independent auditors' report

TO THE MEMBERS OF KUANTAN FLOUR MILLS BERHAD (INCORPORATED IN MALAYSIA)

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 required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.

In our opinion, except for KFM-Bunge Flour Mixes Sdn. Bhd. a dormant subsidiary which registers have not been properly updated, the registers required by the Act to be kept by the Company and by its other subsidiaries have been properly kept in accordance with the provisions of the Act.

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

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

Other matters

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

ERNST & YOUNG
AF: 0039
Chartered Accountants

Sandra Segaran a/l Muniandy@Krishnan
No. 2882/01/11(J)
Chartered Accountant

Kuantan, Pahang Darul Makmur, Malaysia
24 July 2009

income statements
FOR THE YEAR ENDED 31 MARCH 2009

	Note	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
Revenue	3	116,679,044	95,707,608	116,679,044	95,941,379
Cost of sales	4	(114,721,961)	(83,134,029)	(114,693,080)	(83,192,731)
Gross profit		1,957,083	12,573,579	1,985,964	12,748,648
Other income		1,227,813	128,960	1,351,463	89,232
Administrative expenses		(4,293,683)	(5,702,402)	(4,089,299)	(8,513,145)
Selling expenses		(2,351,979)	(2,592,423)	(2,351,979)	(2,592,423)
(Loss)/profit from operations		(3,460,766)	4,407,714	(3,103,851)	1,732,312
Finance costs	5	(1,507,499)	(2,142,469)	(1,503,862)	(2,124,280)
(Loss)/profit before tax	6	(4,968,265)	2,265,245	(4,607,713)	(391,968)
Income tax expense	9	(11,751)	(9,954)	(11,751)	(9,777)
(Loss)/profit for the year		(4,980,016)	2,255,291	(4,619,464)	(401,745)
Attributable to:					
Equity holders of the Company		(4,980,016)	2,255,291	(4,619,464)	(401,745)
Minority interests		-	-	-	-
		(4,980,016)	2,255,291	(4,619,464)	(401,745)
(Loss)/earnings per share attributable equity holders of the Company (sen)					
- Basic	10(a)	(11.05)	5.01		
- Diluted	10(b)	-	-		

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

balance sheets

AS AT 31 MARCH 2009

	Note	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
ASSETS					
Non-current assets					
Property, plant and equipment	11	24,732,537	24,229,290	24,466,009	23,775,897
Investments in subsidiaries	12	-	-	8	8
Other investments	13	1,735,500	1,458,916	1,735,500	1,458,916
		26,468,037	25,688,206	26,201,517	25,234,821
Current assets					
Inventories	15	6,942,130	10,842,623	6,942,130	10,842,623
Trade and other receivables	16	20,497,368	20,174,750	20,415,885	19,923,350
Marketable securities	17	16,677	16,677	16,677	16,677
Cash and bank balances	18	2,156,611	2,027,940	2,131,377	1,910,120
		29,612,786	33,061,990	29,506,069	32,692,770
TOTAL ASSETS		56,080,823	58,750,196	55,707,586	57,927,591
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	22	45,053,000	45,053,000	45,053,000	45,053,000
Share premium	22	6,446,933	6,446,933	6,446,933	6,446,933
Accumulated losses		(24,673,754)	(19,693,738)	(24,987,182)	(20,367,718)
		26,826,179	31,806,195	26,512,751	31,132,215
Minority interests		2	2	-	-
Total equity		26,826,181	31,806,197	26,512,751	31,132,215
Non-current liability					
Borrowings	19	9,547,612	13,046,641	9,547,612	13,046,641
Current liabilities					
Borrowings	19	5,178,137	4,675,601	5,159,987	4,609,843
Trade and other payables	21	14,528,893	9,221,757	14,487,236	9,138,892
		19,707,030	13,897,358	19,647,223	13,748,735
Total liabilities		29,254,642	26,943,999	29,194,835	26,795,376
TOTAL EQUITY AND LIABILITIES		56,080,823	58,750,196	55,707,586	57,927,591

