua kertas kerja mesyuarat dibentangkan dengan cara yang ringkas dan lengkap dan perlu disertakan dengan dokumen-dokumen yang berkaitan.

Pembentangan kepada Lembaga Pengarah dan Jawatankuasa adalah disediakan dan disampaikan dengan cara yang komprehensif dan jelas bagi memastikan pemahaman yang mendalam mengenai sesuatu perkara. Kumpulan Pengurusan Kanan dan penasihat luar, jika perlu, akan dijemput untuk menghadiri mesyuarat Jawatankuasa Lembaga Pengarah untuk memberikan penjelasan dan nasihat profesional bagi perkara tertentu di dalam agenda mesyuarat. Semua Pengarah diberi akses yang penuh dalam mendapatkan maklumat berkaitan dengan Syarikat dan aktiviti Kumpulan.

Setiausaha Syarikat yang berkecuali, berpengalaman dan berwibawa adalah bertanggungjawab untuk menasihati Lembaga Pengarah mengenai perkara-perkara yang berkaitan dengan pematuhan undang-undang, peraturan-peraturan dan prosedur yang memberi kesan kepada Lembaga Pengarah dan Kumpulan, serta amalan-amalan yang baik dalam mengurus tadbir korporat. Di samping itu, Setiausaha Syarikat bertanggungjawab memberi nasihat kepada Pengarah tentang tanggungjawab dan tugas mereka untuk mengisytihar kepentingan mereka dalam pegangan saham, sebarang keadaan konflik dan larangan urusniaga saham dan mendedahkan sebarang maklumat yang mempunyai nilai harga sensitif. Para Pengarah juga akan dimaklumkan oleh Setiausaha Syarikat berkenaan sebarang pengumuman korporat kepada Bursa Malaysia dari semasa ke semasa.



Principle 2 – Strengthen Composition of the Board

The Board currently consists of seven (7) members, exclusively Non-Executive Directors with three (3) of them (including the Board Chairman) being Independent Non-Executive Directors. This is in compliance with the requirements set out in Chapter 15.02 of the Listing Requirements.

The Board possesses a wealth of skill and experience in addition to diversity which is applied effectively in the course of the Board deliberations. The Board is satisfied that this composition is suited to addressing the dynamic needs of the market as well as shareholders' interests.

The NRC is primarily responsible for making recommendations to the Board on candidates for directorship for both the executive and non-executive on the Board of the Company and its Group with necessary skills, experience and competencies. The Committee is also responsible to make appropriate recommendations to the Board on matters of renewal and extension of directors' appointment and reappointment of retiring directors, to ensure that the Board has an appropriate balance of expertise and ability among Non-Executive Directors and annually assess the effectiveness of the Board as a whole, the Board Committees and the contribution of directors, through assessment and evaluation processes.

Nomination and Remuneration Committee (NRC) – Selection and Assessment of Directors

A transparent and formal procedure has been developed by the NRC in order to carry out the task of appointing and assessing the Directors. In the case of appointments, the NRC considers the aspects of competency, character, time commitment, integrity and experience in meeting the needs of the Company. The annual assessment of Directors is also considered essential in ensuring that the Board has remained committed and knowledgeable, carried out duties with integrity and competence whilst maintaining independence and impartiality as a member of the Board.

As at the date of this statement, the members are as follows:

- i. Dato' Wira Syed Abdul Jabbar bin Syed Hassan
- ii. Datuk Azizan bin Ayob
- iii. Datuk Syed Abu Bakar bin S Mohsin Almohdzar
- iv. YB Dato' Abdul Rahman bin Datuk Haji Dahlan

Prinsip 2 – Mengukuhkan Komposisi Lembaga Pengarah

Lembaga Pengarah terdiri daripada tujuh (7) orang ahli, Pengarah Bukan Eksekutif yang mana tiga daripada mereka (termasuk Pengerusi) adalah Pengarah Bebas Bukan Eksekutif. Ini adalah selaras dengan keperluan yang dinyatakan dalam Keperluan Penyenaraian Para 15.02.

Lembaga Pengarah memiliki pelbagai kemahiran dan pengalaman yang digunakan secara berkesan semasa perbincangan Lembaga Pengarah. Lembaga Pengarah amat berpuas hati dengan komposisi yang sedia ada dalam menangani keperluan dinamik pasaran serta kepentingan pemegang saham.

Jawatankuasa Penamaan dan Imbuan bertanggungjawab dalam membuat cadangan kepada Lembaga Pengarah bagi calon-calon jawatan pengarah sama ada eksekutif ataupun bukan eksekutif di dalam Lembaga Pengarah Syarikat dan Kumpulan dengan meneliti keperluan kemahiran, pengalaman dan kompetensi. Jawatankuasa ini juga bertanggungjawab membuat cadangan yang bersesuaian kepada Lembaga Pengarah mengenai pelantikan semula dan lanjutan pelantikan dan pelantikan pengarah yang akan bersara, untuk memastikan keseimbangan Lembaga Pengarah dari segi kemahiran dan keupayaan di kalangan pengarah bukan eksekutif dan menilai keberkesanan Lembaga Pengarah secara keseluruhan menerusi proses penilaian tahunan.

Jawatankuasa Penamaan dan Imbuan (JPI) – Pemilihan dan Penilaian Pengarah

Prosedur yang formal dan telus telah disediakan oleh JPI bagi menjalankan tugas untuk melantik dan menilai para Pengarah. Dalam hal pelantikan Pengarah, JPI perlu meneliti aspek kompetensi, komitmen masa, integriti dan pengalaman dalam memenuhi keperluan Syarikat. Penilaian tahunan Pengarah ini juga penting bagi memastikan bahawa Lembaga Pengarah sentiasa komited dan berpengetahuan dalam menjalankan tugas mereka dengan penuh integriti dan cekap di samping mengekalkan kebebasan dan kesaksamaan sebagai Ahli Lembaga Pengarah.

Pada tarikh penyata ini, ahli-ahli JPI adalah seperti berikut:

- i. Dato' Wira Syed Abdul Jabbar bin Syed Hassan
- ii. Datuk Azizan bin Ayob
- iii. Datuk Syed Abu Bakar bin S Mohsin Almohdzar
- iv. YB Dato' Abdul Rahman bin Datuk Haji Dahlan



Statement on Corporate Governance

Penyata Tadbir Urus Korporat

During the financial year under review, two (2) Committee meetings were held and attended by its members. The NRC has reviewed and assessed the mix of skills, expertise, composition, size and experience of the Board, including the core competencies of the Non-Executive Directors; considered aspects of succession planning and boardroom diversity including gender diversity, training courses for Directors and other qualities of the Board, including core competencies which Non-Executive Directors should bring to the Board and the contribution of each individual Director; effectiveness of the Board and the Board Committees as well as the retirement of Directors by rotation who were eligible for re-election.

The evaluation process involved board and review assessment, where Directors assessed the performance of the Board and Board Committees as well as their own. The assessment and comments by all Directors were collated and discussed at the NRC meeting and reported at the Board meeting by the NRC Chairman along with recommendations for improvement from the NRC. All assessments and evaluations carried out by the NRC in the discharge of its responsibilities were properly documented.

Directors seeking re-election and reappointment will abstain from all deliberations regarding his/her re-election and reappointment to the Board. The evaluation process serves as a basis to recommend candidates for re-election or reappointment at the forthcoming Annual General Meeting. The appointment of new Directors to the Board is made upon the recommendation of NRC. Last year, Datuk Wira Ismail bin Saleh was recommended to the Board.

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

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.

Based on the results of the Board's evaluation, the Board is satisfied that the current composition is able to carry out its functions effectively and efficiently in light of the breadth and complexity of the business, locally and internationally.

Sepanjang tahun kewangan 31 Disember 2012, dua (2) mesyuarat Jawatankuasa telah diadakan dan dihadiri oleh ahli-ahlinya. JPI telah mengkaji dan menilai gabungan kemahiran, kepakaran, komposisi, saiz dan pengalaman Lembaga Pengarah termasuk aspek strategi perancangan dan kepelbagaian Lembaga Pengarah, termasuk jantina, kursus latihan untuk Pengarah dan lain-lain kualiti, termasuk kecekapan teras yang perlu dibawa oleh Pengarah Bukan Eksekutif kepada Lembaga Pengarah dan Jawatankuasa Pengarah serta Pengarah yang bersara mengikut giliran yang layak untuk dipilih semula.

Proses penilaian yang melibatkan pengarah dan kajian penilaian bertujuan menilai prestasi Lembaga Pengarah dan Jawatankuasa Pengarah yang lain termasuk prestasi mereka secara individu. Dokumen penilaian oleh semua Pengarah akan dikumpul dan dibincangkan dalam mesyuarat JPI dan akan dilaporkan pada mesyuarat Lembaga Pengarah oleh Pengerusi JPI bersama dengan cadangan untuk penambahbaikan. Semua taksiran dan penilaian yang dijalankan oleh JPI ada didokumentasikan.

Pengarah yang dilantik dan dipilih semula adalah dikecualikan daripada semua perbincangan yang melibatkan pemilihan dan pelantikan oleh Lembaga Pengarah. Proses penilaian dirujuk untuk pemilihan atau pelantikan semula pada Mesyuarat Agung Tahunan yang akan datang. Pelantikan Pengarah baru di dalam Lembaga Pengarah adalah dicadangkan oleh JPI. Pada tahun lepas, Datuk Wira Ismail bin Saleh telah dicadangkan menjadi Lembaga Pengarah.

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

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

Berdasarkan keputusan penilaian Lembaga Pengarah, mereka berpuas hati dengan komposisi sedia ada dalam menjalankan tanggungjawab mereka dengan cekap dan berkesan berdasarkan operasi perniagaan tempatan dan antarabangsa.



The Directors standing for re-election for financial year 2013 are as follows:

Name	Designation
Datuk Wira Ismail bin Saleh	Non-Independent Non-Executive Director
Dato' Siti Halimah binti Ismail	Non-Independent Non-Executive Director
Datuk Syed Abu Bakar S Mohsin Almohdzar	Independent Non-Executive Director

Datuk Wira Ismail bin Saleh, Dato' Siti Halimah binti Ismail and Datuk Syed Abu Bakar S Mohsin Almohdzar are due to retire pursuant to Article 110(2) and Article 115 accordingly and will be recommended for re-election and reappointment by the Board of Directors pursuant to the Articles. Information of each Director standing for re-election is furnished on pages 16, 18 and 20 of this Annual Report.

The NRC is also responsible in recommending the Group's framework, relating to the policy and procedures in determining the remuneration packages of the Directors including the Chief Executive Officer as well as the senior key management personnel of the Group.

The remuneration of Directors is set to be competitive enough to attract and retain Directors with the relevant experience and expertise to manage the Group successfully. The remuneration of Directors is reflective of their experience and expertise and commensurate with their responsibilities for the efficient management of all operations of the Company and the Group. In determining the remuneration packages of Directors, corporate performance in addition to individual performance is taken into consideration against the corporate objectives as a benchmark for performance. The remuneration of Non-Executive Directors is determined by the Board as a whole, to ensure that it is aligned to the market and to their duties and responsibilities. Directors do not participate in decisions regarding their own remuneration packages. Directors' fees are approved by the shareholders at the Annual General Meeting.

Pengarah yang menawarkan diri untuk pemilihan semula bagi tahun kewangan 2013 adalah seperti berikut:

Nama	Jawatan
<i>Datuk Wira Ismail bin Saleh</i>	<i>Pengarah Tidak Bebas Bukan Eksekutif</i>
<i>Dato' Siti Halimah binti Ismail</i>	<i>Pengarah Tidak Bebas Bukan Eksekutif</i>
<i>Datuk Syed Abu Bakar S Mohsin Almohdzar</i>	<i>Pengarah Bebas Bukan Eksekutif</i>

Datuk Wira Ismail bin Saleh, Dato' Siti Halimah binti Ismail dan Datuk Syed Abu Bakar S Mohsin Almohdzar bersara menurut Artikel 110(2) dan Artikel 115 akan dicadangkan untuk pemilihan semula dan pelantikan semula oleh Lembaga Pengarah menurut Artikel ini. Maklumat setiap Pengarah yang menawarkan diri untuk pelantikan dan pemilihan semula dinyatakan di mukasurat 16, 18 and 20 di dalam Laporan Tahunan ini.

JPI juga bertanggungjawab mengesyorkan rangka kerja Kumpulan yang berkaitan dengan prosedur dalam menentukan pakej imbuhan para Pengarah termasuklah Ketua Pegawai Eksekutif dan juga pengurusan kanan Kumpulan.

Imbuhan para Pengarah perlu kompetitif bagi menarik dan mengekalkan Pengarah yang mempunyai pengalaman dan kemahiran yang berkaitan untuk mengurus dan memimpin Kumpulan. Imbuhan para Pengarah adalah merujuk kepada pengalaman dan kepakaran mereka dan setimpal dengan tanggungjawab yang mereka galas untuk menjadikan pengurusan lebih efisien dalam mengendalikan operasi Syarikat dan Kumpulan. Dalam menentukan pakej imbuhan kepada Pengarah, prestasi korporat dan individu perlu diambil kira bagi mencapai objektif korporat yang menjadi penanda aras prestasi mereka. Imbuhan Pengarah Bukan Eksekutif ditentukan oleh Lembaga Pengarah, ia bagi memastikan bahawa ianya bertepatan dengan pasaran, tugas dan tanggungjawab mereka. Pengarah tidak terlibat dalam menentukan imbuhan mereka sendiri. Yuran Pengarah diluluskan oleh pemegang saham pada Mesyuarat Agung Tahunan.



Statement on Corporate Governance

Penyata Tadbir Urus Korporat

A summary of the Directors' remuneration for the financial year ended 31 December with the categorisation into appropriate components, distinguishing between Executive and Non-Executive Directors, is as follows:-

Category	Salary, Bonus and Other Emoluments (RM'000)	Fees & Emoluments (RM'000)
Executive-Director	2,257	-
Non-Executive Directors	-	1,273

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

Amount of Remuneration	Executive Director	Non-Executive Directors
Below RM50,000	-	1
RM50,001 – RM100,000	-	3*
RM100,001 – RM150,000	-	1
RM150,001 – RM200,000	-	-
RM200,001 – RM250,000	-	2
RM400,001 – RM450,000	-	1
RM1,100,001 – RM2,150,000	1**	-

* one director resigned on 15 March 2012

** one director retired on 30 November 2012

Ringkasan imbuhan para Pengarah bagi tahun kewangan berakhir 31 Disember mengikut kategori antara Eksekutif dan Bukan Eksekutif adalah seperti berikut:-

Kategori	Gaji, Bonus dan Lain-Lain Emolomen (RM'000)	Yuran & Emolomen (RM'000)
Pengarah Eksekutif	2,257	-
Pengarah Bukan Eksekutif	-	1,273

Bilangan Pengarah Syarikat beserta jumlah imbuhan adalah dalam lingkungan seperti berikut:

Jumlah Imbuhan	Pengarah Eksekutif	Pengarah Bukan Eksekutif
RM50,000 ke bawah	-	1
RM50,001 - RM100,000	-	3*
RM100,001 - RM150,000	-	1
RM150,001 - RM200,000	-	-
RM200,001 - RM250,000	-	2
RM400,001 - RM450,000	-	1
RM1,100,001 - RM2,150,000	1**	-

* seorang pengarah meletakkan jawatan pada 15 Mac 2012

** seorang pengarah bersara pada 30 November 2012



Principle 3 – Reinforce Independence of the Board

The Board comprises individuals with the right caliber, competence and the necessary skill and experience to engender accountability and responsibility over decision making. Although all Directors are entrusted with an equal responsibility for the Group's operations and performance, the Independent Non-Executive Directors play a central role in ensuring that the strategies proposed by the Management are fully discussed and deliberated, and take into account the long term interests, not only of the shareholders, but also of the stakeholders such as the employees, customers, suppliers and communities in which the Group conducts its business. The Board has assessed the independence of its Independent Non-Executive Directors based on criteria set out in Paragraph 1.01 of the Listing Requirements.

The MCG 2012 provides a limit of a cumulative term of nine (9) years on the tenure of an Independent Director. However, an Independent Director may continue to serve the Board upon reaching the 9-year limit subject to the Independent Director's re-designation as a Non-Independent Non-Executive Director. In the event the Board intends to retain the Director as an Independent Director following the cumulative term of nine (9) years, the Board must justify the decision and seek shareholders' approval at general meeting. In justifying the decision, the NRC is entrusted, through the Director's evaluation process to assess the candidate's suitability to continue as an Independent Non-Executive Director based on established criteria on independence by form and substance.

Prinsip 3 – Penekanan Kebebasan Lembaga Pengarah

Lembaga Pengarah terdiri daripada individu yang berkaliber, cekap, berkemahiran dan berpengalaman dan memupuk akauntabiliti dan bertanggungjawab dalam membuat keputusan. Walaupun semua Pengarah diberi tanggungjawab yang sama dalam mengurus operasi dan prestasi Kumpulan, Pengarah Bebas Bukan Eksekutif memainkan peranan yang penting dalam memastikan strategi yang dicadangkan oleh pihak Pengurusan dibincangkan dan dipertimbangkan dengan mengambil kira kepentingan jangka panjang bukan sahaja kepentingan pemegang saham malah kepentingan pihak-pihak lain seperti pekerja, pelanggan, pembekal dan juga komuniti sekitar di mana Kumpulan menjalankan perniagaan Syarikat. Lembaga Pengarah telah menilai kebebasan Pengarah Bebas Bukan Eksekutif berdasarkan kriteria yang dinyatakan dalam Perenggan 1.01 Keperluan Penyenaraian Bursa Malaysia.

MCG 2012 menetapkan had tempoh perkhidmatan sehingga sembilan (9) tahun bagi seorang Pengarah Bebas. Walau bagaimanapun, seorang Pengarah Bebas boleh terus berkhidmat di dalam Lembaga Pengarah setelah mencapai tempoh sembilan (9) tahun tetapi perlu ditukar gelaran kepada Pengarah Bukan Bebas Bukan Eksekutif. Sekiranya Lembaga Pengarah berhasrat mengekalkan seseorang Pengarah sebagai Pengarah Bebas setelah mencapai had tempoh sembilan (9) tahun, Lembaga Pengarah perlu mendapatkan kelulusan daripada pemegang saham pada Mesyuarat Agung. Bagi tujuan ini, JPI diamanahkan untuk melaksanakan proses penilaian kesesuaian calon berdasarkan kriteria yang bebas dari pelbagai prosedur dan elemen untuk terus kekal sebagai Pengarah Bebas Bukan Eksekutif.



Statement on Corporate Governance

*Penyata Tadbir Urus Korporat***Principle 4 – Foster Commitment of Directors**

During the financial year ended 31 December 2012, the Board met on six (6) occasions, where it deliberated upon and considered variety of matters such as the Group's financial performance and review of operations of the Group.

Details of each Director's attendance during the financial year ended 31 December 2012 are as follows:-

Directors	No. of Meeting Attended
Dato' Wira Syed Abdul Jabbar bin Syed Hassan	6/6
Dato' Mohd Hashim bin Abdullah	5/6
Dato' Sri Dr. Mohd Irwan Serigar bin Abdullah	6/6
Datuk Azizan bin Ayob	5/6
Datuk Syed Abu Bakar bin S Mohsin Almohdzar	6/6
YB Dato' Abdul Rahman bin Datuk Haji Dahlan	4/6
Datuk Wira Ismail bin Saleh (appointed as Director on 3 October 2012)	2/2
Datin Naimah binti Ramli (Alternate Director to Dato' Mohd Hashim bin Abdullah)	1/1
Datuk Bakry bin Hamzah (retired on 30 November 2012)	4/4
Mr Chuah Seong Tat @ Chuah Chee Tat (resigned as Director on 15 March 2012)	1/1

Prinsip 4 – Memupuk Komitmen Pengarah

Sepanjang tahun kewangan berakhir 31 Disember 2012, Lembaga Pengarah telah bermesyuarat sebanyak enam (6) kali bagi membincangkan pelbagai perkara seperti mengkaji prestasi kewangan Kumpulan dan operasi Syarikat.

Butiran kehadiran setiap Pengarah sepanjang tahun kewangan berakhir 31 Disember 2012 adalah seperti berikut:-

Pengarah	Bilangan Kehadiran
<i>Dato' Wira Syed Abdul Jabbar bin Syed Hassan</i>	<i>6/6</i>
<i>Dato' Mohd Hashim bin Abdullah</i>	<i>5/6</i>
<i>Dato' Sri Dr. Mohd Irwan Serigar bin Abdullah</i>	<i>6/6</i>
<i>Datuk Azizan bin Ayob</i>	<i>5/6</i>
<i>Datuk Syed Abu Bakar bin S Mohsin Almohdzar</i>	<i>6/6</i>
<i>YB Dato' Abdul Rahman bin Datuk Haji Dahlan</i>	<i>4/6</i>
<i>Datuk Wira Ismail bin Saleh (dilantik sebagai Pengarah pada 3 Oktober 2012)</i>	<i>2/2</i>
<i>Datin Naimah binti Ramli (Pengarah Gantian kepada Dato' Mohd Hashim bin Abdullah)</i>	<i>1/1</i>
<i>Datuk Bakry bin Hamzah (bersara pada 30 November 2012)</i>	<i>4/4</i>
<i>Mr Chuah Seong Tat @ Chuah Chee Tat (meletak jawatan pada 15 Mac 2012)</i>	<i>1/1</i>



Time Commitment

The Board meetings are structured against a clear and defined Board agenda. The Chairman, aided by the Company Secretary is responsible for the preparation of this agenda. The Board papers are circulated prior to the meeting to enable the Board to understand each agenda item to be deliberated and to expedite decision-making process. Supporting documentation is included in the circulation which provides in-depth analysis and clarification on Board discussion items.

All the Directors fulfilled the requirements of attending at least 50% of the meetings for the financial year ended 31 December 2012 pursuant to the Listing Requirements.

All Directors are to inform the Chairman on new directorships prior to acceptance, whilst ensuring that the five (5) directorship limit as stipulated in the Listing Requirements is observed and stating the amount of time to be spent on the new appointment. This is to ensure the Directors are able to focus and carry out their responsibilities effectively. It is the Company's expectation for Directors to devote sufficient time and efforts to carry out their responsibilities. The Board obtains this commitment from Directors at the time of appointment. The Company Secretary plays a part in monitoring the directorships held by the directors in other companies including the non-listed companies.

Where appropriate, decisions may be taken by way of Directors' circular resolution between scheduled and special meetings. The resolution passed by way of circular will be affirmed in the next Board meeting.

Komitmen Masa

Sebelum sesuatu mesyuarat berlangsung, setiap Lembaga Pengarah dibekalkan agenda yang telah distruktur dan digariskan dengan jelas oleh Pengerusi yang dibantu oleh Setiausaha Syarikat beserta satu set kertas kerja. Ini memberi masa kepada Lembaga Pengarah untuk meneliti dan mendapatkan maklumat yang jelas bagi memudahkan perbincangan semasa mesyuarat dan memudahkan proses membuat keputusan. Dokumentasi sokongan berupa analisa dan penjelasan mengenai sesuatu perkara yang akan diperbincangkan juga disertakan bersama kertas kerja Lembaga Pengarah.

Semua Pengarah telah mematuhi syarat kehadiran minima 50% pada mesyuarat-mesyuarat Lembaga sepanjang tahun kewangan seperti yang ditetapkan dalam Keperluan Penyenaraian Pasaran Utama Bursa Malaysia.

Setiap Pengarah Syarikat akan memaklumkan kepada Pengerusi akan pelantikan baru di sesebuah syarikat awam sebelum penerimaan dibuat, di samping itu Pengerusi akan memastikan had pelantikan pengarah sebanyak lima (5) jawatan pengarah sahaja dipatuhi seperti yang termaktub di dalam Keperluan Penyenaraian Pasaran Utama Bursa Malaysia. Ini adalah untuk memastikan bahawa seseorang Pengarah itu dapat memberi tumpuan dan melaksanakan tugas mereka secara efektif. Adalah menjadi harapan Syarikat, agar semua Pengarah dapat menumpukan masa dan usaha yang mencukupi dalam memenuhi tanggungjawab mereka. Lembaga Pengarah akan mendapatkan komitmen ini daripada Pengarah sebelum pelantikan diterima. Setiausaha Syarikat memainkan peranan penting dalam memantau bilangan jawatan pengarah yang dipegang oleh pengarah dalam syarikat-syarikat lain termasuk syarikat-syarikat bukan tersenarai.

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



Statement on Corporate Governance

Penyata Tadbir Urus Korporat

Directors' Training

The Board is attentive to the need of embracing continuous training and in view of this, the Board provides for all Directors opportunities to attend seminars, trainings, workshops and conferences to further enhance their business acumen and professionalism in discharging their duties to the Group. Training programmes are tailored to meet the Group's needs, taking into account the complexity of the Group's businesses. Directors' development is an integral element of the process for appointment of new Directors. The assessment of the Directors' training needs is undertaken by the NRC and is tabled to the Board for review and approval. Key Senior Management personnel also provide meaningful insight to Directors in furtherance of their duties related to the operations of the Company. The Board and Board Committees shall continue its efforts to keep itself updated on new regulations and requirements relation to governance, risk and financial standards.

All Directors have completed the Mandatory Accreditation Programme (MAP) prescribed by Bursa Malaysia save and except for the newly appointed Director, Dato' Siti Halimah who has until 2 September 2013 to complete the MAP.

Pursuant to Paragraph 15.08(2) of the Listing Requirements, the Directors have during the financial year ended 31 December 2012, attended the following seminars/conferences:-

No. Bil.	Director Pegarah	Seminar/Conference Seminar/Persidangan	Organiser Penganjur
1.	Dato' Wira Syed Abdul Jabbar bin Syed Hassan	Enterprise Risk Management – What a Director Must Know	Tradewinds (M) Berhad
		In-House Seminar for Directors and Senior Management of BERNAS – The Malaysian Code of Corporate Governance 2012 & Competition Act 2010	BERNAS, KPMG Management & Risk Consulting Sdn Bhd and Messrs Azmi & Associates

Latihan Para Pengarah

Lembaga Pengarah prihatin kepada keperluan latihan Pengarah secara berterusan. Kesemua Pengarah diberi peluang untuk menghadiri seminar, kursus dan latihan, bengkel dan persidangan untuk meningkatkan lagi pengetahuan perniagaan dan profesionalisme dalam melaksanakan tugas mereka kepada Kumpulan. Program latihan adalah mengikut keperluan Kumpulan dengan mengambil kira perniagaan Kumpulan. Pembangunan Pengarah adalah elemen penting dalam proses pelantikan Pengarah baru. Penilaian keperluan latihan Pengarah dilaksanakan oleh JPI dan dibentangkan kepada Lembaga Pengarah untuk semakan dan kelulusan. Pengurusan Kanan juga memberi penerangan kepada para Pengarah dalam melaksanakan tugas mereka yang berkaitan dengan operasi Syarikat. Lembaga dan Jawatankuasa Lembaga akan meneruskan usaha untuk mengemaskinikan peraturan dan keperluan berhubung dengan tadbir urus, risiko dan piawaian kewangan yang terbaru.

