

**Malayan Flour Mills Berhad**

(Company No. 4260-M)

(Incorporated in Malaysia)

**and its subsidiaries**

**Financial statements for the year  
ended 31 December 2009**

# Malayan Flour Mills Berhad

(Company No. 4260-M)

(Incorporated in Malaysia)

## and its subsidiaries

### Directors' report for the year ended 31 December 2009

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 2009.

#### 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 6 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	62,879	43,295
Minority interests	9,402	-
	-----	-----
	72,281	43,295
	=====	=====

#### 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 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;
- ii) a final 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 6 July 2009;

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## Dividends (continued)

- iii) a special dividend of 10 sen per ordinary share less tax at 25% totalling RM8,073,000 (7.50 sen net per ordinary share) in respect of the year ended 31 December 2008 on 6 July 2009; 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 2009 on 15 January 2010.

The final and special dividends recommended by the Directors in respect of the year ended 31 December 2009 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 Dato' Seri Arshad bin Ayub  
 Teh Wee Chye  
 Dato' Hj Shaharuddin bin Hj Haron  
 Geh Cheng Hooi  
 Quah Ban Lee  
 Datuk Oh Chong Peng  
 Thong Kok Mun (appointed on 11 June 2009)  
 Lim Pang Boon (appointed on 11 June 2009)  
 Dato' Wira Zainal Abidin bin Mahamad Zain (appointed on 1 September 2009)  
 Lee Soon Lee (retired on 18 June 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 1.1.2009	Bought	Sold	At 31.12.2009
<b>Company – Malayan Flour Mills Berhad</b>				
<b>Direct interest</b>				
Teh Wee Chye	456,500	-	-	456,500
Tan Sri Dato' Seri Arshad bin Ayub	4,331,485	283,200	-	4,614,685
Dato' Hj Shaharuddin bin Hj Haron	400,000	-	-	400,000
Quah Ban Lee	235,000	-	-	235,000
Lim Pang Boon	41,800	-	-	41,800

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## Directors' interests (continued)

	Number of ordinary shares of RM1 each			
	At	Bought	Sold	At
	1.1.2009			31.12.2009
<b>Company – Malayan Flour Mills Berhad (continued)</b>				
<b>Deemed interest</b>				
Teh Wee Chye				
- own	29,858,483	-	-	29,858,483
- others *	12,000	-	-	12,000
Tan Sri Dato' Seri Arshad bin Ayub	2,704,400	72,000	-	2,776,400
Geh Cheng Hooi	3,000	155,000	-	158,000
Thong Kok Mun				
- others *	118,000	-	-	118,000
<b>Deemed interest in subsidiary company</b>				
- Dindings Soya & Multifeeds Sdn. Berhad				
Teh Wee Chye	29,185,000	-	-	29,185,000
- Muda Fibre Manufacturing Sdn. Bhd.				
Teh Wee Chye	7,000,001	-	-	7,000,001
- Dindings Poultry Processing Sdn. Bhd.				
Teh Wee Chye	51,160,000	-	-	51,160,000
- Premier Grain Sdn. Bhd. (formerly known as Dindings Trading Sdn. Bhd.)				
Teh Wee Chye	10,200	9,800	-	20,000
<b>Interest in capital contribution denominated in Vietnamese Dong (VND)</b>				
	At			At
	1.1.2009	Bought	Sold	31.12.2009
	VND'000	VND'000	VND'000	VND'000
- Vimaflour Limited				
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 2009 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 24 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 2009 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.

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## **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 Dato' Seri Arshad bin Ayub**

.....  
**Teh Wee Chye**

Kuala Lumpur,

Date: 21 April 2010

# Malayan Flour Mills Berhad

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

## and its subsidiaries

### Balance sheets at 31 December 2009

	Note	Group		Company	
		2009	2008 restated	2009	2008 restated
		RM'000	RM'000	RM'000	RM'000
<b>Assets</b>					
Property, plant and equipment	3	198,095	197,356	92,377	83,466
Intangible assets	4	2,580	3,339	623	1,196
Investment properties	5	5,619	5,676	5,348	5,405
Investments in subsidiaries	6	-	-	149,323	149,316
Investments in associates	7	143	319	-	-
Other investments	8	94	112	60	60
Deferred tax assets	9	2,596	2,593	-	-
		<hr/>	<hr/>	<hr/>	<hr/>
<b>Total non-current assets</b>		209,127	209,395	247,731	239,443
		-----	-----	-----	-----
Receivables, deposits and prepayments	10	195,754	201,386	156,046	180,065
Inventories	11	249,184	282,000	100,027	104,954
Current tax assets		94	748	-	-
Cash and cash equivalents	12	142,179	104,056	26,306	40,928
		<hr/>	<hr/>	<hr/>	<hr/>
<b>Total current assets</b>		587,211	588,190	282,379	325,947
		-----	-----	-----	-----
<b>Total assets</b>		796,338	797,585	530,110	565,390
		=====	=====	=====	=====
<b>Equity</b>					
Share capital		107,645	107,645	107,645	107,645
Reserves		317,790	281,041	254,757	227,609
		<hr/>	<hr/>	<hr/>	<hr/>
<b>Total equity attributable to equity holders of the Company</b>		425,435	388,686	362,402	335,254
<b>Minority interests</b>		39,340	33,571	-	-
		<hr/>	<hr/>	<hr/>	<hr/>
<b>Total equity</b>	13	464,775	422,257	362,402	335,254
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## Balance sheets at 31 December 2009

(continued)

	Note	Group 2009	2008 restated	Company 2009	2008 restated
		RM'000	RM'000	RM'000	RM'000
<b>Liabilities</b>					
Deferred tax liabilities	9	7,200	6,889	7,200	6,889
<b>Total non-current liabilities</b>		<u>7,200</u>	<u>6,889</u>	<u>7,200</u>	<u>6,889</u>
Payables and accruals	14	84,895	82,206	26,585	72,057
Loans and borrowings	15	229,439	279,908	127,500	144,865
Current tax liabilities		5,992	2,288	2,386	2,288
Dividend payable		4,037	4,037	4,037	4,037
<b>Total current liabilities</b>		<u>324,363</u>	<u>368,439</u>	<u>160,508</u>	<u>223,247</u>
<b>Total liabilities</b>		<u>331,563</u>	<u>375,328</u>	<u>167,708</u>	<u>230,136</u>
<b>Total equity and liabilities</b>		<u>796,338</u>	<u>797,585</u>	<u>530,110</u>	<u>565,390</u>

The notes set out on pages 16 to 65 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 2009

