Malayan Flour Mills Berhad

(Company No. 4260-M)
(Incorporated in Malaysia)

and its subsidiaries

Financial statements for the year ended 31 December 2008

Malayan Flour Mills Berhad
(Company No. 4260-M)
(Incorporated in Malaysia)
and its subsidiaries

Directors' report for the year ended 31 December 2008

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the year ended 31 December 2008.

Principal activities

The Company is principally engaged in the business of milling and selling wheat flour and trading in grains and other allied products, whilst the principal activities of the subsidiaries are as stated in Note 7 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

Results

	Group RM'000	Company RM'000
Profit attributable to:		
Equity holders of the Company	57,971	49,338
Minority Interest	3,940	-
	61,911	49,338

Reserves and provisions

There were no material transfers to or from reserves and provisions during the year under review.

Dividends

Since the end of the previous financial year, the Company paid:

i) an interim dividend of 5 sen per ordinary share less tax at 26% totalling RM3,983,000 (3.70 sen net per ordinary share) in respect of the year ended 31 December 2007 on 18 January 2008;

ii) a final dividend of 5 sen per ordinary share less tax at 26% totalling RM3,983,000 (3.70 sen net per ordinary share) in respect of the year ended 31 December 2007 on 25 June 2008;

Dividends (continued)

iii) a special dividend of 10 sen per ordinary share less tax at 26% totalling RM7,965,000 (7.40 sen net per ordinary share) in respect of the year ended 31 December 2007 on 25 June 2008; and

iv) an interim dividend of 5 sen per ordinary share less tax at 25% totalling RM4,037,000 (3.75 sen net per ordinary share) in respect of the year ended 31 December 2008 on 16 January 2009.

The final and special dividends recommended by the Directors in respect of the year ended 31 December 2008 is 5 sen per ordinary share and 10 sen per ordinary share respectively less tax at 25% totalling RM4,037,000 (3.75 sen net per ordinary share) and RM8,073,000 (7.50 sen net per ordinary share) respectively.

Directors of the Company

Directors who served since the date of the last report are:

Tan Sri Datuk Arshad bin Ayub
Teh Wee Chye
Lee Soon Lee
Dato' Hj Shaharuddin bin Hj Haron
Geh Cheng Hooi
Quah Ban Lee
Datuk Oh Chong Peng (appointed on 20 August 2008)
Tan Sri Hamzah bin Abu Samah (retired on 2 April 2009)

Directors' interests

The interests and deemed interests in the shares and options of the Company and of its related companies (other than wholly-owned subsidiaries) of those who were Directors at year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares of RM1 each			
	At 1.1.2008	**Bought**	**Sold**	**At 31.12.2008**
Company – Malayan Flour Mills Berhad				
Direct interest				
Teh Wee Chye	456,500	-	-	456,500
Lee Soon Lee	6,000	-	-	6,000
Tan Sri Datuk Arshad bin Ayub	4,194,085	137,400	-	4,331,485
Dato' Hj Shaharuddin bin Hj Haron	400,000	-	-	400,000
Quah Ban Lee	235,000	-	-	235,000

Directors' interests (continued)

	Number of ordinary shares of RM1 each			
	At 1.1.2008	**Bought**	**Sold**	**At 31.12.2008**
Company – Malayan Flour Mills Berhad (Continued)				
Deemed interest				
Teh Wee Chye				
- own	29,858,483	-	-	29,858,483
- others *	12,000	-	-	12,000
Lee Soon Lee				
- others *	241,500	-	-	241,500
Tan Sri Datuk Arshad bin Ayub	2,394,000	310,400	-	2,704,400
Geh Cheng Hooi	3,000	-	-	3,000
Subsidiary company				
- Dindings Soya & Multifeeds Sdn. Berhad				
Deemed interest				
Teh Wee Chye	29,185,000	-	-	29,185,000
- Muda Fibre Manufacturing Sdn. Bhd.				
Deemed interest				
Teh Wee Chye	7,000,001	-	-	7,000,001
- Dindings Poultry Processing Sdn. Bhd.				
Deemed interest				
Teh Wee Chye	51,160,000	-	-	51,160,000
- Dindings Trading Sdn. Bhd.				
Deemed interest				
Teh Wee Chye	10,200	-	-	10,200

	Interest in capital contribution denominated in Vietnamese Dong (VND)			
	At 1.1.2008 VND'000	**Bought VND'000**	**Sold VND'000**	**At 31.12.2008 VND'000**
- Vimaflour Limited				
Deemed interest				
Teh Wee Chye	149,310,144	-	-	149,310,144

* Deemed to have interest through spouse and children pursuant to the Section 134(12)(c) of the Companies Act, 1965.

Directors' interests (continued)

By virtue of his interest in the shares of the Company, Mr. Teh Wee Chye is also deemed interested in the shares of the subsidiaries during the financial year to the extent that Malayan Flour Mills Berhad has an interest.

None of the other Directors holding office at 31 December 2008 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

Directors' benefits

Since the end of the previous financial year, no Director has received nor become entitled to receive any benefits (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with Director or with a firm of which a Director is a member, or with a company in which the Director has a substantial financial interest other than a Director who has significant financial interests in companies which traded with certain companies in the Group in the ordinary course of business as disclosed in Note 25 to the financial statements.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Issue of shares

There were no changes in the authorised, issued and paid-up capital of the Company during the financial year.

Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company during the financial year.

Other statutory information

Before the balance sheets and income statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

i) all known bad debts have been written off and adequate provision made for doubtful debts, and

ii) all current assets have been stated at the lower of cost and net realisable value.

Other statutory information (continued)

At the date of this report, the Directors are not aware of any circumstances:

i) that would render the amount written off for bad debts, or the amount of the provision for doubtful debts, in the Group and in the Company inadequate to any substantial extent, or

ii) that would render the value attributed to the current assets in the Group and in the Company financial statements misleading, or

iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or

iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or

ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, the results of the operations of the Group and of the Company for the financial year ended 31 December 2008 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Auditors

The auditors, Messrs KPMG, have indicated their willingness to accept re-appointment.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

……………………………………………………………..
Tan Sri Datuk Arshad Bin Ayub

……………………………………………………………..
Teh Wee Chye

Kuala Lumpur,

Date: 21 April 2009

Malayan Flour Mills Berhad
(Company No. 4260-M)
(Incorporated in Malaysia)
and its subsidiaries

Balance sheets at 31 December 2008

	Note	Group 2008 RM'000	Group 2007 RM'000	Company 2008 RM'000	Company 2007 RM'000
Assets					
Property, plant and equipment	3	184,091	180,817	80,063	64,460
Intangible assets	4	3,339	3,953	1,196	1,902
Leasehold land	5	13,265	13,928	3,403	3,570
Investment properties	6	5,676	5,733	5,405	5,462
Investments in subsidiaries	7	-	-	149,316	149,316
Investments in associates	8	319	870	-	*
Other investments	9	112	112	60	60
Deferred tax assets	10	2,593	1,828	-	-
Total non-current assets		209,395	207,241	239,443	224,770
Receivables, deposits and prepayments	11	201,386	187,501	180,065	134,212
Inventories	12	282,000	284,564	104,954	80,945
Current tax assets		748	495	-	-
Cash and cash equivalents	13	104,056	134,246	40,928	27,271
Total current assets		588,190	606,806	325,947	242,428
Total assets		797,585	814,047	565,390	467,198
Equity					
Share capital		107,645	107,645	107,645	107,645
Reserves		281,041	238,652	227,609	194,256
Total equity attributable to equity holders of the Company		388,686	346,297	335,254	301,901
Minority interest		33,571	32,851	-	-
Total equity	14	422,257	379,148	335,254	301,901

* denotes RM4

Company No. 4260-M

Balance sheets at 31 December 2008
(continued)

	Note	Group 2008 RM'000	Group 2007 RM'000	Company 2008 RM'000	Company 2007 RM'000
Liabilities					
Deferred tax liabilities	10	6,889	6,638	6,889	6,638
Total non-current liabilities		6,889	6,638	6,889	6,638
Payables and accruals	15	82,206	87,366	72,057	41,662
Loans and borrowings	16	279,908	335,135	144,865	112,272
Current tax liabilities		2,288	1,777	2,288	742
Dividend payable		4,037	3,983	4,037	3,983
Total current liabilities		368,439	428,261	223,247	158,659
Total liabilities		375,328	434,899	230,136	165,297
Total equity and liabilities		797,585	814,047	565,390	467,198

The notes set out on pages 16 to 64 are an integral part of these financial statements.