Semua Pengarah telah menghadiri Mandatory Accreditation Programme (MAP) yang ditetapkan oleh Bursa Malaysia.

Menurut Perenggan 15.08(2) Keperluan Penyenaian Pasaran Utama Bursa Malaysia, antara program-program seminar/persidangan yang dihadiri oleh para Pengarah sepanjang tahun kewangan berakhir 31 Disember 2012 adalah seperti berikut:-



No. Bil.	Director Pengarah	Seminar/Conference Seminar/Persidangan	Organiser Penganjur
2.	Datuk Azizan bin Ayob	5th National Geospatial Information Symposium	Pusat Infrastruktur Data Geospatial Negara, Kementerian Sumber Asli
		Law Governing Directors in a Nutshell: Malaysia Companies Act, 1965 (Act 125)	Bursatra Sdn Bhd
		Enterprise Risk Management – What a Director Must Know	Tradewinds (M) Berhad
		Managing Corporate Risk and Achieving Internal Control through Statutory	Bursa Malaysia
		In-House Seminar for Directors and Senior Management of BERNAS – The Malaysian Code of Corporate Governance 2012 & Competition Act 2010	BERNAS, KPMG Management & Risk Consulting Sdn Bhd and Messrs Azmi & Associates
3.	Datuk Syed Abu Bakar bin S Mohsin Almohdzar	6th WIEF Roundtable in London – “Challenges and Opportunities to Doing Business with the Muslim World” and “Eurozone Crisis: Lesson for the Muslim World”	WIEF Foundation
		8th World Islamic Economic Forum in Johor, Malaysia	WIEF Foundation
4.	Dato’ Sri Dr. Mohd Irwan Serigar bin Abdullah	Session with Graduates from Harvard Business School Boston	Harvard Business School Boston
		The IDB Member Country Partnership Strategy MCPS-Private Sector	The IDB Member Country Partnership
		The 14th Malaysia Strategic Outlook Conference 2012	Asian Strategic Leadership Institute
		Retreat Belanjawan 2012	Bahagian Ekonomi dan Antarabangsa MOF
		International Public Private Partnership & Infrastructure Summit Exhibition	Asian Infrastructure Network (AIN)



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No. Bil.	Director Pengarah	Seminar/Conference Seminar/Persidangan	Organiser Penganjur
4.	Dato' Sri Dr. Mohd Irwan Serigar bin Abdullah (cont'd)	Opening Ceremony of Malaysia-IDB Group Investment Forum	IDB Group Investment Forum
		Invest Malaysia 2012	Bursa Malaysia
		ICT Satellite Workshop (BEA)	Bahagian Ekonomi dan Antarabangsa MOF
		Majlis Persidangan Perkhidmatan Awam Ke-16	Institut Tadbiran Awam Negara
		Retreat SPAD	Suruhanjaya Pengangkutan Awam Darat

The Company also provided internal briefings to the Directors on key corporate governance developments and relevant changes to laws and regulations.

The External Auditors briefed the Board members on any changes to the Malaysian Financial Reporting Standards that affect the Group's financial statements during the year. The Directors are also encouraged to attend appropriate external trainings on subject matter that aids the Directors in the discharge of their duties as Directors, at the Company's expense.

Principle 5 – Uphold Integrity in Financial Reporting by Company

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 as well as 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 pages 85 to 90 of this Annual Report.

Syarikat juga menyediakan taklimat dalaman kepada Pengarah mengenai perkembangan tadbir urus korporat utama dan perubahan yang berkaitan dengan undang-undang dan peraturan-peraturan.

Juruaudit Syarikat telah memberi taklimat kepada Lembaga Pengarah berkaitan perubahan kepada pemakaian "Malaysian Financial Reporting Standards" yang memberi kesan kepada penyata kewangan Kumpulan pada tahun ini. Para Pengarah juga digalakkan untuk menghadiri latihan luaran yang boleh membantu Pengarah dalam melaksanakan tugas mereka sebagai Pengarah, atas tanggungan Syarikat.

Prinsip 5 – Menegakkan Integriti dalam Laporan Kewangan Syarikat

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 tepat, mencukupi dan lengkap. Aktiviti-aktiviti yang dijalankan oleh Jawatankuasa Audit pada sepanjang tahun yang ditinjau dan terma rujukan adalah dibentangkan dalam Laporan Jawatankuasa Audit di mukasurat 85 hingga 90 di dalam Laporan Tahunan ini.



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, and the provisions of the Companies Act, 1965 have been applied and reasonable and prudent judgments and estimates have been appropriately made.

The Head of Internal Audit reports directly to the Audit Committee. Its function is independent of the activities or operations of other units. The internal audit team periodically evaluates the effectiveness of the risk management and internal control system in place and reports on any deficiencies whilst recommending improvement opportunities.

The Board through the Audit Committee maintains a formal and transparent arrangement with the Company's auditors. Policies regarding non-audit provisions are observed in an effort to conserve the independence of the external auditors.

The Audit Committee discusses the scope and nature of the audit as well as reporting obligations before the audit commences. 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 internal control. The Audit Committee reviews all queries raised by the external auditors, in respect of the accounting records, financial accounts or system of control and ensures that Management provides timely responses to the queries raised.

The Audit Committee is empowered by the Board to review any matters relating to the appointment and reappointment, audit fees, resignations or dismissals of external auditors and review and evaluate factors relating to the independence of the external auditors. The terms of engagement for services provided by the external auditors are reviewed by the Audit Committee prior to submission to the Board for approval. The Board, via the Audit Committee affirms the suitability and independence of its external auditors in regard to the independence criteria set out by the International Federation of Accountants and the Malaysian Institute of Accountants.

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

Ketua Audit Dalam melapor secara terus kepada Jawatankuasa Audit. Fungsinya adalah bebas daripada aktiviti atau operasi unit-unit lain. Pasukan Audit Dalam ini menyediakan penilaian objektif terhadap keberkesanan pengurusan risiko dan kewibawaan sistem kawalan dalaman dan melaporkan mengenai kekurangan di samping mencadangkan peluang-peluang penambahbaikan.

Lembaga Pengarah dengan bantuan Jawatankuasa Audit mengamalkan aturan yang formal dan telus dengan juruaudit Syarikat. Polisi-polisi berkaitan peruntukan bukan audit dipatuhi dalam usaha untuk memelihara kebebasan juruaudit Syarikat.

Jawatankuasa Audit membincangkan skop dan bentuk prosedur-prosedur audit serta obligasi dalam laporan sebelum audit dilaksanakan. Juruaudit Syarikat akan melaporkan kesimpulan dan cadangan kepada Jawatankuasa Audit dari semasa ke semasa dan akan mengutarakan sekiranya ada terdapat kekurangan yang ketara di dalam sistem kawalan dalaman. Jawatankuasa Audit juga akan mengkaji semua pertanyaan yang dibangkitkan oleh juruaudit luar, berkenaan dengan rekod-rekod perakaunan, akaun kewangan atau sistem kawalan dan memastikan Pengurusan memberi maklum balas ke atas pertanyaan yang dibangkitkan.

Jawatankuasa Audit diberi kuasa oleh Lembaga Pengarah untuk mengkaji mana-mana perkara yang berkaitan dengan pelantikan dan pelantikan semula, yuran audit, peletakan jawatan atau pemecatan juruaudit luar dan kajian semula dan menilai faktor-faktor yang berkaitan dengan kebebasan juruaudit luaran. Syarat-syarat pelantikan untuk perkhidmatan yang disediakan oleh juruaudit luar dikaji semula oleh Jawatankuasa Audit sebelum diserahkan kepada Lembaga Pengarah untuk kelulusan. Lembaga Pengarah, melalui Jawatankuasa Audit setelah mengambil kira kriteria kebebasan mengaudit, mengesahkan kesesuaian dan kebebasan juruaudit luar yang ditetapkan oleh Persekutuan Akauntan Antarabangsa dan Institut Akauntan Malaysia.



Statement on Corporate Governance

Penyata Tadbir Urus Korporat

Principle 6 – Recognise and Manage Risks of the Group

The Board is aware of its responsibility for the Group's risk management and internal control system and the need to review against adequacy and effectiveness on a regular basis to protect the shareholders' investments in the Group. An established framework is employed to manage the risks arising from the Group's activities. The Board has determined the Company's risk appetite and actively identifies, assesses and monitors key business risks to safeguard shareholders' investments and the Company's assets.

Guided by the recommendations in the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, the Board performs reviews on an annual basis on the financial, operational and compliance controls and risk management systems, in all material aspects. The Board is provided with reasonable assurance from the various reports submitted by Management and the Audit Committee on risk management and internal control.

The Risk Management and Internal Control Statement as set out on pages 80 to 84 of this Annual Report provides the key features of the risk management and internal control framework of the Group.

Details on the Internal Audit Function are provided on pages 89 to 90 of this Annual Report.

Prinsip 6 – Mengiktiraf dan Menguruskan Risiko Kumpulan

Lembaga Pengarah memaklumi akan tanggungjawab mereka kepada pengurusan risiko Kumpulan dan sistem kawalan dalaman dan keperluan untuk mengkaji semula terhadap kecukupan dan keberkesanan secara tetap untuk melindungi pelaburan para pemegang saham di dalam Kumpulan. Satu rangka kerja telah digunakan untuk menguruskan risiko yang timbul daripada aktiviti-aktiviti Kumpulan. Lembaga Pengarah akan sentiasa mengenalpasti risiko-risiko Syarikat, seterusnya menilai dan memantau risiko perniagaan utama untuk melindungi kepentingan pelaburan pemegang saham dan aset Syarikat.

Berpandukan cadangan dalam Penyata Pengurusan Risiko dan Kawalan Dalaman: Garis Panduan untuk Pengarah di Syarikat-Syarikat Tersenarai, Lembaga Pengarah menjalankan kajian secara tahunan mengenai kewangan, operasi dan kawalan pematuhan serta sistem pengurusan risiko dalam semua aspek. Pihak Pengurusan dan Jawatankuasa Audit membekalkan jaminan yang diperlukan oleh Lembaga melalui pelbagai laporan mengenai pengurusan risiko dan kawalan dalaman.

Pengurusan Risiko dan Penyata Kawalan Dalaman yang dibentangkan di mukasurat 80 hingga 84 di dalam Laporan Tahunan ini menyediakan ciri-ciri utama dalam pengurusan risiko dan rangka kerja kawalan dalaman Kumpulan.

Maklumat terperinci mengenai Fungsi Audit Dalaman adalah seperti yang disediakan di mukasurat 89 hingga 90 yang terdapat di dalam Laporan Tahunan ini.



Principle 7 – Ensure Timely and High Quality Disclosure

The Board strongly advocates on the importance of well-established corporate disclosures, policies and procedures that demonstrate promptness in disseminating information to shareholders and investors. In accomplishing this, the Board has established policies to ensure that disclosures made are accurate, succinct, and timely. This is integral in developing and maintaining a constructive communication channel with stakeholders.

The Board has committed to releasing quarterly financial results in timely manner. This is an effort to assist shareholders in making critical investment decisions by providing an overview of the Company's performance and operations. The Company places great emphasis on ensuring that information is accurate and disseminated as early as possible.

An internal compliance framework has been established to ensure the Company meets its obligations under the Listing Requirements including obligations relating to related party transactions, including recurrent related party transactions. A director who has an interest in a transaction must abstain from deliberating and voting on the said resolution, in respect of such transaction at the Board meeting and at the Annual General Meeting convened to consider the said matter.

Clear procedures have been established to govern the conduct of the related party transactions to ensure that transactions done are on arm's length basis and on normal commercial terms, consistent with the Company's usual business practices and policies, which are generally not more favourable than those generally available to the public and other suppliers. The risks posed to minority shareholders are also effectively circumvented.

Apart from the mandatory public announcements through Bursa Malaysia, the Company has also set up a website at "http://www.bernas.com.my" to provide timely and readily available information pertaining to both financial and non-financials.

While the Company endeavours to provide as much material information as possible to its shareholders and stakeholders, the Company is mindful of the legal and regulatory framework governing the release of material and price-sensitive information. All corporate disclosures adhere strictly to the prevailing legislative restrictions and requirements as well as the investors' needs for timely release of price-sensitive information such as financial statements, material acquisitions as well as other significant corporate events.

Prinsip 7 – Memastikan Pendedahan Maklumat yang Berkualiti Tinggi dan Tepat

Lembaga Pengarah amat menyokong kepentingan pendedahan maklumat korporat yang mantap, polisi dan prosedur yang menunjukkan kecekapan dalam menyebarkan maklumat kepada para pemegang saham dan pelabur. Lembaga Pengarah telah menetapkan dasar untuk memastikan bahawa pendedahan yang dibuat adalah ringkas dan tepat pada masanya. Ini adalah penting dalam membangun dan mengekalkan saluran komunikasi yang membina dengan pihak yang berkepentingan.

Lembaga Pengarah adalah komited dalam mengumumkan keputusan kewangan suku tahunan pada masanya. Ini adalah satu usaha untuk membantu para pemegang saham membuat keputusan pelaburan yang kritikal dengan menyediakan maklumat keseluruhan prestasi dan operasi Syarikat. Syarikat meletakkan penekanan yang tinggi dalam memastikan maklumat tepat disebarkan seawal mungkin.

Satu rangka kerja pematuhan dalaman telah ditubuhkan untuk memastikan Syarikat memenuhi obligasinya di bawah Keperluan Penyenaraian Pasaran Utama Bursa Malaysia termasuk tanggungjawab yang berkaitan dengan transaksi pihak-pihak berkaitan, termasuk urusan pihak-pihak berkaitan yang berulang. Seseorang pengarah yang mempunyai kepentingan dalam sesuatu transaksi yang dibentangkan pada Mesyuarat Lembaga Pengarah dan Mesyuarat Agung Tahunan, adalah dikecualikan di dalam perbincangan dan pengundian resolusi tersebut.

Prosedur yang jelas telah dikenalpasti untuk mentadbir pengendalian urusan pihak-pihak berkaitan bagi memastikan urusan yang dibuat adalah atas terma-terma perdagangan biasa, selaras dengan amalan perniagaan dan polisi-polisi Syarikat, yang secara amnya tidak memberi sebarang kelebihan berbanding dengan terma-terma umum yang biasa tersedia bagi orang awam dan pembekal-pembekal. Risiko kepada pemegang saham minoriti dapat dielakkan secara berkesan.

Selain daripada pengumuman mandatori menerusi Bursa Malaysia, Syarikat juga telah menubuhkan laman web di "http://www.bernas.com.my" untuk menyediakan maklumat yang tepat, mencukupi dan lengkap yang berkaitan dengan hal-hal kewangan dan bukan kewangan.

Selain daripada usaha Syarikat menyediakan maklumat penting sebanyak mungkin kepada pemegang-pemegang saham dan pemegang berkepentingan, Syarikat turut mengambil kira rangka kerja undang-undang dan peraturan yang mengawal penyebaran maklumat harga saham sensitif. Semua pendedahan maklumat korporat adalah mematuhi syarat dan sekatan perundangan sepenuhnya serta maklumat harga sensitif seperti penyata kewangan, pengambilalihan, cadangan korporat serta maklumat perniagaan berkaitan untuk keperluan pelabur.



Statement on Corporate Governance

Penyata Tadbir Urus Korporat

Principle 8 – Strengthen Relationship Between the Company and Its Shareholders

With the objective of raising the level of corporate credibility and securing investors' confidence, the Group has designed and implemented a structured approach to communication via its investor relations' programme. This programme clearly outlines the principles of communication, various channels of communication approved by the Board and procedures relating to dissemination of information to shareholders. The annual reports, quarterly financial results, press releases and corporate announcements are the primary modes of disseminating information on the Group's performance and operation.

The Annual Report is prepared in compliance with the requirements set out in the Listing Requirements and the Board's policy on Annual Report disclosure to provide an all-encompassing view of the Group's activities.

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.

Queries from investors are channeled through the Company Secretary and if a dialogue is requested by investors, the Chairman and/or Chief Executive Officer and Chief Financial Officer shall be present to attend and to participate in such dialogues.

Investors may also access pertinent information relating to the Company's activities through the Company's corporate website at <http://www.bernas.com.my>. Stakeholders and prospective shareholders may gain information related to annual reports, recent announcements, press releases, public financial information and share prices of the Company. In maintaining a high level of transparency, the Company has dedicated electronic mails, information@bernas.com.my to which shareholders' concerns and queries can be directed.

The Company recognises the importance of being transparent and accountable to its stakeholders and, as such, has maintained an active and constructive communication procedure which enables the Board and Management to communicate effectively with investors, financial community and the public generally.

This Statement is made in accordance with a resolution of the Board of Directors dated 18 April 2013.

Prinsip 8 – Memperkuat Hubungan antara Syarikat dan Pemegang Saham

Dengan objektif untuk meningkatkan tahap kredibiliti korporat dan mendapatkan keyakinan pelabur, Kumpulan telah merangka dan melaksanakan pendekatan berstruktur untuk berkomunikasi menerusi program bersama pelabur. Program ini menggariskan dengan jelas prinsip-prinsip komunikasi, pelbagai saluran komunikasi yang diluluskan oleh Lembaga Pengarah dan prosedur yang berkaitan dengan penyebaran maklumat kepada para pemegang saham. Laporan tahunan, pengumuman prestasi kewangan suku tahunan Syarikat, siaran akhbar dan kenyataan korporat adalah di antara pengantar utama dalam usaha Syarikat untuk menyebarkan maklumat berkenaan kepada pemegang-pemegang Saham.

Laporan Tahunan yang disediakan adalah mematuhi Keperluan Penyenaian Pasaran Utama Bursa Malaysia yang memberikan maklumat menyeluruh berkenaan aktiviti-aktiviti Kumpulan.

Adalah menjadi amalan Syarikat untuk menghantar Notis Mesyuarat Agung Tahunan (MAT) dan dokumen yang berkaitan dengan pemegang saham sekurang-kurangnya dua puluh satu (21) hari sebelum tarikh MAT. Pada MAT, pemegang-pemegang saham adalah digalakkan untuk mengemukakan soalan-soalan mengenai resolusi yang dicadangkan atau mengenai operasi Syarikat. Kebiasaannya, satu sidang akhbar akan diadakan sejeurus selepas MAT agar Lembaga Pengarah dapat menjelaskan dan menerangkan sebarang isu yang dibangkitkan.

Sebarang pertanyaan daripada pelabur disalurkan kepada Setiausaha Syarikat dan sekiranya pelabur meminta diadakan dialog, Pengerusi dan/atau Ketua Pegawai Eksekutif dan Ketua Pegawai Kewangan akan hadir dan mengambil bahagian di dalam dialog tersebut.

Pelabur juga boleh memperolehi maklumat penting yang berkaitan dengan aktiviti-aktiviti Syarikat menerusi laman sesawang korporat Syarikat di <http://www.bernas.com.my>. Pihak-pihak berkepentingan dan bakal pemegang saham boleh mendapatkan maklumat yang berkaitan di dalam laporan tahunan, pengumuman terbaru, kenyataan media, maklumat kewangan dan harga saham Syarikat. Dalam mengekalkan tahap ketelusan yang tinggi, Syarikat telah menyediakan mel elektronik iaitu information@bernas.com.my bagi sebarang pertanyaan untuk dikemukakan oleh para pemegang saham.

Syarikat mengiktiraf kepentingan yang telus dan bertanggungjawab kepada pihak-pihak berkepentingan dan dengan itu, telah mengekalkan satu prosedur komunikasi yang aktif dan konstruktif yang membolehkan Lembaga Pengarah dan Pengurusan untuk berkomunikasi secara berkesan dengan pelabur, komuniti kewangan dan orang-orang awam secara amnya.

Penyata ini dibuat selaras dengan resolusi Lembaga Pengarah bertarikh 18 April 2013.



ADDITIONAL COMPLIANCE INFORMATION

- (i) **Utilisation of Proceeds Raised from Any Corporate Proposal**
During the financial year ended 31 December 2012, there were no proceeds raised from any corporate proposal.
- (ii) **Share Buyback**
During the financial year ended 31 December 2012, the Company has not exercised any share buy-back.
- (iii) **Options, Warrants or Convertible Securities**
During the financial year ended 31 December 2012, the Company did not issue/exercise any options, warrants or convertible securities.
- (iv) **American Depository Receipt (ADR) or Global Depository Receipt (GDR) Programme**
During the financial year ended 31 December 2012, the Company has not sponsored such programme.
- (v) **Imposition of Sanctions/Penalties**
During the financial year ended 31 December 2012, there was no imposition of sanctions/penalties imposed on the Company and its subsidiaries, Directors or Management by the regulatory bodies.
- (vi) **Non-Audit Fees**
During the financial year ended 31 December 2012, the amount of non-audit fees paid to external auditors by the Group was RM30,000.00.
- (vii) **Profit Estimate, Forecast or Projection**
During the financial year ended 31 December 2012, the Company did not release any profit estimate, forecast or projection.
- (viii) **Profit Guarantee**
During the financial year ended 31 December 2012, the Company did not give any profit guarantee.
- (ix) **Material Contracts**
During the financial year ended 31 December 2012, there was no material contracts entered into by BERNAS Group involving the Directors' and major shareholders' interest.
- (x) **Revaluation of Landed Properties**
During the financial year ended 31 December 2012, the Company did not have any revaluation policy on landed properties.

MAKLUMAT PEMATUHAN TAMBAHAN

- (i) **Penggunaan Hasil daripada Mana-Mana Cadangan Korporat**
Sepanjang tahun kewangan berakhir 31 Disember 2012, tiada penggunaan hasil daripada mana-mana cadangan korporat.
- (ii) **Pembelian Balik Saham**
Sepanjang tahun kewangan berakhir 31 Disember 2012, tiada pelaksanaan pembelian balik saham oleh Syarikat.
- (iii) **Opsyen, Jaminan atau Saham Boleh Tebus**
Sepanjang tahun kewangan berakhir 31 Disember 2012, Syarikat tiada menerbitkan/melaksanakan mana-mana opsiyen, jaminan atau saham boleh tebus.
- (iv) **“American Depository Receipt (ADR)” atau “Global Depository Receipt (GDR) Programme”**
Sepanjang tahun kewangan berakhir 31 Disember 2012, Syarikat tidak menaja ADR atau GDR.
- (v) **Sekatan/Penalti**
Sepanjang tahun kewangan berakhir 31 Disember 2012, tiada sebarang sekatan/penalti dikenakan ke atas Syarikat dan anak-anak syarikatnya, para Pengarah atau Pengurusan oleh badan-badan kawalselia.
- (vi) **Yuran Selain Audit**
Sepanjang tahun kewangan berakhir 31 Disember 2012, jumlah yuran yang dibayar selain yuran audit kepada juruaudit luar oleh Kumpulan adalah RM30,000.00.
- (vii) **Anggaran Untung, Ramalan atau Unjuran**
Sepanjang tahun kewangan berakhir 31 Disember 2012, Syarikat tiada mengeluarkan sebarang anggaran keuntungan, ramalan atau unjuran.
- (viii) **Jaminan Keuntungan**
Sepanjang tahun kewangan berakhir 31 Disember 2012, Syarikat tiada memberi sebarang jaminan keuntungan.
- (ix) **Perjanjian Penting**
Sepanjang tahun kewangan berakhir 31 Disember 2012, tiada perjanjian penting yang dimeterai oleh Kumpulan BERNAS yang melibatkan Pengarah dan kepentingan pemegang saham utama.
- (x) **Penilaian Semula Hartanah**
Sepanjang tahun kewangan berakhir 31 Disember 2012, Syarikat tidak mempunyai sebarang polisi penilaian semula hartanah.



Statement on Risk Management and Internal Control

Penyata Pengurusan Risiko dan Kawalan Dalaman

Pursuant to the requirements as set out in Paragraph 15.26(b) of the Listing Requirements and Section 167A of the Companies Act 1965, Padiberas Nasional Berhad is committed to maintaining a sound system of risk management and internal control which is poised to meet the Group's business objectives and safeguard the Group's assets, shareholders' investments and the interests of customers, regulators and employees. The Board of Directors is pleased to present this Statement on Internal Control in its Annual Report.

Selaras dengan keperluan yang dinyatakan dalam Perenggan 15.26(b) Keperluan Penyenaian dan Seksyen 167A Akta Syarikat 1965, Padiberas Nasional Berhad komited untuk memelihara sistem pengurusan risiko dan kawalan dalaman untuk memenuhi objektif perniagaan Kumpulan dan melindungi aset Kumpulan, pelaburan pemegang saham dan kepentingan pelanggan, pengawal-selia dan pekerja. Lembaga Pengarah dengan sukacitanya membentangkan Penyata Kawalan Dalaman ini di dalam Laporan Tahunannya.

The Board of Directors ("the Board") acknowledges its responsibility to establish and maintain a sound system of risk management and internal control, which includes the establishment of an appropriate control environment and framework, as well as reviewing its adequacy and effectiveness. The system of internal control covers, amongst others, all areas pertaining to risk management, financial, operational and compliance controls and 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, its subsidiary and material associate companies.

The control structure and process which have been instituted throughout the Group are updated and periodically validated to adapt to the changes in the market environment to ensure that it is robust in nature, guided by the "Statement on Risk Management & Internal Control – Guidelines for Directors of Public Listed Issuers". This continuous process has been in place for the whole financial year under review and up to the date of approval of this Statement for inclusion in the Annual Report.

Lembaga Pengarah akur akan tanggungjawabnya untuk mewujudkan dan mengekalkan satu sistem pengurusan risiko dan kawalan dalaman yang merangkumi persekitaran dan rangka kerja kawalan dalaman yang sesuai, serta mengkaji semula kecukupan dan keberkesannya. Sistem kawalan dalaman meliputi antara lain, semua bidang yang berkaitan dengan pengurusan risiko, kewangan, operasi dan pematuhan kawalan dan prosedur. Lembaga Pengarah telah mewujudkan proses yang berterusan untuk mengenal pasti, menilai dan mengurus risiko utama yang dihadapi oleh Kumpulan. Manakala Lembaga Pengarah mengekalkan tanggungjawab muktamadnya ke atas risiko dan isu-isu kawalan, ia telah menyerahkan kepada pihak pengurusan untuk pelaksanaan sistem pengurusan risiko dan kawalan dalaman mengikut rangka kerja yang telah ditetapkan. Rangka kerja ini merangkumi Syarikat, syarikat-syarikat subsidiari dan syarikat-syarikat bersekutu utama.

Struktur kawalan dan proses yang telah ditempatkan di seluruh Kumpulan telah dikemas kini dan disahkan secara berkala bersesuaian dengan perubahan dalam persekitaran pasaran untuk memastikan ia kukuh, dan dipandu oleh "Penyata Pengurusan Risiko dan Kawalan Dalaman - Garis Panduan bagi Pengarah Syarikat Tersenarai Awam". Proses yang berterusan ini telah dilaksanakan di sepanjang tahun kewangan yang ditinjau sehingga tarikh Penyata ini diluluskan untuk dimasukkan ke dalam Laporan Tahunan ini.