	Note	Group		Company	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
<b>Revenue</b>		1,201,053	1,198,778	388,030	429,377
Cost of goods sold		(1,010,891)	(1,017,888)	(290,856)	(325,876)
<b>Gross profit</b>		190,162	180,890	97,174	103,501
Other income		6,620	11,498	8,036	23,911
Distribution and selling expenses		(67,519)	(61,137)	(28,956)	(26,335)
Administrative expenses		(25,083)	(27,265)	(13,130)	(14,698)
Other expenses		(7,375)	(16,290)	(219)	(16,275)
<b>Results from operating activities</b>		96,805	87,696	62,905	70,104
Interest expense		(9,870)	(14,868)	(4,454)	(5,625)
Interest income		5,275	8,399	555	506
<b>Operating profit</b>	16	92,210	81,227	59,006	64,985
Share of loss after tax of equity accounted associates		(176)	(512)	-	-
<b>Profit before tax</b>		92,034	80,715	59,006	64,985
Tax expense	18	(19,753)	(18,804)	(15,711)	(15,647)
<b>Profit for the year</b>		72,281	61,911	43,295	49,338
<b>Attributable to:</b>					
Equity holders of the Company		62,879	57,971		
Minority interests		9,402	3,940		
<b>Profit for the year</b>		72,281	61,911		
<b>Basic earnings per ordinary share (sen)</b>	19	58.41	53.85		

The notes set out on pages 16 to 65 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 2009

/-----Attributable to equity holders of the Company-----/

/-----Non-distributable-----/ Distributable

Group	Note	Attributable to equity holders of the Company					Retained earnings	Total	Minority interests	Total equity
		Share capital	Share premium	Revaluation reserve	Other capital reserves	Translation reserve				
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>At 1 January 2008</b>		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	20	-	-	-	-	-	(15,985)	(15,985)	-	(15,985)
Dividends to minority interests		-	-	-	-	-	-	-	(3,121)	(3,121)
<b>At 31 December 2008</b>		107,645	55,862	17,067	14,608	(19,440)	212,944	388,686	33,571	422,257

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## Statement of changes in equity for the year ended 31 December 2009

(continued)

Group	Note	/-----Attributable to equity holders of the Company-----/					/-----Non-distributable-----/		Distributable	
		Share capital RM'000	Share premium RM'000	Revaluation reserve RM'000	Other capital reserves RM'000	Translation reserve RM'000	Retained earnings RM'000	Total RM'000	Minority interests RM'000	Total equity RM'000
<b>At 1 January 2009</b>		107,645	55,862	17,067	14,608	(19,440)	212,944	388,686	33,571	422,257
Foreign exchange translation differences		-	-	-	-	(9,983)	-	(9,983)	(1,881)	(11,864)
Net loss recognised directly in equity		-	-	-	-	(9,983)	-	(9,983)	(1,881)	(11,864)
Profit for the year		-	-	-	-	-	62,879	62,879	9,402	72,281
Total recognised income and expense for the year		-	-	-	-	(9,983)	62,879	52,896	7,521	60,417
Acquisition of minority interest		-	-	-	-	-	-	-	(6)	(6)
Dividends to equity holders	20	-	-	-	-	-	(16,147)	(16,147)	-	(16,147)
Dividends to minority interests		-	-	-	-	-	-	-	(1,746)	(1,746)
<b>At 31 December 2009</b>		107,645	55,862	17,067	14,608	(29,423)	259,676	425,435	39,340	464,775

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## Statement of changes in equity for the year ended 31 December 2009

(continued)

<i>Company</i>	<i>Note</i>	/----- <i>Non-distributable</i> -----/			<i>Distributable</i>	<b>Total RM'000</b>
		<b>Share capital RM'000</b>	<b>Share premium RM'000</b>	<b>Revaluation reserves RM'000</b>	<b>Retained earnings RM'000</b>	
<b>At 1 January 2008</b>		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	20	-	-	-	(15,985)	(15,985)
<hr/>						
<b>At 31 December 2008/1 January 2009</b>		107,645	55,862	17,067	154,680	335,254
Profit for the year		-	-	-	43,295	43,295
Dividends to equity holders	20	-	-	-	(16,147)	(16,147)
<hr/>						
<b>At 31 December 2009</b>		107,645	55,862	17,067	181,828	362,402
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The notes set out on pages 16 to 65 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 2009

	Note	Group		Company	
		2009 RM'000	2008 RM'000 restated	2009 RM'000	2008 RM'000 restated
<b>Cash flows from operating activities</b>					
Profit before tax		92,034	80,715	59,006	64,985
<i>Adjustments for:</i>					
Amortisation of intangible assets	4	1,224	1,715	907	889
Depreciation of investment properties	5	57	57	57	57
Depreciation of property, plant and and equipment	3	16,575	19,294	5,768	5,702
Dividend income		-	-	(4,554)	(18,432)
Gain on disposal of an associate		-	(39)	-	(18)
Gain on disposal of property, plant and equipment		(499)	(1,109)	(60)	(244)
Impairment on property, plant and equipment		1,613	2,809	-	-
Intangible assets written off		3	-	3	-
Interest expense		9,870	14,868	4,454	5,625
Interest income		(5,275)	(8,399)	(555)	(506)
Property, plant and equipment written off		53	1,760	9	1,760
Share of loss of equity accounted associates		176	512	-	-
Unrealised loss on foreign exchange		842	737	-	-
<b>Operating profit before changes in working capital</b>		<b>116,673</b>	<b>112,920</b>	<b>65,035</b>	<b>59,818</b>
Changes in working capital:					
Inventories		27,524	1,721	4,927	(24,009)
Payables and accruals		6,572	(8,208)	(45,472)	30,395
Receivables, deposit and prepayments		2,937	(14,272)	24,019	(45,853)
<b>Cash generated from operations</b>		<b>153,706</b>	<b>92,161</b>	<b>48,509</b>	<b>20,351</b>
Interest paid		(9,870)	(14,868)	(4,454)	(5,625)
Interest received		5,275	8,399	555	506
Tax paid		(15,053)	(19,098)	(15,302)	(13,599)
<b>Net cash generated from operating activities</b>		<b>134,058</b>	<b>66,594</b>	<b>29,308</b>	<b>1,633</b>

## Cash flow statements for the year ended 31 December 2009

(continued)

	Note	Group		Company	
		2009 RM'000	2008 RM'000 restated	2009 RM'000	2008 RM'000 restated
<b>Cash flows from investing activities</b>					
Acquisition of intangible assets		(589)	(1,112)	(337)	(183)
Acquisition of minority interest	25	(7)	-	-	-
Acquisition of property, plant and equipment		(23,457)	(28,250)	(14,814)	(23,073)
Dividend received		-	-	4,554	18,181
Increase in investment in a subsidiary		-	-	(7)	-
Subscription of shares in a subsidiary		-	-	-	*
Proceeds from disposal of an associate		-	18	-	18
Proceeds from disposal of property, plant and equipment		1,207	2,438	186	419
Proceeds from disposal of other investments		18	-	-	-
		<hr/>	<hr/>	<hr/>	<hr/>
<b>Net cash used in investing activities</b>		(22,828)	(26,906)	(10,418)	(4,638)
		<hr/>	<hr/>	<hr/>	<hr/>
<b>Cash flows from financing activities</b>					
Dividends paid to minority shareholders		(4,867)	-	-	-
Dividends paid to equity holders of the Company		(16,147)	(15,931)	(16,147)	(15,931)
(Repayment of)/Proceeds from loans and borrowings		(48,831)	(54,919)	(17,365)	32,593
		<hr/>	<hr/>	<hr/>	<hr/>
<b>Net cash (used in)/generated from financing activities</b>		(69,845)	(70,850)	(33,512)	16,662
		<hr/>	<hr/>	<hr/>	<hr/>
<b>Net increase/(decrease) in cash and cash equivalents</b>		41,385	(31,162)	(14,622)	13,657
Effect of exchange rate fluctuations on cash held		(3,262)	972	-	-
<b>Cash and cash equivalents at 1 January</b>	(i)	104,056	134,246	40,928	27,271
		<hr/>	<hr/>	<hr/>	<hr/>
<b>Cash and cash equivalents at 31 December</b>	(i)	142,179	104,056	26,306	40,928
		<hr/>	<hr/>	<hr/>	<hr/>