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

statement of changes in equity

FOR THE YEAR ENDED 31 MARCH 2009

	<------------- Attributable to equity holders of the Company			------------->		
	Non-distributable		Distributable			
	Share Capital (Note 22) RM	Share Premium (Note 22) RM	Profit / (Accumulated Losses) RM	Total RM	Minority Interests RM	Total Equity RM
GROUP						
At 1 April 2007	45,053,000	6,446,933	(21,949,029)	29,550,904	2	29,550,906
Profit for the year	-	-	2,255,291	2,255,291	-	2,255,291
At 31 March 2008	45,053,000	6,446,933	(19,693,738)	31,806,195	2	31,806,197
At 1 April 2008	45,053,000	6,446,933	(19,693,738)	31,806,195	2	31,806,197
Loss for the year	-	-	(4,980,016)	(4,980,016)	-	(4,980,016)
At 31 March 2009	45,053,000	6,446,933	(24,673,754)	26,826,179	2	26,826,181

	<--------- Non-distributable	--------->		
	Share Capital (Note 22) RM	Share Premium (Note 22) RM	Accumulated Losses RM	Total RM
COMPANY				
At 1 April 2007	45,053,000	6,446,933	(19,965,973)	31,533,960
Loss for the year	-	-	(401,745)	(401,745)
At 31 March 2008	45,053,000	6,446,933	(20,367,718)	31,132,215
At 1 April 2008	45,053,000	6,446,933	(20,367,718)	31,132,215
Loss for the year	-	-	(4,619,464)	(4,619,464)
At 31 March 2009	45,053,000	6,446,933	(24,987,182)	26,512,751

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

cash flow statements

FOR THE YEAR ENDED 31 MARCH 2009

	Note	Group		Company	
		2009	2008	2009	2008
		RM	RM	RM	RM
Cash Flows from Operating Activities					
(Loss)/profit before tax		(4,968,265)	2,265,245	(4,607,713)	(391,968)
Adjustments for:					
Depreciation	6	1,071,884	1,324,445	1,001,617	1,241,008
Gain on disposal of property, plant and equipment	6	(162,655)	(24,516)	(162,655)	(24,516)
Property, plant and equipment written off	6	7,484	-	-	-
Reversal of other payables	6	-	(920)	-	-
Unrealised foreign exchange loss	6	162,582	2,077	162,582	2,999
Reversal of provision for diminution in value of investment	6	(276,584)	-	(276,584)	-
Provision for onerous contract	6	2,445,989	-	2,445,989	-
Provision for doubtful debts	6	248,053	1,510,630	154,159	4,448,923
Bad debts written off	6	14,074	117,000	200	95,909
Reversal of provision for doubtful debts	6	(726,318)	(53,245)	(856,685)	(14,437)
Short term accumulating compensated absences	7	29,443	16,503	29,443	36,425
Write-down of inventories	6	6,101	127,173	6,101	127,173
Interest income	6	(47,003)	(48,011)	(47,003)	(48,011)
Interest expense	5	1,507,499	2,142,469	1,503,862	2,124,280
Operating (loss)/profit before working capital changes		(687,716)	7,378,850	(646,687)	7,597,785
Decrease/(increase) in inventories		3,894,392	(1,188,865)	3,894,392	(2,634,937)
Decrease in receivables		533,240	1,256,227	601,458	2,278,629
Increase/(decrease) in payables		2,190,350	(667,880)	2,231,558	840,486
Cash generated from operations		5,930,266	6,778,332	6,080,721	8,081,963
Interest paid		(1,507,499)	(2,142,469)	(1,503,862)	(2,124,280)
Tax benefit/(paid)		75,356	(9,954)	75,356	(9,777)
Net cash generated from operating activities		4,498,123	4,625,909	4,652,215	5,947,906

cash flow statements
FOR THE YEAR ENDED 31 MARCH 2009

		Group		Company	
	Note	2009 RM	2008 RM	2009 RM	2008 RM
Cash Flows from Investing Activities					
Purchase of property, plant and equipment		(843,960)	(1,348,654)	(953,074)	(1,348,654)
Proceeds from disposal of property, plant and equipment		188,000	372,300	188,000	372,300
Interest received		47,003	48,011	47,003	48,011
Net cash used in investing activities		(608,957)	(928,343)	(718,071)	(928,343)
Cash Flows from Financing Activities					
Repayment of hire purchase financing		(650,598)	(484,735)	(650,598)	(440,686)
Repayment of term loans		(3,841,489)	(3,629,253)	(3,841,489)	(3,629,253)
Drawdown of term loans		779,200	-	779,200	-
Net cash used in financing activities		(3,712,887)	(4,113988)	(3,712,887)	(4,069,939)
Net increase/(decrease) in cash and cash equivalents		176,279	(416,422)	221,257	949,624
Cash and cash equivalents at beginning of year		1,962,182	2,378,604	1,910,120	960,496
Cash and cash equivalents at end of year	18	2,138,461	1,962,182	2,131,377	1,910,120