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

RISK MANAGEMENT

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 the risk management framework have been put in place in support of a sound internal control system within the Group:

- establishment of a formalised Risk Management Policy and Procedure on risks and communicated throughout the Group;
- establishment of Risk Management Committee (RMC) to assist the Board in discharging its statutory duties and responsibilities relating to risk management activities;
- establishment and review of the risk management structure, which outlines the reporting framework and responsibility of the Board, Risk Management Committee, Management, Risk Management Department and risk representatives;
- appointment of risk representatives within each division of the Group;
- reviewing and where appropriate, revising the risk parameters (qualitative and quantitative) for the Group and at the individual business unit level to strengthen effectiveness of the risk management process;
- ongoing formal and informal risk management education and training at Management and staff levels;
- continuous review and refinement of existing risk management framework model to enhance risk awareness within the Group and facilitate re-affirmation of risk prioritisation and aggregation exercises with various subsidiaries, associates, divisions and departments;

Memandangkan batasan yang wujud dalam mana-mana sistem kawalan dalaman, sistem kawalan dalaman Kumpulan adalah direka untuk mengurus risiko di dalam had 'risk appetite' yang boleh diterima, dan bukannya menghapuskan risiko kegagalan untuk mencapai objektif korporat. Oleh itu, ia hanya boleh memberi jaminan yang munasabah dan bukannya mutlak terhadap salah nyata yang ketara, penipuan atau kerugian.

PENGURUSAN RISIKO

Pengurusan telah diamanahkan oleh Lembaga Pengarah untuk menguruskan risiko dan juga untuk membangun, mengendali dan memantau sistem kawalan dalaman dan memberi jaminan kepada Lembaga Pengarah bahawa ia telah dilaksanakan selaras dengan dasar-dasar yang diguna pakai oleh Lembaga Pengarah. Jaminan bebas selanjutnya dilaksanakan oleh fungsi audit dalaman.

Unsur-unsur utama rangka kerja pengurusan risiko berikut telah dimasukkan untuk menyokong satu sistem kawalan dalaman yang baik dalam Kumpulan:

- *pembentukan Polisi dan Prosedur Pengurusan Risiko secara rasmi untuk dimaklumkan ke seluruh Kumpulan;*
- *penubuhan Jawatankuasa Pengurusan Risiko (RMC) untuk membantu Lembaga Pengarah melaksanakan kewajipan berkanunnya dan tanggungjawab yang berkaitan dengan aktiviti-aktiviti pengurusan risiko;*
- *pembentukan dan kajian semula struktur pengurusan risiko yang menggariskan rangka kerja laporan dan tanggungjawab Lembaga Pengarah, Jawatankuasa Pengurusan Risiko, Pihak Pengurusan, Jabatan Pengurusan Risiko dan wakil-wakil pengurusan risiko;*
- *pelantikan wakil pengurusan risiko bagi setiap bahagian dalam Kumpulan;*
- *mengkaji semula dan bila perlu, menyemak semula parameter risiko (kualitatif dan kuantitatif) bagi Kumpulan dan pada peringkat unit perniagaan untuk mengukuhkan keberkesanan proses pengurusan risiko;*
- *pendidikan pengurusan risiko formal dan tidak formal yang berterusan dan latihan di peringkat Pengurusan dan kakitangan;*
- *kajian semula yang berterusan dan penambahbaikan terhadap rangka kerja pengurusan risiko sedia ada untuk meningkatkan kesedaran risiko dalam Kumpulan dan pengesahan keutamaan dan penggabungan risiko kepada syarikat-syarikat subsidiari, syarikat bersekutu, bahagian dan jabatan;*



Statement on Risk Management and Internal Control

Penyata Pengurusan Risiko dan Kawalan Dalaman

- 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.

The Group will continue its focus on sound risk assessment and internal control practices to ensure the Group is well equipped to manage the various challenges arising from the dynamic business and competitive environment. Hence, risk management in the Group will be a continuous process with RMC playing pivotal oversight function. The RMC convenes on a half-yearly basis to review the strategic risks profiles and extend the risk update report to the Board of Directors.

INTERNAL AUDIT FUNCTION

The Internal Audit Department provides the Board with the assurance it requires regarding the adequacy and effectiveness of internal controls, risk management and governance systems. Internal audit independently reviews the internal control processes and risk profiles in relation to the key activities of the Group's businesses and reports directly to the Audit Committee on a quarterly basis or as appropriate. Internal audit also tests the effectiveness of the internal controls based on internal audit strategy and detailed annual internal audit plan presented to the Audit Committee at the beginning of each year. 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. The Audit Committee maintains an active oversight on the independence of the auditors as well the scope and nature of their audit. The Audit Committee also reviews to monitor the implementation of Management's action plans in mitigating any control weaknesses identified by the internal audit and to ensure that good governance is in practice. Follow-up audits are conducted to assess the implementation of audit corrective actions and recommendations.

- pelaksanaan proses penilaian menyeluruh risiko Kumpulan oleh Pengurusan, termasuk mengenal pasti risiko utama yang dihadapi oleh setiap unit perniagaan, potensi kesan dan kemungkinan berlakunya risiko tersebut, keberkesanan kawalan dan pelan tindakan untuk menguruskan risiko-risiko tersebut ke tahap yang diingini; dan
- pembangunan profil risiko Kumpulan.

Kumpulan akan terus fokus kepada penilaian risiko dan amalan kawalan dalaman yang mantap bagi memastikan Kumpulan dilengkapi dengan baik dalam menguruskan pelbagai cabaran yang timbul daripada persekitaran perniagaan yang dinamik dan kompetitif. Oleh itu, pengurusan risiko di dalam Kumpulan akan menjadi satu proses yang berterusan dengan RMC memainkan fungsi pengawasan yang penting. RMC bermesyuarat setiap setengah tahun untuk mengkaji profil risiko strategik dan memanjangkan laporan risiko terkini kepada Lembaga Pengarah.

FUNGSI AUDIT DALAMAN

Jabatan Audit Dalaman membekalkan jaminan yang diperlukan kepada Lembaga Pengarah berhubung kecukupan dan keberkesanan kawalan dalaman, pengurusan risiko dan sistem tadbir urus. Audit dalaman secara bebas mengkaji semula proses kawalan dalaman dan profil risiko yang berkaitan dengan aktiviti utama perniagaan Kumpulan dan melaporkan terus kepada Jawatankuasa Audit setiap suku tahun atau bagi tempoh bersesuaian. Audit dalaman juga menguji keberkesanan kawalan dalaman berdasarkan strategi audit dalaman dan pelan audit dalaman tahunan yang terperinci yang dibentangkan kepada Jawatankuasa Audit pada awal setiap tahun. Laporan dari penemuan audit dalaman, bersama-sama dengan cadangan untuk tindakan Pengurusan akan dikaji semula oleh Jawatankuasa Audit dan dilaporkan kepada Lembaga Pengarah oleh Jawatankuasa Audit setiap suku tahun atau mengikut tempoh bersesuaian. Jawatankuasa Audit mengekalkan pengawasan yang aktif mengenai kebebasan juruaudit serta skop dan bentuk audit mereka. Jawatankuasa Audit juga mengkaji untuk memantau pelaksanaan pelan tindakan Pengurusan dalam menangani sebarang kelemahan kawalan yang dikenal pasti oleh audit dalaman dan memastikan bahawa tadbir urus yang baik diamalkan. Audit susulan dijalankan bagi menilai pelaksanaan tindakan pembedahan dan cadangan audit.



OTHER INTERNAL 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 authority limits including defined authority limits for all business divisions within the Group;
- key business processes of the major business units are governed by formalised and documented policies and procedures;
- management and the Board are provided with regular and comprehensive financial information, which includes a review of the Group's financial performance and position;
- detailed and systematic budgetary process in which the respective heads of department and division prepare budgets for the forthcoming financial year and subsequent financial quarters; continuous monitoring of results against planned activities and variances are followed up and actions taken, where necessary; and
- the Chief Executive Officer reports to the Board on significant changes in the business and the external environment.

RELATIONSHIP WITH THE AUDITORS

The Board maintains a formal and transparent professional relationship with the auditors through the Audit Committee.

ADEQUACY AND EFFECTIVENESS OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

The Board has received assurance from the Chief Executive Officer and Chief Financial Officer that the Group's risk management and internal control system is operating adequately and effectively in all material aspects. The Board is of the view that the system of risk management and internal control is sufficient to safeguard investments, assets and the interests of all stakeholders of the Group. 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.

LAIN-LAIN PROSES KAWALAN DALAMAN

Selain daripada pengurusan risiko dan audit dalaman, unsur-unsur penting lain dalam sistem kawalan dalaman Kumpulan adalah seperti yang dinyatakan di bawah:

- takrifan jelas delegasi had kuasa termasuk takrifan had kuasa yang ditetapkan untuk semua bahagian perniagaan dalam Kumpulan;
- proses perniagaan utama di unit-unit perniagaan utama ditadbir oleh polisi dan prosedur yang formal dan didokumentasikan;
- Pengurusan dan Lembaga Pengarah dibekalkan dengan maklumat kewangan secara tetap dan menyeluruh, yang merangkumi pengkajian semula prestasi dan kedudukan kewangan Kumpulan;
- Proses belanjawan yang terperinci dan sistematik di mana ketua-ketua jabatan dan bahagian masing-masing menyediakan belanjawan bagi tahun kewangan yang akan datang dan suku tahun kewangan yang berikutnya; pemantauan berterusan terhadap hasil kerja sebenar berbanding dengan perancangan dan perbezaannya diambil tindakan susulan, jika perlu; dan
- Ketua Pegawai Eksekutif melapor kepada Lembaga Pengarah tentang perubahan penting dalam perniagaan dan persekitaran luar.

HUBUNGAN DENGAN JURUAUDIT

Lembaga Pengarah mengekalkan hubungan profesional yang formal dan telus dengan juruaudit menerusi Jawatankuasa Audit.

KECUKUPAN DAN KEBERKESANAN PENGURUSAN RISIKO KUMPULAN DAN SISTEM KAWALAN DALAMAN

Lembaga Pengarah telah menerima jaminan daripada Ketua Pegawai Eksekutif dan Ketua Pegawai Kewangan bahawa pengurusan risiko Kumpulan dan sistem kawalan dalaman beroperasi secukupnya dan berkesan dalam semua aspek material. Lembaga Pengarah berpandangan bahawa sistem pengurusan risiko dan kawalan dalaman adalah mencukupi untuk melindungi pelaburan, aset dan kepentingan semua pihak yang berkepentingan dalam Kumpulan. Tiada kerugian ketara yang berlaku dalam tahun kewangan semasa yang diakibatkan daripada kelemahan dalam kawalan dalaman. Walau bagaimanapun, Pengurusan masih terus mengambil langkah-langkah untuk mengukuhkan persekitaran kawalan.



Statement on Risk Management and Internal Control

Penyata Pengurusan Risiko dan Kawalan Dalaman

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this Internal Control Statement for inclusion in the Annual Report for the financial year ended 31 December 2012.

Based on the review in accordance with Paragraph 15.23 of Listing Requirements of Bursa Malaysia Securities Berhad, the external auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the processes adopted by the Board in reviewing the adequacy and integrity of the risk management and internal control system.

The role of the Audit Committee in relation to the internal and external auditors is described in the Report of the Audit Committee set out on pages 86 and 88 of this Annual Report.

This statement is made in accordance with the resolution of the Board of Directors dated 18 April 2013.

KAJIAN PENYATA OLEH JURUAUDIT LUAR

Juruaudit luar telah mengkaji Penyata Kawalan Dalaman ini untuk dimasukkan ke dalam Laporan Tahunan bagi tahun kewangan berakhir 31 Disember 2012.

Berdasarkan kajian selaras dengan Perenggan 15.23 Keperluan Penyenaraian Bursa Malaysia Securities Berhad, juruaudit luar telah melaporkan kepada Lembaga Pengarah bahawa tiada sebarang hal dibawa kepada perhatian mereka yang boleh menyebabkan Penyata ini menjadi tidak konsisten dengan pemahaman mereka tentang proses yang diguna pakai oleh Lembaga Pengarah dalam mengkaji kecukupan dan integriti pengurusan risiko dan sistem kawalan dalaman.

Peranan Jawatankuasa Audit berhubung dengan juruaudit dalaman dan luar dinyatakan dalam Laporan Jawatankuasa Audit yang dibentangkan di muka surat 86 dan 88 dalam Laporan Tahunan ini.

Penyata ini dibuat selaras dengan resolusi Lembaga Pengarah bertarikh 18 April 2013.



Audit Committee Report

Laporan Jawatankuasa Audit

MEMBERSHIP/KEAHLIAN

The current composition of the Audit Committee (the "Committee") is as follows:
Ahli Jawatankuasa Audit ("Jawatankuasa") terdiri dari:

Datuk Syed Abu Bakar Bin S Mohsin Almohdzar

(Chairman, Independent Non-Executive Director & MIA member)
(Pengerusi, Pengarah Bebas Bukan Eksekutif & Ahli MIA)

Datuk Azizan Bin Ayob

(Member, Non-Independent Non-Executive Director)
(Ahli, Pengarah Tidak Bebas Bukan Eksekutif)

YB Dato' Abdul Rahman Bin Datuk Haji Dahlan

(Member, Independent Non-Executive Director)
(Ahli, Pengarah Bebas Bukan Eksekutif)

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 Chief Executive Officer, 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 2012, the Audit Committee convened six (6) meetings. The details of attendance of the Committee members are as follows:-

Name Of Directors	Attendance
Datuk Syed Abu Bakar bin S Mohsin Almohdzar	6/6
Datuk Azizan bin Ayob	6/6
YB Dato' Abdul Rahman bin Datuk Haji Dahlan	6/6

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.

Ketua Pegawai Eksekutif, 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 2012, Jawatankuasa Audit telah mengadakan enam (6) mesyuarat. Maklumat kehadiran ahli-ahli Jawatankuasa Audit adalah seperti berikut:

Ahli	Kehadiran
Datuk Syed Abu Bakar bin S Mohsin Almohdzar	6/6
Datuk Azizan bin Ayob	6/6
YB Dato' Abdul Rahman bin Datuk Haji Dahlan	6/6



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
- Assess the adequacy and effectiveness of the Group's control environment, corporate governance and risk management processes in compliance with the Malaysian Code on Corporate Governance 2012.

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

Authority

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

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

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

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

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.

TERMA-TERMA RUJUKAN

Objektif Jawatankuasa Audit

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

- Menyelia laporan kewangan dan pengumuman yang berkaitan
- Menilai proses-proses audit dalaman dan luaran
- Menganggar kecukupan dan keberkesanan persekitaran kawalan Kumpulan, tadbir urus korporat serta proses pengurusan risiko sebagai mematuhi Kod Tadbir Urus Korporat Malaysia 2012.

Komposisi

Jawatankuasa dan Pengerusi hendaklah dilantik oleh Lembaga Pengarah dan terdiri tidak kurang daripada tiga (3) orang ahli, kesemuanya adalah Pengarah Bukan Eksekutif, dengan 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 sebelum setiap mesyuarat diadakan.

Kuasa

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

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

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

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

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



Duties and Responsibilities

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

Risk Management and Internal Control

- Review the adequacy and effectiveness of internal control, risk management and governance system of the Group.
- Review and recommend to the Board of Directors the 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 performance and resources adequacy of the Internal Audit Department; and approve on the annual internal audit plan.
- Oversee all matters relating to external audit including the appointment, performance, audit fee and dismissals before making recommendation to the Board.
- Review the internal and external audit reports and ensure that appropriate and prompt actions be taken by the management on major deficiencies in controls or procedures identified.

Tugas dan Tanggungjawab

Tugas dan tanggungjawab Jawatankuasa adalah seperti berikut:

Pengurusan Risiko dan Kawalan Dalaman

- *Mengkaji kecukupan dan keberkesanan sistem kawalan dalaman, pengurusan risiko dan tadbir urus Kumpulan.*
- *Mengkaji dan mengesyorkan kepada Lembaga Pengarah 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 Pasaran Utama Bursa Malaysia dan keperluan perundangan serta laporan yang lain.*

Proses Audit

- *Mengkaji prestasi dan sumber Jabatan Audit Dalaman serta meluluskan pelan tahunan audit dalaman.*
- *Menyelia segala perkara berkaitan audit luar termasuk perlantikan, prestasi, yuran audit dan pemberhentian sebelum membuat syor kepada Lembaga Pengarah.*
- *Mengkaji laporan audit luar dan dalaman dan memastikan tindakan pembetulan yang wajar dilaksanakan oleh pihak pengurusan ke atas kekurangan kawalan atau prosedur yang telah dikenal pasti.*



Audit Committee Report

Laporan Jawatankuasa Audit

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 and Statement of Internal Control and recommended to the Board for inclusion in the Annual Report.
- Reviewed the quarterly and year-end financial results prior to submission to the Board for consideration and approval.
- Reviewed the internal audit plan, methodology, functions and resources and advised on the appointment of internal audit services, if any
- Reviewed the internal audit reports and results of the follow up audit conducted by Internal Audit Department together with audit recommendation and management action.
- 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 any related party transactions that may arise within the Company and the Group.

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 Laporan Jawatankuasa Audit dan Penyata Kawalan Dalaman untuk dilaporkan dalam Laporan Tahunan.
- Mengkaji semula laporan kewangan suku tahunan dan tahunan sebelum dibentangkan kepada Lembaga Pengarah untuk pertimbangan dan kelulusan.
- Mengkaji semula perancangan audit dalaman, metodologi, fungsi dan sumber serta mengesyorkan perlantikan perkhidmatan audit dalaman, sekiranya ada.
- Mengkaji semula laporan audit dalaman serta audit susulan yang dijalankan oleh Jabatan Audit Dalaman berserta cadangan audit dan tindakan oleh pengurusan.
- Mengawal dan mengkaji semula keberkesanan sistem kawalan dalaman Kumpulan dan mengenalpasti tahap Kawalan Dalaman dan Tadbir Urus Korporat dalam Kumpulan.
- Mengkaji semula sebarang transaksi dengan pihak-pihak berkaitan yang melibatkan Syarikat serta Kumpulan.



INTERNAL AUDIT FUNCTION

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

The Internal Audit Department is to give independent and objective assurance designed to add value and improve the overall organisation's operations and governance matter. The Internal Audit Department performs internal audit reviews on the controls within the key activities of the Group's businesses with clearly defined audit strategy and annual audit plan presented to the Audit Committee.

The internal audit function adopts a risk-based audit 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, accuracy and reliability of information and assurance on the compliance with statutory and regulatory requirements as well as company policies, procedures and guidelines.
 - ii. Assessment as to whether desired results or target are achieved from the approved business direction and strategy.
 - iii. Formulating effective recommendations to the Management for any improvement, or measures in addressing the gaps.
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 governed with appropriate internal controls.

FUNGSI AUDIT DALAMAN

Lembaga Pengarah dan Jawatankuasa dibantu oleh Jabatan Audit Dalaman untuk mengekalkan sistem pengawasan dalaman yang berkesan bagi memberikan kepastian yang munasabah kepada ketidaktentuan yang mungkin timbul dalam operasi harian.

Jabatan Audit Dalaman bertanggungjawab untuk memberi jaminan yang bebas dan objektif serta menambah nilai dan memperbaiki keseluruhan operasi Syarikat dan tadbir urus. Audit Dalaman mengkaji kawalan aktiviti-aktiviti utama perniagaan Kumpulan dengan berasaskan strategi dan pelan tahunan audit yang diserahkan kepada Jawatankuasa Audit untuk kelulusan.

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

1. *Mengkaji semula serta menilai amalan-amalan pengurusan dan prosedur-prosedur di dalam Kumpulan di mana kajian tersebut adalah termasuk tetapi tidak terhad kepada:*
 - i. *Penilaian ke atas sistem kawalan dalaman, tadbir urus korporat dan penilaian risiko untuk mengenalpasti kemampuan mereka bagi melindungi aset dan sumber Syarikat, penghasilan maklumat yang tepat dan boleh dipercayai dan memastikan polisi, prosedur dan garis panduan dipatuhi.*
 - ii. *Penilaian sama ada pencapaian atau sasaran yang dicapai daripada halatuju perniagaan dan strategi yang diluluskan.*
 - iii. *Mengesyorkan kepada Pengurusan sebarang pembaikan atau pembetulan langkah-langkah dalam menangani jurang.*
2. *Menjalankan kajian-kajian khas ke atas mana-mana masalah yang timbul sebagaimana yang diarahkan oleh Jawatankuasa dan pihak Pengurusan.*
3. *Mengkaji semula sistem-sistem kewangan, operasi dan maklumat yang sedia ada bagi memastikan kesemuanya ditadbir dengan kawalan dalaman yang sewajarnya.*



Audit Committee Report

Laporan Jawatankuasa Audit

4. Prepare formal reports on the results of completed reviews, discuss these reports with appropriate levels of management, as deemed appropriate.
5. Conduct follow up reviews on prior recommendations to determine the speed in addressing audit issues and concerns on previously reported conditions.

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.

Twenty (20) audit reports were issued and presented to the Audit Committee in 2012 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 2012 was RM1.4 million. At the end of financial year, the department was supported by a total strength of ten (10) internal auditors.

4. Menyediakan laporan-laporan formal ke atas hasil kajian dan membincangkan laporan-laporan tersebut dengan pihak Pengurusan.
5. Menjalankan tindakan susulan terhadap cadangan-cadangan yang disyorkan bagi mengenalpasti tahap kepantasan dalam menangani isu-isu dan kebimbangan perkara yang dilaporkan.

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

Sebanyak dua puluh (20) laporan audit telah dikeluarkan dan dibentangkan kepada Jawatankuasa Audit dalam tahun 2012 untuk makluman dan tindakan mereka. Hanya telah dibincangkan oleh Jawatankuasa dan diambil tindakan oleh pihak Pengurusan. Jumlah keseluruhan kos yang dibelanjakan pada tahun kewangan 2012 adalah RM1.4 juta. Pada akhir tahun kewangan, jabatan ini disokong oleh sepuluh (10) orang kakitangan audit dalaman.



List of Landed Properties

Senarai Hartanah

as at/pada 31 December 2012

Location	Description & Existing Use	Tenure & Expiry Date	Age of Buildings	Net Book Value @ 31 December 2012 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	36,000,000.00	26 August 2006 1 January 2011
Lot No. 3802 Batu 6 2/4, Jalan Klinik Bukit Kemuning, Seksyen 32 40460 Selangor	Vacant Land	Freehold	N/A	24,000,000.00	22 September 2002 & 1 January 2011
Lot No. 66, Hicom Glenmarie Industrial Park (Phase 1) HS (D) 136183, PT No.1 Bandar Glenmarie Daerah Petaling Jaya, Selangor	Building	Freehold	17	5,763,244.66	20 April 2004
Lot No. 8, Jalan 25/123 Seksyen 25, 40000 Shah Alam Selangor	Building	Freehold	15	3,252,937.10	20 April 1995 & 14 November 2005
No. 8, Jalan Subang 6 Taman Perindustrian Subang 47630 Subang Jaya, Selangor	Single Storey Warehouse	79 years 12 June 2089	18	11,688,602.00	20 September 2010 28 September 2010
KEDAH					
Lot No. 1451 & 1452, Batu 18 1/2 Jalan Kodiang, Mukim Padang Perahu Kubang Pasu, 60000 Jitra, Kedah	Business Land & Building	Freehold	16	10,859,856.16	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	3,896,833.08	29 April 2005
JOHOR					
PLO 442, Jalan Wawasan 16 Kaw. Perindustrian Sri Gading 2 83300 Batu Pahat, Johor	Warehouse, Plant and Office Building	60 years 23 March 2065	4	993,642.00	24 March 2005 27 July 2009



List of Landed Properties

Senarai Hartanah

as at/pada 31 December 2012

Location	Description & Existing Use	Tenure & Expiry Date	Age of Buildings	Net Book Value @ 31 December 2012 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	5	3,690,856.01	15 July 2004
Lot 85(A), Kompleks Perindustrian Sedco Likas, Lorong Mega 1 88995 Kolombong, Inanam, Sabah	Business Land & Building	31 December 2034	7	8,906,593.71	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	9	2,808,730.60	19 December 2003
Lot 1019, Kawasan Perindustrian Kidurong, 97000 Bintulu, Sarawak	Business Land & Building	9 May 2051	15	1.00	18 January 1996
No. 96-M, Lot 2654-2656 Block 195 KNLD, Jln Green 93150, Kuching Sarawak	Building	April 2063	11	1,997,346.49	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	3	8,238,654.58	24 March 2009



Analysis of Shareholding*Analisa Pegangan Saham*

as at/pada 2 May 2013

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")	50,709,944	-	10.78
Restu Jernih Sdn Bhd ("RJSB")	-	392,085,415	83.35 ⁽¹⁾
Tan Sri Dato' Seri Syed Mokhtar Shah bin Syed Nor	-	392,085,415	83.35 ⁽²⁾

⁽¹⁾ Deemed interested by virtue of its direct interest in PL

⁽²⁾ Deemed interested by virtue of his interest in 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	722	22,242	0.00
100 – 1,000	600	461,510	0.10
1,001 – 10,000	4,076	10,685,633	2.27
10,001 – 100,000	235	5,521,500	1.17
100,001 to less than 5% issued shares	15	61,625,201	13.10
5% and above of issued shares	2	392,085,415	83.35



Analysis of Shareholding

Analisa Pegangan Saham

as at/pada 2 May 2013

CATEGORY OF SHAREHOLDER FOR EACH CLASS

Category	No. of holders	No. of shares	%
Individuals	5,323	15,556,025	3.31
Banks/Finance Companies	5	35,687	0.01
Trusts/Foundation/Charity	41	17,901,006	3.81
Private/Limited Companies	102	1,408,570	0.30
Government Agencies/Institutions	3	16,413,006	3.49
Nominees	176	419,087,207	89.09

TOP THIRTY (30) SHAREHOLDERS

No.	Shareholders	Amount of Shareholdings	% of Shareholdings
1	MAYBAN NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SEC A/C FOR TRADEWINDS (M) BERHAD</i>	341,375,471	72.57
2	MAYBAN NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SEC A/C FOR PERSPECTIVE LANE (M) SDN BHD</i>	50,709,944	10.78
3	AIBB NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR BATU BARA RESOURCES CORPORATION SDN BHD</i>	20,096,000	4.27
4	PERTUBUHAN PELADANG KEBANGSAAN	17,472,006	3.71
5	PERSATUAN NELAYAN KEBANGSAAN (NEKMAT)	16,092,006	3.42
6	HLIB NOMINEE (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR ILUSTRASI HIKMAT SDN BHD</i>	3,532,403	0.76
7	CIMSEC NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SEC ACCOUNT FOR BATU BARA RESOURCES CORPORATION SDN BHD</i>	2,000,000	0.42
8	BATU BARA SDN BHD	509,800	0.11
9	TAN GIM HOE	397,500	0.08
10	RHB NOMINEES (ASING) SDN BHD <i>DMG & PARTNERS SECURITIES PTE LTD</i>	323,500	0.07
11	MENTERI BESAR INCORPORATION	315,000	0.07
12	CITIGROUP NOMINEES (ASING) SDN BHD <i>PLEDGED SECURITIES EXEMPT AN ACCOUNT FOR UBS FINANCIAL SERVICES INC (SP CTDY EXCL CL)</i>	183,486	0.04



Top Thirty (30) Shareholders (cond't)

No.	Shareholders	Amount of Shareholdings	% of Shareholdings
13	CHENG KOK SANG	181,500	0.04
14	ONG LIAN SIEW	150,000	0.03
15	GOH AI HWA	144,000	0.03
16	MOHD IBRAHIM BIN MOHD NOR	121,500	0.03
17	GAN CHING LAI	106,500	0.02
18	WONG KEAT HONG	100,000	0.02
19	CARTABAN NOMINEES (ASING) SDN BHD <i>EXEMPT AN FOR BANK SARASIN AND CIE AG, SINGAPORE</i>	100,000	0.02
20	BBP CASTLE SDN BHD	92,000	0.02
21	LEMBAGA TABUNG AMANAH WARISAN NEGERI TERENGGANU	90,000	0.02
22	LU TING	80,000	0.02
23	VICTOR CLARENCE BAPTIST	78,500	0.02
24	HONG CHOW CHIN	75,000	0.02
25	TAN SEN HUAT	75,000	0.02
26	THENG SUN LIAW	70,000	0.01
27	WONG LOK JEE @ ONG LOK JEE	62,000	0.01
28	LIEW LIAN HEONG	61,500	0.01
29	NORHIZAH BINTI SAID	57,750	0.01
30	MAYBAN NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SEC ACCOUNT FOR LEE CHONG GEE</i>	55,000	0.01



Corporate Directory

Direktori Korporat

RICE BUSINESS/PERNIAGAAN BERAS

No./Bil	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, 05460 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	TEL : 088-257 510 FAX : 088-253 517
		Ibu Pejabat Wilayah Sarawak No. 96-M, Lot 2654-2656, Block 195 KNLD Jalan Green, 93150 Kuching, Sarawak	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 : 086-355 002/317
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 0878/5878 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 5, Likas Bharu (Nountun), Lorong Anggur Visa Industrial Estate, 88450 Kota Kinabalu Sabah	TEL : 088-381252/381253 FAX : 088-433539
12	Sazarice Sdn Bhd (385374-U)	Lot 85, Kompleks Perindustrian SEDCO Likas, 88999 Kolombong, Inanam, Kota Kinabalu, Sabah	TEL : 088-433 586/640 FAX : 088-433 539



RICE BUSINESS/PERNIAGAAN BERAS (cont'd/samb.)