Malayan Flour Mills Berhad

(Company No. 4260-M)
(Incorporated in Malaysia)

and its subsidiaries

Income statements for the year ended 31 December 2008

		Group		Company	
	Note	**2008**	**2007**	**2008**	**2007**
		RM'000	**RM'000**	**RM'000**	**RM'000**
Revenue		1,198,778	1,031,183	429,377	303,023
Cost of goods sold		(1,017,888)	(872,813)	(325,876)	(234,481)
Gross profit		180,890	158,370	103,501	68,542
Other income		11,498	6,311	23,911	7,922
Distribution and selling expenses		(61,137)	(62,864)	(26,335)	(23,902)
Administrative expenses		(27,265)	(27,990)	(14,698)	(16,432)
Other expenses		(16,290)	(2,188)	(16,275)	(8,194)
Results from operating activities		87,696	71,639	70,104	27,936
Interest expense		(14,868)	(13,350)	(5,625)	(3,616)
Interest income		8,399	5,868	506	345
Operating profit	17	81,227	64,157	64,985	24,665
Share of loss after tax of equity accounted associates		(512)	(172)	-	-
Profit before tax		80,715	63,985	64,985	24,665
Tax expense	19	(18,804)	(10,676)	(15,647)	(6,976)
Profit for the year		61,911	53,309	49,338	17,689
Attributable to:					
Equity holders of the Company		57,971	46,591		
Minority interest		3,940	6,718		
Profit for the year		61,911	53,309		
Basic earnings per ordinary share (sen)	20	53.85	43.54		

The notes set out on pages 16 to 64 are an integral part of these financial statements.

Malayan Flour Mills Berhad
(Company No. 4260-M)
(Incorporated in Malaysia)
and its subsidiaries

Statement of changes in equity for the year ended 31 December 2008

Group	Share capital RM'000	Share premium RM'000	Revaluation reserve RM'000	Other capital reserves RM'000	Share option reserve RM'000	Translation reserve RM'000	Retained earnings RM'000	Total RM'000	Minority interest RM'000	Total equity RM'000
	/------------------Attributable to equity holders of the Company------------------/									
	/----------------------------Non-distributable---------------------------/						*Distributable*			
At 1 January 2007	105,219	54,030	19,310	7,673	148	(11,687)	138,360	313,053	29,612	342,665
Foreign exchange translation differences	-	-	-	-	-	(8,156)	-	(8,156)	(1,414)	(9,570)
Net loss recognised directly in equity	-	-	-	-	-	(8,156)	-	(8,156)	(1,414)	(9,570)
Profit for the year	-	-	-	-	-	-	46,591	46,591	6,718	53,309
Total recognised income and expense for the year	-	-	-	-	-	(8,156)	46,591	38,435	5,304	43,739
Share-based payments	-	-	-	-	93	-	-	93	-	93
Share options exercised	2,426	1,832	-	-	(200)	-	-	4,058	-	4,058
Reversal of share-based payments upon maturity of ESOS	-	-	-	-	(41)	-	41	-	-	-
Subscription of shares in a subsidiary	-	-	-	-	-	-	-	-	10	10
Dividends to equity holders	-	-	-	-	-	-	(9,342)	(9,342)	-	(9,342)
Dividends to minority interests	-	-	-	-	-	-	-	-	(2,075)	(2,075)
At 31 December 2007	107,645	55,862	19,310	7,673	-	(19,843)	175,650	346,297	32,851	379,148

Company No. 4260-M

Statement of changes in equity for the year ended 31 December 2008
(continued)

Group	Share capital RM'000	Share premium RM'000	Revaluation reserve RM'000	Other capital reserves RM'000	Share option reserve RM'000	Translation reserve RM'000	Retained earnings RM'000	Total RM'000	Minority interest RM'000	Total equity RM'000
	/------------------*Attributable to equity holders of the Company*------------------/									
	/----------------------------*Non-distributable*----------------------------/						*Distributable*			
At 1 January 2008	107,645	55,862	19,310	7,673	-	(19,843)	175,650	346,297	32,851	379,148
Foreign exchange translation differences	-	-	-	-	-	403	-	403	(99)	304
Net gain/(loss) recognised directly in equity	-	-	-	-	-	403	-	403	(99)	304
Profit for the year	-	-	-	-	-	-	57,971	57,971	3,940	61,911
Total recognised income and expense for the year	-	-	-	-	-	403	57,971	58,374	3,841	62,215
Bonus shares issued by a subsidiary	-	-	-	6,935	-	-	(6,935)	-	-	-
Realisation of revaluation reserves	-	-	(2,243)	-	-	-	2,243	-	-	-
Dividends to equity holders	-	-	-	-	-	-	(15,985)	(15,985)	-	(15,985)
Dividends to minority interests	-	-	-	-	-	-	-	-	(3,121)	(3,121)
At 31 December 2008	107,645	55,862	17,067	14,608	-	(19,440)	212,944	388,686	33,571	422,257

Company No. 4260-M

Statement of changes in equity for the year ended 31 December 2008

(continued)

	/-----Non-distributable			-----/	Distributable	
Company	**Share capital RM'000**	**Share premium RM'000**	**Revaluation reserves RM'000**	**Share option reserve RM'000**	**Retained earnings RM'000**	**Total RM'000**
At 1 January 2007	105,219	54,030	19,310	148	110,696	289,403
Profit for the year	-	-	-	-	17,689	17,689
Share-based payments	-	-	-	93	-	93
Share options exercised	2,426	1,832	-	(200)	-	4,058
Reversal of share-based payment upon maturity of ESOS	-	-	-	(41)	41	-
Dividends to equity holders	-	-	-	-	(9,342)	(9,342)
At 31 December 2007/1 January 2008	107,645	55,862	19,310	-	119,084	301,901
Profit for the year	-	-	-	-	49,338	49,338
Realisation of revaluation reserves	-	-	(2,243)	-	2,243	-
Dividends to equity holders	-	-	-	-	(15,985)	(15,985)
At 31 December 2008	107,645	55,862	17,067	-	154,680	335,254

The notes set out on pages 16 to 64 are an integral part of these financial statements.

Malayan Flour Mills Berhad
(Company No. 4260-M)
(Incorporated in Malaysia)
and its subsidiaries

Cash flow statements for the year ended 31 December 2008

		Group		Company	
		2008	**2007**	**2008**	**2007**
	Note	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Cash flows from operating activities					
Profit before tax		80,715	63,985	64,985	24,665
Adjustments for:					
Amortisation of intangible assets	4	1,715	972	889	853
Amortisation of leasehold land	5	608	615	167	167
Depreciation of investment properties	6	57	57	57	57
Depreciation of property, plant and and equipment	3	18,686	21,056	5,535	5,236
Dividend income		-	-	(18,432)	(5,801)
Gain on disposal of an associate		(39)	-	(18)	-
Gain on disposal of property, plant and equipment		(1,109)	(1,004)	(244)	(141)
Gain on disposal of quoted investments		-	(484)	-	-
Impairment on property, plant and equipment		2,809	-	-	-
Interest expense		14,868	13,350	5,625	3,616
Interest income		(8,399)	(5,868)	(506)	(345)
Property, plant and equipment written off		1,760	63	1,760	-
Share-based payments		-	93	-	93
Share of loss of equity accounted associates		512	172	-	-
Unrealised loss/(gain) on foreign exchange		737	(405)	-	-
Operating profit before changes in working capital		112,920	92,602	59,818	28,400
Changes in working capital:					
Inventories		1,721	(56,035)	(24,009)	14,285
Payables and accruals		(8,208)	30,437	30,395	15,291
Receivables, deposit and prepayments		(14,272)	(49,763)	(45,853)	(24,145)
Cash generated from operations		92,161	17,241	20,351	33,831
Interest paid		(14,868)	(13,350)	(5,625)	(3,616)
Interest received		8,399	5,868	506	345
Tax paid		(19,098)	(11,667)	(13,599)	(6,634)
Net cash generated from/(used in) operating activities		66,594	(1,908)	1,633	23,926

Company No. 4260-M

Cash flow statements for the year ended 31 December 2008

(continued)

	Note	Group 2008 RM'000	Group 2007 RM'000	Company 2008 RM'000	Company 2007 RM'000
Cash flows from investing activities					
Acquisition of intangible assets		(1,112)	(1,992)	(183)	(204)
Acquisition of property, plant and equipment		(28,250)	(11,679)	(23,073)	(4,744)
Dividend received		-	-	18,181	5,542
Subscription of shares in a subsidiary		-	-	*	-
Subscription of shares in a subsidiary by minority interest		-	10	-	-
Proceeds from disposal of an associate		18	-	18	-
Proceeds from disposal of property, plant and equipment		2,438	1,065	419	161
Proceeds from disposal of quoted investment		-	966	-	-
Net cash (used in)/generated from investing activities		(26,906)	(11,630)	(4,638)	755
Cash flows from financing activities					
Dividends paid to minority shareholders		-	(2,075)	-	-
Dividends paid to equity holders of the Company		(15,931)	(9,199)	(15,931)	(9,199)
Proceeds from issuance of shares		-	4,058	-	4,058
(Repayment of)/Proceeds from loans and borrowings		(54,919)	103,992	32,593	(647)
Net cash (used in)/generated from financing activities		(70,850)	96,776	16,662	(5,788)
Net (decrease)/increase in cash and cash equivalents		(31,162)	83,238	13,657	18,893
Effect of exchange rate fluctuations on cash held		972	(3,599)	-	-
Cash and cash equivalents at 1 January	(i)	134,246	54,607	27,271	8,378
Cash and cash equivalents at 31 December	(i)	104,056	134,246	40,928	27,271

* denotes RM326

Company No. 4260-M

Cash flow statements for the year ended 31 December 2008

(continued)

i) *Cash and cash equivalents*

Cash and cash equivalents included in the cash flow statements comprise the following balance sheet amounts:

		Group		Company	
		2008	**2007**	**2008**	**2007**
	Note	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Deposit placed with licensed banks	13	86,190	115,282	34,100	20,300
Cash and bank balances	13	17,866	18,964	6,828	6,971
		104,056	134,246	40,928	27,271

The notes set out on pages 16 to 64 are an integral part of these financial statements.