\* denotes RM326

## Cash flow statements for the year ended 31 December 2009

(continued)

i) *Cash and cash equivalents*

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

	Note	Group		Company	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Deposits placed with licensed banks	12	100,826	86,190	17,000	34,100
Cash and bank balances	12	41,353	17,866	9,306	6,828
		142,179	104,056	26,306	40,928
		142,179	104,056	26,306	40,928

The notes set out on pages 16 to 65 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 Market of the Bursa Malaysia Securities Berhad. The address of its registered office, which is also its principal place of business is as follow:

#### 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 2009 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 6 to the financial statements.

The financial statements were approved by the Board of Directors on 21 April 2010.

## 1. Basis of preparation

### (a) Statement of compliance

The financial statements have been prepared in accordance with Financial Reporting Standards ("FRSs"), accounting principles generally accepted and the Companies Act, 1965 in Malaysia.

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

*FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2009*

- FRS 8, *Operating Segments*

## 1. Basis of preparation (continued)

### (a) Statement of compliance (continued)

***FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2010***

- FRS 4, *Insurance Contracts*
- FRS 7, *Financial Instruments: Disclosures*
- FRS 101, *Presentation of Financial Statements* (revised)
- FRS 123, *Borrowing Costs* (revised)
- FRS 139, *Financial Instruments: Recognition and Measurement*
- Amendments to FRS 1, *First-time Adoption of Financial Reporting Standards*
- Amendments to FRS 2, *Share-based Payment: Vesting Conditions and Cancellations*
- Amendments to FRS 7, *Financial Instruments: Disclosures*
- Amendments to FRS 101, *Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation*
- Amendments to FRS 127, *Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*
- Amendments to FRS 132, *Financial Instruments: Presentation*
  - *Puttable Financial Instruments and Obligations Arising on Liquidation*
  - *Separation of Compound Instruments*
- Amendments to FRS 139, *Financial Instruments: Recognition and Measurement*
  - *Reclassification of Financial Assets*
  - *Collective Assessment of Impairment for Banking Institutions*
- Improvements to FRSs (2009)
- IC Interpretation 9, *Reassessment of Embedded Derivatives*
- IC Interpretation 10, *Interim Financial Reporting and Impairment*
- IC Interpretation 11, FRS 2 – *Group and Treasury Share Transactions*
- IC Interpretation 13, *Customer Loyalty Programmes*
- IC Interpretation 14, FRS 119 – *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction*

***FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 March 2010***

- Amendments to FRS 132, *Financial Instruments: Presentation – Classification of Rights Issues*

## 1. Basis of preparation (continued)

### (a) Statement of compliance (continued)

#### *FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2010*

- FRS 1, *First-time Adoption of Financial Reporting Standards* (revised)
- FRS 3, *Business Combinations* (revised)
- FRS 127, *Consolidated and Separate Financial Statements* (revised)
- Amendments to FRS 2, *Share-based Payment*
- Amendments to FRS 5, *Non-current Assets Held for Sale and Discontinued Operations*
- Amendments to FRS 138, *Intangible Assets*
- IC Interpretation 12, *Service Concession Agreements*
- IC Interpretation 15, *Agreements for the Construction of Real Estate*
- IC Interpretation 16, *Hedges of a Net Investment in a Foreign Operation*
- IC Interpretation 17, *Distribution of Non-cash Assets to Owners*
- Amendments to IC Interpretation 9, *Reassessment of Embedded Derivatives*

#### *FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2011*

- Amendments to FRS 1, *First-time Adoption of Financial Reporting Standards – Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters*
- Amendments to FRS 7, *Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments*

In this set of financial statements, the Group and the Company have chosen to early adopt the amendments to FRS117, *Leases* under the improvements to FRSs (2009). All other abovementioned standards, amendments and interpretations have not been applied by the Group and the Company in preparing this set of financial statements.

The Group and the Company plan to apply the abovementioned standards, amendments and interpretations:

- from the annual period beginning 1 January 2010 for those standards, amendments or interpretations that will be effective for annual periods beginning on or after 1 July 2009 or 1 January 2010, except for FRS 4, Amendments to FRS 2, IC Interpretations 11, 13 and 14 which are not applicable to the Group and the Company; and
- from the annual period beginning 1 January 2011 for those standards, amendments or interpretations that will be effective for annual periods beginning on or after 1 March 2010, 1 July 2010 or 1 January 2011, except for Amendments to FRS 2, IC Interpretations 12, 15, 16 and 17 which are not applicable to the Group and the Company.

## 1. Basis of preparation (continued)

### (a) Statement of compliance (continued)

The initial application of a standard, an amendment or an interpretation, which will be applied prospectively, is not expected to have any financial impacts to the current and prior periods financial statements upon their first adoption.

The impacts and disclosures as required by FRS 108.30(b), *Accounting Policies, Changes in Accounting Estimates and Errors*, in respect of applying FRS 7 and FRS 139 are not disclosed by virtue of the exemptions given in these respective FRSs.

Material impact of initial application of a standard, an amendment or an interpretation, which will be applied retrospectively, is disclosed below:

#### **Improvements to FRSs (2009)**

Improvements to FRSs (2009) contain various amendments that result in accounting changes for presentation, recognition or measurement and disclosure purposes which will become effective for the Group's financial statements for the year ending 31 December 2010. Significant amendment that has material impact is:

#### **FRS 117, *Leases***

The amendments clarify the classification of lease of land and require entities with existing leases of land and buildings to reassess the classification of land as finance or operating lease. Leasehold land which in substance is a finance lease will be reclassified to property, plant and equipment. The adoption of these amendments will result in a change in accounting policy which has been applied retrospectively in accordance with the transitional provisions.

The Group and the Company have chosen to early adopt the amendments and this change in accounting policy will result in classification of lease of land amounting to RM12,167,000 and RM3,234,000 respectively as at 31 December 2009 from leasehold land to property, plant and equipment.

### (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.

## **1. Basis of preparation (continued)**

### **(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 a 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, other than disclosed in Note 2 (d) – Leased assets.