No./Bil	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 3368/3792 FAX : 03-8724 3763

OTHER BUSINESS/PERNIAGAAN LAIN

No./Bil	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./Bil	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./Bil	Company/Syarikat	Address/Alamat	Contact/Talian
ZON PERLIS			
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
ZON UTARA 1			
5	Kodiang	KBB Kodiang, 06100 Kodiang, Kedah	TEL : 04-925 5346 FAX : 04-925 2877
6	Megat Dewa	KBB Megat Dewa, 06510 Alor Setar Kedah	TEL : 04-925 1349 FAX : 04-925 1679
7	Jitra	KBB Jitra, 06000 Jitra, Kedah	TEL : 04-917 1235 FAX : 04-917 3032
8	Pering	KBB Pering, Jalan Sanglang 06000 Kodiang, Kedah	TEL : 04-925 2673 FAX : 04-925 3526
9	Kerpan	KBB Kerpan, 06510 Alor Setar, Kedah	TEL : 04-794 0228 FAX : 04-794 9671
ZON UTARA 2			
10	Jerlun	KBB Jerlun, 06150 Alor Setar, Kedah	TEL : 04-794 0229 FAX : 04-794 9669
11	Sungai Baru	KBB Sg. Baru, 06250 Alor Setar, Kedah	TEL : 04-733 0896 FAX : 04-733 2173
12	Kangkong	KBB Kangkong, 06650 Alor Setar, Kedah	TEL : 04-764 1278 FAX : 04-764 2137
13	Telok Kechai	KBB Telok Kechai, 06600 Kuala Kedah Kedah	TEL : 04-762 1844 FAX : 04-762 1103



BERNAS RICE MILLS/KILANG BERAS BERNAS (KBB) (cont'd/samb.)

No./Bil	Company/Syarikat	Address/Alamat	Contact/Talian
ZON UTARA 3			
14	Guar Chempedak	KBB Guar Chempedak, 08800 Gurun Kedah	TEL : 04-468 0694 FAX : 04-468 1618
15	Bukit Besar	KBB Bukit Besar, 06800 Alor Setar Kedah	TEL : 04-769 1297 FAX : 04-769 3414
16	Bukit Raya	KBB Bukit Raya, 06700 Pendang Kedah	TEL : 04-759 6227 FAX : 04-759 7429
17	Sungai Limau	KBB Sungai Limau, 06910 Yan Kedah	TEL : 04-769 3616 FAX : 04-769 3617
18	Paya Keladi	KBB Paya Keladi, 13200 Kepala Batas Pulau Pinang	TEL : 04-575 7558 FAX : 04-575 1148
ZON PERAK			
19	Sungai Manik	KBB Sungai Manik, 36000 Telok Intan Perak	TEL : 05-623 4542 FAX : 05-621 2551
20	Changkat Lada	KBB Changkat Lada, 36800 Kampong Gajah, Perak	TEL : 05-655 1872 FAX : 05-655 1875
21	Sungai Ranggung	KBB Sungai Ranggung, 36800 Kampong Gajah, Perak	TEL : 05-655 1428 FAX : 05-655 1608
22	Simpang Lima	KBB Simpang Lima, 34200 Parit Buntar Perak	TEL : 05-716 1279 FAX : 05-716 4795
ZON TIMUR			
23	Tumpat	KBB Tumpat, 16200 Tumpat, Kelantan	TEL : 09-725 7377 FAX : 09-725 7334
24	Peringat	KBB Peringat, 16400 Melor, Kota Bharu Kelantan	TEL : 09-712 8389 FAX : 09-712 7310
25	Pasir Putih	KBB Pasir Putih, 16800 Pasir Putih Kelantan	TEL : 09-786 6330 FAX : 09-786 9927
26	Bukit Kenak	KBB Bukit Kenak, 22000 Jerneh Terengganu	TEL : 09-697 1221 FAX : 09-697 1412



Corporate Directory
Direktori Korporat**BERNAS RICE MILLS/KILANG BERAS BERNAS (KBB) (cont'd/samb.)**

No./Bil	Company/Syarikat	Address/Alamat	Contact/Talian
ZON TENGAH			
27	Sungai Besar	KBB Sungai Besar, 45300 Sungai Besar Selangor	TEL : 03-3224 2204 FAX : 03-3224 1601
28	Kuala Rompin	KBB Rompin, 26800 Kuala Rompin, Pahang	TEL : 09-414 6575 FAX : 09-414 5793
29	Seri Tiram Jaya	KBB Seri Tiram Jaya, 45500 Tanjung Karang Selangor	TEL : 03-3269 8101 FAX : 03-3269 8568
30	Sekinchan	KBB Sekinchan, 45400 Sekinchan, Selangor	TEL : 03-3241 0001 FAX : 03-3241 1300
31	Bagan Terap	KBB Bagan Terap, 45300 Sungai Besar Selangor	TEL : 03-3216 4240 FAX : 03-3224 7025/1601

BAHAGIAN PENGURUSAN BENIH

32	Langgar	KBB Langgar, 06650 Langgar, Kedah	TEL : 04-787 6571 FAX : 04-787 7116
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BERNAS DISTRIBUTION CENTRES/WAREHOUSES/PUSAT PENGEDARAN/GUDANG BERNAS

CENTRAL/TENGAH			
No./Bil	Company/Syarikat	Address/Alamat	Contact/Talian
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



**BERNAS DISTRIBUTION CENTRES/WAREHOUSES/PUSAT PENGEDARAN/GUDANG BERNAS
(cont'd/samb.)**

CENTRAL (cont'd/samb.)

No./Bil	Company/Syarikat	Address/Alamat	Contact/Talian
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
10	Gudang BERNAS Gebeng	Gudang Gebeng 2, Lot 63-66, Jalan Gebeng 1/6, Kawasan Perindustrian Gebeng Kuantan, Pahang	TEL : 09-5833 632 FAX : 09-5833 445

NORTH/UTARA

No./Bil	Company/Syarikat	Address/Alamat	Contact/Talian
11	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
12	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
13	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
14	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



Corporate Directory
*Direktori Korporat***BERNAS DISTRIBUTION CENTRES/WAREHOUSES/PUSAT PENGEDARAN/GUDANG BERNAS
(cont'd/samb.)****PASIR GUDANG**

No./Bil	Company/Syarikat	Address/Alamat	Contact/Talian
15	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
16	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
17	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
18	Gudang PGU/DN	Plot 271, Jalan Gangsa 81700 Pasir Gudang, Johor	TEL : 07-251 5300 FAX : 07-251 5300
19	Gudang BERNAS PGU/USB-A	Blok A, HSD 444056, PTD 194763 Mukim Plentong, Johor Bahru, Johor	TEL : 07-386 1581 FAX : 07-386 1582
20	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

No./Bil	Company/Syarikat	Address/Alamat	Contact/Talian
21	Gudang Lendu A & B (EBN)	Lot 451, Mukim Kelemak, 78000 Alor Gajah Melaka	TEL : 06-556 2868 FAX : 06-556 2505
22	Gudang Kempas A, B & C (EBN)	Lot 6600, Jalan Kempas Baru, 81200 Johor	TEL : 07-234 4526 FAX : 07-254 4527
23	Gudang Chendering A & B (EBN)	Gudang EBN, Jalan Kubang Ikan, 21080 Kuala Terengganu, Terengganu	TEL : 09-616 1551 FAX : 09-616 1552
24	Gudang Bukit Raya (BERNAS)	Lot PT S28 & 30, Mukim Bukit Raya Pendang, Kedah	TEL : 04-759 6227 FAX : 04-759 7429



**BERNAS DISTRIBUTION CENTRES/WAREHOUSES/PUSAT PENGEDARAN/GUDANG BERNAS
(cont'd/samb.)**

EAST MALAYSIA/TIMUR

No./Bil	Company/Syarikat	Address/Alamat	Contact/Talian
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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, Komplek Perindustrian Sedco Likas Inanam, Kota Kinabalu, Sabah	TEL : 088-423 267 FAX : 088-422 322
3	Gudang Kota Kinabalu (3)	BCSB, Batu 17 1/2, 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
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 Sibu	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 19th Annual General Meeting (“AGM”) of Padiberas Nasional Berhad (“the Company”) will be held at Mahkota Ballroom, Ballroom Level, Hotel Istana Kuala Lumpur, 73 Jalan Raja Chulan, 50200 Kuala Lumpur on Tuesday, 25 June 2013 at 10.00 a.m. for the following purposes:-

As Ordinary Business, to consider and if thought fit, to pass the following resolutions:

Ordinary Resolutions

- | | |
|--|--------------------------------------|
| 1. “THAT the Audited Financial Statements of the Company for the financial year ended 31 December 2012 and the Directors’ Report and Auditors’ Report thereon be and are hereby received.” | Refer to
Explanatory Note |
| 2. “THAT Datuk Wira Ismail bin Saleh, who was appointed after the last AGM 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.” | Resolution 1 |
| 3. “THAT Dato’ Siti Halimah binti Ismail, who was appointed after the last AGM 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. | Resolution 2 |
| 4. “THAT Datuk Syed Abu Bakar bin S Mohsin Almohdzar, who retires in accordance with Article 115 of the Company’s Articles of Association, be and is hereby re-elected a Director of the Company.” | Resolution 3 |
| 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 (“Act”) be and is hereby re-appointed as a Director of the Company pursuant to Section 129 (6) of the Act, to hold office until the conclusion of the next AGM.” | Resolution 4 |
| 6. “THAT Messrs Ernst & Young, who are eligible and have given their consent for reappointment, be and are hereby re-appointed Auditors of the Company until the conclusion of the next AGM at a remuneration to be determined by the Directors.” | Resolution 5 |

As Special Business, to consider and if thought fit, to pass the following resolutions:

Ordinary Resolution

- Proposed Shareholders’ Mandate for the Company and its subsidiary Companies (“BERNAS Group”) to enter into Recurrent Related Party Transactions of a Revenue or Trading Nature specified in the Circular to Shareholders dated 30 May 2013:



“THAT the approval be and is hereby given to the BERNAS Group to enter into the recurrent related party transaction of a revenue or trading in nature specified and set out in Section 3.2 of the Circular (“Mandate”) provided that such transactions are (i) in the ordinary course of business and necessary for day-to-day operations of the BERNAS Group and (ii) on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company AND THAT unless revoked or varied by the resolutions of the shareholders of the Company in general meeting, the Mandate shall continue to be in force until the conclusion of the next AGM of the Company or the expiration of the period within which the next AGM is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extensions as may be allowed pursuant to Section 143(2) of the said Act) whichever is earlier.

AND FURTHER THAT the BERNAS Group be and are hereby authorised to enter into and execute all such agreements, instruments, documents and deeds and to do all acts, deeds and things necessary, expedient and advisable for and in respect of the Mandate and the transactions contemplated and/or authorised by the Mandate.”

Resolution 6

Special Resolution

8. Proposed Amendment to the Articles of Association of the Company (“Proposed Amendment”)

“THAT the existing Article 97(4) be and is hereby deleted in its entirety and be replaced with the following new Article 97(4):-

Existing Article 97(4)

Where a member of the Company is an authorised nominee as defined under the Central Depositories Act, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

Proposed New Article 97(4)

- (a) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (“omnibus account”), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- (b) An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 (“SICDA”) which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.

“AND THAT the Board be and is hereby authorised to sign, execute and deliver on behalf of the Company all necessary documents, and also such acts as may be required or relevant for and in connection with and to give effect to and implement the Proposed Amendment with full power to assert any conditions, modifications, variations and/or amendments in any manner as may be imposed or permitted by the relevant authorities.”

Resolution 7

BY ORDER OF THE BOARD

NASLIZA BINTI MOHD NASIR (LS0008653)

Company Secretary

Kuala Lumpur

30 May 2013



Notice of Annual General Meeting

Explanatory Notes on Resolutions:

- Agenda 1 This Agenda item is for discussion only under the provisions of Section 169(1) of the Companies Act, 1965 and Company's Articles of Association, the audited financial statements do not require the formal approval of shareholders and hence, the matter will not be put forward for voting.
- Resolution 6 For further information, please refer to the Circular of Shareholders dated 30 May 2013 accompanying this Annual Report 2012.
- Resolution 7 The Proposed Amendment, if passed, will align Article 97(4) of the Articles of Association of the Company with the requirement of Paragraph 7.21 of Main Market Listing Requirement of Bursa Malaysia Securities Berhad to allow a member who is an exempt authorised nominee to appoint multiple proxies for each omnibus account it holds.

Proxy:

- i. In respect of the deposited securities only, members whose names appear in the Record of Depositors on 19 June 2013 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at this 19th AGM.
- ii. A member of the Company who is entitled to attend and vote at this meeting is entitled to appoint a proxy or not more than two (2) proxies to attend and vote in his stead. A proxy need not be a member of the Company.
- iii. Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
- iv. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or if the appointor is a corporation, either under its common seal or under the hand of an officer or attorney of the corporation duly authorised.
- v. The instrument appointing a proxy must be deposited at the Share Registrar's office, 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 meeting.



Notis Mesyuarat Agung Tahunan

DENGAN INI DIMAKLUMKAN BAHAWA Mesyuarat Agung Tahunan Padiberas Nasional Berhad (“Syarikat”) yang ke-19 akan diadakan di Mahkota Ballroom, Ballroom Level, Hotel Istana Kuala Lumpur, 73 Jalan Raja Chulan, 50200 Kuala Lumpur pada hari Selasa, 25 Jun 2013 jam 10.00 pagi, bagi tujuan berikut:-

Sebagai Urusan Biasa, untuk pertimbangan dan jika difikirkan wajar, meluluskan resolusi-resolusi berikut:

Resolusi-resolusi Biasa

- | | |
|--|---|
| 1. “BAHAWA Penyata Kewangan Yang Telah Diaudit bagi tahun kewangan berakhir 31 Disember 2012 beserta Laporan Pengarah dan Juruaudit mengenainya diterima.” | Rujuk kepada
Nota Penjelasan |
| 2. “BAHAWA Datuk Wira Ismail bin Saleh, yang dilantik selepas Mesyuarat Agung Tahunan yang lalu dan bersara menurut Artikel 110 (2), Tataurusan Syarikat, dengan ini dilantik semula sebagai Pengarah Syarikat.” | Resolusi 1 |
| 3. “BAHAWA Dato’ Siti Halimah Binti Ismail, yang dilantik selepas Mesyuarat Agung Tahunan yang lalu dan bersara menurut Artikel 110 (2), Tataurusan Syarikat, dengan ini dilantik semula sebagai Pengarah Syarikat.” | Resolusi 2 |
| 4. “BAHAWA Datuk Syed Abu Bakar bin S Mohsin Almohdzar, yang bersara menurut Artikel 115, Tataurusan Syarikat dengan ini dilantik semula sebagai Pengarah Syarikat.” | Resolusi 3 |
| 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 (“Akta Syarikat”), dengan ini dilantik semula menurut Seksyen 129(6), Akta Syarikat sebagai Pengarah Syarikat dan kekal sebagai Pengarah sehingga berakhirnya tempoh Mesyuarat Agung Tahunan yang akan datang.” | Resolusi 4 |
| 6. “BAHAWA Tetuan Ernst & Young, 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.” | Resolusi 5 |

Sebagai Urusan Khas, untuk pertimbangan dan jika difikirkan wajar, meluluskan resolusi-resolusi berikut:

Resolusi Biasa

7. Cadangan Mandat Daripada Pemegang-Pemegang Saham Bagi Membenarkan Syarikat untuk memasuki Transaksi yang Berulang yang Melibatkan Pihak Berkaitan yang Menjana Hasil atau Perdagangan sepertimana yang dinyatakan di dalam Pekeliling kepada Pemegang Saham bertarikh 30 Mei 2013:



Notis Mesyuarat Agung Tahunan

"BAHAWA kelulusan diberikan kepada Syarikat untuk memasuki transaksi berulang yang menjana hasil atau perdagangan dengan pihak yang berkaitan sebagaimana yang dinyatakan pada Seksyen 3.2, Pekeliling Pemegang-pemegang Saham yang diperlukan untuk urusan biasa dan urusan harian Syarikat ("Mandat") dengan syarat (i) transaksi adalah di dalam urusan biasa dan (ii) berasaskan terma-terma perdagangan biasa yang tidak memberi sebarang kelebihan kepada pihak berkaitan berbanding dengan terma-terma umum yang biasa tersedia bagi orang awam dan tidak menjejaskan pemegang-pemegang saham minoriti Syarikat DAN BAHAWA melainkan dibatalkan atau dipinda menerusi resolusi yang diluluskan oleh pemegang saham dalam mesyuarat agung, Mandat ini akan berkuatkuasa sehingga Mesyuarat Agung Tahunan Syarikat yang akan datang atau berakhirnya tempoh di mana Mesyuarat Agung Tahunan Syarikat sepatutnya diadakan menurut Seksyen 143, Akta Syarikat, 1965 ("Akta") (tetapi tempoh lanjutan tidak boleh melebihi tempoh yang dibenarkan di dalam Akta tersebut).

DAN DENGAN ini memberi kuasa kepada para Pengarah dan/atau salah seorang Pengarah untuk menyempurnakan dan melaksanakan semua tindakan (termasuk menandatangani mana-mana dokumen yang berkaitan) untuk memberi kesan kepada transaksi yang dinyatakan di atas dan/atau sepertimana yang dibenarkan oleh Resolusi Biasa ini."

Resolusi 6

Resolusi Khas

8. Cadangan Pindaan Tataurusu Syarikat ("Cadangan Pindaan")

"Bahawa Artikel 97(4) sedia ada dipinda keseluruhannya dan digantikan dengan Artikel 97(4) baru seperti berikut:-

Artikel 97(4) Sedia ada

Di mana seseorang anggota Syarikat adalah pemegang akaun nomini yang dikecualikan seperti yang ditakrifkan di bawah Akta Depositori Pusat, ia boleh melantik sekurang-kurangnya seorang proksi bagi setiap akaun sekuriti yang dipegangnya dan saham-saham biasa Syarikat yang dipegangnya berada dalam kedudukan kredit bagi akaun sekuriti tersebut.

Cadangan Artikel 97(4) Baru

- (a) Jika seseorang anggota Syarikat adalah pemegang akaun nomini yang dikecualikan yang memegang saham-saham biasa dalam Syarikat untuk beberapa pemilik benefisial dalam satu akaun sekuriti ("akaun omnibus"), tiada had bilangan proksi yang boleh dilantik oleh pemegang akaun nomini yang dikecualikan bagi setiap akaun omnibus yang dipegangnya.
- (b) Pemegang akaun nomini yang dikecualikan adalah merujuk kepada nomini yang diberi kuasa yang ditakrifkan di bawah Akta Sekuriti Industri (Depositori Pusat) 1991 ("SICDA") yang dikecualikan daripada mematuhi peruntukan subseksyen 25A (1), SICDA.

"DAN BAHAWA Lembaga Pengarah adalah dengan ini diberi kuasa untuk menandatangani, melaksanakan dan menyerahkan bagi pihak Syarikat semua dokumen yang diperlukan yang berkaitan dengan Cadangan Pindaan tersebut".

Resolusi 7

DENGAN PERINTAH LEMBAGA PENGARAH

NASLIZA BINTI MOHD NASIR (LS0008653)

Setiausaha Syarikat
Kuala Lumpur
30 Mei 2013



Nota Penerangan Resolusi:

- Agenda 1 *Agenda ini adalah untuk perbincangan sahaja di bawah peruntukkan Seksyen 169(1), Akta Syarikat, 1965 dan Artikel Syarikat, Penyata Kewangan Yang Telah Di Audit tidak memerlukan kelulusan daripada Pemegang Saham. Oleh itu, agenda ini tidak dikemukakan untuk mengundi.*
- Resolusi 6 *Untuk maklumat sepenuhnya, rujuk pada Pekeliling Pemegang Saham bertarikh 30 Mei 2013 yang disertakan bersama Laporan Tahunan 2012 ini.*
- Resolusi 7 *Cadangan Pindaan, sekiranya diluluskan, akan menyelaraskan Artikel 97(4), Artikel Syarikat dengan Para 7.21 Keperluan Penyenaian Pasaran Utama Bursa Malaysia Securities Berhad untuk membenarkan pemegang akaun nomini yang dikecualikan untuk melantik beberapa proksi bagi setiap akaun omnibus yang dipegangnya.*

Proksi:

- i. Berkaitan dengan sekuriti yang didepositkan sahaja, ahli-ahli yang berdaftar di dalam Rekod Pendeposit pada 19 Jun 2013 (Rekod Pendeposit Mesyuarat Agung) adalah berhak untuk hadir, bersuara dan mengundi di Mesyuarat Agung Tahunan ke-19.*
- ii. 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.*
- iii. Apabila seseorang pemegang saham melantik dua orang proksi, perlantikan tersebut akan menjadi tidak sah kecuali nisbah pegangan beliau yang akan diwakili oleh setiap proksi dinyatakan.*
- iv. 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, samada di meterai rasmi atau ditandatangani oleh pegawai atau peguam yang dilantik yang telah diberi kuasa.*
- v. 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.*



Statement Accompanying Notice of Annual General Meeting

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

1. Datuk Wira Ismail bin Saleh was appointed on 3 October 2012 and is seeking for re-election at the 19th Annual General Meeting of the Company. His profile is set out in the Profile of Directors on page 20.
2. Dato' Siti Halimah binti Ismail was appointed on 2 May 2013 and is seeking for re-election at the 19th Annual General Meeting of the Company. Her profile is set out in the Profile of Directors on page 16.
3. Datuk Syed Abu Bakar bin S Mohsin Almohdzar was appointed on 22 November 2005 and is seeking for re-election at the 19th Annual General Meeting of the Company. His profile is set out in the Profile of Directors on page 18.
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 19th Annual General Meeting pursuant to the Companies Act, 1965. His profile is set out in the Profile of Directors on page 14.

Penyata yang Disertakan Bersama Notis Mesyuarat Agung Tahunan

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

1. *Datuk Wira Ismail bin Saleh dilantik pada 3 Oktober 2012 dan menawarkan diri untuk dilantik semula pada Mesyuarat Agung Tahunan Syarikat ke-19. Profil beliau dirujuk pada mukasurat 20.*
2. *Dato' Siti Halimah binti Ismail dilantik pada 2 Mei 2013 dan menawarkan diri untuk dilantik semula pada Mesyuarat Agung Tahunan Syarikat ke-19. Profil beliau dirujuk pada mukasurat 16.*
3. *Datuk Syed Abu Bakar bin S Mohsin Almohdzar dilantik pada 22 November 2005 dan menawarkan diri untuk dilantik semula pada Mesyuarat Agung Tahunan Syarikat ke-19. Profil beliau dirujuk pada mukasurat 18.*
4. *Dato' Wira Syed Abdul Jabbar bin Syed Hassan dilantik pada 10 Julai 2006, kini berusia lebih 70 tahun menawarkan diri untuk dilantik semula pada Mesyuarat Agung Tahunan Syarikat ke-19 menurut Akta Syarikat, 1965. Profil beliau dirujuk pada mukasurat 14.*



FINANCIAL STATEMENTS

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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 2012.

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 of 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 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 for the year	117,438	127,323
Attributable to:		
Shareholders of the Company	109,942	127,323
Non-controlling interests	7,496	-
	<u>117,438</u>	<u>127,323</u>

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, other than as disclosed in the financial statements.



Dividends

The amount of dividends paid by the Company since 31 December 2011 were as follows:

RM'000

In respect of the financial year ended 31 December 2011, as reported in the directors' report of that year:

Second interim dividend of 15% taxable dividend less 25% taxation on 470,401,501 ordinary shares declared on 24 April 2012 and paid on 1 June 2012	52,920
Final dividend of 5% taxable dividend less 25% taxation on 470,401,501 ordinary shares declared on 25 May 2012 and paid on 13 July 2012	<u>17,640</u>
	<u>70,560</u>

In respect of the financial year ended 31 December 2012:

First interim dividend of 12% taxable dividend less 25% taxation on 470,401,501 ordinary shares declared on 18 December 2012 and paid on 29 January 2013	<u>42,336</u>
	<u>112,896</u>

The directors do not propose the payment of any final dividend for the current financial year.