Malayan Flour Mills Berhad
(Company No. 4260-M)
(Incorporated in Malaysia)
and its subsidiaries

Notes to the financial statements

Malayan Flour Mills Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Board of the Bursa Malaysia Securities Berhad. The address of its registered office, which is also its principal place of business is as follows:

Registered office and principal place of business

22nd Floor, Wisma MCA
Jalan Ampang
50450 Kuala Lumpur

The consolidated financial statements of the Company as at and for the year ended 31 December 2008 comprise the Company and its subsidiaries and the Group's interest in associates.

The Company is principally engaged in the business of milling and selling wheat flour and trading in grains and other allied products, whilst the principal activities of the subsidiaries are as stated in Note 7 to the financial statements.

The financial statements were approved by the Board of Directors on 21 April 2009.

1. Basis of preparation

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards (FRS), accounting principles generally accepted in Malaysia and the Companies Act, 1965. These financial statements also comply with the applicable disclosure provisions of the Listing Requirements of the Bursa Malaysia Securities Berhad.

The Group and the Company have not applied the following accounting standards (including their consequential amendments) and interpretations that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective:

FRSs / Interpretations	Effective date
FRS 4, *Insurance Contracts*	1 January 2010
FRS 7, *Financial Instruments: Disclosures*	1 January 2010
FRS 8, *Operating Segments*	1 July 2009
FRS 139, *Financial Instruments: Recognition and Measurement*	1 January 2010
IC Interpretation 9, *Reassessment of Embedded Derivatives*	1 January 2010
IC Interpretation 10, *Interim Financial Reporting and Impairment*	1 January 2010

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

The Group and the Company plan to apply the abovementioned FRSs/Interpretations, which are relevant to its operation, from the annual period beginning 1 January 2010.

FRS 4 is not applicable to the Group and the Company. Hence, no further disclosure is warranted.

The impact of applying FRS 7 and FRS 139 on the financial statements upon first adoption as required by paragraph 30(b) of FRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors* is not disclosed by virtue of the exemptions given in the respective FRSs. The initial application of the rest of the above standards (and their consequential amendments) and interpretations is not expected to have any material impact on the financial statements of the Group and the Company.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (RM), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements.

2. Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements, and have been applied consistently by Group entities, unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including unincorporated entities, controlled by the Group. Control exists when the Group has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. Subsidiaries are consolidated using the purchase method of accounting.

Under the purchase method of accounting, the financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Investments in subsidiaries are stated in the Company's balance sheet at cost less any impairment losses, unless the investment is held for sale.

(ii) Associates

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Associates are accounted for in the consolidated financial statements using the equity method unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). The consolidated financial statements include the Group's share of the profit or loss of the equity accounted associates, after adjustments, if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an equity accounted associates, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Investments in associates are stated in the Company's balance sheet at cost less impairment losses, unless the investment is classified as held for sale.

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(iii) Minority interest

Minority interest at the balance sheet date, being the portion of the net identifiable assets of subsidiaries attributable to equity interest that are not owned by the Company, whether directly or indirectly through subsidiaries, are presented in the consolidated balance sheet and statement of changes in equity within equity, separately from equity attributable to the equity holders of the Company. Minority interest in the results of the Group are presented on the face of the consolidated income statement as an allocation of the total profit or loss for the year between minority interest and the equity holders of the Company.

Where losses applicable to the minority exceed the minority's interest in the equity of a subsidiary, the excess, and any further losses applicable to the minority, are charged against the Group's interest except to the extent that the minority has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequently report profits, the Group's interest is allocated with all such profits until the minority's share of losses previously absorbed by the Group has been recovered.

(iv) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gain arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies are translated at exchange rates at the dates of the transactions except for those that are measured at fair value, which are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in the income statements.

2. Significant accounting policies (continued)

(b) Foreign currency

(ii) Operations denominated in functional currencies other than Ringgit Malaysia

The assets and liabilities of operations in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the balance sheet date. The income and expenses of operations in functional currencies other than RM are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in translation reserve. On disposal, accumulated translation differences are recognised in the consolidated income statement as part of the gain or loss on sale.

(c) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are stated at cost / valuation less accumulated depreciation and accumulated impairment losses.

The Group has availed itself to the transitional provision when the MASB first adopted IAS 16, Property, Plant and Equipment in 1998. Certain properties were revalued in 1983 and no later valuation has been recorded for these property, plant and equipment, except in the case of impairment adjustments based on a valuation.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the market prices for similar items.

2. Significant accounting policies (continued)

(c) Property, plant and equipment (continued)

(i) Recognition and measurement (continued)

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income" or "other operating expenses" respectively in the income statements. When revalued assets are derecognised, the amounts included in the revaluation surplus reserve are transferred to retained earnings.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statements as incurred.

(iii) Depreciation

Depreciation is recognised in the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative periods are as follows:

• buildings	10 and 50 years or over lease period, whichever is shorter
• jetty	50 years
• plant, machinery, fixtures and equipment	4 and 10 years
• motor vehicles and boats	5 and 10 years

Depreciation methods, useful lives and residual values are reassessed at the balance sheet date.

2. Significant accounting policies (continued)

(d) Leased assets

Operating lease

Leases, where the Group does not assume substantially all the risks and rewards of the ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the Group's balance sheet. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property.

Leasehold land that normally has an indefinite economic life and title is not expected to pass to the lessee by the end of the lease term is treated as an operating lease.

Certain leasehold land were revalued and the Group has retained the unamortised revalued amount as the surrogate carrying amount of leasehold land in accordance with the transitional provision in FRS 117.67A when it first adopted FRS 117, Leases in the year 2007.

Payments made under operating leases are recognised in the income statements on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Leasehold land are amortised over the lease term of between 30 to 99 years.

(e) Intangible assets

(i) Computer software

Computer software acquired by the Group is stated at cost less accumulated amortisation and impairment loss, if any.

The cost capitalised includes expenditures that are directly attributable to the acquisition of the software licenses and any other development costs directly attributable to the preparation of the computer software for its intended use.

2. Significant accounting policies (continued)

(e) Intangible assets (continued)

(ii) Subsequent expenditure

Subsequent expenditure on computer software is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

(iii) Amortisation

Amortisation of computer software is charged to the income statements on a straight-line basis over its estimated useful lives. Computer software is amortised from the date that it is available for use.

The estimated useful life of computer software is 4 years.

(f) Investments in equity securities

Investments in equity securities are recognised initially at fair value plus attributable transaction costs.

Subsequent to initial recognition, investments in non-current equity securities other than investments in subsidiaries and associates, are stated at cost less allowance for diminution in value.

Where in the opinion of the Directors, there is a decline other than temporary in the value of non-current equity securities other than investment in subsidiaries and associates, the allowance for diminution in value is recognised as an expense in the financial year in which the decline is identified.

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

All investments in equity securities are accounted for using settlement date accounting. Settlement date accounting refers to:

a) the recognition of an asset on the day it is received by the entity, and

b) the derecognition of an asset and recognition of any gain or loss on disposal on the date it is delivered.

2. Significant accounting policies (continued)

(g) Investment properties

(i) Investment properties carried at cost

Investment properties are properties which are owned to earn rental income or for capital appreciation or for both. These include land (other than leasehold land) held for a currently undetermined future use. Properties that are occupied by the companies in the Group are accounted for as owner-occupied rather than as investment properties.

Investment properties are stated at cost less any accumulated depreciation and any accumulated impairment losses, consistent with the accounting policy for property, plant and equipment as stated in accounting policy note 2(d).

Depreciation is charged to the income statements on a straight-line basis over the estimated useful lives of 50 years for buildings. Freehold land is not depreciated.

(ii) Determination of fair value

The Directors estimate the fair values of the Group's investment properties without the involvement of independent valuers.

The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

In the absence of current prices in an active market, the valuations are prepared by considering the aggregate of the estimated cash flows expected to be received from renting out the property. A yield that reflects the specific risks inherent in the net cash flows then is applied to the net annual cash flows to arrive at the property valuation.