The comparatives in the financial statements have been restated to take into account the effect of adopting the amendments to FRS117, *Leases*. (See Note 26)

### **(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.

## 2. Significant accounting policies (continued)

### (a) Basis of consolidation (continued)

#### (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.

#### (iii) *Changes in Group composition*

When a group purchases a subsidiary's equity shares from minority interests for cash consideration and the purchase price has been established at fair value, the accretion of the Group's interests in the subsidiary is accounted for as a purchase of equity interest for which the acquisition method of accounting is applied.

#### (iv) *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.

## 2. Significant accounting policies (continued)

### (a) Basis of consolidation (continued)

#### (iv) *Minority interest (continued)*

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.

#### (v) *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.

#### (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.

## 2. Significant accounting policies (continued)

### (b) Foreign currency (continued)

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

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.

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.



## 2. Significant accounting policies (continued)

### (c) Property, plant and equipment (continued)

#### (i) *Recognition and measurement (continued)*

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 statements 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:

- |  |  |
|--|--|
| • leasehold land                           | 30 to 99 years   |
| • 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

#### (i) *Finance lease*

Leases in terms of which the Group or the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

#### (ii) *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.

In the previous years, 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. The payment made on entering into or acquiring a leasehold land is accounted for as leasehold land on the balance sheet, except for leasehold land classified as investment property.

The Group has early adopted the amendments to FRS 117, *Leases* which is effective for the period beginning on 1 January 2010 in relation to the classification of lease of land. Leasehold land which is in substance a finance lease has been reclassified and measured as such retrospectively.

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

## 2. Significant accounting policies (continued)

### (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.

#### (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.

## 2. Significant accounting policies (continued)

### (f) Investments in equity securities (continued)

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.

### (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(c).

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 is then 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 incurred to maintain the layer during their egg laying stage.

Poultry parent inventories are stated at depreciated cost after accounting for its net realisable value at the end of its useful life. 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 statements 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 statements 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 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.

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### 3. Property, plant and equipment

Group	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
<i>Cost/Valuation</i>							
At 1 January 2008, restated							
- At cost	22,169	177,771	909	267,676	32,211	2,821	503,557
- At valuation	-	21,386	6,073	-	-	-	27,459
	22,169	199,157	6,982	267,676	32,211	2,821	531,016
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	(75)	(285)	-	(301)	(41)	(4)	(706)
At 31 December 2008/1 January 2009, restated	22,094	199,501	7,763	261,695	30,686	14,034	535,773
Additions	-	2,228	656	5,272	2,255	13,046	23,457
Disposals	-	-	-	(449)	(3,409)	-	(3,858)
Write-off	-	(3,076)	-	(5,424)	(69)	-	(8,569)
Transfers	-	38	10,672	78	1,456	(12,244)	-
Effect of movements in exchange rate	(788)	(3,053)	-	(3,314)	(416)	-	(7,571)
At 31 December 2009	21,306	195,638	19,091	257,858	30,503	14,836	539,232

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### 3. Property, plant and equipment (continued)

Group	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
<i>Representing items at:</i>							
- At cost	21,306	174,252	16,030	257,858	30,503	14,836	514,785
- At valuation	-	21,386	3,061	-	-	-	24,447
	21,306	195,638	19,091	257,858	30,503	14,836	539,232
<i>Depreciation and impairment</i>							
At 1 January 2008, restated:							
Accumulated depreciation	6,895	88,390	3,042	194,658	27,939	-	320,924
Accumulated impairment	-	311	-	15,036	-	-	15,347
	6,895	88,701	3,042	209,694	27,939	-	336,271
Charge for the year	608	6,169	173	10,602	1,742	-	19,294
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	(20)	(48)	-	(151)	(40)	-	(259)
At 31 December 2008/1 January 2009, restated:							
Accumulated depreciation	7,483	94,256	1,698	201,064	27,468	-	331,969
Accumulated impairment	-	1,720	-	4,728	-	-	6,448
	7,483	95,976	1,698	205,792	27,468	-	338,417

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### 3. Property, plant and equipment (continued)

Group	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
<b><i>Depreciation and impairment</i></b>							
At 31 December 2008/1 January 2009, restated:							
Accumulated depreciation	7,483	94,256	1,698	201,064	27,468	-	331,969
Accumulated impairment	-	1,720	-	4,728	-	-	6,448
Charge for the year	7,483	95,976	1,698	205,792	27,468	-	338,417
Impairment	601	4,540	380	9,620	1,434	-	16,575
Disposals	-	1,502	-	111	-	-	1,613
Write-off	-	-	-	(366)	(2,784)	-	(3,150)
Transfers	-	(3,076)	-	(5,374)	(66)	-	(8,516)
Effect of movements in exchange rate	-	-	-	(311)	311	-	-
At 31 December 2009	(292)	(918)	-	(2,214)	(378)	-	(3,802)
Accumulated depreciation	7,792	95,112	2,078	202,721	25,985	-	333,688
Accumulated impairment	-	2,912	-	4,537	-	-	7,449
	7,792	98,024	2,078	207,258	25,985	-	341,137
<b><i>Carrying amounts</i></b>							
At 1 January 2008, restated	15,274	110,456	3,940	57,982	4,272	2,821	194,745
At 31 December 2008/1 January 2009, restated	14,611	103,525	6,065	55,903	3,218	14,034	197,356
At 31 December 2009	13,514	97,614	17,013	50,600	4,518	14,836	198,095

Company No. 4260-M
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### 3. Property, plant and equipment (continued)

Company	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
<i>Cost/Valuation</i>							
At 1 January 2008, restated							
- At cost	6,058	49,274	909	81,031	13,712	1,207	152,191
- At valuation	-	21,386	6,073	-	-	-	27,459
	6,058	70,660	6,982	81,031	13,712	1,207	179,650
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 2008/1 January 2009, restated	6,058	71,577	7,763	84,696	13,252	13,809	197,155
Additions	-	148	657	1,933	905	11,171	14,814
Disposals	-	-	-	(286)	(734)	-	(1,020)
Write-off	-	-	-	(2,281)	-	-	(2,281)
Transfers	-	-	10,671	1	-	(10,672)	-
At 31 December 2009	6,058	71,725	19,091	84,063	13,423	14,308	208,668
Representing items at:							
- At cost	6,058	50,339	16,030	84,063	13,423	14,308	184,221
- At valuation	-	21,386	3,061	-	-	-	24,447
At 31 December 2009	6,058	71,725	19,091	84,063	13,423	14,308	208,668

Company No. 4260-M
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### 3. Property, plant and equipment (continued)

Company	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
<i>Depreciation</i>							
At 1 January 2008, restated	2,488	28,182	3,043	66,818	11,089	-	111,620
Charge for the year	167	1,297	173	2,911	1,154	-	5,702
Disposals	-	-	-	(33)	(1,244)	-	(1,277)
Write-off	-	-	(1,517)	(767)	(72)	-	(2,356)
At 31 December 2008/1 January 2009, restated	2,655	29,479	1,699	68,929	10,927	-	113,689
Charge for the year	169	1,424	380	2,868	927	-	5,768
Disposals	-	-	-	(272)	(622)	-	(894)
Write-off	-	-	-	(2,272)	-	-	(2,272)
At 31 December 2009	2,824	30,903	2,079	69,253	11,232	-	116,291
<i>Carrying amounts</i>							
At 1 January 2008, restated	3,570	42,478	3,939	14,213	2,623	1,207	68,030
At 31 December 2008/1 January 2009, restated	3,403	42,098	6,064	15,767	2,325	13,809	83,466
At 31 December 2009	3,234	40,822	17,012	14,810	2,191	14,308	92,377

#### 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 RM1,613,000 (2008 - RM2,809,000) 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 professionally qualified valuers using an open market value method.