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

notes to the financial statements

31 MARCH 2009

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Second Board of the Bursa Malaysia Securities Berhad. The registered office of the Company is located at Kawasan Lembaga Pelabuhan Kuantan, KM25, Jalan Kuantan/Kemaman, Tanjung Gelang, P.O.Box 387, 25740 Kuantan, Pahang Darul Makmur.

The principal activities of the Company are flour milling and trading in its related products. The principal activities of the subsidiaries are described in Note 12.

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 24 July 2009.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements comply with Financial Reporting Standards ("FRSs") and the Companies Act 1965 in Malaysia. At the beginning of the current financial year, the Group and the Company had adopted new and revised FRSs which are mandatory for financial periods beginning on or after 1 July 2007 as described in Note 2.3.

The financial statements of the Group and of the Company have also been prepared on a historical cost basis.

The financial statements are presented in Ringgit Malaysia (RM).

2.2 Summary of Significant Accounting Policies

(a) Subsidiaries and Basis of Consolidation

(i) Subsidiaries

Subsidiaries are entities over which the Group has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

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

(ii) Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the balance sheet date. The financial statements of the subsidiaries are prepared for the same reporting date as the Company.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Significant Accounting Policies (Cont'd.)

(a) Subsidiaries and Basis of Consolidation (Cont'd.)

(ii) Basis of Consolidation (Cont'd.)

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

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

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group. It is measured at the minorities' share of the fair value of the subsidiaries' identifiable assets and liabilities at the acquisition date and the minorities' share of changes in the subsidiaries' equity since then.

(b) Property, Plant and Equipment and Depreciation

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

Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land has an unlimited useful life and therefore is not depreciated. Building under construction are also not depreciated as these assets are not available for use. Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Buildings, factory and civil works	2% - 5%
Plant and machinery	3.33%
Equipment and fixtures	20%
Motor vehicles	5% - 20%

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

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

2. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)**

2.2 Summary of Significant Accounting Policies (Cont'd.)

(c) Impairment of non-financial assets

The carrying amounts of assets, other than inventories and deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs to.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. 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. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated to reduce the carrying amount of the assets in the unit or groups of units on pro-rata basis.

An impairment loss is recognised in profit or loss in the period in which it arises.

(d) Inventories

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

Cost is determined using the first in, first out method. The cost of raw materials comprises costs of purchase. The costs of finished goods and work-in-progress comprise costs of raw materials, direct labour, other direct costs and appropriate proportions of manufacturing overheads based on normal operating capacity.

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

(e) Financial instruments

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

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

(i) Cash and cash equivalents

For the purposes of the cash flow statements, cash and cash equivalents include cash on hand and at bank and deposits at call, net of outstanding bank overdraft.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Significant Accounting Policies (Cont'd.)

(e) Financial instruments (cont'd.)

(ii) Other non-current investments

Non-current investments other than investments in subsidiaries are stated at cost less impairment losses. On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in profit or loss.

(iii) Marketable securities

Marketable securities are carried at the lower of cost and market value, determined on an aggregate basis. Cost is determined on the weighted average basis while market value is determined based on quoted market values. Increases or decreases in the carrying amount of marketable securities are recognised in the profit or loss. On disposal of marketable securities, the difference between net disposal proceeds and the carrying amount is recognised in profit or loss.

(iv) Receivables

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

(v) Payables

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

(vi) Interest-bearing loans and borrowings

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

All borrowing costs are recognised as an expense in profit or loss in the period in which they are incurred.

(vii) Equity instruments

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

(f) Leases

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership.

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Significant Accounting Policies (Cont'd.)

(f) Leases (Cont'd.)

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

The depreciation policy for leased assets is in accordance with that for depreciable property, plant and equipment as described in Note 2.2 (b).