2. Significant accounting policies (continued)

(h) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average cost and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of semi-processed goods and finished goods, cost includes an appropriate share of production overheads based on normal operating capacity.

Cost of broiler inventories includes original purchase price of day-old chicks plus all growing costs. Growing costs include cost of feed, direct labour and an appropriate portion of farm overheads.

Cost of hatching eggs includes costs of direct materials, direct labour and a proportion of overhead cost.

Poultry parent inventories are stated at the lower of depreciated cost and net realisable value. Cost includes original purchase price of breeder birds plus a proportion of assigned growing costs. Assigned growing costs include cost of feeds, direct labour and an appropriate portion of farm overheads.

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.

(i) Receivables

Receivables are initially recognised at their cost when the contractual right to receive cash or another financial asset from another entity is established.

Subsequent to initial recognition, receivables are stated at cost less allowance for doubtful debts.

Receivables are not held for the purpose of trading.

(j) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value. For the purpose of the cash flow statement, cash and cash equivalents are presented net of bank overdrafts.

2. Significant accounting policies (continued)

(k) Impairment of assets

The carrying amounts of assets except for financial assets (excluding investments in subsidiaries and investments in associates), inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or group of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount unless the asset is carried at a revalued amount, in which case the impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. Impairment losses are recognised in the income statements. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (groups of units) on a pro rata basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to the income statements in the year in which the reversals are recognised, unless it reverses an impairment loss on a revalued asset, in which case it is credited directly to revaluation surplus. Where an impairment loss on the same revalued asset was previously recognised in the income statements, a reversal of that impairment loss is also recognised in the income statements.

(l) Loans and borrowings

Loans and borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statements over the period of the loans and borrowings using the effective interest method.

2. Significant accounting policies (continued)

(m) Employee benefits

Short term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The Group's contribution to statutory pension funds are charged to the income statements in the year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

(n) Payables

Payables are measured initially and subsequently at cost. Payables are recognised when there is a contractual obligation to deliver cash or another financial asset to another entity.

(o) Revenue recognition

(i) Goods sold

Revenue from sale of goods and services are measured at the fair value of the consideration receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

(ii) Rental income

Rental income from investment property is recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

Rental income from jetty is recognised at contractual rates based on the length of stay of vessel on an accrual basis.

2. Significant accounting policies (continued)

(o) Revenue recognition (continued)

(iii) Dividend income

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

(p) Interest income and borrowing costs

Interest income is recognised as it accrues, using the effective interest method.

All borrowing costs are recognised in the income statement using the effective interest method, in the period in which they are incurred.

(q) Tax expense

Tax expense comprises current and deferred tax. Tax expense is recognised in the income statements except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or tax loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax liability is recognised for all taxable temporary differences.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unutilised reinvestment allowance is treated as the tax base of the assets and is recognised as a reduction of tax expense as and when they are utilised.

2. Significant accounting policies (continued)

(r) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the period.

(s) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Company No. 4260-M

3. Property, plant and equipment

Group	Freehold land RM'000	Buildings RM'000	Jetty RM'000	Plant, machinery, fixtures and equipment RM'000	Motor vehicles and boats RM'000	Capital work-in progress RM'000	Total RM'000
Cost/Valuation							
At 1 January 2007							
- At cost	1,346	174,024	789	266,646	35,955	10,634	489,394
- At valuation	-	21,386	6,073	-	-	-	27,459
	1,346	195,410	6,862	266,646	35,955	10,634	516,853
Additions	-	407	-	2,514	675	8,083	11,679
Disposals	-	-	-	(8,642)	(3,048)	-	(11,690)
Write-off	-	(13)	-	(60)	-	-	(73)
Transfers	-	6,138	120	10,316	(899)	(15,675)	-
Effect of movements in exchange rate	-	(2,785)	-	(3,098)	(472)	(221)	(6,576)
At 31 December 2007/1 January 2008	1,346	199,157	6,982	267,676	32,211	2,821	510,193
Additions	-	527	662	4,131	1,040	21,890	28,250
Disposals	-	(1,083)	-	(14,286)	(2,452)	-	(17,821)
Write-off	-	-	(3,217)	(1,677)	(72)	-	(4,966)
Transfers	-	1,185	3,336	6,152	-	(10,673)	-
Effect of movements in exchange rate	-	(285)	-	(301)	(41)	(4)	(631)
At 31 December 2008	1,346	199,501	7,763	261,695	30,686	14,034	515,025

Company No. 4260-M

3. Property, plant and equipment (continued)

Group	Freehold land RM'000	Buildings RM'000	Jetty RM'000	Plant, machinery, fixtures and equipment RM'000	Motor vehicles and boats RM'000	Capital work-in progress RM'000	Total RM'000
Representing items at:							
- At cost	1,346	178,115	4,703	261,695	30,686	14,034	490,579
- At valuation	-	21,386	3,060	-	-	-	24,446
	1,346	199,501	7,763	261,695	30,686	14,034	515,025
Depreciation and impairment							
At 1 January 2007							
Accumulated depreciation	-	82,548	2,905	192,576	29,185	-	307,214
Accumulated impairment	-	311	-	15,086	-	-	15,397
	-	82,859	2,905	207,662	29,185	-	322,611
Charge for the year	-	6,466	137	11,923	2,530	-	21,056
Disposals	-	-	-	(8,586)	(3,044)	-	(11,630)
Write-off	-	-	-	(10)	-	-	(10)
Transfers	-	-	-	349	(349)	-	-
Effect of movements in exchange rate	-	(624)	-	(1,644)	(383)	-	(2,651)
At 31 December 2007/1 January 2008							
Accumulated depreciation	-	88,390	3,042	194,658	27,939	-	314,029
Accumulated impairment	-	311	-	15,036	-	-	15,347
	-	88,701	3,042	209,694	27,939	-	329,376

Company No. 4260-M

3. Property, plant and equipment (continued)

Group	Freehold land RM'000	Buildings RM'000	Jetty RM'000	Plant, machinery, fixtures and equipment RM'000	Motor vehicles and boats RM'000	Capital work-in progress RM'000	Total RM'000
Depreciation and impairment							
At 31 December 2007/1 January 2008							
Accumulated depreciation	-	88,390	3,042	194,658	27,939	-	314,029
Accumulated impairment	-	311	-	15,036	-	-	15,347
	-	88,701	3,042	209,694	27,939	-	329,376
Charge for the year	-	6,169	173	10,602	1,742	-	18,686
Impairment	-	1,409	-	1,400	-	-	2,809
Disposals	-	(260)	-	(14,131)	(2,101)	-	(16,492)
Write-off	-	-	(1,517)	(1,617)	(72)	-	(3,206)
Transfers	-	5	-	(5)	-	-	-
Effect of movements in exchange rate	-	(48)	-	(151)	(40)	-	(239)
At 31 December 2008							
Accumulated depreciation	-	94,256	1,698	201,064	27,468	-	324,486
Accumulated impairment	-	1,720	-	4,728	-	-	6,448
	-	95,976	1,698	205,792	27,468	-	330,934
Carrying amounts							
At 1 January 2007	1,346	112,551	3,957	58,984	6,770	10,634	194,242
At 31 December 2007/1 January 2008	1,346	110,456	3,940	57,982	4,272	2,821	180,817
At 31 December 2008	1,346	103,525	6,065	55,903	3,218	14,034	184,091

Company No. 4260-M

3. Property, plant and equipment (continued)

Company

Cost/Valuation	Buildings RM'000	Jetty RM'000	Plant, machinery, fixtures and equipment RM'000	Motor vehicles and boats RM'000	Capital work-in-progress RM'000	Total RM'000
At 1 January 2007						
- At cost	47,005	788	79,610	14,940	815	143,158
- At valuation	21,386	6,073	-	-	-	27,459
	68,391	6,861	79,610	14,940	815	170,617
Additions	32	-	429	499	3,784	4,744
Disposals	-	-	(42)	(1,727)	-	(1,769)
Transfers	2,237	121	1,034	-	(3,392)	-
At 31 December 2007/1 January 2008	70,660	6,982	81,031	13,712	1,207	173,592
Additions	34	662	483	1,029	20,865	23,073
Disposals	-	-	(35)	(1,417)	-	(1,452)
Write-off	-	(3,217)	(827)	(72)	-	(4,116)
Transfers	883	3,336	4,044	-	(8,263)	-
At 31 December 2008	71,577	7,763	84,696	13,252	13,809	191,097
Representing items at:						
- At cost	50,191	4,703	84,696	13,252	13,809	166,651
- At valuation	21,386	3,060	-	-	-	24,446
At 31 December 2008	71,577	7,763	84,696	13,252	13,809	191,097

Company No. 4260-M

3. Property, plant and equipment (continued)

Company

	Buildings RM'000	Jetty RM'000	Plant, machinery, fixtures and equipment RM'000	Motor vehicles and boats RM'000	Capital work-in-progress RM'000	Total RM'000
Depreciation						
At 1 January 2007	26,793	2,905	64,429	11,518	-	105,645
Charge for the year	1,389	138	2,412	1,297	-	5,236
Disposals	-	-	(23)	(1,726)	-	(1,749)
At 31 December 2007/1 January 2008	28,182	3,043	66,818	11,089	-	109,132
Charge for the year	1,297	173	2,911	1,154	-	5,535
Disposals	-	-	(33)	(1,244)	-	(1,277)
Write-off	-	(1,517)	(767)	(72)	-	(2,356)
At 31 December 2008	29,479	1,699	68,929	10,927	-	111,034
Carrying amounts						
At 1 January 2007	41,598	3,956	15,181	3,422	815	64,972
At 31 December 2007/1 January 2008	42,478	3,939	14,213	2,623	1,207	64,460
At 31 December 2008	42,098	6,064	15,767	2,325	13,809	80,063

3.1 Impairment

The Group assessed the recoverable amount of all the property, plant and equipment and wrote down the carrying amount of certain assets by RM2,809,000 (2007 – Nil) based on their recoverable scrap values. The impairment is included in other expenses.