Directors

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

Dato' Wira Syed Abdul Jabbar Bin Syed Hassan	(Chairman)
Datuk Azizan Bin Ayob	
YB Dato' Abdul Rahman Bin Datuk Haji Dahlan	
Datuk Syed Abu Bakar Bin S. Mohsin Almohdzar	
Dato' Che Mohd Hashim Bin Abdullah *	
Dato' Sri Dr Mohd Irwan Serigar Bin Abdullah *	
Datin Naimah Binti Ramli ^	
Datuk Wira Ismail Bin Saleh	(Appointed on 3 October 2012)
Dato' Siti Halimah Binti Ismail ^^	(Appointed on 2 April 2013)
Datuk Bakry Bin Hamzah	(Retired on 30 November 2012)
Chuah Seong Tat@Chuah Chee Tat	(Resigned on 15 March 2012)

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

^ Alternate Director to Dato' Che Mohd Hashim Bin Abdullah.

^^ Alternate Director to Dato' Sri Dr Mohd Irwan Serigar Bin Abdullah.



Directors' Report

Directors' benefits

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire by means of the acquisition of shares in or debentures of the Company or any other body corporate.

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 the director is a member, or with a company in which the director 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 2012	Bought	Sold	31 December 2012
Direct interests:				
- Dato' Wira Syed Abdul Jabbar Bin Syed Hassan	40,000	-	-	40,000
- Datuk Azizan Bin Ayob	10,000	-	-	10,000

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:
- 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
 - 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.



Other statutory information (contd.)

- (b) At the date of this report, the directors are not aware of any circumstances which would render:
 - (i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and
 - (ii) the values attributed to current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
 - (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the directors:
 - (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations as and 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.



Directors' Report

Auditors

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 18 April 2013.

Dato' Wira Syed Abdul
Jabbar Bin Syed Hassan

Datuk Syed Abu Bakar Bin
S Mohsin Almohdzar



Statement by Directors

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

We, Dato' Wira Syed Abdul Jabbar Bin Syed Hassan and Datuk Syed Abu Bakar Bin S Mohsin Almohdzar, 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 10 to 117 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of 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 2012 and of their financial performance and cash flows for the year then ended.

The information set out in Note 43 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 18 April 2013.

Dato' Wira Syed Abdul
Jabbar Bin Syed Hassan

Datuk Syed Abu Bakar Bin
S Mohsin Almohdzar

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 10 to 117 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 18 April 2013

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 statements of financial position as at 31 December 2012 of the Group and of the Company, and 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 information, as set out on pages 10 to 117.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 about 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 of financial statements that give a true and fair view 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 give a true and fair view of the financial position of the Group and of the Company as at 31 December 2012 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirement of the Companies Act, 1965 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' reports of all the subsidiaries 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 reporting responsibilities

The supplementary information set out in Note 43 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. 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.



Independent Auditors' Report

*to the members of Padiberas Nasional Berhad
(Incorporated in Malaysia)*

Other matters

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

Ernst & Young
AF: 0039
Chartered Accountants

Wan Daneena Liza binti Wan Abdul Rahman
No. 2978/03/14 (J)
Chartered Accountant

Kuala Lumpur, Malaysia
18 April 2013



Income Statements

for the financial year ended 31 December 2012

	Note	Group		Company	
		2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Revenue	4	3,632,271	3,530,732	3,107,216	2,986,345
Other income	5	20,121	24,761	40,095	91,969
Changes in inventory of finished goods and work in progress		151,792	183,001	144,016	161,221
Raw materials and consumables	6	(3,125,579)	(2,986,949)	(2,795,060)	(2,684,416)
Staff costs	7	(178,135)	(183,239)	(80,346)	(86,176)
Depreciation	14	(36,804)	(41,404)	(21,020)	(20,942)
Other expenses		(260,796)	(258,283)	(168,795)	(220,825)
Finance costs	9	(58,502)	(56,898)	(49,124)	(48,025)
Share of profit of associates		20,808	27,012	-	-
Profit before tax	10	<u>165,176</u>	<u>238,733</u>	<u>176,982</u>	<u>179,151</u>
Income tax expense	11	(47,738)	(67,377)	(49,659)	(50,341)
Profit for the year		<u>117,438</u>	<u>171,356</u>	<u>127,323</u>	<u>128,810</u>
Profit attributable to:					
Shareholders of the Company		109,942	164,573	127,323	128,810
Non-controlling interests		7,496	6,783	-	-
		<u>117,438</u>	<u>171,356</u>	<u>127,323</u>	<u>128,810</u>
Earnings per share attributable to shareholders of the Company (sen per share):					
Basic/diluted, for profit net of tax	12	<u>23.4</u>	<u>35.0</u>		

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



Statements of Comprehensive Income

for the financial year ended 31 December 2012

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Profit for the year	117,438	171,356	127,323	128,810
Other comprehensive income:				
Net fair value changes in available-for-sales ("AFS") financial assets	13	(11)	-	-
Foreign currency translation	(553)	489	-	-
Total comprehensive income for the year	116,898	171,834	127,323	128,810
Total comprehensive income attributable to:				
Shareholders of the Company	109,402	165,051	127,323	128,810
Non-controlling interests	7,496	6,783	-	-
	116,898	171,834	127,323	128,810

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



Statements of Financial Position

as at 31 December 2012

Group	Note	1 January		
		2012 RM'000	2011 RM'000	2011 RM'000
Assets				
Non-current assets				
Property, plant and equipment	14	467,118	421,760	410,036
Investment in associates	16	327,289	320,672	242,363
Other investment	17	45,655	36,462	-
Intangible assets	18	40,139	139	139
Deferred tax assets	19	55,602	51,202	66,817
		<u>935,803</u>	<u>830,235</u>	<u>719,355</u>
Current assets				
Inventories	20	918,670	766,878	583,877
Trade and other receivables	21	692,707	873,855	886,164
Tax recoverable		217	15,825	1,916
Cash and bank balances	22	398,604	378,503	243,872
		<u>2,010,198</u>	<u>2,035,061</u>	<u>1,715,829</u>
Total assets		<u>2,946,001</u>	<u>2,865,296</u>	<u>2,435,184</u>
Equity and liabilities				
Current liabilities				
Retirement benefit obligations	23	13,620	7,783	6,668
Short term borrowings	24	590,107	556,648	515,377
Trade and other payables	27	198,408	212,056	223,870
Dividend payable		42,336	-	-
Tax payable		17,942	3,762	20,825
		<u>862,413</u>	<u>780,249</u>	<u>766,740</u>
Net current assets		<u>1,147,785</u>	<u>1,254,812</u>	<u>949,089</u>
Non-current liabilities				
Retirement benefit obligations	23	96,681	99,978	98,320
Long term borrowings	24	771,364	769,869	409,484
Deferred tax liabilities	19	19,152	19,965	19,604
		<u>887,197</u>	<u>889,812</u>	<u>527,408</u>
Total liabilities		<u>1,749,610</u>	<u>1,670,061</u>	<u>1,294,148</u>



Statements of Financial Position

as at 31 December 2012

		2012	2011	1 January
	Note	RM'000	RM'000	2011
				RM'000
Group				
Equity attributable to shareholders				
of the Company				
Share capital	28	470,402	470,402	470,402
Retained profits	29	609,720	612,674	564,525
Other reserves	30	22,407	22,947	22,469
		<u>1,102,529</u>	<u>1,106,023</u>	<u>1,057,396</u>
Non-controlling interests		93,862	89,212	83,640
Total equity		<u>1,196,391</u>	<u>1,195,235</u>	<u>1,141,036</u>
Total equity and liabilities		<u>2,946,001</u>	<u>2,865,296</u>	<u>2,435,184</u>



			1 January	
	Note	2012	2011	2011
		RM'000	RM'000	RM'000
Company				
Assets				
Non-current assets				
Property, plant and equipment	14	268,491	236,844	220,692
Investment in subsidiaries	15	370,000	370,000	370,000
Investment in associates	16	205,235	205,235	97,523
Intangible assets	18	40,000	-	-
Deferred tax assets	19	13,414	18,120	21,271
		<u>897,140</u>	<u>830,199</u>	<u>709,486</u>
Current assets				
Inventories	20	462,861	318,845	157,624
Trade and other receivables	21	1,065,721	1,211,818	1,267,776
Tax recoverable		-	15,241	-
Cash and bank balances	22	261,700	235,761	111,512
		<u>1,790,282</u>	<u>1,781,665</u>	<u>1,536,912</u>
Total assets		<u>2,687,422</u>	<u>2,611,864</u>	<u>2,246,398</u>
Equity and liabilities				
Current liabilities				
Retirement benefit obligations	23	8,159	4,819	4,187
Short term borrowings	24	370,518	355,896	330,544
Trade and other payables	27	469,945	481,031	486,711
Dividend payable		42,336	-	-
Tax payable		14,253	-	17,553
		<u>905,211</u>	<u>841,746</u>	<u>838,995</u>
Net current assets		<u>885,071</u>	<u>939,919</u>	<u>697,917</u>
Non-current liabilities				
Retirement benefit obligations	23	52,920	56,089	55,138
Long term borrowings	24	748,585	747,750	398,372
		<u>801,505</u>	<u>803,839</u>	<u>453,510</u>
Total liabilities		<u>1,706,716</u>	<u>1,645,585</u>	<u>1,292,505</u>



Statements of Financial Position

as at 31 December 2012

		2012	2011	1 January
	Note	RM'000	RM'000	2011
				RM'000
Company				
Equity attributable to shareholders of the Company				
Share capital	28	470,402	470,402	470,402
Retained profits	29	495,249	480,822	468,436
Other reserves	30	15,055	15,055	15,055
Total equity		<u>980,706</u>	<u>966,279</u>	<u>953,893</u>
Total equity and liabilities		<u>2,687,422</u>	<u>2,611,864</u>	<u>2,246,398</u>

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



Statements of Changes in Equity

for the financial year ended 31 December 2012

Group	Note	Equity, total RM'000	Equity attributable to holders of the Company		Attributable to equity holders of the Company				Non-distributable reserves				Non-controlling interests RM'000
			Equity, total RM'000	Company, total RM'000	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	AFS reserve RM'000	Foreign exchange reserve RM'000	
At 1 January 2011		1,141,036	1,057,396	470,402	564,525	22,469	7,085	2,864	12,520	-	-	83,640	
Total comprehensive income for the year		171,834	165,051	-	164,573	478	-	-	-	(11)	489	6,783	
Transactions with owners													
Dividends on ordinary shares	13	(117,635)	(116,424)	-	(116,424)	-	-	-	-	-	-	(1,211)	
At 31 December 2011		1,195,235	1,106,023	470,402	612,674	22,947	7,085	2,864	12,520	(11)	489	89,212	





Statements of Changes in Equity for the financial year ended 31 December 2012

Group	Equity, total RM'000	Equity attributable to holders of the Company		Attributable to equity holders of the Company					Non-controlling interests RM'000		
		Equity, total RM'000	Equity, Company, total RM'000	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	AFS reserve RM'000
At 1 January 2012	1,195,235	1,106,023	470,402	612,674	22,947	7,085	2,864	12,520	(11)	489	89,212
Total comprehensive income for the year	116,898	109,402	-	109,942	(540)	-	-	-	13	(553)	7,496
Transactions with owners											
Dividends on ordinary shares	13 (115,742)	(112,896)	-	(112,896)	-	-	-	-	-	-	(2,846)
At 31 December 2012	1,196,391	1,102,529	470,402	609,720	22,407	7,085	2,864	12,520	2	(64)	93,862

Company	Equity, total RM'000	Share capital (Note 28) RM'000	Distributable retained profits (Note 29) RM'000	Other reserves (Note 30) RM'000	<-----Non-distributable reserves----->		
					Share premium RM'000	Capital reserve RM'000	Capital redemption reserve RM'000
At 1 January 2011	953,893	470,402	468,436	15,055	7,085	600	7,370
Total comprehensive income for the year	128,810	-	128,810	-	-	-	-
Transactions with owners							
Dividends on ordinary shares	(116,424)	-	(116,424)	-	-	-	-
At 31 December 2011	966,279	470,402	480,822	15,055	7,085	600	7,370
At 1 January 2012	966,279	470,402	480,822	15,055	7,085	600	7,370
Total comprehensive income for the year	127,323	-	127,323	-	-	-	-
Transactions with owners							
Dividends on ordinary shares	(112,896)	-	(112,896)	-	-	-	-
At 31 December 2012	980,706	470,402	495,249	15,055	7,085	600	7,370

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

Statements of Cash Flows

for the financial year ended 31 December 2012

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Operating activities				
Profit before tax	165,176	238,733	176,982	179,151
Adjustments for:				
Depreciation of property, plant and equipment	36,804	41,404	21,020	20,942
(Gain)/loss on disposal of property, plant and equipment	(995)	799	594	759
Property, plant and equipment written off	444	12,382	141	-
(Writeback)/impairment loss on:				
- trade receivables	(12,101)	1,386	(13,613)	18,814
- other receivables	(73)	(8)	-	52,119
Provision for retirement benefits	12,087	9,004	6,753	4,882
Gain on disposal of investment in associate	-	(5,045)	-	(33,048)
Interest expense	57,554	54,559	48,267	45,861
Interest income	(6,432)	(10,378)	(2,949)	(8,140)
Share of results from associates	(20,808)	(27,012)	-	-
Inventories written down	2,358	7,243	-	-
Negative goodwill	(932)	-	-	-
Gross dividend income	-	-	(17,536)	(31,229)
Unrealised (gain)/loss in foreign exchange	(2,387)	5,267	(1,973)	5,159
Operating profit before working capital changes	230,695	328,334	217,686	255,270
Decrease in receivables	153,385	8,269	119,711	(14,975)
Increase in inventories	(154,220)	(187,875)	(144,016)	(161,221)
Decrease in payables	(19,086)	(12,419)	(11,087)	(5,682)
Cash generated from operations	210,774	136,309	182,294	73,392
Interest paid	(57,554)	(54,559)	(48,267)	(45,861)
Retirement benefits paid	(9,547)	(6,231)	(6,582)	(3,299)
Income tax paid	(23,171)	(82,981)	(13,907)	(79,375)
Interest income received	6,432	10,378	2,949	8,140
Net cash generated from/(used in) operating activities	126,934	2,916	116,487	(47,003)



	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Investing activities				
Purchase of other investment	(11,192)	(36,473)	-	-
Additional investment in associate	-	(74,663)	-	(74,663)
Net dividend received from:				
- Subsidiaries	-	-	1,951	4,400
- Associates	14,190	29,034	14,033	26,221
Purchase of property, plant and equipment	(95,789)	(67,380)	(69,378)	(38,047)
Proceeds from disposal of property, plant and equipment	17,678	1,071	15,976	194
Proceeds from disposal of AFS	2,012	-	-	-
Net cash used in investing activities	<u>(73,101)</u>	<u>(148,411)</u>	<u>(37,418)</u>	<u>(81,895)</u>
Financing activities				
Drawdown of borrowings	1,745,638	2,241,766	1,192,999	1,704,722
Repayment of borrowings	(1,713,340)	(1,843,177)	(1,175,569)	(1,335,151)
Dividend paid	(70,560)	(116,424)	(70,560)	(116,424)
Net cash (used in)/generated from financing activities	<u>(38,262)</u>	<u>282,165</u>	<u>(53,130)</u>	<u>253,147</u>
Net increase in cash and cash equivalents	15,571	136,670	25,939	124,249
Effect of foreign exchange rates changes	(512)	160	-	-
Cash and cash equivalents at the beginning of year	376,468	239,638	235,761	111,512
Cash and cash equivalents at the end of year (Note 22)	391,527	376,468	261,700	235,761

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 2012

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 had been delisted from the Main Market of the Bursa Malaysia Securities Berhad effective 4 April 2013.

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 of 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 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 Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. These are the Group's and the Company's first financial statements prepared in accordance with MFRSs and MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards has been applied.



2. Summary of significant accounting policies (contd.)

2.1 Basis of preparation (contd.)

In the previous financial years, the financial statements of the Group and the Company were prepared in accordance with Financial Reporting Standards ("FRSs") in Malaysia. The financial impacts on transition to MFRSs are disclosed in Note 41.

There are no adjustments arising from the transition to MFRS, except for those disclosed in Note 41. Accordingly, notes relating to the statements of financial position as at date of transition to MFRSs are only presented for those items.

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.

2.2 Standards issued but not yet effective

The following are accounting standards, amendments and interpretations of the MFRS framework that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company:

<u>Description</u>	<u>Effective for annual period beginning on or after</u>
Amendments to MFRS 101 Presentation of Items of Other Comprehensive Income	1 July 2012
MFRS 3 Business Combinations	1 January 2013
MFRS 10 Consolidated Financial Statements	1 January 2013
MFRS 11 Joint Arrangements	1 January 2013
MFRS 12 Disclosure of Interests in Other Entities	1 January 2013
MFRS 13 Fair Value Measurement	1 January 2013
MFRS 119 Employee Benefits (revised)	1 January 2013
MFRS 127 Consolidated and Separate Financial Statements (revised)	1 January 2013
MFRS 128 Investments in Associates and Joint Ventures (revised)	1 January 2013
Amendments to MFRS 1 First-time Adoption of MFRS	
- Government Loans	1 January 2013
Amendments to MFRS 7 Financial Instruments: Disclosures	
- Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to MFRS 10 Consolidated Financial Statements:	
Transition Guidance	1 January 2013
Amendments to MFRS 11 Joint Arrangements: Transition Guidance	1 January 2013



2. Summary of significant accounting policies (contd.)

2.2 Standards issued but not yet effective (contd.)

<u>Description</u>	<u>Effective for annual period beginning on or after</u>
Amendments to MFRS 12 Disclosure of Interests in Other Entities: Transition Guidance	1 January 2013
Annual Improvements to IC Interpretations and MFRSs 2009 - 2011 Cycle	1 January 2013
Amendments to MFRS 132 Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to MFRS 9 Mandatory Effective Date of MFRS 9 and Transition Disclosures	1 January 2015

The Group and the Company will adopt the above pronouncements when they become effective in the respective financial periods. These pronouncements are not expected to have any material financial impact to the financial statements of the Group and of the Company upon their initial application, except as described below:

(a) MFRS 9 Financial Instruments

MFRS9, as issued, reflects the first phase of the International Accounting Standards Board's (IASB's) work on the replacement of MFRS 139 *Financial Instruments: Recognition and Measurement* and applies to classification and measurement of financial instruments as defined in MFRS 139 *Financial Instruments: Recognition and Measurement* ("MFRS139") and replaces the guidance in MFRS 139.

In subsequent phases, the IASB will address hedge accounting and impairment of financial assets.

The Group and the Company will quantify the effect of adopting this MFRS when the full standard is issued.



2. Summary of significant accounting policies (contd.)

2.2 Standards issued but not yet effective (contd.)

(b) MFRS 119 Employee Benefits (revised)

The amendments to MFRS 119 Employee Benefits (revised) change the accounting for defined benefit plans and termination benefits. The significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in fair value of plan assets when they occur, and hence eliminate the 'corridor method' permitted under the existing version of MFRS 119 and accelerate the recognition of past service costs. The amendments require all actuarial gains and losses to be recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the statements of financial position to reflect the full value of the plan deficit or surplus.

The Group and the Company are currently assessing the impact of adoption of MFRS 119.

2.3 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.

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 the income statement. 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, intra-group balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.



2. Summary of significant accounting policies (contd.)

2.3 Basis of consolidation (contd.)

Acquisitions of subsidiaries are accounted for using the acquisition method of accounting. The identifiable assets acquired and the liabilities assumed are measured at their fair values at the acquisition date. Acquisition costs incurred are expensed and included in administrative expenses. The difference between these fair values and the fair value of the consideration (including the fair value of any pre-existing investment in the acquiree) is goodwill or a discount on acquisition. The accounting policy for goodwill is set out in Note 2.7(a). Discount on acquisition which represents negative goodwill is recognised immediately as income in profit or loss.

In business combinations achieved in stages, previously held equity interest in the acquiree is remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at the acquisition date either at fair value or at the proportionate share of the acquiree's identifiable net assets.

2.4 Transactions with non-controlling interests

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to the owners of the parent, and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from shareholders' equity. Losses of a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

Changes in the Group's equity interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their respective interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in shareholders' equity.

2.5 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.



2. Summary of significant accounting policies (contd.)

2.5 Foreign currency (contd.)

(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 reporting date, monetary items denominated in foreign currencies are translated at the rates prevailing on the reporting 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 to other comprehensive income.

(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:

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign operation is recognised in the profit or loss.



2. Summary of significant accounting policies (contd.)

2.5 Foreign currency (contd.)

(c) Foreign operations (contd.)

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

2.6 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.



2. Summary of significant accounting policies (contd.)

2.6 Property, plant and equipment (contd.)

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.

2.7 Intangible assets

(a) 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.

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 2.5.



2. Summary of significant accounting policies (contd.)

2.7 Intangible assets (contd.)

(b) 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 reporting 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.

(c) 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 trademarks 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.

(d) Concession rights

Concession assets represent exclusive rights relating to import and distribution of rice in Malaysia. The cost of concession assets acquired is their fair values as at the date of acquisition. After the initial recognition, concession rights are stated at cost less accumulated amortisation and impairment losses.

The concession rights are amortised on a straight line method over the concession period of 8 years. The policy for recognition and measurement of impairment losses is in accordance with Note 2.8.



2. Summary of significant accounting policies (contd.)

2.8 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.

2.9 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. Summary of significant accounting policies (contd.)

2.10 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.

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. Summary of significant accounting policies (contd.)

2.11 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, and the categories include loans and receivables and available-for-sale ("AFS") financial assets.

(a) Loans and receivables

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

(b) AFS financial assets

AFS financial assets are financial assets that are not classified in any of other categories.

After initial recognition, AFS assets are measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an AFS equity instrument are recognised in profit or loss when the Group's right to receive payment is established.



2. Summary of significant accounting policies (contd.)

2.11 Financial assets (contd.)

(b) AFS financial assets (contd.)

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

AFS financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

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 market place 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.

2.12 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.

(a) 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.



2. Summary of significant accounting policies (contd.)

2.12 Impairment of financial assets (contd.)

(a) (contd.)

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.

(b) AFS financial assets

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as AFS financial assets are impaired.

If an AFS financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

2.13 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. Summary of significant accounting policies (contd.)

2.14 Inventories

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

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

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

The Company is vested with the duty to maintain and manage the Government Stockpile of rice of 239,000 metric tonnes (2011: 239,000 metric tonnes). The inventories of paddy and rice of the Group and of the Company are disclosed net of the Government Stockpile.

2.15 Provisions

Provisions are recognised when the Group and the Company have 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 reporting 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.

2.16 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 MFRS 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 have not designated any financial liabilities at fair value through profit and loss.



2. Summary of significant accounting policies (contd.)

2.16 Financial liabilities (contd.)

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 and the Company have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

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.

2.17 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. Summary of significant accounting policies (contd.)

2.18 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 and the Company pay 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 Employees 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 (contd.)

2.18 Employee benefits (contd.)

(c) Defined benefit plans (contd.)

The amount recognised in the statement of financial position 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 26 November 2012.

2.19 Leases

(a) As lessee

Finance leases, which transfer to the Group and the Company 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 and the Company 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.



2. Summary of significant accounting policies (contd.)

2.19 Leases (contd.)

(b) As lessor

Leases where the Group and the Company retain 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 2.20(b).

2.20 Revenue recognition

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

(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 and Company's right to receive payment is established.



2. Summary of significant accounting policies (contd.)

2.21 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.

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



2. Summary of significant accounting policies (contd.)

2.21 Income taxes (contd.)

(b) Deferred tax (contd.)

- 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.

2.22 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.



3. Significant accounting estimates and judgements

The preparation of the Group's and the Company'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 Company has several pending litigation with various parties as at current financial year end. The Board of Directors, after due consultation with the Company'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.

(b) Impairment of loans and receivables

The Group and the Company assess 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 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.

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 and the Company's loans and receivable at the reporting date is disclosed in Note 21.

(c) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profit together with future tax planning strategies. The details of recognised and unrecognised deferred tax assets are disclosed in Note 19.



Notes to the Financial Statements
for the financial year ended 31 December 2012

4. Revenue

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Sale of rice	3,092,761	2,977,334	2,726,085	2,608,581
Others	539,510	553,398	381,131	377,764
	<u>3,632,271</u>	<u>3,530,732</u>	<u>3,107,216</u>	<u>2,986,345</u>

5. Other income

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Dividend income from :				
- Subsidiaries	-	-	2,178	4,400
- Associates	-	-	15,358	26,829
Rental income	829	748	16,068	17,805
Interest income from				
deposits	6,432	10,378	2,949	8,140
Scrap sales	4,965	5,047	-	-
Negative goodwill	932	-	-	-
Gain on disposal of property, plant and equipment	1,651	15	57	-
Gain on disposal of associate	-	5,045	-	33,048
Other	5,312	3,528	3,485	1,747
	<u>20,121</u>	<u>24,761</u>	<u>40,095</u>	<u>91,969</u>

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	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Wages and salaries	145,804	153,536	63,280	69,898
Social security costs	1,419	1,449	518	504
Pension costs - defined contribution plan	16,163	15,907	7,763	7,514
Pension costs defined benefit plan (Note 23)	12,087	9,004	6,753	4,882
Other staff related expenses	2,662	3,343	2,032	3,378
	<u>178,135</u>	<u>183,239</u>	<u>80,346</u>	<u>86,176</u>

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM2,257,000 (2011: RM1,098,000) as further disclosed in Note 8.