(g) Borrowing costs

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

(h) Income tax

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

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

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised as income or an expense and included in the profit and loss for the period, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity.

(i) Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability.

(j) Employee benefits

(i) Short term benefits

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Significant Accounting Policies (Cont'd.)

(j) Employee benefits (Cont'd.)

(ii) Defined contribution plans

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

(k) Foreign currencies

(i) Functional and presentation currency

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

(ii) Foreign currency transactions

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

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

(l) Revenue recognition

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

(i) Sale of goods

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Significant Accounting Policies (Cont'd.)

(l) Revenue recognition (Cont'd.)

(ii) Revenue from services

Revenue from services rendered is recognised net of service taxes and discounts as and when the services are performed.

(iii) Interest income

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

(iv) Dividend income

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

(m) Government grants

Government grants are recognised initially at their fair value in the balance sheet as deferred income where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Grants that compensate the Group for expenses incurred are recognised as income upon recognition of sale.

2.3 Changes in accounting policies and effects arising from adoption of new and revised FRSs, Amendment to FRS and Interpretations

On 1 April 2008, the Group and the Company adopted the following new and revised FRSs, Amendment to FRS and Interpretations:

FRS 107: Cash Flow Statements
FRS 111: Construction Contracts
FRS 112: Income Taxes
FRS 118: Revenue
FRS 120: Accounting for Government Grants and Disclosure of Government Assistance
FRS 134: Interim Financial Reporting
FRS 137: Provisions, Contingent Liabilities and Contingent Assets
Amendment to FRS 121: The Effects of Changes in Foreign Exchange Rates – Net Investment in a Foreign Operation
IC Interpretation 1: Changes in Existing Decommissioning, Restoration and Similar Liabilities
IC Interpretation 2: Members' Shares in Co-operative Entities and Similar Instruments
IC Interpretation 5: Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IC Interpretation 6: Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment
IC Interpretation 7: Applying the Restatement Approach under FRS 129 Financial Reporting in Hyperinflationary Economies
IC Interpretation 8: Scope of FRS 2 Share-based Payment

The new and revised FRSs, Amendment to FRS and Interpretations above do not have any significant impact on the financial statements of the Group and of the Company.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Standards and Interpretations issued but not yet effective

At the date of authorisation of these financial statements, the following new FRSs and Interpretations were issued but not yet effective and have not been applied by the Group and the Company:

FRS and Interpretations	Effective for financial periods beginning on or after
FRS 4: Insurance Contracts	1 January 2010
FRS 7: Financial Instruments: Disclosures	1 January 2010
FRS 8: Operating Segments	1 July 2009
FRS 139: Financial Instruments: Recognition and Measurement	1 January 2010
IC Interpretation 9: Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10: Interim Financial Reporting and Impairment	1 January 2010

The new FRSs and Interpretations above are expected to have no significant impact on the financial statements of the Group and of the Company upon their initial application except for the changes in disclosures arising from the adoption of FRS 7 and FRS 8.

The Group and the Company are exempted from disclosing the possible impact, if any, to the financial statements upon the initial application of FRS 139.

2.5 Significant accounting estimates and judgements

(a) Critical judgements made in applying accounting policies

There were no significant judgements made in applying the Group's accounting policies which may have significant effect on the amounts recognised in the financial statements.

(b) Key sources of estimation uncertainty

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

Depreciation of plant and machinery
The cost of plant and machinery is depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these plant and machinery to be 30 years. These are common life expectancies applied for the assets owned by the Group. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

3. REVENUE

	Group		Company	
	2009 RM	2008 RM (Restated)	2009 RM	2008 RM (Restated)
Sale of flour and related products	113,055,463	93,975,079	113,055,463	94,208,850
Transportation income	2,243,863	1,502,887	2,243,863	1,502,887
Government grant	1,379,718	229,642	1,379,718	229,642
	116,679,044	95,707,608	116,679,044	95,941,379

4. COST OF SALES

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Cost of inventories sold	113,174,200	81,777,740	113,145,319	81,737,704
Cost of services rendered	1,547,761	1,356,289	1,547,761	1,455,027
	114,721,961	83,134,029	114,693,080	83,192,731