3. Property, plant and equipment (continued)

3.2 Property, plant and equipment under the revaluation model

The Company's buildings and jetty were revalued on 1 January 1983 by independent professional qualified valuers using an open market value method.

The Company has availed itself to the transitional provision when the MASB first issued FRS 116_{2004}, Property, Plant and Equipment in 2000. Due to the absence of historical records, the Group is not able to provide the carrying amounts of the revalued freehold land and buildings had they been carried under the cost model.

4. Intangible assets

	Computer softwares	
	Group	**Company**
	RM'000	**RM'000**
Cost		
At 1 January 2007	6,257	4,979
Additions	1,992	204
Effect of movements in exchange rates	(77)	-
At 31 December 2007/1 January 2008	8,172	5,183
Additions	1,112	183
Effect of movements in exchange rates	(8)	-
At 31 December 2008	9,276	5,366
Amortisation		
At 1 January 2007	3,291	2,428
Amortisation for the year	972	853
Effect of movements in exchange rates	(44)	-
At 31 December 2007/1 January 2008	4,219	3,281
Amortisation for the year	1,715	889
Effect of movements in exchange rates	3	-
At 31 December 2008	5,937	4,170
Carrying amounts		
At 1 January 2007	2,966	2,551
At 31 December 2007/1 January 2008	3,953	1,902
At 31 December 2008	3,339	1,196

4. Intangible assets (continued)

4.1 Intangible assets

Intangible assets principally comprise expenditure that are directly attributable to the acquisition of the software licences and any other development costs directly attributable to the preparation of the computer software for its intended use.

4.2 Amortisation and impairment charge

The amortisation is allocated to the income statement on a straight-line basis over the intangible assets' estimated useful lives.

5. Leasehold land

Group	**Unexpired period less than 50 years RM'000**	**Unexpired period more than 50 years RM'000**	**Total RM'000**
Cost			
At 1 January 2007	14,319	7,293	21,612
Effect of movements in exchange rates	(789)	-	(789)
At 31 December 2007/1 January 2008	13,530	7,293	20,823
Effect of movements in exchange rates	(75)	-	(75)
At 31 December 2008	13,455	7,293	20,748
Amortisation			
At 1 January 2007	3,843	2,665	6,508
Amortisation for the year	429	186	615
Effect of movements in exchange rates	(228)	-	(228)
At 31 December 2007/1 January 2008	4,044	2,851	6,895
Amortisation for the year	422	186	608
Effect of movements in exchange rates	(20)	-	(20)
At 31 December 2008	4,446	3,037	7,483
Carrying amounts			
At 1 January 2007	10,476	4,628	15,104
At 31 December 2007/1 January 2008	9,486	4,442	13,928
At 31 December 2008	9,009	4,256	13,265

5. Leasehold land (continued)

Company	**Unexpired period more than 50 years RM'000**
Cost	
At 1 January 2007/31 December 2007/31 December 2008	6,058
Amortisation	
At 1 January 2007	2,321
Amortisation for the year	167
At 31 December 2007/1 January 2008	2,488
Amortisation for the year	167
At 31 December 2008	2,655
Carrying amounts	
At 1 January 2007	3,737
At 31 December 2007/1 January 2008	3,570
At 31 December 2008	3,403

5.1 Legal titles

Certain leasehold land of the Group with a carrying amount of RM1,797,000 (2007 - RM1,847,000) of which legal titles of these land have not been transferred to the respective subsidiaries.

6. Investment properties

Group

	Freehold land RM'000	Buildings RM'000	Total RM'000
Cost/Valuation			
At 1 January 2007/31 December 2007/ 31 December 2008	3,943	2,836	6,779
Representing item at:			
- At cost	369	1,096	1,465
- At valuation	3,574	1,740	5,314
	3,943	2,836	6,779
Depreciation			
At 1 January 2007	-	989	989
Depreciation for the year	-	57	57
At 31 December 2007/1 January 2008	-	1,046	1,046
Depreciation for the year	-	57	57
At 31 December 2008	-	1,103	1,103
Carrying amounts			
At 1 January 2007	3,943	1,847	5,790
At 31 December 2007/1 January 2008	3,943	1,790	5,733
At 31 December 2008	3,943	1,733	5,676

6. Investment properties (continued)

Company

	Freehold land RM'000	Buildings RM'000	Total RM'000
Cost/Valuation			
At 1 January 2007/31 December 2007/ 31 December 2008	3,672	2,836	6,508
Representing item at:			
- At cost	98	1,096	1,194
- At valuation	3,574	1,740	5,314
	3,672	2,836	6,508
Depreciation			
At 1 January 2007	-	989	989
Depreciation for the year	-	57	57
At 31 December 2007/1 January 2008	-	1,046	1,046
Depreciation for the year	-	57	57
At 31 December 2008	-	1,103	1,103
Carrying amounts			
At 1 January 2007	3,672	1,847	5,519
At 31 December 2007/1 January 2008	3,672	1,790	5,462
At 31 December 2008	3,672	1,733	5,405

The fair value of the investment properties for the Group and the Company as at 31 December 2008 approximate RM29,400,000 (2007 - RM29,400,000) and RM28,800,000 (2007 - RM28,800,000) respectively.

6. Investment properties (continued)

The following are recognised in the income statement in respect of investment properties:

	Group		Company	
	2008	**2007**	**2008**	**2007**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Rental income	222	208	258	243
Direct operating expenses of investment properties:				
- revenue generating investment properties	48	44	48	44
	=====	=====	=====	=====

Certain investment properties were revalued on 1 January 1983 by independent professional qualified valuers using the open market value method.

The Group has availed itself to the transitional provision when the MASB first issued FRS 116_{2004}, Property, Plant and Equipment in 2000. Due to the absence of historical records, the Group is not able to provide the carrying amounts of the revalued freehold land and buildings had they been carried under the cost model.

7. Investments in subsidiaries

	Company	
	2008	**2007**
	RM'000	**RM'000**
Unquoted shares at cost	203,383	203,383
Less: Accumulated impairment	(54,067)	(54,067)
	149,316	149,316
	======	======

During the year, the Company subscribed for 100 ordinary shares of USD1.00 each in MFM Ltd., a wholly owned subsidiary for a total cash consideration of RM326.

7. Investments in subsidiaries (continued)

The subsidiaries, all of which are incorporated in Malaysia except as disclosed otherwise, comprise:

Name of subsidiary	Principal activities	Effective ownership interest 2008 %	2007 %
Dindings Soya & Multifeeds Sdn. Berhad	Manufacture and sale of animal feeds and related raw materials, purchase and contract farming of poultry for resale	70	70
Syarikat Pengangkutan Lumut Sdn. Bhd.	Transport management. The Company ceased its operations in 2006	100	100
Dindings Poultry Processing Sdn. Bhd.	Processing and sale of poultry products	95	95
Dindings Broiler Breeder Farm Sdn. Bhd.	Breeding and sale of day-old chicks	100	100
MFM Feedmill Sdn. Bhd.	Manufacture and sale of animal feeds and sale of related raw materials	100	100
Dindings Poultry Development Centre Sdn. Bhd.	Poultry grow-out farm and training and research centre and letting of property	100	100
Semakin Dinamik Sdn. Bhd.	Breeding and sale of day-old chicks and eggs	100	100
Vimaflour Limited* (incorporated in Vietnam)	Milling and selling wheat flour together with its allied products	70	70
Muda Fibre Manufacturing Sdn. Bhd.	Manufacture and sale of polypropylene and polyethylene woven bags and its allied products. The Company ceased its operations in 2004	60	60
MFM International Ltd (incorporated in British Virgin Islands) #	Investment holding	100	100

7. Investments in subsidiaries (continued)

Name of subsidiary	Principal activities	Effective ownership interest 2008 %	Effective ownership interest 2007 %
MFM Property Sdn. Bhd.	Dormant	100	100
Dindings Grand Parent Farm Sdn. Bhd.	Dormant	100	100
MFM Ltd.	Dormant	100	-
Subsidiary of Dindings Poultry Processing Sdn. Bhd.			
Dindings Trading Sdn. Bhd.	Dormant	48	48
Subsidiary of MFM International Ltd.			
Mekong Flour Mills Ltd* (incorporated in Vietnam)	Milling and selling wheat flour together with its allied products	100	100

* Audited by other member firms of KPMG International
# Not audited by KPMG

The impairment recognised represents the allowance made to adjust the carrying amount of the investment in certain subsidiaries to their estimated recoverable amount.