The Company has availed itself to the transitional provision when the MASB first issued FRS 116<sub>2004</sub>, *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.

#### 3.3 *Land*

Included in the carrying amounts of land are:

	<b>2009</b>	<b>2008</b>
	<b>RM'000</b>	<b>restated RM'000</b>
<b>Group</b>		
Freehold land	1,346	1,346
Short term leasehold land	8,098	9,009
Long term leasehold land	4,070	4,256
	<hr/>	<hr/>
	13,514	14,611
	=====	=====
<b>Company</b>		
Long term leasehold land	3,234	3,403
	<hr/>	<hr/>
	3,234	3,403
	=====	=====

Legal title to certain leasehold land of the Group with a carrying amount of RM1,747,000 (2008 - RM1,797,000) have not been transferred to the respective subsidiaries.

The carrying amounts of land at 1 January 2009 and 31 December 2009 have been adjusted following the adoption of the amendments to FRS117, *Leases*, where leasehold land, which are in substance a finance lease, has been reclassified from leasehold land to property, plant and equipment.

#### 4. Intangible assets

	<b>Computer softwares Group RM'000</b>	<b>Company RM'000</b>
<b>Cost</b>		
At 1 January 2008	8,172	5,183
Additions	1,112	183
Effect of movements in exchange rates	(8)	-
	<hr/>	<hr/>
At 31 December 2008/1 January 2009	9,276	5,366
Additions	589	337
Write-off	(436)	(436)
Effect of movements in exchange rates	(725)	-
	<hr/>	<hr/>
At 31 December 2009	8,704	5,267
	=====	=====
<b>Amortisation</b>		
At 1 January 2008	4,219	3,281
Amortisation for the year	1,715	889
Effect of movements in exchange rates	3	-
	<hr/>	<hr/>
At 31 December 2008/1 January 2009	5,937	4,170
Amortisation for the year	1,224	907
Write-off	(433)	(433)
Effect of movements in exchange rates	(604)	-
	<hr/>	<hr/>
At 31 December 2009	6,124	4,644
	=====	=====
<b>Carrying amounts</b>		
At 1 January 2008	3,953	1,902
	<hr/>	<hr/>
At 31 December 2008/1 January 2009	3,339	1,196
	<hr/>	<hr/>
At 31 December 2009	2,580	623
	=====	=====

##### 4.1 Intangible assets

Intangible assets principally comprise expenditure that are directly attributable to the acquisition of 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 statements on a straight-line basis over the intangible assets' estimated useful lives.



## 5. Investment properties

### Group

	<b>Freehold land RM'000</b>	<b>Buildings RM'000</b>	<b>Total RM'000</b>
<b>Cost/Valuation</b>			
At 1 January 2008/31 December 2008/ 31 December 2009	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 =====
<b>Depreciation</b>			
At 1 January 2008	-	1,046	1,046
Depreciation for the year	-	57	57
	-----	-----	-----
At 31 December 2008/1 January 2009	-	1,103	1,103
Depreciation for the year	-	57	57
	-----	-----	-----
At 31 December 2009	-	1,160	1,160
	----- =====	----- =====	----- =====
<b>Carrying amounts</b>			
At 1 January 2008	3,943 =====	1,790 =====	5,733 =====
At 31 December 2008/1 January 2009	3,943 =====	1,733 =====	5,676 =====
At 31 December 2009	3,943 =====	1,676 =====	5,619 =====

## 5. Investment properties (continued)

<b>Company</b>	<b>Freehold land RM'000</b>	<b>Buildings RM'000</b>	<b>Total RM'000</b>
<b>Cost/Valuation</b>			
At 1 January 2008/31 December 2008/ 31 December 2009	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 =====
<b>Depreciation</b>			
At 1 January 2008	-	1,046	1,046
Depreciation for the year	-	57	57
	-----	-----	-----
At 31 December 2008/1 January 2009	-	1,103	1,103
Depreciation for the year	-	57	57
	-----	-----	-----
At 31 December 2009	-	1,160	1,160
	----- =====	----- =====	----- =====
<b>Carrying amounts</b>			
At 1 January 2008	3,672 =====	1,790 =====	5,462 =====
At 31 December 2008/1 January 2009	3,672 =====	1,733 =====	5,405 =====
At 31 December 2009	3,672 =====	1,676 =====	5,348 =====

The fair value of the investment properties for the Group and the Company as at 31 December 2009 approximate RM29,400,000 (2008 - RM29,400,000) and RM28,800,000 (2008 - RM28,800,000) respectively.

## 5. Investment properties (continued)

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

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Rental income	199	222	235	258
Direct operating expenses of investment properties:				
- revenue generating investment properties	43	48	51	48
	=====	=====	=====	=====

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

The Group has availed itself to the transitional provision when the MASB first issued FRS 116<sub>2004</sub>, *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.

## 6. Investments in subsidiaries

	Company	
	2009 RM'000	2008 RM'000
Unquoted shares at cost	203,390	203,383
Less: Accumulated impairment	(54,067)	(54,067)
	-----	-----
	149,323	149,316
	=====	=====

During the year, the Company acquired 9,800 ordinary shares of RM1.00 each in Premier Grain Sdn. Bhd. (formerly known as Dindings Trading Sdn. Bhd.) ("PGSB"), representing 49% of the equity interest in PGSB for a cash consideration of RM7,301. The remaining 51% of the equity interest in PGSB is held by 95% owned subsidiary of the Company, Dindings Poultry Processing Sdn. Bhd..

## 6. 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	
		2009 %	2008 %
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 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

## 6. Investments in subsidiaries (continued)

Name of subsidiary	Principal activities	Effective ownership interest	
		2009 %	2008 %
MFM Property Sdn. Bhd.	Dormant	100	100
Dindings Grand Parent Farm Sdn. Bhd.	Dormant	100	100
MFM Ltd.	Dormant	100	100
Premier Grain Sdn. Bhd. (formerly known as Dindings Trading Sdn. Bhd.)	Dormant	97**	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

\*\* 51% direct interest is held through Dindings Poultry Processing Sdn. Bhd.

# 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 RM2,001,000 (2008: RM2,199,000) 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.