8. Directors' remuneration

The details of remuneration receivable by directors of the Company during the year are as follows:

	Group and Company	
	2012 RM'000	2011 RM'000
Executive:		
Salaries, bonus and other emoluments	<u>2,257</u>	<u>1,098</u>
Non-Executive:		
Fees and other emoluments	<u>1,273</u>	<u>911</u>
Total (Note 34)	<u>3,530</u>	<u>2,009</u>
Analysis excluding benefits-in-kind:		
Total executive directors' remuneration excluding benefits-in-kind	<u>2,257</u>	<u>1,098</u>
Total non-executive directors' remuneration excluding benefits-in-kind	<u>1,273</u>	<u>911</u>
Total directors' remuneration excluding benefits-in-kind	<u>3,530</u>	<u>2,009</u>



Notes to the Financial Statements
for the financial year ended 31 December 2012

8. Directors' remuneration (contd.)

	Number of directors	
	2012	2011
Executive director:		
RM50,001 - RM1,100,000	-	1
RM1,100,001 - RM2,150,000	1	-
	<hr/>	<hr/>
Non-executive directors:		
Below RM50,000	1	1
RM50,001 - RM100,000	3	3
RM100,001 - RM150,000	1	3
RM150,001 - RM200,000	-	-
RM200,001 - RM250,000	2	-
RM250,001 - RM300,000	-	1
RM300,001 - RM350,000	-	-
RM350,001 - RM400,000	-	-
RM400,001 - RM450,000	1	-
	<hr/>	<hr/>

9. Finance costs

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Interest expense on borrowings	57,554	54,559	48,267	45,861
Bank charges	948	2,339	857	2,164
	<hr/>	<hr/>	<hr/>	<hr/>
	58,502	56,898	49,124	48,025



10. Profit before tax

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

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Staff costs (Note 7)	178,135	183,239	80,346	86,176
Non-executive directors' remuneration (Note 8)	1,273	911	1,273	911
Statutory audit fees:				
- auditors of the Company	833	829	243	215
- others	21	7	-	-
Other non-audit fees:				
- auditors of the Company	65	10	65	10
- others	226	230	25	33
Depreciation of property, plant and equipment (Note 14)	36,804	41,404	21,020	20,942
Loss on disposal of property, plant and equipment	656	814	651	759
Property, plant and equipment written off (Writeback)/impairment loss on:				
- trade receivables	(12,101)	1,386	(13,613)	18,814
- other receivables	(73)	(8)	-	52,119
Corporate social responsibilities expenses and other contributions	42,147	18,749	41,399	17,991
Provision for retirement benefit obligations	12,087	9,004	6,753	4,882
Rental of land and buildings	48,078	48,774	35,856	35,647
Rental of plant and machinery	6,600	5,244	3,276	3,026
Unrealised (gain)/loss in foreign exchange	(2,387)	5,267	(1,973)	5,159
Negative goodwill	(932)	-	-	-
Gain on disposal of investment in associate	-	(5,045)	-	(33,048)
Inventories written down	2,358	7,243	-	-



Notes to the Financial Statements
for the financial year ended 31 December 2012

11. Income tax expense

Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2012 and 2011 are:

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Current income tax:				
Current income tax charge	54,026	50,073	47,004	46,017
(Over)/under provision in prior years	(1,075)	1,328	(2,051)	1,173
	<u>52,951</u>	<u>51,401</u>	<u>44,953</u>	<u>47,190</u>
Deferred tax (Note 19):				
Relating to origination and reversal of temporary differences				
	(3,390)	16,776	6,251	3,126
(Over)/under provision in prior years	(1,823)	(800)	(1,545)	25
	<u>(5,213)</u>	<u>15,976</u>	<u>4,706</u>	<u>3,151</u>
Total income tax expense	<u>47,738</u>	<u>67,377</u>	<u>49,659</u>	<u>50,341</u>

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 2012 and 2011 are as follows:

	Group	
	2012 RM'000	2011 RM'000
Profit before tax	<u>165,176</u>	<u>238,733</u>
Taxation at Malaysian statutory tax rate of 25% (2011: 25%)	41,294	59,683
Effect of expenses not deductible for tax purposes	13,489	9,722
Utilisation of unrecognised tax losses and capital allowances brought forward from previous years	(1,317)	(458)
Deferred tax assets not recognised on unutilised tax losses and unabsorbed capital allowances	3,045	6,104
Utilisation of current year reinvestment allowance	(78)	(342)
Effect of income not subject to tax	(594)	(1,107)
Over provision of deferred tax in prior years	(1,823)	(800)
(Over)/under provision of income tax in prior years	(1,075)	1,328
Share of results of associates	(5,203)	(6,753)
Tax expense for the year	<u>47,738</u>	<u>67,377</u>



11. Income tax expense (contd.)

Reconciliation between tax expense and accounting profit (contd.)

	Company	
	2012	2011
	RM'000	RM'000
Profit before tax	176,982	179,151
Taxation at Malaysian statutory tax rate of 25% (2011: 25%)	44,246	44,788
Effect of expenses not deductible for tax purposes	11,853	19,408
Effect of income not subject to tax	(2,844)	(15,053)
(Over)/under provision of deferred tax in prior years	(1,545)	25
Under/(over) provision of income tax in prior years	(2,051)	1,173
Tax expense for the year	49,659	50,341

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2011: 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 Company by the weighted average number of ordinary shares in issue during the financial year.

	2012	2011
	RM'000	RM'000
Profit net of tax attributable to owners of the parent used in computation of basic earnings per share	109,942	164,573
Number of ordinary shares in issue	470,402	470,402
Basic earnings per share for the year (sen)	23.4	35.0

(b) Diluted

Diluted earnings per share is not presented as the Company has no potentially dilutive shares in issue.



Notes to the Financial Statements
for the financial year ended 31 December 2012

13. Dividends

	Dividends in respect of year		Dividends recognised in year	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Recognised during the year:				
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
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
Final dividend for 2010: 5% taxable dividend less 25% taxation on 470,401,501 ordinary shares (3.7 sen per ordinary share)	-	-	-	17,640
First interim dividend for 2011: 15% taxable dividend less 25% taxation on 470,401,501 ordinary shares (11.2 sen per ordinary share)	-	52,920	-	52,920
Second interim dividend for 2011: 15% taxable dividend less 25% taxation on 470,401,501 ordinary shares (11.2 sen per ordinary share)	-	52,920	52,920	-



13. Dividends (contd.)

	Dividends in respect of year		Dividends recognised in year	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Final dividend for 2011: 5% taxable dividend less 25% taxation on 470,401,501 ordinary shares (3.7 sen per ordinary share)	-	17,640	17,640	-
First interim dividend for 2012: 12% taxable dividend less 25% taxation on 470,401,501 ordinary shares (9.0 sen per ordinary share)	42,336	-	42,336	-
	<u>42,336</u>	<u>123,480</u>	<u>112,896</u>	<u>158,760</u>



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* RM'000	Total RM'000
At 31 December 2012							
Cost							
At 1 January 2012	65,861	26,654	132,477	261,363	99,297	119,840	705,492
Acquisition of a subsidiary	3,500	-	-	-	-	-	3,500
Additions	-	-	13,954	20,525	53,151	8,159	95,789
Disposals	-	-	(6,551)	(9,834)	-	(2,502)	(18,887)
Write off	-	-	(209)	(1,273)	-	(512)	(1,994)
Reclassification	-	-	11,415	7,286	(23,560)	4,859	-
At 31 December 2012	69,361	26,654	151,086	278,067	128,888	129,844	783,900
Accumulated depreciation and impairment							
At 1 January 2012	-	2,575	30,740	156,550	-	93,867	283,732
Charge for the year	-	359	4,425	20,628	-	11,392	36,804
Disposals	-	-	(35)	(274)	-	(1,895)	(2,204)
Write off	-	-	(27)	(1,015)	-	(508)	(1,550)
At 31 December 2012	-	2,934	35,103	175,889	-	102,856	316,782
Net carrying amount							
At 31 December 2012	69,361	23,720	115,983	102,178	128,888	26,988	467,118



14. Property, plant and equipment (contd.)

Group	Freehold	Leasehold	Buildings and	Plant and	Work-in-	Others*	Total
	land	land	infrastructure	machinery	progress	RM'000	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 31 December 2011							
Cost							
At 1 January 2011	65,861	19,166	124,139	251,505	71,645	133,706	666,022
Additions	-	7,488	6,420	4,801	39,537	9,134	67,380
Disposals	-	-	-	(3,015)	-	(911)	(3,926)
Write off	-	-	-	(276)	-	(23,708)	(23,984)
Reclassification	-	-	1,918	8,348	(11,885)	1,619	-
At 31 December 2011	65,861	26,654	132,477	261,363	99,297	119,840	705,492
Accumulated depreciation and impairment							
At 1 January 2011	-	2,227	26,602	138,422	-	88,735	255,986
Charge for the year	-	348	4,138	19,922	-	16,996	41,404
Disposals	-	-	-	(1,523)	-	(533)	(2,056)
Write off	-	-	-	(271)	-	(11,331)	(11,602)
At 31 December 2011	-	2,575	30,740	156,550	-	93,867	283,732
Net carrying amount							
At 31 December 2011	65,861	24,079	101,737	104,813	99,297	25,973	421,760



Notes to the Financial Statements
for the financial year ended 31 December 2012

14. Property, plant and equipment (contd.)

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* RM'000	Total RM'000
At 31 December 2012							
Cost							
At 1 January 2012	36,000	3,172	47,161	164,541	84,024	74,157	409,055
Additions	-	-	6,779	9,993	50,801	1,805	69,378
Disposals	-	-	(6,524)	(9,484)	-	(1,527)	(17,535)
Write off	-	-	(79)	(186)	-	(19)	(284)
Reclassification	-	-	2,655	6,130	(13,644)	4,859	-
At 31 December 2012	36,000	3,172	49,992	170,994	121,181	79,275	460,614
Accumulated depreciation							
At 1 January 2012	-	770	15,039	102,214	-	54,188	172,211
Charge for the year	-	53	1,819	11,773	-	7,375	21,020
Disposals	-	-	(8)	(20)	-	(937)	(965)
Write off	-	-	(8)	(116)	-	(19)	(143)
At 31 December 2012	-	823	16,842	113,851	-	60,607	192,123
Net carrying amount							
At 31 December 2012	36,000	2,349	33,150	57,143	121,181	18,668	268,491



14. Property, plant and equipment (contd.)

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* RM'000	Total RM'000
At 31 December 2011							
Cost							
At 1 January 2011	36,000	2,892	44,958	160,563	60,993	68,157	373,563
Additions	-	280	333	660	33,405	3,369	38,047
Disposals	-	-	-	(2,427)	-	(128)	(2,555)
Reclassification	-	-	1,870	5,745	(10,374)	2,759	-
At 31 December 2011	36,000	3,172	47,161	164,541	84,024	74,157	409,055
Accumulated depreciation							
At 1 January 2011	-	714	13,248	90,383	-	48,526	152,871
Charge for the year	-	56	1,791	13,305	-	5,790	20,942
Disposals	-	-	-	(1,474)	-	(128)	(1,602)
At 31 December 2011	-	770	15,039	102,214	-	54,188	172,211
Net carrying amount							
At 31 December 2011	36,000	2,402	32,122	62,327	84,024	19,969	236,844



Notes to the Financial Statements
for the financial year ended 31 December 2012

14. Property, plant and equipment (contd.)

*** Others**

Group	Furniture, fittings and office equipment RM'000	Renovations RM'000	Motor vehicles RM'000	Total RM'000
At 31 December 2012				
Cost				
At 1 January 2012	75,222	8,404	36,214	119,840
Additions	2,387	116	5,656	8,159
Disposals	(985)	-	(1,517)	(2,502)
Write off	(416)	-	(96)	(512)
Reclassification	3,527	1,332	-	4,859
At 31 December 2012	<u>79,735</u>	<u>9,852</u>	<u>40,257</u>	<u>129,844</u>
Accumulated depreciation and impairment				
At 1 January 2012	65,712	4,138	24,017	93,867
Charge for the year	7,182	1,405	2,805	11,392
Disposals	(853)	-	(1,042)	(1,895)
Write off	(412)	-	(96)	(508)
At 31 December 2012	<u>71,629</u>	<u>5,543</u>	<u>25,684</u>	<u>102,856</u>
Net carrying amount				
At 31 December 2012	<u>8,106</u>	<u>4,309</u>	<u>14,573</u>	<u>26,988</u>
At 31 December 2011				
Cost				
At 1 January 2011	85,578	15,036	33,092	133,706
Additions	5,368	240	3,526	9,134
Disposals	(520)	-	(391)	(911)
Write off	(16,228)	(7,467)	(13)	(23,708)
Reclassification	1,024	595	-	1,619
At 31 December 2011	<u>75,222</u>	<u>8,404</u>	<u>36,214</u>	<u>119,840</u>



14. Property, plant and equipment (contd.)

* Others (contd.)

Group	Furniture, fittings and office equipment RM'000	Renovations RM'000	Motor vehicles RM'000	Total RM'000
Accumulated depreciation and impairment				
At 1 January 2011	61,498	5,761	21,476	88,735
Charge for the year	12,193	1,966	2,837	16,996
Disposals	(250)	-	(283)	(533)
Write off	(7,729)	(3,589)	(13)	(11,331)
At 31 December 2011	<u>65,712</u>	<u>4,138</u>	<u>24,017</u>	<u>93,867</u>
Net carrying amount				
At 31 December 2011	<u>9,510</u>	<u>4,266</u>	<u>12,197</u>	<u>25,973</u>
Company				
At 31 December 2012				
Cost				
At 1 January 2012	62,537	5,610	6,010	74,157
Additions	1,014	79	712	1,805
Disposals	(679)	-	(848)	(1,527)
Write off	(19)	-	-	(19)
Reclassification	3,527	1,332	-	4,859
At 31 December 2012	<u>66,380</u>	<u>7,021</u>	<u>5,874</u>	<u>79,275</u>
Accumulated depreciation and impairment				
At 1 January 2012	48,744	2,438	3,006	54,188
Charge for the year	6,135	869	371	7,375
Disposals	(554)	-	(383)	(937)
Write off	(19)	-	-	(19)
At 31 December 2012	<u>54,306</u>	<u>3,307</u>	<u>2,994</u>	<u>60,607</u>
Net carrying amount				
At 31 December 2012	<u>12,074</u>	<u>3,714</u>	<u>2,880</u>	<u>18,668</u>



Notes to the Financial Statements
for the financial year ended 31 December 2012

14. Property, plant and equipment (contd.)

*** Others (contd.)**

Company	Furniture, fittings and office equipment RM'000	Renovations RM'000	Motor vehicles RM'000	Total RM'000
At 31 December 2011				
Cost				
At 1 January 2011	59,033	4,871	4,253	68,157
Additions	1,356	144	1,869	3,369
Disposals	(16)	-	(112)	(128)
Reclassification	2,164	595	-	2,759
At 31 December 2011	<u>62,537</u>	<u>5,610</u>	<u>6,010</u>	<u>74,157</u>
Accumulated depreciation and impairment				
At 1 January 2011	43,733	1,896	2,897	48,526
Charge for the year	5,027	542	221	5,790
Disposals	(16)	-	(112)	(128)
At 31 December 2011	<u>48,744</u>	<u>2,438</u>	<u>3,006</u>	<u>54,188</u>
Net carrying amount				
At 31 December 2011	<u>13,793</u>	<u>3,172</u>	<u>3,004</u>	<u>19,969</u>

- (a) During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM5,394,000 (2011: RM3,973,000) 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	
	2012 RM'000	2011 RM'000
Motor vehicles	4,629	2,936
Plant and machinery	6,578	3,317
	<u>11,207</u>	<u>6,253</u>

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



14. Property, plant and equipment (contd.)

- (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:

	2012	2011
	RM'000	RM'000
Freehold land	7,307	7,307
Buildings and infrastructure	20,171	20,981
Plant and machinery	10,400	11,359
	<u>37,878</u>	<u>39,647</u>

15. Investment in subsidiaries

	Company	
	2012	2011
	RM'000	RM'000
Unquoted shares, at cost	415,963	415,963
Less: Accumulated impairment losses	(45,963)	(45,963)
	<u>370,000</u>	<u>370,000</u>

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

- (a) Acquisition of new subsidiary

On 24 December 2012, Subur Majubumi Sdn. Bhd., wholly-owned subsidiary of the Company, had entered into a Share Acquisition Agreement to acquire the entire issued and paid-up share capital of Warisan Bayumas Sdn Bhd (“WBSB”) for a cash consideration of Ringgit Malaysia Two (RM2.00) only.

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

	Fair value	Carrying
	RM'000	amount
		RM'000
Property, plant and equipment	3,500	2,500
Trade and other receivables	42	42
Cash and cash equivalents	2	2
	<u>3,544</u>	<u>2,544</u>
Trade and other payables	(2,604)	(2,604)
Tax payables	(8)	(8)
Net identifiable assets/(liabilities)	<u>932</u>	<u>(68)</u>



Notes to the Financial Statements
for the financial year ended 31 December 2012

15. Investment in subsidiaries (contd.)

(a) Acquisition of new subsidiary (contd.)

Total cost of the business combination

The total cost of the business combination is as follows:

	RM'000
Cash paid	-
The effect of the acquisition on cash flows is as follows:	
Total cost of the business combination	-
Less: Cash and cash equivalents of subsidiary acquired	(2)
	<u>(2)</u>
<u>Goodwill arising on acquisition</u>	
Purchase consideration	-
Less: Net identifiable assets as at 31 December 2012	(932)
Negative goodwill on acquisition	<u>(932)</u>

16. Investment in associates

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
In Malaysia:				
Unquoted shares, at cost	207,780	207,780	207,535	207,535
Share of post-acquisition reserves	107,296	100,522	-	-
	<u>315,076</u>	<u>308,302</u>	<u>207,535</u>	<u>207,535</u>
Less: Accumulated impairment losses	(2,300)	(2,300)	(2,300)	(2,300)
	<u>312,776</u>	<u>306,002</u>	<u>205,235</u>	<u>205,235</u>
Outside Malaysia:				
Unquoted shares, at cost	528	528	-	-
Share of post-acquisition reserves	13,985	14,142	-	-
	<u>14,513</u>	<u>14,670</u>	<u>-</u>	<u>-</u>
	<u>327,289</u>	<u>320,672</u>	<u>205,235</u>	<u>205,235</u>



16. Investment in associates (contd.)

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. and Irfan Norman Bernas (Pvt) Limited, which has a financial year end of 31 July and 30 June, respectively. For the purpose of applying the equity method of accounting, the financial statements of United Malayan Flour (1996) Sdn. Bhd. and Irfan Norman Bernas (Pvt) Limited for the year ended 31 July 2012 and 30 June 2012 respectively have been used and appropriate adjustments have been made for the effects of significant transactions between that date and 31 December 2012.

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

	2012	2011
	RM'000	RM'000
Assets and liabilities		
Total assets	1,416,966	1,171,039
Total liabilities	738,104	639,142
Results		
Revenue	2,175,230	2,174,425
Profit for the year	50,339	77,005

17. Other investment

	Group	
	2012	2011
	RM'000	RM'000
AFS financial assets		
- Unit trust funds at fair value	45,655	36,462



18. Intangible assets

Group	Trademarks RM'000	Concession rights RM'000	Total RM'000
2012			
At 1 January	139	-	139
Additions	-	40,000	40,000
At 31 December	<u>139</u>	<u>40,000</u>	<u>40,139</u>
2011			
At 1 January/31 December	<u>139</u>	<u>-</u>	<u>139</u>
Company			
2012			
At 1 January	-	-	-
Additions	-	40,000	40,000
At 31 December	<u>-</u>	<u>40,000</u>	<u>40,000</u>

(a) Trademarks

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

The basis for annual impairment review of the Group's trademarks are as based on allocation to the CGU in the distribution business segment.

(b) Concession rights

In accordance with the terms of the BERNAS Agreement signed with the Government of Malaysia on 18 September 2012, as disclosed in Note 35(a), RM40 million has been capitalised as concession assets.

Concession assets represent exclusive rights relating to import and distribution of rice in Malaysia. The rights enable the Group to amongst others, procure, import, process and distribute rice in Malaysia. The rights 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. Since concession rights are intangible assets with finite life, the impairment assessment is only performed when there is an indication that there is an impairment on the performed assets and such indication does not exist during the financial year.



19. Deferred tax

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
At 1 January	31,237	47,213	18,120	21,271
Recognised in the income statement (Note 11)	5,213	(15,976)	(4,706)	(3,151)
At 31 December	<u>36,450</u>	<u>31,237</u>	<u>13,414</u>	<u>18,120</u>
Presented after appropriate offsetting as follows:				
Deferred tax assets	55,602	51,202	13,414	18,120
Deferred tax liabilities	(19,152)	(19,965)	-	-
	<u>36,450</u>	<u>31,237</u>	<u>13,414</u>	<u>18,120</u>

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 allowances RM'000	Others RM'000	Total RM'000
At 1 January 2012	22,410	7,170	6,946	28,889	65,415
Recognised in the income statement	43	-	286	4,604	4,933
At 31 December 2012	<u>22,453</u>	<u>7,170</u>	<u>7,232</u>	<u>33,493</u>	<u>70,348</u>
At 1 January 2011	21,717	7,325	4,416	43,126	76,584
Recognised in the income statement	693	(155)	2,530	(14,237)	(11,169)
At 31 December 2011	<u>22,410</u>	<u>7,170</u>	<u>6,946</u>	<u>28,889</u>	<u>65,415</u>



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for the financial year ended 31 December 2012

19. Deferred tax (contd.)

Deferred tax liabilities of the Group:

	Accelerated capital allowances RM'000	Others RM'000	Total RM'000
At 1 January 2012	33,583	595	34,178
Recognised in the income statement	79	(359)	(280)
At 31 December 2012	<u>33,662</u>	<u>236</u>	<u>33,898</u>
At 1 January 2011	27,998	1,373	29,371
Recognised in the income statement	5,585	(778)	4,807
At 31 December 2011	<u>33,583</u>	<u>595</u>	<u>34,178</u>

Deferred tax assets of the Company:

	Retirement benefit obligations RM'000	Allowance for impairment of receivables RM'000	Others RM'000	Total RM'000
At 1 January 2012	15,227	7,182	8,396	30,805
Recognised in the income statement	43	-	(4,621)	(4,578)
At 31 December 2012	<u>15,270</u>	<u>7,182</u>	<u>3,775</u>	<u>26,227</u>
At 1 January 2011	14,831	7,182	10,772	32,785
Recognised in the income statement	396	-	(2,376)	(1,980)
At 31 December 2011	<u>15,227</u>	<u>7,182</u>	<u>8,396</u>	<u>30,805</u>



19. Deferred tax (contd.)

Deferred tax liabilities of the Company:

	Accelerated capital allowances RM'000
At 1 January 2012	12,685
Recognised in the income statement	128
At 31 December 2012	<u>12,813</u>
At 1 January 2011	11,514
Recognised in the income statement	1,171
At 31 December 2011	<u>12,685</u>

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

	Group	
	2012	2011
	RM'000	RM'000
Unutilised tax losses	70,226	69,111
Unabsorbed capital allowances	14,101	17,041
	<u>84,327</u>	<u>86,152</u>

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

20. Inventories

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
At cost:				
Paddy and rice	893,663	739,667	462,861	318,845
Spares and consumables	14,871	15,408	-	-
Raw materials	539	1,622	-	-
Finished goods	9,597	10,181	-	-
	<u>918,670</u>	<u>766,878</u>	<u>462,861</u>	<u>318,845</u>



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20. Inventories (contd.)

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

21. Trade and other receivables

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Trade receivables:				
Due from subsidiaries	-	-	574,425	543,200
Due from associates	36,949	42,146	36,949	42,145
Third parties	303,322	328,746	88,946	118,869
	<u>340,271</u>	<u>370,892</u>	<u>700,320</u>	<u>704,214</u>
Less: Amount capitalised as concession rights (Note 18)	(40,000)	-	(40,000)	-
Less: Allowance for impairment	(66,658)	(92,819)	(80,231)	(93,844)
Total trade receivables	<u>233,613</u>	<u>278,073</u>	<u>580,089</u>	<u>610,370</u>
Other receivables:				
Due from subsidiaries	-	-	130,425	108,332
Due from associates	16,427	29,325	16,427	29,325
Advances to farmers	24,588	32,755	24,588	32,755
Insurance claims recoverable	1,234	1,309	1,234	1,309
Due from Government of Malaysia	361,040	409,085	361,040	409,085
Sundry receivables	68,407	135,983	32,766	101,490
	<u>471,696</u>	<u>608,457</u>	<u>566,480</u>	<u>682,296</u>
Less: Allowance for impairment	(12,602)	(12,675)	(80,848)	(80,848)
Total other receivables	<u>459,094</u>	<u>595,782</u>	<u>485,632</u>	<u>601,448</u>
Total trade and other receivables	<u>692,707</u>	<u>873,855</u>	<u>1,065,721</u>	<u>1,211,818</u>
Add: Cash and bank balances (Note 22)	398,604	378,503	261,700	235,761
Total loans and receivables	<u>1,091,311</u>	<u>1,252,358</u>	<u>1,327,421</u>	<u>1,447,579</u>



21. Trade and other receivables (contd.)

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 90 day (2011: 30 to 90 day) terms. They are recognised at their original invoiced amounts which represent their fair values on initial recognition.

Ageing analysis of trade receivables

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

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Neither past due nor impaired	179,047	148,575	383,980	339,438
Past due not impaired:				
- 1 to 30 days	28,709	23,767	1,767	4,982
- 31 to 60 days	11,257	10,432	5,467	6,539
- 61 to 90 days	10,743	9,079	4,350	4,801
- more than 90 days	31,922	55,735	208,842	211,701
	82,631	99,013	220,426	228,023
Impaired	78,593	123,304	95,914	136,753
	<u>340,271</u>	<u>370,892</u>	<u>700,320</u>	<u>704,214</u>

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. More than 85% (2011: 85%) and 95% (2011: 95%) of the Group's and Company'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 and the Company have trade receivables amounting to RM82,631,000 (2011: RM99,013,000) and RM220,426,000 (2011: RM228,023,000) respectively that are past due at the reporting date but not impaired.

As at the reporting date, the Group and the Company hold bank guarantees in respect of some of the past due but not impaired amounting to RM20,218,000 (2011: RM14,518,000).



21. Trade and other receivables (contd.)

(a) Trade receivables (contd.)

Receivables that are past due but not impaired (contd.)

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.

Receivables that are impaired

The Group's 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		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Trade receivables				
- nominal amounts	78,593	123,304	95,914	136,753
Less: Allowance for impairment	(66,658)	(92,819)	(80,231)	(93,844)
	<u>11,935</u>	<u>30,485</u>	<u>15,683</u>	<u>42,909</u>

Movement in allowance accounts:

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
At 1 January	92,819	91,433	93,844	75,030
Charge for the year	3,572	3,501	2,079	18,814
Writeback of impairment losses	(15,673)	(2,115)	(15,692)	-
Net movement during the year (Note 10)	(12,101)	1,386	(13,613)	18,814
Bad debt write off	(14,060)	-	-	-
At 31 December	<u>66,658</u>	<u>92,819</u>	<u>80,231</u>	<u>93,844</u>



21. Trade and other receivables (contd.)

(a) Trade receivables (contd.)

Receivables that are impaired (contd.)

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.

Related party balances

Included in trade receivables of the Group are amounts due from other related companies of RM2,183,000 (2011: RM2,223,000).

(b) Other receivables

Other receivables are non-interest bearing. They are recognised at the amounts which represent their fair value on initial recognition.

Included in other receivables of the Group are amounts due from other related companies of RM5,964,000 (2011: RM5,961,000).

Movement in allowance accounts:

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
At 1 January	12,675	12,683	80,848	28,729
Charge for the year	23	55	-	52,119
Writeback of impairment losses	(96)	(63)	-	-
Net movement during the year (Note 10)	(73)	(8)	-	52,119
At 31 December	12,602	12,675	80,848	80,848



21. Trade and other receivables (contd.)

(c) Amount due from the Government of Malaysia

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

(d) Amount due from subsidiaries, associates and other related companies

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

(e) Credit concentration

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 the Government of Malaysia as disclosed above.

22. Cash and bank balances

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Cash at banks and on hand	133,318	115,746	45,960	33,961
Deposits with licensed banks	265,286	262,757	215,740	201,800
	<u>398,604</u>	<u>378,503</u>	<u>261,700</u>	<u>235,761</u>

(a) The deposits with licensed banks of the Group amounting to RM35,269,000 (2011: RM32,286,000) are pledged to the banks for credit facilities granted to certain subsidiaries as referred to in Note 24.