The financial statements of a foreign subsidiary were qualified on an except for basis and the summarised details of the qualification are as follows:

> Included in property, plant and equipment are machinery and equipment with a carrying value of approximately RM2,199,000 (2007: RM2,264,000) which the subsidiary has not put into use since they were contributed by a shareholder in 1995. There is no evidence that these assets will generate future economic benefits to the subsidiary and no depreciation has been provided for these assets. The subsidiary has not carried out a valuation of this machinery and equipment. The audit report of this subsidiary has been qualified and carried an except for opinion on the basis that they were unable to determine its net realisable value by other audit procedures.

In consolidating the subsidiary's financial statements, these assets were fully impaired in the Group's consolidated financial statements in the year 2002. Consequently, this qualification does not apply to the Group.

8. Investments in associates

	Group 2008 RM'000	Group 2007 RM'000	Company 2008 RM'000	Company 2007 RM'000
Unquoted shares at cost	2,800	2,800	-	*
Share of post-acquisition reserves	(2,481)	(1,930)	-	-
	319	870	-	*

In 2006, the Company acquired 40% equity interest in Innosolutions Sdn. Bhd. through the subscription of 4 new ordinary shares of RM1.00 each for a total cash consideration of RM4.00. The entire equity interest in the aforesaid associate company has been disposed off for a cash consideration of RM18,000 during the year.

* denotes RM4

Summary financial information on associates:

Group	Country incorporation	Effective ownership interest %	Revenues (100%) RM'000	Profit / (Loss) (100%) RM'000	Total assets (100%) RM'000	Total liabilities (100%) RM'000
2008						
Fongcheng Enterprises Sendirian Berhad +	Malaysia	28	71,241	(1,264)	8,310	(7,512)
2007						
Fongcheng Enterprises Sendirian Berhad +	Malaysia	28	61,858	(368)	10,042	(7,981)
Innosolutions Sdn. Bhd. ++	Malaysia	40	300	112	122	(10)
			62,158	(256)	10,164	(7,991)

+ Held through Dindings Soya & Multifeeds Sdn. Berhad
++ Held through Malayan Flour Mills Berhad

9. Other investments

	Group 2008 RM'000	Group 2007 RM'000	Company 2008 RM'000	Company 2007 RM'000
Non-current				
Unquoted shares in Malaysia	60	60	60	60
Unquoted shares outside Malaysia	5,134	5,134	5,082	5,082
Less: Allowance for diminution in value	(5,082)	(5,082)	(5,082)	(5,082)
	112	112	60	60

Included in unquoted shares outside Malaysia of RM5,082,000 (2007 – RM5,082,000) is an investment which represents a 12% interest in the registered capital of Shanghai Malayan Flour & Foods Co. Ltd (SMFF), a foreign corporation registered in the People's Republic of China. SMFF is in the progress of liquidation.

10. Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Group	Assets 2008 RM'000	Assets 2007 RM'000	Liabilities 2008 RM'000	Liabilities 2007 RM'000	Net 2008 RM'000	Net 2007 RM'000
Property, plant and equipment	-	(262)	5,600	6,140	5,600	5,878
Revaluation on property, plant and equipment	-	-	3,425	3,566	3,425	3,566
Provisions	(4,729)	(3,359)	-	-	(4,729)	(3,359)
Tax loss carry-forwards	-	(1,275)	-	-	-	(1,275)
Tax (assets)/liabilities	(4,729)	(4,896)	9,025	9,706	4,296	4,810
Set off	2,136	3,068	(2,136)	(3,068)	-	-
Net tax (assets)/ liabilities	(2,593)	(1,828)	6,889	6,638	4,296	4,810

10. Deferred tax assets and liabilities (continued)

	Assets		Liabilities		Net	
	2008	2007	2008	2007	2008	2007
Company	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Property, plant and equipment	-	-	4,774	4,382	4,774	4,382
Revaluation on property, plant and equipment	-	-	3,425	3,566	3,425	3,566
Provisions	(1,310)	(1,310)	-	-	(1,310)	(1,310)
Tax (assets)/liabilities	(1,310)	(1,310)	8,199	7,948	6,889	6,638
Set off	1,310	1,310	(1,310)	(1,310)	-	-
Net tax liabilities	-	-	6,889	6,638	6,889	6,638

Unrecognised deferred tax assets

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

	Group	
	2008	2007
	RM'000	**RM'000**
(Taxable)/Deductible temporary differences	(9,925)	391
Unutilised capital allowance	65,322	58,706
Tax loss carry-forwards	68,200	55,866
	123,597	114,963
Tax at 25% (2007: 26%)	30,899	29,890

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits there from.

11. Receivables, deposits and prepayments

	Note	Group 2008 RM'000	Group 2007 RM'000	Company 2008 RM'000	Company 2007 RM'000
Current					
Trade receivables		206,806	193,744	74,834	68,044
Less: Allowance for doubtful debts		(11,567)	(14,284)	(2,604)	(3,011)
		195,239	179,460	72,230	65,033
Amount due from subsidiaries	11.1	-	-	141,184	87,531
Less: Allowance for doubtful debts		-	-	(35,787)	(21,630)
		-	-	105,397	65,901
Other receivables		2,725	4,793	1,263	1,827
Deposits		978	799	573	438
Prepayments		2,444	2,449	602	1,013
		6,147	8,041	2,438	3,278
		201,386	187,501	180,065	134,212

11.1 Amount due from subsidiaries

The amount due from subsidiaries is unsecured, interest free and repayable on demand.

12. Inventories

	Group 2008 RM'000	Group 2007 RM'000	Company 2008 RM'000	Company 2007 RM'000
Raw materials	228,195	251,276	92,924	73,694
Work-in-progress	-	90	-	10
Finished goods	30,004	13,899	7,115	2,727
Poultry livestocks and hatching eggs	10,979	7,411	-	-
Consumables	12,822	11,888	4,915	4,514
	282,000	284,564	104,954	80,945

The write-down of inventories to net realisable value amounted to RM12,238,000 (2007 - Nil). The write-down is included in cost of goods sold.

13. Cash and cash equivalents

	Group		Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Deposits placed with licensed banks	86,190	115,282	34,100	20,300
Cash and bank balances	17,866	18,964	6,828	6,971
	104,056	134,246	40,928	27,271

14. Share capital and reserves

14.1 Share capital

	Group and Company			
	Amount 2008 RM'000	Number of shares 2008 '000	Amount 2007 RM'000	Number of shares 2007 '000
Authorised:				
Ordinary shares of RM1 each	200,000	200,000	200,000	200,000
Issued and fully paid:				
Ordinary shares at RM1 each				
At 1 January	107,645	107,645	105,219	105,219
Issued during the year for cash pursuant to Employees' Share Option Scheme ("ESOS")	-	-	2,426	2,426
At 31 December	107,645	107,645	107,645	107,645

14.2 Revaluation reserve

The revaluation reserve relates to surplus on revaluation of property, plant and equipment in 1983.

14.3 Other capital reserve

The other capital reserve comprises an amount transferred from retained earnings arising from the issuance of bonus shares by subsidiaries.

14. Share capital and reserves (continued)

14.4 Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

14.5 Section 108 tax credit

Subject to agreement by the Inland Revenue Board, the Company has sufficient Section 108 tax credit and tax exempt income to frank all of its distributable reserves at 31 December 2008 if paid out as dividends.

The Finance Act 2007 introduced a single tier company income tax system with effect from year of assessment 2008. As such, the Section 108 tax credit as at 31 December 2008 will be available to the Company until such time the credit is fully utilised or upon expiry of the six-year transitional period on 31 December 2013, whichever is earlier.

15. Payables and accruals

		Group		Company	
		2008	2007	2008	2007
	Note	RM'000	RM'000	RM'000	RM'000
Trade payables		27,895	29,448	6,972	3,731
Amount due to subsidiaries	15.1	-	-	42,748	6,193
Other payables and accruals	15.2	54,311	57,918	22,337	31,738
		82,206	87,366	72,057	41,662

15.1 Amount due to subsidiaries

The amount due to subsidiaries is unsecured, interest free and repayable on demand.