## 7. Investments in associates

	Group		Company	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Unquoted shares at cost	2,800	2,800	-	-
Share of post-acquisition reserves	(2,657)	(2,481)	-	-
	<u>143</u>	<u>319</u>	<u>-</u>	<u>-</u>
	=====	=====	=====	=====

### Summary financial information on associates:

Group	Country incorporation	Effective ownership interest %	Revenues (100%) RM'000	Loss (100%) RM'000	Total assets (100%) RM'000	Total liabilities (100%) RM'000
2009						
Fongcheng Enterprises Sendirian Berhad +	Malaysia	28	73,763	(440)	7,366	(7,009)
			=====	=====	=====	=====
2008						
Fongcheng Enterprises Sendirian Berhad +	Malaysia	28	71,241	(1,264)	8,310	(7,512)
			=====	=====	=====	=====

+ Held through Dindings Soya & Multifeds Sdn. Berhad

## 8. Other investments

	Group		Company	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
<b>Non-current</b>				
Unquoted shares in Malaysia	60	60	60	60
Unquoted shares outside Malaysia	5,116	5,134	5,082	5,082
Less: Allowance for diminution in value	(5,082)	(5,082)	(5,082)	(5,082)
	<u>94</u>	<u>112</u>	<u>60</u>	<u>60</u>
	=====	=====	=====	=====

## 9. Deferred tax assets and liabilities

### Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Group	Assets		Liabilities		Net	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Property, plant and equipment	-	-	6,972	5,600	6,972	5,600
Revaluation on property, plant and equipment	-	-	3,290	3,425	3,290	3,425
Provisions	(5,658)	(4,729)	-	-	(5,658)	(4,729)
<b>Tax (assets)/liabilities</b>	<b>(5,658)</b>	<b>(4,729)</b>	<b>10,262</b>	<b>9,025</b>	<b>4,604</b>	<b>4,296</b>
Set off	3,062	2,136	(3,062)	(2,136)	-	-
<b>Net tax (assets)/liabilities</b>	<b>(2,596)</b>	<b>(2,593)</b>	<b>7,200</b>	<b>6,889</b>	<b>4,604</b>	<b>4,296</b>
<b>Company</b>						
Property, plant and equipment	-	-	6,146	4,774	6,146	4,774
Revaluation on property, plant and equipment	-	-	3,290	3,425	3,290	3,425
Provisions	(2,236)	(1,310)	-	-	(2,236)	(1,310)
<b>Tax (assets)/liabilities</b>	<b>(2,236)</b>	<b>(1,310)</b>	<b>9,436</b>	<b>8,199</b>	<b>7,200</b>	<b>6,889</b>
Set off	2,236	1,310	(2,236)	(1,310)	-	-
<b>Net tax liabilities</b>	<b>-</b>	<b>-</b>	<b>7,200</b>	<b>6,889</b>	<b>7,200</b>	<b>6,889</b>

## 9. Deferred tax assets and liabilities (continued)

### Unrecognised deferred tax assets

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

	<b>Group</b>	
	<b>2009</b>	<b>2008</b>
	<b>RM'000</b>	<b>RM'000</b>
Taxable temporary differences	(13,934)	(9,925)
Unutilised capital allowance	69,028	65,322
Tax loss carry-forwards	74,906	68,200
	<u>130,000</u>	<u>123,597</u>
	=====	=====
Tax at 25% (2008: 25%)	32,500	30,899
	<u>=====</u>	<u>=====</u>

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 therefrom.

## 10. Receivables, deposits and prepayments

	<b>Note</b>	<b>Group</b>		<b>Company</b>	
		<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Current</b>					
Trade receivables		194,769	206,806	60,246	74,834
Less: Allowance for doubtful debts		(7,405)	(11,567)	(2,490)	(2,604)
		<u>187,364</u>	<u>195,239</u>	<u>57,756</u>	<u>72,230</u>
		-----	-----	-----	-----
Amount due from subsidiaries	10.1	-	-	129,747	141,184
Less: Allowance for doubtful debts		-	-	(35,787)	(35,787)
		<u>-</u>	<u>-</u>	<u>93,960</u>	<u>105,397</u>
		-----	-----	-----	-----
Other receivables		4,582	2,725	2,361	1,263
Deposits		1,264	978	656	573
Prepayments		2,544	2,444	1,313	602
		<u>8,390</u>	<u>6,147</u>	<u>4,330</u>	<u>2,438</u>
		-----	-----	-----	-----
		<u>195,754</u>	<u>201,386</u>	<u>156,046</u>	<u>180,065</u>
		=====	=====	=====	=====



## 10. Receivables, deposits and prepayments (continued)

### 10.1 Amount due from subsidiaries

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

## 11. Inventories

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Raw materials	202,104	228,195	91,498	92,924
Finished goods	22,345	30,004	5,009	7,115
Poultry livestocks and hatching eggs	13,179	10,979	-	-
Consumables	11,556	12,822	3,520	4,915
	<u>249,184</u>	<u>282,000</u>	<u>100,027</u>	<u>104,954</u>
	=====	=====	=====	=====

The write-down of inventories to net realisable value amounted to RM1,538,000 (2008 - RM12,238,000). The write-down is included in cost of goods sold.

## 12. Cash and cash equivalents

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Deposits placed with licensed banks	100,826	86,190	17,000	34,100
Cash and bank balances	41,353	17,866	9,306	6,828
	<u>142,179</u>	<u>104,056</u>	<u>26,306</u>	<u>40,928</u>
	=====	=====	=====	=====

## 13. Share capital and reserves

### 13.1 Share capital

	Group		Company	
	Amount 2009 RM'000	Number of shares 2009 '000	Amount 2008 RM'000	Number of shares 2008 '000
Authorised:				
Ordinary shares of RM1 each	200,000	200,000	200,000	200,000
	=====	=====	=====	=====
Issued and fully paid:				
Ordinary shares at RM1 each	107,645	107,645	107,645	107,645
	=====	=====	=====	=====

## 13. Share capital and reserves (continued)

### 13.2 Revaluation reserve

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

### 13.3 Other capital reserve

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

### 13.4 Translation reserve

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

### 13.5 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 2009 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 remaining Section 108 tax credit as at 31 December 2009 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.

## 14. Payables and accruals

	Note	Group		Company	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Trade payables		37,398	27,895	4,777	6,972
Amount due to subsidiaries	14.1	-	-	6,018	42,748
Other payables and accruals	14.2	47,497	54,311	15,790	22,337
		84,895	82,206	26,585	72,057
		84,895	82,206	26,585	72,057

### 14.1 Amount due to subsidiaries

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

## 14. Payables and accruals (continued)

### 14.2 Other payables and accruals

Included in other payables of the Group and of the Company are deposits from customers of RM15,576,000 (2008 - RM13,599,000) and an amount of RM3,070,000 (2008 - RM3,124,000) payable to Mr Teh Liang Teik, a former Director and Chairman of the Company as retirement gratuity.