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

	Group and Company	
	2012 %	2011 %
Licensed banks	<u>2.73 - 3.45</u>	<u>2.50 - 3.30</u>



22. Cash and bank balances (contd.)

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

	Group		Company	
	2012 Days	2011 Days	2012 Days	2011 Days
Licensed banks	144	128	9	15

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

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Cash and bank balances	398,604	378,503	261,700	235,761
Bank overdrafts (Note 24)	(7,077)	(2,035)	-	-
Total cash and cash equivalents	391,527	376,468	261,700	235,761

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.



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23. Retirement benefit obligations (contd.)

The amounts recognised in the statement of financial position are determined as follows:

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Present value of unfunded defined benefits obligations	110,301	107,761	61,079	60,908
Analysed as:				
Current	13,620	7,783	8,159	4,819
Non-current:				
Later than 1 year but not later than 2 years	16,333	12,101	10,993	7,255
Later than 2 years but not later than 5 years	47,759	44,779	26,182	26,773
Later than 5 years	32,589	43,098	15,745	22,061
	96,681	99,978	52,920	56,089
	110,301	107,761	61,079	60,908

The amounts recognised in the income statements are as follows:

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Current service cost	6,634	4,816	3,682	2,560
Interest cost	5,453	4,188	3,071	2,322
Total, included in employee benefits expense (Note 7)	12,087	9,004	6,753	4,882

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

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
At 1 January	107,761	104,988	60,908	59,325
Provision for the year	12,087	9,004	6,753	4,882
Benefits paid	(9,547)	(6,231)	(6,582)	(3,299)
At 31 December	110,301	107,761	61,079	60,908



23. Retirement benefit obligations (contd.)

Principal actuarial assumptions used:

	2012	2011
	%	%
Discount rate	5.25	5.25
Expected rate of salary increases	4.00	4.00

24. Borrowings

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Short term borrowings				
Secured:				
Term loans	4,090	3,020	-	-
Hire purchase and finance lease payables (Note 25)	2,982	2,659	-	-
	<u>7,072</u>	<u>5,679</u>	<u>-</u>	<u>-</u>
Unsecured:				
Bank overdrafts	7,077	2,035	-	-
Bankers' acceptances	554,503	539,934	370,518	355,896
Revolving credit	21,455	9,000	-	-
	<u>583,035</u>	<u>550,969</u>	<u>370,518</u>	<u>355,896</u>
	<u>590,107</u>	<u>556,648</u>	<u>370,518</u>	<u>355,896</u>



Notes to the Financial Statements
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24. Borrowings (contd.)

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Long term borrowings				
Secured:				
Term loans	17,250	16,341	-	-
Hire purchase and finance lease payables (Note 25)	5,529	5,778	-	-
	<u>22,779</u>	<u>22,119</u>	<u>-</u>	<u>-</u>
Unsecured:				
Islamic Commercial Papers and Medium Term Notes ("ICP/MTN Programme") (Note 26)	748,585	747,750	748,585	747,750
	<u>771,364</u>	<u>769,869</u>	<u>748,585</u>	<u>747,750</u>
Total borrowings				
Bank overdrafts (Note 22)	7,077	2,035	-	-
Bankers' acceptances	554,503	539,934	370,518	355,896
Revolving credit	21,455	9,000	-	-
Term loans	21,340	19,361	-	-
Islamic Commercial Papers and Medium Term Notes ("ICP/MTN Programme") (Note 26)	748,585	747,750	748,585	747,750
Hire purchase and finance lease payables	8,511	8,437	-	-
	<u>1,361,471</u>	<u>1,326,517</u>	<u>1,119,103</u>	<u>1,103,646</u>
Maturity of borrowings (excluding hire purchase and finance lease payables):				
Within one year	587,125	553,989	370,518	355,896
More than 1 year and less than 2 years	353,030	3,268	349,515	-
More than 2 years and less than 5 years	405,949	750,257	399,070	747,750
5 years or more	6,856	10,566	-	-
	<u>1,352,960</u>	<u>1,318,080</u>	<u>1,119,103</u>	<u>1,103,646</u>



24. Borrowings (contd.)

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

	Group		Company	
	2012	2011	2012	2011
	%	%	%	%
Term loans	3.34 - 7.85	5.20 - 7.50	-	-
Bank overdrafts	6.30 - 8.10	9.60	-	-
Islamic Commercial Papers and Medium Term Notes ("ICP/MTN Programme") (Note 26)	4.70 - 5.05	4.70 - 5.05	4.70 - 5.05	4.70 - 5.05
Bankers' acceptances	3.80 - 5.00	2.96 - 4.50	3.80 - 5.00	3.40 - 4.00
Revolving credit	5.75	4.70 - 5.80	-	-

The term loans are secured by the following:

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

25. Hire purchase and finance lease liabilities

	Group	
	2012	2011
	RM'000	RM'000
Future minimum hire purchase and lease payments:		
Not later than 1 year	3,354	3,922
Later than 1 year and not later than 2 years	2,171	2,387
Later than 2 years and not later than 5 years	3,741	3,637
	<u>9,266</u>	<u>9,946</u>
Less : Future finance charges	(755)	(1,509)
Present value of hire purchase and finance lease liabilities	<u>8,511</u>	<u>8,437</u>



25. Hire purchase and finance lease liabilities (contd.)

	Group	
	2012	2011
	RM'000	RM'000
Analysis of present value of hire purchase and finance lease liabilities:		
Not later than 1 year	2,982	2,659
Later than 1 year and not later than 2 years	2,027	3,396
Later than 2 years and not later than 5 years	3,502	2,382
	<u>8,511</u>	<u>8,437</u>
Less: Amount due within 12 months (Note 24)	(2,982)	(2,659)
Amount due after 12 months (Note 24)	<u>5,529</u>	<u>5,778</u>

The hire purchase and finance lease liabilities bear interest rates ranging from 2.5% to 5.5% (2011: 2.5% to 3.45%) per annum.

26. Islamic Commercial Papers and Medium Term Notes programme ("ICP/MTN Programme")

	Group/Company	
	2012	2011
	RM'000	RM'000
ICP/MTN Programme (Note 24)	<u>748,585</u>	<u>747,750</u>

The Sukuk of RM750 million nominal value of Islamic Commercial Papers (ICP) and/or Medium Term Notes (MTN) is issued under the Islamic principle of Musyarakah which is a partnership contract ("Sukuk").

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 2012, the Company has issued RM750,000,000 Islamic Commercial Papers and /or Medium Term Notes (ICP/MTN) programme. The Sukuk will mature on 20 January 2014 (RM350,000,000) and 7 September 2015 (RM400,000,000).

On 19 June 2012, RAM Ratings Services Berhad had reaffirmed long and short-term ratings of AA3 and P1 for the ICP/MTN respectively, with a stable outlook. As at 31 December 2012, there has been no change in this rating.



27. Trade and other payables

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Current				
Trade payables				
Due to subsidiaries	-	-	65	-
Due to associates	-	335	-	335
Third parties	81,156	77,293	25,325	34,270
Total trade payables	<u>81,156</u>	<u>77,628</u>	<u>25,390</u>	<u>34,605</u>
Other payables				
Due to subsidiaries	-	-	367,315	346,912
Due to associates	310	322	7	8
	<u>310</u>	<u>322</u>	<u>367,322</u>	<u>346,920</u>
Accruals and sundry payables	116,942	134,106	77,233	99,506
Total other payables	<u>117,252</u>	<u>134,428</u>	<u>444,555</u>	<u>446,426</u>
Total trade and other payables	198,408	212,056	469,945	481,031
Add: Borrowings (Note 24)	1,361,471	1,326,517	1,119,103	1,103,646
Total financial liabilities carried at amortised cost	<u>1,559,879</u>	<u>1,538,573</u>	<u>1,589,048</u>	<u>1,584,677</u>

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 and other payables of the Group are amount due to other related companies of RM1,615,000 (2011: RM3,960,000) and RM1,970,000 (2011: RM2,282,000) respectively.

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



28. Share capital

	Number of shares of RM1.00 each		Amount	
	2012	2011	2012 RM	2011 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	<u>1,000,000,000</u>	<u>1,000,000,000</u>	<u>1,000,000,000</u>	<u>1,000,000,000</u>
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	<u>470,401,500</u>	<u>470,401,500</u>	<u>470,401,500</u>	<u>470,401,500</u>

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

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



28. Share capital (contd.)

- (a) The main features of the Special Share are as follows: (contd.)
 - (v) The Special Shareholder has the right to review all policies, programmes, projects and commercial activities undertaken or proposed to be undertaken by the Company, the right to veto any resolution proposed to be passed by the Board of Directors or the shareholders of the Company if the Government considers that it is necessary to do so in the national interest and security of Malaysia.
 - (vi) The Special Shareholder has the right to veto any resolution proposed to be passed by the Board of Directors and/or the shareholders of the Company purporting to amend the provisions of the Memorandum and Articles of Association of the Company which affects the rights or any matter relating to the Special Share or the rights attaching to the Special Share.

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 Section 108 balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the Section 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 Section 108 balance. Accordingly, during the transitional period, the Company may utilise the credit in the Section 108 balance as at 31 December 2007 to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Act 2007. As at 31 December 2012, the Company has sufficient credit in the Section 108 balance to pay franked dividends amounting to RM206,224,272 out of its retained earnings. The balance of retained earnings of RM289,025,857 can be distributed as dividends under the single tier system.



30. Other reserves

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Non-distributable:				
Capital reserve	2,864	2,864	600	600
Capital redemption reserve	12,520	12,520	7,370	7,370
AFS reserve/(deficit)	2	(11)	-	-
Foreign exchange (deficit)/reserve	(64)	489	-	-
Share premium	7,085	7,085	7,085	7,085
	<u>22,407</u>	<u>22,947</u>	<u>15,055</u>	<u>15,055</u>

31. Paddy price subsidy account

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

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

	Company	
	2012	2011
	RM'000	RM'000
At 1 January	177,459	5,515
Add: Government subsidy funds received	560,000	627,103
Interest income	1,783	907
Less: Payments made during the year	<u>(631,423)</u>	<u>(456,066)</u>
At 31 December	<u>107,819</u>	<u>177,459</u>

The amount has not been included in the assets and liabilities of the Group and the Company.



32. Commitments

Capital commitments

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Capital expenditure:				
Approved and contracted for:				
Property, plant and equipment	103,946	96,779	103,946	96,779
Approved but not contracted for:				
Property, plant and equipment	29,045	190,828	29,045	167,020
Investment	50,000	16,336	50,000	16,336
	79,045	207,164	79,045	183,356
Share of capital commitments of associated companies:				
Approved and contracted for:				
Property, plant and equipment	7,231	2,754	-	-
Approved but not contracted for:				
Property, plant and equipment	18	705	-	-
	190,240	307,402	182,991	280,135



33. Contingent liabilities

- (a) 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 Voluntary Separation Scheme ("VSS") 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, it is scandalous, frivolous, vexatious and/or is an abuse of the process of the Court;
- (ii) That the cost of the said Order to be borne by the Plaintiffs; and
- (iii) Such further or other orders as the Court deemed fit.

The Court has granted Order In Terms for the Company's application to strike out the 21st Defendant with cost payable to the Company but dismissed the Company's application to strike out the 2nd to 12th Defendants on 3 September 2007. On 3 March 2008, the Court dismissed the Company's application to strike out the 2nd to 12th Defendants from being the party to the suit. The Company's solicitors had on 17 April 2008, filed Statements of Defence for 2nd to 12th Defendants. The matter went for hearing from 13th to 16th March 2012. The matter came up for decision on 30th April 2012 and the Learned High Court Judge dismissed the Plaintiffs' claim with no order as to cost. The Plaintiffs' had on 29 May 2012 filed Notice of Appeal to the Court of Appeal against the High Court's decision in dismissing their claims against the Company. No hearing date has been fixed by the Court.



33. Contingent liabilities (contd.)

- (b) 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 Employees 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 case came up for hearing on 8 February 2013. On the hearing date, the Court struck out the Plaintiff's Originating Summons with costs of RM2,000.00. The Plaintiffs' application to convert their claim to writ action was also struck out with no order as to costs.

No provision was made in the financial statements of the Group and of the Company as at 31 December 2012 for the matters set out above as the Board, after due consultation with the Company's solicitors, believe that the Company has 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	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Short-term employee benefits	14,679	14,398	5,734	5,792
Post-employment benefits defined contribution plan	1,446	1,348	867	760
Other benefits	2,913	1,556	2,384	1,093
	<u>19,038</u>	<u>17,302</u>	<u>8,985</u>	<u>7,645</u>

Included in the total key management personnel compensation above are:

	Group and Company	
	2012 RM'000	2011 RM'000
Directors' remuneration (Note 8)	<u>3,530</u>	<u>2,009</u>

(b) Others

	Company	
	2012 RM'000	2011 RM'000
(a) Purchases from and services rendered by subsidiaries	<u>111,263</u>	<u>114,837</u>
(b) Sales to subsidiaries	<u>1,790,107</u>	<u>1,664,691</u>
(c) Sales to associates		
- Bernas Feedstuff Sdn. Bhd.	-	32,828
- Serba Wangi Sdn. Bhd. and its subsidiaries	282,544	260,834
- OEL Realty Holdings Sdn. Bhd. and its subsidiaries	<u>174,037</u>	<u>132,256</u>



34. Related party disclosures (contd.)

(b) Others (contd.)

	Company	
	2012	2011
	RM'000	RM'000
(d) Purchases from associates		
- Irfan Noman Bernas (Pvt) Limited	72,042	89,772
(e) Purchase of motor vehicles from a wholly-owned indirect subsidiary of DRB-Hicom Berhad		
- Euromobil Sdn. Bhd.	-	1,869
(f) Premises running cost charged by holding company		
- Tradewinds (M) Berhad	1,300	1,294
	Group	
	2012	2011
	RM'000	RM'000
(g) Transactions with subsidiaries' director related companies and other related parties		
(i) Syarikat Faiza Sdn. Bhd. Group ("SFSB")		
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	378	440
Transportation charged to SFSB including maintenance, road tax and maintenance of lorry by Iman Cargo Transportation and Freight Sdn Bhd, entity in which the son of a director (namely Faiza Bawumi Bt Syed Ahmad) has interest	226	599
Purchase of packed spices from Syarikat Faiza Marketing Sdn Bhd which certain directors (namely Faiza Bawumi Bt Syed Ahmad and Najwa Bt Abu Bakar) have interest	4,146	4,418
Purchase of packed rice from Figure Diversified Sdn. Bhd., a company in which certain director (namely Radwa Bt Abu Bakar) has interests	1,790	798



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34. Related party disclosures (contd.)

(b) Others (contd.)

	Group	
	2012	2011
	RM'000	RM'000
(g) Transactions with subsidiaries' director related companies and other related parties (contd.)		
(i) Syarikat Faiza Sdn. Bhd. Group ("SFSB") (contd.)		
Purchase of herb porridge 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	445	209
Purchase of mineral water and management of lorry from Rabhan Enterprise, a company in which certain director (namely Fikri Bt Abu Bakar) has interests	106	283
Rental of store, purchase of soya sauce and sales of rice to Farhan Food Sdn Bhd, a company in which certain director (namely Fikri Bt Abu Bakar) has interests	297	546
Transport charges paid to Racktop Transport Sdn. Bhd., a company in which certain director (namely Fikri Bt Abu Bakar) has interests	5,276	5,252
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) has interest	1,195	1,984
Purchase of wheat flour from Tijarati Sdn. Bhd., a company in which certain director (namely Jadwa Bt Abu Bakar) has interests	54	368
Rental of factory from Kualiti Supremasi Sdn. Bhd., a company in which certain director (namely Fikri Bt Abu Bakar) has interests	456	456



34. Related party disclosures (contd.)

(b) Others (contd.)

	Group	
	2012	2011
	RM'000	RM'000
(g) Transactions with subsidiaries' director related companies and other related parties (contd.)		
(i) Syarikat Faiza Sdn. Bhd. Group ("SFSB") (contd.)		
Purchase of coconut cream powder and MSG from Ikatan Supremasi Sdn. Bhd., a company in which certain director (namely Fikri Bin Abu Bakar) has interests	75	204
(ii) Jasmine Food Corporation Sdn. Bhd. Group ("JFC")		
Purchases from Jasmine Rice Mill (Kerpan) Sdn. Bhd., a company in which a director of JFC, Lim Kiam Lai @ Lim Kean Lai is a substantial shareholder	4,706	5,049
Sales to Chop Joo Seng Sdn. Bhd. and Joo Seng Enterprise, two entities in which directors of a subsidiary, JS Jasmine Sdn. Bhd., Tee Sin Joo has substantial financial interests	3,369	1,279
Rental of premises paid to Asian Net Sdn. Bhd., a company in which a director of JFC, Lim Swee Keat is related by virtue of his family relationships	871	871
Sales to Aroma Beras Edar, Joo Seng Enterprise and JS Sasaran Trading Sdn. Bhd., entities in which director of JS Jasmine Sdn. Bhd., Tee Sin Joo, has substantial financial interest	587	182
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	611	503



34. Related party disclosures (contd.)

(b) Others (contd.)

	Group	
	2012	2011
	RM'000	RM'000
(g) Transactions with subsidiaries' director related companies and other related parties (contd.)		
(ii) Jasmine Food Corporation Sdn. Bhd. Group ("JFC") (contd.)		
Rental of office paid to director of JFC, 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
Transport charges paid to Nagoya Agency, an entity in which the director of Jasmine Rice Mill (Tunjang) Sdn. Bhd. and Jasmine Rice Products Sdn. Bhd., Lim Kim Seng is related by virtue of his family relationships	3,929	4,302
Purchase from Central Sugars Refinery Sdn. Bhd., a subsidiary of Tradewinds (M) Berhad	60,895	55,843
Purchase from Gula Padang Terap Sdn. Bhd., a subsidiary of Tradewinds (M) Berhad	661	2,451
(iii) YHL Holding Sdn. Bhd. Group ("YHLH")		
Sales to Recent Giant Sdn. Bhd. ("RGSB"), a company in which certain directors of YHLH namely Yew Chye Seng and Ong Chye Eng are connected by virtue of their family relationships with the directors of RGSB	1,492	6,794



34. Related party disclosures (contd.)

(b) Others (contd.)

	Group	
	2012	2011
	RM'000	RM'000
(g) Transactions with subsidiaries' director related companies and other related parties (contd.)		
(iii) YHL Holding Sdn. Bhd. Group ("YHLH")		
Transport charges paid to Sin Hock Soon Transport Sdn. Bhd ("SHST"), a company in which certain directors of YHLH namely Yew Poe Hoe and Yew Poe Hai are connected by virtue of their family relationships with the directors of SHST	2,926	3,577
Rental of premises paid to Southern Edipro Packaging Sdn. Bhd. ("SEPSB"), a company in which certain directors of YHLH namely Yew Poe Hoe, Yew Chye Seng and Ong Chye Eng 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 namely Yew Poe Hoe, Yew Chye Seng and Ong Chye Eng are connected by virtue of their family relationships with the directors of EPSB	1,354	1,354
Rental charges paid to Xeng Hin Sdn. Bhd. ("XHSB"), a company in which certain directors of YHLH namely Yew Chye Seng is related by virtue of his family relationships with the directors of XHSB	90	90



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34. Related party disclosures (contd.)

(b) Others (contd.)

	Group	
	2012	2011
	RM'000	RM'000
(g) Transactions with subsidiaries' director related companies and other related parties (contd.)		
(iii) YHL Holding Sdn. Bhd. Group ("YHLH") (contd.)		
Rental expense paid to Sin Hock Soon Trading Sdn. Bhd. ("SHS"), a company in which certain directors of YHLH namely Yew Poe Hoe and Yew Poe Hai are connected by virtue of their family relationships with the directors of SHS	234	234
(iv) Beras Corporation Sdn. Bhd. Group ("BCSB")		
Rental charged to Tong Seng Huat Rice Trading Sdn. Bhd. ("TSHRT"), by TSH Realty Sdn. Bhd. a company in which the directors of TSHRT (namely Tan Gee Huat and Tho Lai Hock) have interests	200	200
Sales to Ban Say Tong Sdn. Bhd. ("BST") by Ban Say Tong, an entity owned by Kueh Peng Ho, a director and substantial shareholder of BST	1,574	1,560
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
Trading of rice, rental of warehouse, machinery and wooded planks to Hock Chiong Co. Sdn. Bhd, a company in which directors of a subsidiary, Hock Chiong Foodstuff Sdn. Bhd., Datuk Lau Hieng Ing and Datin Wong Puo Siong, have substantial financial interests	331	124



34. Related party disclosures (contd.)

(b) Others (contd.)

	Group	
	2012	2011
	RM'000	RM'000
(g) Transactions with subsidiaries' director related companies and other related parties (contd.)		
(iv) Beras Corporation Sdn. Bhd. Group ("BCSB") (contd.)		
Trading of rice, rental of warehouse by Naturewood Sdn. Bhd., a company in which directors of a subsidiary, Hock Chiong Foodstuff Sdn. Bhd., Datuk Lau Hieng Ing and Datin Wong Puo Siong, have substantial financial interests	60	60

Information regarding outstanding balances arising from related party transactions as at 31 December 2012 are disclosed in Note 21 and Note 27.

35. Significant and subsequent events

- (a) On 18 September 2012, the Company entered into an agreement ("BERNAS Agreement") with the Government of Malaysia ("Government") whereby the Government has agreed to extend the BERNAS Agreement for a further period of ten (10) years commencing from 11 January 2011 to 10 January 2021 ("Expiry Date") subject to the terms and conditions contained therein.
- (b) On 24 December 2012, Subur Majubumi Sdn. Bhd., a wholly-owned subsidiary company of the Company, entered into a Share Acquisition Agreement to acquire the entire issued and paid-up share capital of Warisan Bayumas Sdn Bhd ("WBSB") for a cash consideration of Ringgit Malaysia Two (RM2.00) only.
- (c) On 26 February 2013, Dayabest Sdn Bhd, a wholly-owned subsidiary company of Beras Corporation Sdn Bhd, entered into the Sale and Purchase Agreement ("SPA") with Unified Corridor Sdn Bhd ("UCSB" or "Purchaser") for the disposal of 153,000 ordinary shares of RM1.00 each ("Sale Shares") which is equivalent to 51% of equity interest in Haskarice Food Sdn Bhd ("HFSB") to the existing shareholder, UCSB, for a purchase consideration of RM1.00.



35. Significant and subsequent events (contd.)

(d) Unconditional Take-Over Offer Exercise

On 28 February 2013, the Company received a Notice of Unconditional Take-Over Offer ("Offer") from Perspective Lane (M) Sdn Bhd, Kelana Ventures Sdn Bhd, Seaport Terminal (Johore) Sdn Bhd and Acara Kreatif Sdn Bhd ("the Joint Offerors") through Maybank Investment Bank Berhad ("Maybank IB") to acquire all the remaining ordinary shares of RM1.00 each in the Company not already owned by the Joint Offerors and Tradewinds (M) Berhad, being the person acting in concert ("PAC") with the Joint Offerors ("Offer Shares") for a cash offer price of RM3.70 per Offer Share ("Offer").

The Offer is not conditional upon the level of acceptances received. In the event the Joint Offerors receive acceptances resulting in the shareholdings of the Joint Offerors and the PAC of more than 90% of the issued and paid-up share capital of the Company, the Joint Offerors do not intend to maintain the listing status of the Company pursuant to Paragraph 16.07 of the Listing Requirements. As such, the Company will announce the Joint Offerors' intention of not maintaining the Company's listing status or taking any measures to address the shortfall in the public shareholding spread. Bursa Securities shall suspend the trading of the Company's shares immediately upon the expiry of five (5) market days from the date of the Company's announcement. Thereafter, the Company's shares will be removed from the Official List of Bursa Securities.

In the event the Joint Offerors receive acceptances resulting in its shareholdings of not less than nine-tenths (9/10) in nominal value of the Offer Shares (excluding Shares already held by the Joint Offerors and the PAC as at the date of the Notice), the Joint Offerors intend to invoke Section 222(1) of the Capital Markets and Services Act, 2007 ("CMSA") to compulsorily acquire all the remaining Offer Shares from the Dissenting Shareholders. However, a Dissenting Shareholder may exercise his rights in accordance with Section 223(1) of the CMSA by serving a notice to require the Joint Offerors to acquire his shares on the same terms as set out in the Offer Document or such other terms as may be agreed.

In the event the acceptances received under the Offer result in the Joint Offerors and the PAC holding in aggregate less than 90% of the Company's shares, the Joint Offerors will explore options to address any shortfall in the public shareholding spread of the Company.

The Offer Document, which sets out the details, terms and condition of the Offer together with the Form of Acceptance and Transfer, has been despatched on 21 March 2013.

The Offer will remain open for acceptances until 5.00 p.m. (Malaysian time) on 25 April 2013.



36. Subsidiaries and associates

(a) Subsidiaries

Name of subsidiaries	Proportion of effective ownership interest		Principal activities
	2012 %	2011 %	
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	Dormant
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	100	Provision of logistic services



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36. Subsidiaries and associates (contd.)

(a) Subsidiaries (contd.)

Name of subsidiaries	Proportion of effective ownership interest		Principal activities
	2012 %	2011 %	
Incorporated in Malaysia (contd.)			
<i>Subsidiaries of the Company (contd.)</i>			
Bernas Engineering & Technology Sdn. Bhd.	100	100	Dormant
P.B. Construction & Supplies Sdn. Bhd.	100	100	Dormant
Bernas Utama Sdn. Bhd.	100	100	Dormant
Bernas Perdana Sdn. Bhd.	100	100	Dormant
Bernas (Sabah) Sdn. Bhd.	100	100	Dormant
Bernas (Sarawak) Sdn. Bhd.	100	100	Dormant
Bernas Project & Development Sdn. Bhd.	100	100	Dormant
Subur Majubumi Sdn. Bhd. *	100	100	Investment holding
Bernas Sdn. Bhd.	100	-	Trader, distributor and supplier of rice
<i>Subsidiary of Consolidated Bernas United Distributors Sdn. Bhd.</i>			
Machind Realty Sdn. Bhd.	100	100	Dormant
<i>Subsidiaries of Jasmine Food Corporation Sdn. Bhd.</i>			
Jasmine Food (Ipoh) Sdn. Bhd.	61	61	Trader, distributor and supplier of rice



36. Subsidiaries and associates (contd.)

(a) Subsidiaries (contd.)

Name of subsidiaries	Proportion of effective ownership interest		Principal activities
	2012 %	2011 %	
Incorporated in Malaysia (contd.)			
<i>Subsidiaries of Jasmine Food Corporation Sdn. Bhd.(contd.)</i>			
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



36. Subsidiaries and associates (contd.)

(a) Subsidiaries (contd.)