15.2 Other payables and accruals

Included in other payables of the Group and of the Company are deposits from customers of RM13,599,000 (2007 – RM7,551,000) and amount of RM3,124,000 (2007 – RM3,241,000) payable to Mr Teh Liang Teik, a former Director and Chairman of the Company as retirement gratuity. In the previous year, other payables included an amount of RM73,000 payable to a related party, Indah Enterprise Sdn. Bhd. as rental for permit to use its trucks.

16. Loans and borrowings

	Group 2008 RM'000	Group 2007 RM'000	Company 2008 RM'000	Company 2007 RM'000
Current				
Unsecured bankers' acceptances/ Unsecured revolving credits	241,708	164,360	144,865	112,272
Unsecured short term loans	38,200	170,775	-	-
	279,908	335,135	144,865	112,272

16.1 Terms and debts repayment schedule

	2008 Year of maturity	2008 Carrying amount due within 1 year RM'000	2007 Year of maturity	2007 Carrying amount due within 1 year RM'000
Group				
Unsecured bankers' acceptance/ Unsecured revolving credits denominated in:				
- RM	2009	169,154	2008	164,360
- USD	2009	72,554	2008	-
Unsecured short term loans denominated in USD	2009	38,200	2008	170,775
		279,908		335,135
Company				
Unsecured bankers' acceptance/ Unsecured revolving credits denominated in:				
- RM	2009	97,759	2008	112,272
- USD	2009	47,106	2008	-
		144,865		112,272

17. Operating profit

	Group		Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Operating profit is arrived at after charging:				
Allowance for doubtful debts				
- amount due from subsidiaries	-	-	14,157	8,194
- trade	-	185	-	-
Amortisation of intangible assets	1,715	972	889	853
Amortisation of leasehold land	608	615	167	167
Auditors' remuneration:				
- Audit services				
KPMG	148	146	40	40
Affiliates of KPMG	95	55	-	-
Other auditors	4	4	-	-
- Other services				
KPMG	10	25	10	-
Bad debts written off	85	168	-	166
Depreciation of investment properties	57	57	57	57
Depreciation of property, plant and equipment	18,686	21,056	5,535	5,236
Impairment on property, plant and equipment	2,809	-	-	-
Inventories written down	12,238	-	-	-
Personnel expenses(including key management personnel):				
- Contributions to Employees Provident Fund	4,985	5,620	2,287	2,731
- Wages, salaries and others	54,406	57,961	21,881	26,198
- Share-based payments *	-	93	-	93
Property, plant and equipment written off	1,760	63	1,760	-
Realised loss on foreign exchange	7,433	86	-	-
Rental expenses on property leases	2,699	1,772	1,435	499
Unrealised loss on foreign exchange	737	-	-	-
	=====	=====	=====	=====

** The Employees' Share Option Scheme ("ESOS") expired on 27 May 2007.*

17. Operating profit (continued)

	Group 2008 RM'000	Group 2007 RM'000	Company 2008 RM'000	Company 2007 RM'000
and after crediting:				
Dividends from subsidiaries (unquoted):				
- non tax exempt	-	-	960	960
- tax exempt	-	-	17,472	4,841
Gain on disposal of property, plant and equipment	1,109	1,004	244	141
Gain on disposal of quoted investments	-	484	-	-
Gain on disposal of an associate	39	-	18	-
Realised gain on foreign exchange	-	-	926	-
Rental income from:				
- investment properties	222	208	258	243
- others	383	137	570	570
Reversal of allowance for doubtful debts	1,778	-	-	-
Unrealised gain on foreign exchange	-	405	-	-

18. Key management personnel compensation

The key management personnel compensations are as follows:

	Group 2008 RM'000	Group 2007 RM'000	Company 2008 RM'000	Company 2007 RM'000
Directors				
- Fees	467	491	452	476
- Remuneration	2,952	3,260	2,882	3,138
Other short term employee benefits (including estimated monetary value of benefits-in-kind)	98	136	98	136
	3,517	3,887	3,432	3,750

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19. Tax expense

	Group		Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Current tax expense				
Malaysian - current year	15,946	8,267	15,396	8,024
- prior year	195	-	-	-
Overseas - current year	3,177	3,276	-	-
- prior year	-	15	-	-
Total current tax	19,318	11,558	15,396	8,024
Deferred tax expense				
Origination and reversal of temporary differences	(514)	(882)	251	(1,048)
Total deferred tax	(514)	(882)	251	(1,048)
Total tax expense	18,804	10,676	15,647	6,976

Recognised in the income statements

	Group 2008	Group 2007	Company 2008	Company 2007
Profit for the year	61,911	53,309	49,338	17,689
Total tax expense	18,804	10,676	15,647	6,976
Profit before tax	80,715	63,985	64,985	24,665
Tax at Malaysian tax rate of 26% (2007 – 27%)	20,986	17,276	16,896	6,659
Effect of tax rates in foreign jurisdiction	(4,980)	(7,349)	-	-
Effect of change in tax rate*	751	(145)	(153)	(145)
Non-deductible expenses	1,692	775	4,561	2,688
Tax exempt income	(266)	(1,251)	(4,809)	(1,307)
Tax incentives	(508)	(2,254)	-	-
Unrecognised deferred tax assets	1,009	4,353	-	-
Tax savings from group relief	(712)	(997)	(712)	(997)
Others	637	253	(136)	78
	18,609	10,661	15,647	6,976
Underprovision in prior years	195	15	-	-
	18,804	10,676	15,647	6,976

* The corporate tax rates are 26% for year of assessment 2008 and 25% for the subsequent years of assessment. Consequently, deferred tax assets and liabilities are measured using these tax rates.

19. Tax expense (continue)

Subject to agreement by the Inland Revenue Board, the Group has estimated unutilised reinvestment allowance amounting to RM1,604,800 (2007: RM1,604,800) available at the balance sheet date to be carried forward to set off against future taxable income.

During the year, a subsidiary in a foreign jurisdiction has been granted a 50% tax reduction whilst another foreign subsidiary was subject to a 15% tax rate on its taxable income and an exemption for income from an additional production line.

20. Earnings per share

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 31 December 2008 was based on the profit attributable to ordinary equity holders and the weighted average number of ordinary shares outstanding calculated as follows:

	Group	
	2008	**2007**
	RM'000	**RM'000**
Profit attributable to ordinary equity holders of the Company	57,971	46,591
	=====	=====

Weighted average number of ordinary shares ('000)

	Group	
	2008	**2007**
Issued ordinary shares at 1 January	107,645	105,219
Effect of ordinary shares issued in pursuant to ESOS	-	1,798
Weighted average number of ordinary shares at 31 December	107,645	107,017
	======	======
Basic earnings per ordinary share (sen)	53.85	43.54
	======	=====

21. Dividends

Dividends recognised in the current year by the Company are:

	Sen per share	Total amount RM'000	Date of payment
2008			
Interim 2008 ordinary (net of tax)	3.75	4,037	16 January 2009
Final 2007 ordinary (net of tax)	3.70	3,983	25 June 2008
Special 2007 ordinary (net of tax)	7.40	7,965	25 June 2008
Total amount		15,985	
2007			
Interim 2007 ordinary (net of tax)	3.70	3,983	18 January 2008
Final 2006 ordinary (tax exempt)	5.00	5,359	9 July 2007
Total amount		9,342	

After the balance sheet date, the following dividends were proposed by the Directors. These dividends will be recognised in subsequent financial reports upon approval by the equity holders.

	Sen per share (net of tax)	Total amount RM'000
Final ordinary	3.75	4,037
Special ordinary	7.50	8,073
Total amount		12,110

22. Segment reporting

Segment information is presented in respect of the Group's business and geographical segments. The primary format, business segments, is based on the Group's management and internal reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly of deferred tax assets, investments in associates and related revenue and related expenses, corporate assets (primarily the Company's headquarters) and head office expenses, and tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment and intangible assets.

Inter-segment pricing is determined on an arm's length basis.