## 15. Loans and borrowings

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
<b>Current</b>				
Unsecured bankers' acceptances/ Unsecured revolving credits	185,310	241,708	127,500	144,865
Unsecured short term loans	44,129	38,200	-	-
	<u>229,439</u>	<u>279,908</u>	<u>127,500</u>	<u>144,865</u>
	=====	=====	=====	=====

### 15.1 Terms and debts repayment schedule

	<-----2009----->		<-----2008----->	
	Year of maturity	Carrying amount due within 1 year RM'000	Year of maturity	Carrying amount due within 1 year RM'000
<b>Group</b>				
Unsecured bankers' acceptance/ Unsecured revolving credits denominated in:				
- RM	2010	185,310	2009	169,154
- USD	2010	-	2009	72,554
Unsecured short term loans denominated in:				
- USD	2010	23,025	2009	38,200
- VND	2010	21,104		-
		<u>229,439</u>		<u>279,908</u>
		=====		=====
<b>Company</b>				
Unsecured bankers' acceptance/ Unsecured revolving credits denominated in:				
- RM	2010	127,500	2009	97,759
- USD	2010	-	2009	47,106
		<u>127,500</u>		<u>144,865</u>
		=====		=====

## 16. Operating profit

	Group		Company	
	2009	2008	2009	2008
	RM'000	RM'000 restated	RM'000	RM'000 restated
<b>Operating profit is arrived at after charging:</b>				
Allowance for doubtful debts				
- amount due from subsidiaries	-	-	-	14,157
Amortisation of intangible assets	1,224	1,715	907	889
Auditors' remuneration:				
- Audit services				
KPMG	185	148	65	40
Affiliates of KPMG	98	95	-	-
Other auditors	5	4	-	-
- Other services				
KPMG	10	10	10	10
Bad debts written off	13	85	-	-
Depreciation of investment properties	57	57	57	57
Depreciation of property, plant and equipment	16,575	19,294	5,768	5,702
Impairment on property, plant and equipment	1,613	2,809	-	-
Intangible assets written off	3	-	3	-
Inventories written down	1,538	12,238	-	-
Personnel expenses (including key management personnel):				
- Contributions to Employees Provident Fund	5,375	4,985	2,682	2,287
- Wages, salaries and others	58,174	54,406	22,055	21,881
Property, plant and equipment written off	53	1,760	9	1,760
Realised loss on foreign exchange	2,641	7,433	-	-
Rental expenses	2,563	2,699	1,267	1,435
Unrealised loss on foreign exchange	842	737	-	-
	=====	=====	=====	=====

## 16. Operating profit (continued)

	Group		Company	
	2009 RM'000	2008 RM'000 restated	2009 RM'000	2008 RM'000 restated
<b>and after crediting:</b>				
Dividends from subsidiaries (unquoted):				
- non tax exempt	-	-	480	960
- tax exempt	-	-	4,074	17,472
Gain on disposal of property, plant and equipment	499	1,109	60	244
Gain on disposal of an associate	-	39	-	18
Realised gain on foreign exchange	-	-	1,145	926
Rental income from:				
- investment properties	199	222	235	258
- others	233	383	570	570
Reversal of allowance for doubtful debts	1,199	1,778	-	-
	=====	=====	=====	=====

## 17. Key management personnel compensation

The key management personnel compensations are as follows:

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Directors				
- Fees	476	467	465	452
- Remuneration	4,405	2,952	4,194	2,882
Other short term employee benefits (including estimated monetary value of benefits-in-kind)	141	98	141	98
	=====	=====	=====	=====
	5,022	3,517	4,800	3,432
	=====	=====	=====	=====

**18. Tax expense**

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
<b>Current tax expense</b>				
Malaysian - current year	14,740	15,946	14,004	15,396
- prior year	925	195	1,396	-
Overseas - current year	3,788	3,177	-	-
Total current tax	19,453	19,318	15,400	15,396
<b>Deferred tax expense</b>				
Origination and reversal of temporary differences	300	(514)	311	251
Total deferred tax	300	(514)	311	251
Total tax expense	19,753	18,804	15,711	15,647
<b>Recognised in the income statements</b>				
Profit for the year	72,281	61,911	43,295	49,338
Total tax expense	19,753	18,804	15,711	15,647
Profit before tax	92,034	80,715	59,006	64,985
Tax at Malaysian tax rate of 25% (2008 - 26%)	23,009	20,986	14,752	16,896
Effect of tax rates in foreign jurisdiction	(4,372)	(4,980)	-	-
Effect of change in tax rate*	-	751	-	(153)
Non-deductible expenses	2,493	1,692	2,255	4,561
Tax exempt income	(120)	(266)	(1,146)	(4,809)
Tax incentives	(2,499)	(508)	-	-
Unrecognised deferred tax assets	1,601	1,009	-	-
Tax savings from group relief	(1,546)	(712)	(1,546)	(712)
Others	262	637	-	(136)
Underprovision in prior years	925	195	1,396	-
	19,753	18,804	15,711	15,647

\* 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.

## 18. Tax expense (continued)

Subject to agreement by the Inland Revenue Board, the Group has estimated unutilised reinvestment allowance amounting to RM1,604,800 (2008 - RM1,604,800) available at the balance sheet date to be carried forward to set off against future taxable income.

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 for the first 3 years commencing 2007 and thereafter, a 50% tax reduction for the next 5 years.

## 19. Earnings per share

### Basic earnings per ordinary share

The calculation of basic earnings per ordinary share was based on the profit attributable to ordinary equity holders of RM62,879,000 (2008 - RM57,971,000) and the number of ordinary shares outstanding of 107,645,000 (2008 - 107,645,000).

## 20. Dividends

Dividends recognised in the current year by the Company are:

	Sen per share (net of tax)	Total amount RM'000	Date of payment
<b>2009</b>			
Interim 2009 ordinary	3.75	4,037	16 January 2009
Final 2008 ordinary	3.75	4,037	6 July 2009
Special 2008 ordinary	7.50	8,073	6 July 2009
<b>Total amount</b>		16,147	
		=====	
<b>2008</b>			
Interim 2008 ordinary	3.75	4,037	16 January 2008
Final 2007 ordinary	3.70	3,983	25 June 2008
Special 2007 ordinary	7.40	7,965	25 June 2008
<b>Total amount</b>		15,985	
		=====	

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
<b>Total amount</b>		12,110
		=====

## 21. 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 and trading of related raw materials            | 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 |



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## 21. Segment reporting (continued)

2009	Flour and trading in grains and other allied products RM'000	Feed and trading in related raw materials RM'000	Poultry integration RM'000	Eliminations RM'000	Consolidated RM'000
<i>Business segments</i>					
Total external revenue	727,752	296,601	176,700	-	1,201,053
Inter-segment revenue	9,775	57,119	841	(67,735)	-
<b>Total segment revenue</b>	<b>737,527</b>	<b>353,720</b>	<b>177,541</b>	<b>(67,735)</b>	<b>1,201,053</b>
Segment result	100,053	7,957	(11,020)	-	96,990
Unallocated expenses					(185)
<b>Results from operating activities</b>					<b>96,805</b>
Interest income					5,275
Interest expense					(9,870)
<b>Operating profit</b>					<b>92,210</b>
Share of loss after tax of equity accounted associates					(176)
<b>Profit before tax</b>					<b>92,034</b>
Tax expense					(19,753)
<b>Profit for the year</b>					<b>72,281</b>

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## 21. Segment reporting (continued)