5. FINANCE COSTS

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Interest expense on:				
Hire purchase	129,595	108,609	129,595	98,470
Term loans	1,355,604	1,625,161	1,355,604	1,625,161
Overdraft	3,637	8,050	-	-
Bankers' acceptances	-	362,281	-	362,281
Others	18,663	38,368	18,663	38,368
	1,507,499	2,142,469	1,503,862	2,124,280

6. (LOSS)/PROFIT BEFORE TAX

The following amounts have been included in arriving at (loss)/profit before tax:

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Depreciation of property, plant and equipment (Note 11)	1,071,884	1,324,445	1,001,617	1,241,008
Auditors' remuneration	50,500	45,500	45,000	40,000
Provision for doubtful debts	248,053	1,510,630	154,159	4,448,923
Employee benefits expense (Note 7)	5,693,068	4,743,010	5,693,068	4,760,080
Directors' fee (Note 8)	158,000	117,000	158,000	117,000
Property, plant and equipment written off	7,484	-	-	-
Rental of land and buildings	561,569	606,931	561,569	606,931
Reversal of provision for doubtful debts	(726,318)	(53,245)	(856,685)	(14,437)
Bad debts written off	14,074	117,000	200	95,909
Write down of inventories	6,101	127,173	6,101	127,173
Reversal of other payables	-	(920)	-	-
Realised net foreign exchange (gain)/loss	(17,694)	271,714	(17,694)	271,359
Unrealised net foreign exchange loss	162,582	2,077	162,582	2,999
Provision for onerous contract #	2,445,989	-	2,445,989	-
Interest income	(47,003)	(48,011)	(47,003)	(48,011)
Gain on disposal of property, plant and equipment	(162,655)	(24,516)	(162,655)	(24,516)
Reversal of provision for diminution in value of investment	(276,584)	-	(276,584)	-

As part of its flour milling operations, the Company had entered into unavoidable long term contracts to purchase wheat from its suppliers to avoid any disruption to its production process. As at 31 March 2009, the contracted wheat price under some of these contracts was higher than the prevailing market price which has resulted in the contracts to become onerous whereby the unavoidable costs of meeting the obligations under the contracts exceed the economic benefits expected to be received under it as defined by FRS 137: Provisions, Contingent Liabilities and Contingent Assets. Once a contract has become onerous, the present obligations under the contracts need to be recognised and measured as a provision.

7. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Wages and salaries	4,736,844	3,830,568	4,736,844	3,828,568
Social security contributions	62,949	58,185	62,949	58,055
Short-term accumulating compensated absences	29,443	16,503	29,443	36,425
Pension costs - defined contribution plan	595,400	526,258	595,400	525,536
Other staff related expenses	268,432	311,496	268,432	311,496
	5,693,068	4,743,010	5,693,068	4,760,080

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM538,439 (2008: RM169,400) as further disclosed in Note 8.

8. DIRECTORS' REMUNERATION

	Group and Company	
	2009 RM	2008 RM
Executive directors' remuneration (Note 7):		
Salaries and other emoluments	480,839	151,400
Pension costs - defined contribution plan	57,600	18,000
	538,439	169,400
Non-executive directors' remuneration (Note 6):		
Fees	158,000	117,000
Other emoluments	5,250	4,900
	163,250	121,900
Total directors' remuneration (Note 23(b))	701,689	291,300

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

	Number of Directors	
	2009	2008
Executive directors:		
RM100,001 - RM150,000	1	-
RM150,001 - RM200,000	1	1
RM200,001 - RM250,000	1	-
Non-executive directors:		
RM1 - RM50,000	5	4

9. INCOME TAX EXPENSE

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Current income tax:				
Malaysian income tax	11,751	9,720	11,751	9,720
Under provision in prior years	-	234	-	57
	11,751	9,954	11,751	9,777

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2008: 26%) of the estimated assessable profit for the year. In the prior year, certain subsidiaries of the Company being Malaysian resident companies with paid-up capital of RM2.5 million or less qualified for the preferential tax rates under Paragraph 2A, Schedule 1 of the Income Tax Act, 1967 as follows:

On the first RM500,000 of chargeable income	:	20%
In excess of RM500,000 of chargeable income	:	26%

However, pursuant to Paragraph 2B, Schedule 1 of the Income Tax Act, 1967 that was introduced with effect from the year of assessment 2009, these subsidiaries no longer qualify for the above preferential tax rates.