Business segments

The Group's operations comprise the following main business segments:

• Flour and trading in grains and other allied products	Milling and selling wheat flour and trading in grains and other allied products
• Feeds	Manufacture and sale of animal feeds and related raw materials
• Poultry integration	Processing and sale of poultry products, breeding and sale of day-old-chicks, sale of eggs and contract farming activities

22. Segment reporting (continued)

2008	Flour and trading in grains and other allied products RM'000	Feeds RM'000	Poultry integration RM'000	Eliminations RM'000	Consolidated RM'000
Business segments					
Total external revenue	746,236	291,964	160,578	-	1,198,778
Inter-segment revenue	9,647	83,927	999	(94,573)	-
Total segment revenue	755,883	375,891	161,577	(94,573)	1,198,778
Segment result	98,676	3,327	(14,061)	-	87,942
Unallocated expenses					(246)
Results from operating activities					87,696
Interest income					8,399
Interest expense					(14,868)
Share of loss after tax of equity accounted associates					(512)
Tax expense					(18,804)
Profit for the year					61,911

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22. Segment reporting (continued)

2007	Flour and trading in grains and other allied products RM'000	Feeds RM'000	Poultry integration RM'000	Eliminations RM'000	Consolidated RM'000
Business segments					
Total external revenue	633,003	200,094	198,086	-	1,031,183
Inter-segment revenue	7,377	88,275	1,475	(97,127)	-
Total segment revenue	640,380	288,369	199,561	(97,127)	1,031,183
Segment result	80,820	955	(10,037)	-	71,738
Unallocated expenses					(99)
Results from operating activities					71,639
Interest income					5,868
Interest expense					(13,350)
Share of loss after tax of equity accounted associates					(172)
Tax expense					(10,676)
Profit for the year					53,309

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22. Segment reporting (continued)

	Flour and trading in grains and other allied products		Feeds		Poultry integration		Consolidated	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Segment assets	555,183	602,406	149,311	114,751	87,175	91,237	791,669	808,394
Investment in associates							319	870
Unallocated assets							5,597	4,783
Total assets							797,585	814,047
Segment liabilities	231,283	334,765	120,032	70,561	14,580	20,901	365,895	426,227
Unallocated liabilities							9,433	8,672
Total liabilities							375,328	434,899
Capital expenditure	24,824	8,971	1,746	2,019	2,792	2,681	29,362	13,671
Depreciation of property, plant and equipment	10,242	11,843	1,776	1,839	6,668	7,374	18,686	21,056
Amortisation of intangible assets	1,608	957	-	-	107	15	1,715	972
Amortisation of leasehold land	555	562	-	-	53	53	608	615
Depreciation of investment properties	57	57	-	-	-	-	57	57

22. Segment reporting (continued)

	Flour and trading in grains and other allied products		Feeds		Poultry integration		Consolidated	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Impairment on property, plant and equipment recognised directly in income statements	-	-	-	-	2,809	-	2,809	-
Non-cash expenses other than depreciation and amortisation	2,692	229	612	185	85	2	3,389	416

	Malaysia		Vietnam		Consolidated	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Geographical segments						
Revenue from external customers	872,272	693,827	326,506	337,356	1,198,778	1,031,183
Segment assets	553,148	463,638	244,437	350,409	797,585	814,047
Capital expenditure	27,792	9,648	1,570	4,023	29,362	13,671

23. Financial instruments

Financial risk management objectives and policies

Exposure to credit, interest rate, currency and liquidity risks arises in the normal course of the Group's business.

Credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit risk is addressed by the Credit Committee that sets policies, approves credit evaluations and institutes mitigating actions. New customers are subject to credit evaluation process and existing customers' risk profiles are reviewed regularly with a view to setting appropriate terms of trade and credit limits. Where appropriate, further sales are suspended and legal actions are taken to attempt recoveries and mitigate losses.

At the balance sheet date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

Liquidity risk

The Group and the Company monitor and maintain a level of cash and cash equivalents and facilities deemed adequate by management to finance the Group and the Company's operations and to mitigate the effects of fluctuations in cash flows.

Interest rate risk

The Group and the Company's exposure to interest rate risk relates primarily to their borrowings and deposits with licensed banks.

The Group and the Company's bank borrowings are subject to interest based on floating rates and interest bearing deposits are based on fixed rates. Market interest rates movements are monitored with the view to ensuring that the most competitive rates are secured and where appropriate, borrowing arrangements are restructured or reduced. The Group and the Company's interest bearing assets are mainly placed in short term deposits with reputable financial institutions.

23. Financial instruments (continued)

Effective interest rates and repricing analysis

In respect of financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at the balance sheet date and the periods in which they mature, or may reprice.

Group **2008**	**Average effective interest rate** **%**	**Total** **RM'000**	**Less than 1 year** **RM'000**
Fixed rate instruments			
Deposits with licensed banks	2.5 -17.5	86,190	86,190
Unsecured bankers' acceptances/			
Unsecured revolving credits	2.7 - 4.9	241,708	241,708
Unsecured short term loans	3.5 - 6.9	38,200	38,200
		======	======
2007			
Fixed rate instruments			
Deposits with licensed banks	2.8 - 8.5	115,282	115,282
Unsecured bankers' acceptances/			
Unsecured revolving credits	3.6 - 4.4	164,360	164,360
Unsecured short term loans	5.7 - 6.8	170,775	170,775
		======	======
Company			
2008			
Fixed rate instruments			
Deposits with licensed banks	2.5 - 3.6	34,100	34,100
Unsecured bankers' acceptances/			
Unsecured revolving credits	3.0 – 4.9	144,865	144,865
		======	======
2007			
Fixed rate instruments			
Deposits with licensed banks	2.8 - 3.5	20,300	20,300
Unsecured bankers' acceptances/			
Unsecured revolving credits	3.6 - 4.3	112,272	112,272
		======	======

23. Financial instruments (continued)

Foreign currency risk

The Group and the Company are exposed to foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities. The currency giving rise to this risk is primarily United States Dollar (USD).

The Group and the Company monitor their exposure to foreign currency movements closely and where appropriate, the Group and the Company have used forward exchange contracts to hedge some of its foreign currency risk.

Fair values

The carrying amounts of cash and cash equivalents, receivables, other payables and short term borrowings, approximate fair values due to the relatively short term nature of these financial instruments.

It was not practicable to estimate the fair value of the Group's investment in unquoted shares due to the lack of comparable quoted market prices and the inability to estimate fair value without incurring excessive costs.

The fair values of other financial assets and liabilities, together with the carrying amounts shown in the balance sheets, are as follows.

Group and Company	2007 Carrying amount RM'000	2007 Fair value gain RM'000
Commodity forward contracts	-	7,732
	=====	=====

Group and Company	2007 RM'000
The nominal value of derivatives are as follows:	
Commodity forward contracts	52,901
	=====

There were no outstanding commodity forward contracts as at 31 December 2008.

Estimation of fair values gain

Commodity forward contracts were marked to market using listed market prices and deducting those to the contracted value.

24. Capital and other commitments

	Group		Company	
	2008	**2007**	**2008**	**2007**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Plant and equipment				
Authorised but not contracted for	-	843	-	6
	=====	=====	=====	=====
Contracted but not provided for	18,911	2,541	16,521	495
	=====	=====	=====	=====

25. Related parties

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel includes all the Directors of the Group.

The significant related party transactions of the Group and the Company, other than key management personnel, are as follow:

	2008	**2007**
Group	**RM'000**	**RM'000**
Sales of goods to an associated company	-	3,136
Purchase of computer software from an associate	(115)*	(300)
Services rendered and hiring of motor vehicles from companies in which a Director, Teh Wee Chye, has financial interest		
- Pembena Transport Sdn. Bhd.	(90)	-
- Indah Enterprise Sdn. Bhd.	(61)	-
	=====	=====

** The associate was disposed off on 10 November 2008*

25. Related parties (continued)

	2008 RM'000	2007 RM'000
Company		
Subsidiaries		
- Sales of goods	9,647	7,376
- Purchase of goods	(131)	(6)
- Rental of premises	234	234
- Rental of furniture and fittings	147	147
- Hire of machinery and motor vehicles	224	224
Services rendered and hiring of motor vehicles from companies in which a Director, Teh Wee Chye, has financial interest		
- Pembena Transport Sdn. Bhd.	(90)	-
- Indah Enterprise Sdn. Bhd.	(61)	-
	=====	=====

Balances with subsidiaries, associate and related parties are disclosed in Note 11 and 15. All transactions have been entered in the ordinary course of business and have been established based on negotiated terms.

Malayan Flour Mills Berhad
(Company No. 4260-M)
(Incorporated in Malaysia)
and its subsidiaries

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

In the opinion of the Directors, the financial statements set out on pages 7 to 64 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company at 31 December 2008 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

…………………………………………………………..
Tan Sri Datuk Arshad Bin Ayub

…………………………………………………………..
Teh Wee Chye

Kuala Lumpur,

Date: 21 April 2009

Malayan Flour Mills Berhad
(Company No. 4260-M)
(Incorporated in Malaysia)
and its subsidiaries

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

I, **Quah Ban Lee**, the Director primarily responsible for the financial management of Malayan Flour Mills Berhad, do solemnly and sincerely declare that the financial statements set out on pages 7 to 64 are, to the best of my knowledge and belief, 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 in Kuala Lumpur on 21 April 2009.

…………………………………..
Quah Ban Lee

Before me:

Independent auditors' report to the members of Malayan Flour Mills Berhad

(Company No. 4260-M)
(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of Malayan Flour Mills Berhad, which comprise the balance sheets as at 31 December 2008 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 7 to 64.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

Company No. 4260-M

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2008 and of their financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

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

a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

b) We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in note 7 to the financial statements.

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

d) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act except as disclosed in Note 7.

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.

KPMG
Firm Number: AF 0758
Chartered Accountants

Chong Dee Shiang
Approval Number: 2782/09/10(J)
Chartered Accountant

Petaling Jaya,

Date: 21 April 2009