2008	Flour and trading in grains and other allied products RM'000	Feed and trading in related raw materials RM'000	Poultry integration RM'000	Eliminations RM'000	Consolidated RM'000
<i>Business segments</i>					
Total external revenue	746,236	291,964	160,578	-	1,198,778
Inter-segment revenue	9,647	38,713	999	(49,359)	-
<b>Total segment revenue</b>	<b>755,883</b>	<b>330,677</b>	<b>161,577</b>	<b>(49,359)</b>	<b>1,198,778</b>
Segment result	98,676	3,327	(14,061)	-	87,942
Unallocated expenses					(246)
<b>Results from operating activities</b>					<b>87,696</b>
Interest income					8,399
Interest expense					(14,868)
<b>Operating profit</b>					<b>81,227</b>
Share of loss after tax of equity accounted associates					(512)
<b>Profit before tax</b>					<b>80,715</b>
Tax expense					(18,804)
<b>Profit for the year</b>					<b>61,911</b>

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## 21. Segment reporting (continued)

	Flour and trading in grains and other allied products		Feed and trading in related raw materials		Poultry integration		Consolidated	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
<b>Segment assets</b>	558,460	555,183	146,708	149,311	86,221	87,175	791,389	791,669
Investment in associates							143	319
Unallocated assets							4,806	5,597
<b>Total assets</b>							796,338	797,585
<b>Segment liabilities</b>	221,400	231,283	83,553	120,032	13,167	14,580	318,120	365,895
Unallocated liabilities							13,443	9,433
<b>Total liabilities</b>							331,563	375,328
Capital expenditure	16,452	24,824	1,341	1,746	6,253	2,792	24,046	29,362
Depreciation of property, plant and equipment ( <i>2008 restated</i> )	10,677	10,797	1,662	1,776	4,236	6,721	16,575	19,294
Amortisation of intangible assets	1,120	1,608	-	-	104	107	1,224	1,715
Depreciation of investment properties	57	57	-	-	-	-	57	57



## 22. 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, other than the amount due from subsidiaries, constituting 60% (2008 – 59%) of the receivables, deposits and prepayments of the Company, 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.

## 22. 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.

<b>Group</b>	<b>Average</b>	<b>Total</b>	<b>Less than</b>
<b>2009</b>	<b>effective</b>	<b>RM'000</b>	<b>1 year</b>
	<b>interest</b>		<b>RM'000</b>
	<b>rate</b>		
	<b>%</b>		
<b>Fixed rate instruments</b>			
Deposits with licensed banks	0.4 – 10.5	100,826	100,826
Unsecured bankers' acceptances/ Unsecured revolving credits	2.5 – 2.9	185,310	241,708
Unsecured short term loans	2.8 – 12.0	44,129	38,200
		=====	=====
<b>2008</b>			
<b>Fixed rate instruments</b>			
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
		=====	=====
<b>Company</b>			
<b>2009</b>			
<b>Fixed rate instruments</b>			
Deposits with licensed banks	2.0	17,000	17,000
Unsecured bankers' acceptances/ Unsecured revolving credits	2.5 – 2.9	127,500	127,500
		=====	=====
<b>2008</b>			
<b>Fixed rate instruments</b>			
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
		=====	=====

## 22. 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.

## 23. Capital and other commitments

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
<b>Property, plant and equipment</b>				
Authorised but not contracted for	106,671	-	98,887	-
	=====	=====	=====	=====
Contracted but not provided for	21,059	18,911	18,568	16,521
	=====	=====	=====	=====

## 24. 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.

## 24. Related parties (continued)

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:

<b>Group</b>	<b>2009</b> <b>RM'000</b>	<b>2008</b> <b>RM'000</b>
Purchase of computer software from an associate	-	(115)*
Services rendered and hiring of motor vehicles from companies in which a Director, Teh Wee Chye, has financial interest		
- Pembena Transport Sdn. Bhd.	(45)	(90)
- Indah Enterprise Sdn. Bhd.	(31)	(61)
	=====	=====

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

### Company

<b>Subsidiaries</b>		
- Sales of goods	9,775	9,647
- Purchase of goods	-	(131)
- Rental of premises	459	459
- Rental of furniture and fittings	147	147
Services rendered and hiring of motor vehicles from companies in which a Director, Teh Wee Chye, has financial interest		
- Pembena Transport Sdn. Bhd.	(45)	(90)
- Indah Enterprise Sdn. Bhd.	(31)	(61)
	=====	=====

Balances with subsidiaries and related parties are disclosed in Note 10 and 14. All transactions have been entered in the ordinary course of business and have been established based on negotiated terms.



## 25. Acquisition of minority interest

During the year, the Group acquired 49% interest in Premier Grain Sdn. Bhd. (formerly known as Dindings Trading Sdn. Bhd.) for a cash consideration of RM7,301, increasing its ownership from 51% to 100%. The Group recognised a decrease in minority interest of RM6,380.

## 26. Change in accounting policy

### FRS 117, *Leases*

The Group and the Company have early adopted the amendment to FRS 117. The Group and the Company have reassessed and determined that all leasehold land of the Group and of the Company are in substance finance leases and have reclassified the leasehold land to property, plant and equipment.

The change in accounting policy has been made retrospectively in accordance with the transitional provisions of the amendment.

The reclassification does not affect the basic earnings per ordinary share for the current and prior periods.

Following the early adoption of the amendment to FRS 117, certain comparatives have been represented as follows:

	31.12.2008		1.1.2008	
	As restated RM'000	As previously stated RM'000	As restated RM'000	As previously stated RM'000
<b>Group</b>				
<b>Balance sheets</b>				
Property, plant and equipment	197,356	184,091	194,745	180,817
Leasehold land	-	13,265	-	13,928
	=====	=====	=====	=====
<b>Cash flow statements</b>				
Depreciation of property, plant and equipment	19,294	18,686		
Amortisation of leasehold land	-	608		
	=====	=====		

## 26. Change in accounting policy (continued)

Company	31.12.2008		1.1.2008	
	As restated RM'000	As previously stated RM'000	As restated RM'000	As previously stated RM'000
<b>Balance sheets</b>				
Property, plant and equipment	83,466	80,063	68,030	64,460
Leasehold land	-	3,403	-	3,570
	=====	=====	=====	=====
<b>Cash flow statements</b>				
Depreciation of property, plant and equipment	5,702	5,535		
Amortisation of leasehold land	-	167		
	=====	=====		

## 27. Event subsequent to the balance sheet date

On 31 March 2010, Premier Grain Sdn. Bhd. (formerly known as Dindings Trading Sdn. Bhd.) (“PGSB”) has issued additional 19,980,000 new ordinary shares of RM1 each at par for cash. The Company has subscribed 10,180,000 new ordinary shares at RM1 each in PGSB and its effective ownership interest has decreased from 97% to 51%.

# **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 65 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 2009 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 Dato' Seri Arshad bin Ayub**

.....  
**Teh Wee Chye**

Kuala Lumpur,

Date: 21 April 2010

**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 65 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 2010.

.....  
**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 2009 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 7 to 65.

### *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
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### *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 2009 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 6 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 6.

### **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 2010