Name of subsidiaries	Proportion of effective ownership interest		Principal activities
	2012 %	2011 %	
Incorporated in Malaysia (contd.)			
<i>Subsidiaries of YHL Holding Sdn. Bhd. (contd.)</i>			
YHL Trading (Segamat) Sdn. Bhd.	51	51	Trader, distributor and supplier of rice
YHL Trading (Kedah) Sdn. Bhd.	51	51	Trader, distributor and supplier of rice
YHL Trading (Melaka) Sdn. Bhd.	51	51	Trader, distributor and supplier of rice
YHL Trading (Terengganu) Sdn. Bhd.	51	51	Trader, distributor and supplier of rice
YHL (Kuantan) Sdn. Bhd.	51	51	Dormant
<i>Subsidiary of Jasmine Rice Mill (Tunjang) Sdn. Bhd.</i>			
Jasmine Rice Products Sdn. Bhd.	61	61	Manufacturing and sale of vermicelli
<i>Subsidiary of Bernas Agrotech Sdn. Bhd.</i>			
Padi Gedong Sdn. Bhd.	100	100	Dormant
<i>Subsidiary of Subur Majubumi Sdn. Bhd.</i>			
Berkat Beringin Sdn. Bhd. *	100	100	Rice miller
Warisan Bayumas Sdn. Bhd. *	100	-	Investment holding



36. Subsidiaries and associates (contd.)

(a) Subsidiaries (contd.)

Name of subsidiaries	Proportion of effective ownership interest		Principal activities
	2012	2011	
	%	%	
Incorporated in Malaysia (contd.)			
<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	100	Trader, distributor and supplier of rice
Liansin Trading Sdn. Bhd.	60	60	Wholesale and trading of rice and rice related products
Belikmat Corporation Sdn. Bhd.	100	100	Dormant
Bernas Agrogreen Sdn. Bhd.	100	100	Dormant
<i>Subsidiaries of Dayabest Sdn. Bhd.</i>			
Haskarice Food Sdn. Bhd.	51	51	Trader, distributor and supplier of rice
Hock Chiong Foodstuff Sdn. Bhd.	51	51	Trader, distributor and supplier of rice
Ban Say Tong Sdn. Bhd.	51	51	Trader, distributor and supplier of rice
<i>Subsidiary of Bernas Dominals Sdn. Bhd.</i>			
Bernas Chaff Products Sdn. Bhd.	51	51	Dormant



36. Subsidiaries and associates (contd.)

(a) Subsidiaries (contd.)

Name of subsidiaries	Proportion of effective ownership interest		Principal activities
	2012 %	2011 %	
Incorporated in Malaysia (contd.)			
<i>Subsidiaries of Liansin Trading Sdn. Bhd.</i>			
Liangtye Trading Sdn. Bhd.	60	60	General trading and rice wholesaler
Liansin Trading (Bintulu) Sdn. Bhd.	60	60	Trader, distributor and supplier of rice
Liansin Trading (Miri) Sdn. Bhd.	60	60	Dormant
Tong Seng Huat Rice Trading Sdn. Bhd.	51	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

* Audited by firms of chartered accountants other than Ernst & Young



36. Subsidiaries and associates (contd.)

(b) Associates

Name of associates	Proportion of effective ownership interest		Principal activities
	2012 %	2011 %	
Incorporated in Malaysia			
<i>Associates of the Company</i>			
Gardenia Bakeries (KL) Sdn. Bhd.	30	30	Bread manufacturing and bakery
Ban Heng Bee Holdings Sdn. Bhd. *	49	49	Rice miller
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 Production Sdn. Bhd.</i>			
Kilang Beras Fajar Sdn. Bhd.	49	49	Dormant
<i>Associates of Bernas Dominals Sdn. Bhd.</i>			
Bernas Feedstuff Sdn. Bhd.*	49	49	Trading in all kinds of rice brand and broken
<i>Subsidiaries of Ban Heng Bee Holdings Sdn. Bhd.</i>			
Ban Heng Bee Rice Mill (1952) Sdn. Bhd.	49	49	Rice miller
KBBS Enterprise Sdn. Bhd.	34	34	Investment holding
Syarikat Kilang Padi Maju Sdn. Bhd.	-	29	Rice miller



36. Subsidiaries and associates (contd.)

(b) Associates (contd.)

Name of associates	Proportion of effective ownership interest		Principal activities
	2012 %	2011 %	
Incorporated in Malaysia (contd.)			
<i>Subsidiaries of Ban Heng Bee Holdings Sdn. Bhd. (contd.)</i>			
Kelang Beras Sin Tong Seng Sendirian Berhad	39	39	Rice miller
Kemboja Lambaian Sdn. Bhd.	49	49	Investment holding
Twenty - Twenty Food Industry Sdn. Bhd.	29	29	Rice vermicelli manufacturing & distributor
Serba Wangi Sdn. Bhd.	49	49	Trader, distributor and supplier of rice
<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



36. Subsidiaries and associates (contd.)

(b) Associates (contd.)

Name of associates	Proportion of effective ownership interest		Principal activities
	2012 %	2011 %	
Incorporated in Malaysia (contd.)			
<i>Subsidiaries of OEL Realty Holdings Sdn. Bhd.</i>			
OEL Distribution (KL) Sdn. Bhd.	18	18	Trader, distributor and supplier of rice
OEL Food Manufacturing Sdn. Bhd.	30	30	Manufacturing of health drinks
OEL Distribution (East Coast) Sdn. Bhd.	18	18	Trader, distributor and supplier of rice
OEL Distribution (Melaka) Sdn. Bhd.	18	-	Trader, distributor and supplier of rice
<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 Pakistan			
<i>Associate of Bernas Overseas (L) Limited</i>			
Irfan Noman Bernas (Private) Limited*	20	20	Rice trading

* Audited by firms of chartered accountants other than Ernst & Young



37. Financial instruments

(a) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Notes 2.11 to 2.16 describe how the classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognised. The following table analyses the financial assets and liabilities in the statement of financial position by the class of financial instrument to which they are assigned, and therefore by the measurement basis:

Group	Loans and receivables RM'000	Available- for-sale financial assets RM'000	Financial liabilities at amortised cost RM'000	Total RM'000
Assets				
Other investment	-	45,655	-	45,655
Trade receivables and other receivables	692,707	-	-	692,707
Cash and bank balances	398,604	-	-	398,604
Total financial assets	<u>1,091,311</u>	<u>45,655</u>	<u>-</u>	<u>1,136,966</u>
Total non-financial assets				<u>1,809,035</u>
Total assets				<u>2,946,001</u>
Liabilities				
Borrowings	-	-	1,361,471	1,361,471
Trade payables and other payables	-	-	240,744	240,744
Total financial liabilities	<u>-</u>	<u>-</u>	<u>1,602,215</u>	<u>1,602,215</u>
Total non-financial liabilities				<u>147,395</u>
Total liabilities				<u>1,749,610</u>



37. Financial instruments (contd.)

(a) Classification of financial instruments (contd.)

Group	Loans and receivables RM'000	Available- for-sale financial assets RM'000	Financial liabilities at amortised cost RM'000	Total RM'000
2011				
Assets				
Other investment	-	36,462	-	36,462
Trade receivables and other receivables	873,855	-	-	873,855
Cash and bank balances	378,503	-	-	378,503
Total financial assets	<u>1,252,358</u>	<u>36,462</u>	<u>-</u>	<u>1,288,820</u>
Total non-financial assets				<u>1,576,476</u>
Total assets				<u>2,865,296</u>
Liabilities				
Borrowings	-	-	1,326,517	1,326,517
Trade payables and other payables	-	-	212,056	212,056
Total financial liabilities	<u>-</u>	<u>-</u>	<u>1,538,573</u>	<u>1,538,573</u>
Total non-financial liabilities				<u>131,488</u>
Total liabilities				<u>1,670,061</u>
Company				
2012				
Assets				
Trade receivables and other receivables	1,065,721	-	-	1,065,721
Cash and bank balances	261,700	-	-	261,700
Total financial assets	<u>1,327,421</u>	<u>-</u>	<u>-</u>	<u>1,327,421</u>
Total non-financial assets				<u>1,360,001</u>
Total assets				<u>2,687,422</u>



37. Financial instruments (contd.)

(a) Classification of financial instruments (contd.)

Company	Loans and receivables RM'000	Available- for-sale financial assets RM'000	Financial liabilities at amortised cost RM'000	Total RM'000
2012				
Liabilities				
Borrowings	-	-	1,119,103	1,119,103
Trade payables and other payables	-	-	512,281	512,281
Total financial liabilities	-	-	1,631,384	1,631,384
Total non-financial liabilities				75,332
Total liabilities				1,706,716
2011				
Assets				
Trade receivables and other receivables	1,211,818	-	-	1,211,818
Cash and bank balances	235,761	-	-	235,761
Total financial assets	1,447,579	-	-	1,447,579
Total non-financial assets				1,164,285
Total assets				2,611,864
Liabilities				
Borrowings	-	-	1,103,646	1,103,646
Trade payables and other payables	-	-	481,031	481,031
Total financial liabilities	-	-	1,584,677	1,584,677
Total non-financial liabilities				60,908
Total liabilities				1,645,585



37. Financial instruments (contd.)

(b) 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 agrees 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.



37. Financial instruments (contd.)

(b) Financial risk management objectives and policies (contd.)

(i) Credit risk (contd.)

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.

(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 arising 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.



37. Financial instruments (contd.)

(b) Financial risk management objectives and policies (contd.)

(ii) Liquidity risk (contd.)

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.

2012	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	198,408	-	-	198,408
Borrowings	590,107	774,926	26,788	1,391,821
Total undiscounted financial liabilities	<u>788,515</u>	<u>774,926</u>	<u>26,788</u>	<u>1,590,229</u>
Company				
Financial liabilities:				
Trade and other payables	469,945	-	-	469,945
Borrowings	370,518	761,587	-	1,132,105
Total undiscounted financial liabilities	<u>840,463</u>	<u>761,587</u>	<u>-</u>	<u>1,602,050</u>
2011				
Group				
Financial liabilities:				
Trade and other payables	212,056	-	-	212,056
Borrowings	556,283	761,159	15,289	1,332,731
Total undiscounted financial liabilities	<u>768,339</u>	<u>761,159</u>	<u>15,289</u>	<u>1,544,787</u>
Company				
Financial liabilities:				
Trade and other payables	481,031	-	-	481,031
Borrowings	356,020	749,573	-	1,105,593
Total undiscounted financial liabilities	<u>837,051</u>	<u>749,573</u>	<u>-</u>	<u>1,586,624</u>



37. Financial instruments (contd.)

(b) Financial risk management objectives and policies (contd.)

(iii) Interest rate risk

The Group's primary interest rate risk relates to interest-bearing debt as at 31 December 2012. 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 by maintaining a fixed 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.

Sensitivity analysis on interest rate is not practical as all the Group's loans, receivables and borrowings are fixed rate instruments.

(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.



37. Financial instruments (contd.)

(b) Financial risk management objectives and policies (contd.)

(iv) Foreign exchange risk (contd.)

The Group and the Company have not entered into any forward foreign exchange contracts as at 31 December 2012 and 31 December 2011.

The carrying amounts of the Group's and the Company's financial liabilities denominated in foreign currency are as follows:

	Liabilities	
	2012	2011
	RM'000	RM'000
USD		
- Trade Payable	11,420	417
- Bankers Acceptance	217,018	315,396
	<u>228,438</u>	<u>315,813</u>

Sensitivity analysis for foreign currency risk

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 and Company	
	2012	2011
	Effect on profit before tax	Effect on profit before tax
	RM'000	RM'000
USD - strengthens 4% (2011: 3%)	(9,138)	(9,474)
USD - weakens 4% (2011: 3%)	<u>9,138</u>	<u>9,474</u>



38. Fair values of financial instruments

(a) Determination of fair value

Fair value of financial instruments by classes that are not carried at fair values and whose carrying amounts are not reasonable approximations of fair value

	2012		2011	
	RM'000 Carrying amount	RM'000 Fair value	RM'000 Carrying amount	RM'000 Fair value
Group (non-current)				
Hire purchase	5,529	4,659	5,778	5,347
Term loans	17,250	10,616	16,341	13,480
ICP/MTN Programme	748,585	761,587	747,750	763,303

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.

The fair value of medium term notes is based on mark-to-market ("MTM") prices as quoted by Bond Pricing Agency Malaysia ("BPAM").

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.



38. Fair values of financial instruments (contd.)

(b) Fair value measurement hierarchy

The fair value measurement hierarchy used to measure the financial assets carried at fair value in the statements of financial position as at 31 December 2012 are as follows:

- (i) Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- (ii) Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset and liability, either directly (i.e. prices) or indirectly (i.e. derived from prices).
- (iii) Level 3: Inputs for the asset and liability that are not based on observable market data (unobservable inputs).

	Group 2012 RM'000
Level 1:	
Assets	
AFS financial assets	<u>45,655</u>

The Group and the Company do not have financial liabilities carried at fair value nor any financial instruments classified as Level 2 and Level 3 as at 31 December 2012.

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 2012 and 31 December 2011.

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.



Notes to the Financial Statements
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39. Capital management (contd.)

	Note	Group		Company	
		2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Term loans	24	4,090	3,020	-	-
Short term borrowings	24	586,017	553,628	370,518	355,896
Trade payables	27	81,156	77,628	25,390	34,605
Other payables and accruals	27	117,252	134,428	444,555	446,426
Less:					
Cash and short term funds		(398,604)	(378,503)	(261,700)	(235,761)
Net debt		389,911	390,201	578,763	601,166
Equity attributable to the owners of the parent, representing total capital		1,102,529	1,106,023	980,706	966,279
Capital and net debt		1,492,440	1,496,224	1,559,469	1,567,445
Equity over capital and net debt		74%	74%	63%	62%

40. Segment information

For management purpose, the Group is organised into business based on the products as follows:

- i. Rice
- ii. Non-rice

Management monitors the operating results of its business separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects as explained below, is measured differently from the operating profit or loss in the consolidated financial statements. Group financing (including finance costs), income taxes and segmental reporting on assets and liabilities are managed on a group basis and not allocated to operating segments.



40. Segment information (contd.)

2012	Rice RM'000	Non-rice RM'000	As per consolidated financial statements RM'000
Revenue:			
External customers	3,092,761	539,510	3,632,271
Segment profit	(a) 526,304	132,180	658,484
2011			
Revenue:			
External customers	2,977,334	553,398	3,530,732
Segment profit	(a) 584,314	142,470	726,784

(a) The following items are added to/(deducted from) segment profit to arrive at "Profit before tax" presented in the income statement of the Group:

	2012 RM'000	2011 RM'000
Other income	20,121	24,761
Staff costs	(178,135)	(183,239)
Depreciation	(36,804)	(41,404)
Other expenses	(260,796)	(258,283)
Finance cost	(58,502)	(56,898)
Share of profit of associates	20,808	27,012
	<u>(493,308)</u>	<u>(488,051)</u>

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.



40. Segment information (contd.)

Revenue and non-current assets information based on the geographical locations of customers and assets respectively are as follows:

	Revenues		Non-current assets	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Peninsular Malaysia	2,807,493	2,726,420	859,688	752,935
East Malaysia	824,778	804,312	76,115	77,300
	<u>3,632,271</u>	<u>3,530,732</u>	<u>935,803</u>	<u>830,235</u>

Non-current assets presented above consist the following items as presented in the statement of financial position of the Group:

	2012 RM'000	2011 RM'000
Property, plant and equipment	467,118	421,760
Investment in associates	327,289	320,672
Other investment	45,655	36,462
Intangible assets	40,139	139
Deferred tax assets	55,602	51,202
	<u>935,803</u>	<u>830,235</u>

Information about major customers

The Group's customers are primarily retailers and wholesale distributors.

41. Explanation Transition to MFRSs

As stated in Note 2.1, these are the first financial statements of the Group and of the Company prepared in accordance with MFRSs.

The accounting policies set out in Note 2.3 until Note 2.22 have been applied in preparing the financial statements of the Group and of the Company for the financial year ended 31 December 2012, the comparative information presented in these financial statements for the financial year ended 31 December 2011 and in the preparation of the opening MFRS statements of financial position at 1 January 2011 (the Group and the Company's date of transition to MFRSs).



41. Explanation Transition to MFRSs (contd.)

In preparing the opening statements of financial position as at 1 January 2011, the Group has adjusted amounts reported in the financial statements prepared in accordance with FRSs. An explanation of how the transition from previous FRSs to MFRSs has affected the Group's and the Company's financial position and equity are set out as follows:

(a) Reconciliation of financial position and equity as at 1 January 2011

	FRS as at 01.01.2011 RM'000	Foreign exchange reserve RM'000	Property, plant and equipment RM'000	Retirement benefits RM'000	MFRS as at 01.01.2011 RM'000
Group					
Non-current assets					
Property, plant and equipment	381,098	-	28,938	-	410,036
Deferred tax assets	62,704	-	-	4,113	66,817
Current liabilities					
Retirement benefits	4,428	-	-	2,240	6,668
Non-current liabilities					
Retirement benefits	65,989	-	-	32,331	98,320
Equity attributable to holders of the Company					
Foreign exchange reserve	(3,768)	3,768	-	-	-
Retained profits	569,813	(3,768)	28,938	(30,458)	564,525



Notes to the Financial Statements
for the financial year ended 31 December 2012

41. Explanation Transition to MFRSs (contd.)

(a) Reconciliation of financial position and equity as at 1 January 2011 (contd.)

	FRS as at 01.01.2011 RM'000	Property, plant and equipment RM'000	Retirement benefits RM'000	MFRS as at 01.01.2011 RM'000
Company				
Non-current assets				
Property, plant and equipment	204,281	16,411	-	220,692
Deferred tax assets	17,158	-	4,113	21,271
Current liabilities				
Retirement benefits	2,498	-	1,689	4,187
Non-current liabilities				
Retirement benefits	40,375	-	14,763	55,138
Equity attributable to holders of the Company				
Retained profits	464,364	16,411	(12,339)	468,436

(b) Reconciliation of financial position and equity as at 31 December 2011

	FRS as at 31.12.2011 RM'000	Foreign exchange reserve RM'000	Property, plant and equipment RM'000	Retirement benefits RM'000	MFRS as at 31.12.2011 RM'000
Group					
Non-current assets					
Property, plant and equipment	392,822	-	28,938	-	421,760
Deferred tax assets	47,089	-	-	4,113	51,202
Current liabilities					
Retirement benefits	5,543	-	-	2,240	7,783
Non-current liabilities					
Retirement benefits	67,647	-	-	32,331	99,978
Equity attributable to holders of the Company					
Foreign exchange reserve	(3,279)	3,768	-	-	489
Retained profits	617,962	(3,768)	28,938	(30,458)	612,674



41. Explanation Transition to MFRSs (contd.)

(b) Reconciliation of financial position and equity as at 31 December 2011 (contd.)

	FRS as at 31.12.2011 RM'000	Property, plant and equipment RM'000	Retirement benefits RM'000	MFRS as at 31.12.2011 RM'000
Company				
Non-current assets				
Property, plant and equipment	220,433	16,411	-	236,844
Deferred tax assets	14,007	-	4,113	18,120
Current liabilities				
Retirement benefits	3,130	-	1,689	4,819
Non-current liabilities				
Retirement benefits	41,326	-	14,763	56,089
Equity attributable to holders of the Company				
Retained profits	476,750	16,411	(12,339)	480,822

Notes to reconciliations

(i) Foreign exchange reserve

Under FRSs, the Group recognised translation differences on foreign operations in a separate component of equity. Cumulative foreign exchange reserves for all foreign operations are deemed to be nil as at the date of transition to MFRS.

Accordingly, at date of transition to MFRS, the cumulative foreign exchange translation differences of RM3,768,000 (31 December 2011: RM3,768,000) were adjusted to retained profits.



41. Explanation Transition to MFRSs (contd.)

Notes to reconciliations (contd.)

(ii) Property, plant and equipment

The Group and the Company had previously adopted cost model to measure its property, plant and equipment under FRS.

Upon transition to MFRS, the Group and the Company have elected to still maintain the measurement of its property, plant and equipment using the cost model under MFRS 116 Property, Plant and Equipment. At the date of transition to MFRS, the Group and the Company elected to regard fair value of certain freehold land at date of transition as their deemed cost at that date. An upward adjustment of RM28,938,000 (31 December 2011: RM28,938,000) and RM16,411,000 (31 December 2011: RM16,411,000) were recognised in the Group's and the Company's property, plant and equipment carrying values, respectively. The corresponding adjustments were recognised against retained profits.

(iii) Employee benefits

Upon transition to MFRS, the Group and the Company have elected to recognise all cumulative actuarial gains and losses at the date of transition. Accordingly, the Group's and the Company's cumulative actuarial losses of RM34,571,000 and RM16,452,000 respectively, were adjusted to retained profits as at 1 January 2011.

Under FRS, actuarial gains and losses outside a pre-determined ranged (referred to as the corridor) are recognised in profit or loss in future periods over the expected average remaining working lives of the employees participating in the plan. Actuarial gains and losses within the corridor need not be recognised although the entity may choose to recognise it.

MFRS 1 provides the optional exemption to recognise all cumulative actuarial gains and losses at the date of transition. Accordingly, at the date of transition to MFRS, the Group's and the Company's cumulative actuarial losses after tax of RM30,458,000 (31 December 2011: RM30,458,000) and RM12,339,000 (31 December 2011: RM12,339,000) respectively, were adjusted to retained profits.

42. 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 18 April 2013.



43. 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 2011 and 2012 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		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Total retained profits of the Company and its subsidiaries				
- Realised	619,752	635,946	481,835	462,702
- Unrealised	38,486	31,237	13,414	18,120
	<u>658,238</u>	<u>667,183</u>	<u>495,249</u>	<u>480,822</u>
Total share of retained profits from associated companies				
- Realised	109,539	104,055	-	-
- Unrealised	(9,938)	(10,033)	-	-
Less: Consolidation adjustments	<u>(148,119)</u>	<u>(148,531)</u>	<u>-</u>	<u>-</u>
Retained profits as per financial statements	<u>609,720</u>	<u>612,674</u>	<u>495,249</u>	<u>480,822</u>



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Proxy Form

Borang Proksi

Total number of proxy(ies) appointed <i>Jumlah proksi dilantik</i>		
Proportion of his holding to be presented by each proxy <i>Pegangan saham yang diwakilkan kepada setiap proksi</i>	Proxy 1 %	Proxy 2 %
Total number of ordinary shares held <i>Jumlah Pegangan Saham Biasa</i>		
CDS Account No. <i>No Akaun CDS</i>		

I/We/Saya/Kami.....
(NAME AS PER NRIC/PASSPORT/CERTIFICATE OF INCORPORATION IN CAPITAL LETTERS) *(NAMA SEPERTI TERTERA PADA KAD PENGENALAN/PASPORT/SIJIL PENDAFTARAN SYARIKAT DALAM HURUF BESAR)*

(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 19th Annual General Meeting of Padiberas Nasional Berhad ("the Company") to be held at **Mahkota Ballroom, Ballroom Level, Hotel Istana Kuala Lumpur, 73 Jalan Raja Chulan, 50200 Kuala Lumpur on Tuesday, 25 June 2013 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-19 yang akan diadakan di Mahkota Ballroom, Ballroom Level, Hotel Istana Kuala Lumpur, 73 Jalan Raja Chulan, 50200 Kuala Lumpur pada hari Selasa, 25 Jun 2013 jam 10.00 pagi dan mana-mana penangguhannya, mengundi seperti berikut:-

1.	Audited Financial Statements and the Reports of the Directors and Auditors for the financial year ended 31 December 2012 – discussion only. <i>Penyata Kewangan yang Telah Diaudit berserta Laporan Pengarah dan Juruaudit bagi tahun kewangan berakhir 31 Disember 2012 – perbincangan sahaja.</i>		
ORDINARY RESOLUTIONS/RESOLUSI BIASA		FOR SETUJU	AGAINST MENENTANG
2.	Re-election of Datuk Wira Ismail bin Saleh as Director pursuant to Article 110(2) of the Company's Articles of Association. <i>Pemilihan semula Datuk Wira Ismail bin Saleh sebagai Pengarah menurut Artikel 110(2), Tataurusan Syarikat.</i>		
3.	Re-election of Dato' Siti Halimah binti Ismail as Director pursuant to Article 110(2) of the Company's Articles of Association. <i>Pemilihan semula Dato' Siti Halimah binti Ismail sebagai Pengarah menurut Artikel 110(2), Tataurusan Syarikat.</i>		
4.	Re-election of Datuk Syed Abu Bakar bin S Mohsin Almohdzar as Director pursuant to Article 115 of the Company's Articles of Association. <i>Pemilihan semula Datuk Syed Abu Bakar bin S Mohsin Almohdzar sebagai Pengarah menurut Artikel 115, Tataurusan Syarikat.</i>		
5.	Reappointment of Dato' Wira Syed Abdul Jabbar bin Syed Hassan as Director pursuant to Section 129(2) of the Companies Act, 1965. <i>Perlantikan semula Dato' Wira Syed Abdul Jabbar bin Syed Hassan menurut Seksyen 129(2), Akta Syarikat, 1965.</i>		
6.	Reappointment of the Auditors. <i>Perlantikan semula Juruaudit.</i>		
SPECIAL BUSINESS/URUSAN KHAS			
7.	Proposed Shareholders' Mandate for the Company to enter into Recurrent Related Party Transactions of a Revenue or Trading Nature specified in the Circular to Shareholders dated 30 May 2013. <i>Cadangan Mandat Pemegang Saham Membenarkan Syarikat Memasuki Transaksi Berulang dengan Pihak Berkaitan seperti yang dinyatakan dalam Pekeliling kepada Pemegang Saham bertarikh 30 Mei 2013.</i>		
8.	Proposed Amendments to the Articles of Association of the Company. <i>Cadangan Pindaan Tataurusan Syarikat.</i>		

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

Dated this/*Bertarikh* 2013

Signature/Seal/*Tandatangan/Meterai*.....

Notes:-

- i. In respect of the deposited securities only, members whose names appear in the Record of Depositors on 19 June 2013 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at this 19th AGM.
- ii. A member of the Company who is entitled to attend and vote at this meeting is entitled to appoint a proxy or not more than two (2) proxies to attend and vote in his stead. A proxy need not be a member of the Company.
- iii. 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.
- iv. Where a member of the Company is an authorised nominee as defined under Securities Industries (Central Depositories) Act, 1991, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to credit of the said securities account.
- v. The instrument appointing a proxy must be in writing under the hand of the appointer or his attorney duly appointed under a power of attorney or if such appointer is a corporation, either under its common seal or under the hand of its attorney.
- vi. 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. Berkenaan dengan sekuriti yang didepositkan, ahli-ahli yang nama mereka tersenarai dalam Rekod Pendeposit pada 19 Jun 2013 (Rekod Pendeposit Mesyuarat Agung) yang berhak menghadiri, bercakap dan mengundi di Mesyuarat Agung Tahunan 19 ini.
- ii. 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.
- iii. Apabila seseorang pemegang saham melantik dua (2) orang proksi, perlantikan tersebut akan menjadi tidak sah kecuali nisbah pegangan beliau yang akan diwakili oleh setiap proksi dinyatakan.
- iv. Apabila seseorang pemegang saham adalah nomini yang dibenarkan di bawah Akta Perindustrian Sekuriti (Depositori Pusat), 1991, mereka boleh melantik sekurang-kurangnya seorang proksi bagi setiap akaun sekuriti yang dipegang yang mana saham biasa Syarikat kekal sebagai kredit di dalam akaun sekuriti tersebut.
- v. 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.
- vi. 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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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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