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

	2009 RM	2008 RM
Group		
(Loss)/profit before tax	(4,968,265)	2,265,245
Taxation at Malaysian statutory tax rate of 25% (2008: 26%)	(1,242,066)	588,964
Effect of expenses not deductible for tax purposes	165,078	133,230
Effect of utilisation of previously unrecognised tax losses and unabsorbed capital allowances	-	(1,407,365)
Deferred tax assets not recognised in respect of current year tax losses and unabsorbed capital allowances	1,088,739	694,891
Under provision of tax expense in prior years	-	234
Income tax expense for the year	11,751	9,954
Company		
Loss before tax	(4,607,713)	(391,968)
Taxation at Malaysian statutory tax rate of 25% (2008: 26%)	(1,151,928)	(101,912)
Effect of expenses not deductible for tax purposes	90,805	1,234,632
Effect of utilisation of previously unrecognised tax losses and unabsorbed capital allowances	-	(1,407,365)
Deferred tax assets not recognised in respect of current year's tax losses and unabsorbed capital allowances	1,072,874	284,365
Under provision of tax expense in prior years	-	57
Income tax expense for the year	11,751	9,777

10. (LOSS)/EARNINGS PER SHARE

(a) Basic

Basic (loss)/earnings per share are calculated by dividing net (loss)/profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year held by the Company.

	2009	2008
Net (loss)/profit for the year (RM)	(4,980,016)	2,255,291
Weighted average number of ordinary shares in issue (unit)	45,053,000	45,053,000
Basic (loss)/earnings per share (sen)	(11.05)	5.01

(b) Diluted

Diluted (loss)/earnings per share are not represented as the Company has no potential ordinary shares as at balance sheet date.

Fully diluted (loss)/earnings per share has not been presented as the effect is anti-dilutive.

11. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land RM	Buildings, Factory and Civil Works RM	Plant and Machinery RM	Equipment and Fixtures RM	Motor Vehicles RM	Building Under Construction RM	Total RM
GROUP							
At 31 March 2009							
Cost							
At 1 April 2008	11,700	10,603,628	37,003,866	5,047,487	9,328,681	-	61,995,362
Additions	-	274,000	97,400	220,677	885,805	130,078	1,607,960
Disposals	-	-	-	-	(652,543)	-	(652,543)
Write off	-	(30,334)	-	(26,215)	(85,000)	-	(141,549)
Reclassifications	-	-	111,178	-	-	(111,178)	-
At 31 March 2009	11,700	10,847,294	37,212,444	5,241,949	9,476,943	18,900	62,809,230
Accumulated Depreciation							
At 1 April 2008	-	4,391,359	23,500,136	3,561,256	6,313,321	-	37,766,072
Charge for the year	-	273,103	369,319	287,925	141,537	-	1,071,884
Disposals	-	-	-	-	(627,198)	-	(627,198)
Write off	-	(23,754)	-	(25,311)	(85,000)	-	(134,065)
At 31 March 2009	-	4,640,708	23,869,455	3,823,870	5,742,660	-	38,076,693
Net carrying amount							
At 31 March 2009	11,700	6,206,586	13,342,989	1,418,079	3,734,283	18,900	24,732,537

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

	Freehold Land RM	Buildings, Factory and Civil Works RM	Plant and Machinery RM	Equipment and Fixtures RM	Motor Vehicles RM	Building Under Construction RM	Total RM
GROUP (Cont'd.)							
At 31 March 2008							
Cost							
At 1 April 2007	11,700	9,722,258	37,015,736	4,640,057	8,931,224	82,731	60,403,706
Additions	-	869,500	-	324,699	1,351,735	-	2,545,934
Disposals	-	-	-	-	(954,278)	-	(954,278)
Reclassification	-	11,870	(11,870)	82,731	-	(82,731)	-
At 31 March 2008	11,700	10,603,628	37,003,866	5,047,487	9,328,681	-	61,995,362
Accumulated Depreciation							
At 1 April 2007	-	4,128,541	22,788,861	3,316,553	6,814,166	-	37,048,121
Charge for the year	-	262,818	711,275	244,703	105,649	-	1,324,445
Disposals	-	-	-	-	(606,494)	-	(606,494)
At 31 March 2008	-	4,391,359	23,500,136	3,561,256	6,313,321	-	37,766,072
Net carrying amount							
At 31 March 2008	11,700	6,212,269	13,503,730	1,486,231	3,015,360	-	24,229,290
COMPANY							
At 31 March 2009							
Cost							
At 1 April 2008	11,700	10,483,999	36,666,442	4,522,447	7,042,047	-	58,726,635
Additions	-	293,491	159,675	248,025	885,805	130,078	1,717,074
Disposals	-	-	-	-	(652,543)	-	(652,543)
Reclassifications	-	-	111,178	-	-	(111,178)	-
At 31 March 2009	11,700	10,777,490	36,937,295	4,770,472	7,275,309	18,900	59,791,166
Accumulated Depreciation							
At 1 April 2008	-	4,303,785	23,253,449	3,366,817	4,026,687	-	34,950,738
Charge for the year	-	267,119	352,450	240,511	141,537	-	1,001,617
Disposals	-	-	-	-	(627,198)	-	(627,198)
At 31 March 2009	-	4,570,904	23,605,899	3,607,328	3,541,026	-	35,325,157
Net carrying amount							
At 31 March 2009	11,700	6,206,586	13,331,396	1,163,144	3,734,283	18,900	24,466,009

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

	Freehold Land RM	Buildings, Factory and Civil Works RM	Plant and Machinery RM	Equipment and Fixtures RM	Motor Vehicles RM	Building Under Construction RM	Total RM
COMPANY (Cont'd.)							
At 31 March 2008							
Cost							
At 1 April 2007	11,700	9,602,629	36,678,312	4,100,842	6,055,766	82,731	56,531,980
Additions	-	869,500	-	324,699	1,351,735	-	2,545,934
Disposals	-	-	-	-	(954,278)	-	(954,278)
Reclassification	-	11,870	(11,870)	82,731	-	(82,731)	-
Transfer	-	-	-	14,175	588,824	-	602,999
At 31 March 2008	11,700	10,483,999	36,666,442	4,522,447	7,042,047	-	58,726,635
Accumulated Depreciation							
At 1 April 2007	-	4,046,948	22,559,046	3,169,951	4,540,279	-	34,316,224
Charge for the year	-	256,837	694,403	196,866	92,902	-	1,241,008
Disposals	-	-	-	-	(606,494)	-	(606,494)
At 31 March 2008	-	4,303,785	23,253,449	3,366,817	4,026,687	-	34,950,738
Net carrying amount							
At 31 March 2008	11,700	6,180,214	13,412,993	1,155,630	3,015,360	-	23,775,897

(a) The factory is a flour mill constructed on a land leased by Novation Agreement between Kuantan Port Authority, Kuantan Port Consortium Sdn. Bhd. and the Company. The total rental commitment payable under the lease as at year-end are as follows:

	Group and Company 2009 RM	2008 RM
Not later than 1 year	384,710	378,958
Later than 1 year and not later than 5 years	1,304,569	1,410,863
Later than 5 years	4,751,993	5,030,409
	6,441,272	6,820,230

(b) During the financial year, the Group and the Company acquired property, plant and equipment at aggregate costs of RM1,607,960 (2008: RM2,545,934) and RM1,717,074 (2008: RM2,545,934) respectively of which RM764,000 (2008: RM812,080) and RM764,000 (2008: RM812,080) respectively were acquired by means of hire purchase arrangements. Net carrying amounts of property, plant and equipment held under hire purchase arrangements are as follows:

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

	Group and Company 2009 RM	Group and Company 2008 RM (Restated)
Motor vehicles	3,124,453	2,615,884
Plant and machinery	80,095	-
Equipment and fixtures	73,458	90,958
	3,278,006	2,706,842

(c) The net carrying amounts of property, plant and equipment pledged as securities for borrowings (Note 19) are as follows:

	Group and Company 2009 RM	Group and Company 2008 RM
Buildings	834,943	-

12. INVESTMENTS IN SUBSIDIARIES

	Company 2009 RM	Company 2008 RM
Unquoted shares at cost	1,911,006	1,911,006
Less: Accumulated impairment loss	(1,910,998)	(1,910,998)
	8	8

Details of the subsidiaries are as follows:

Name of Subsidiaries	Country of Incorporation	Equity Interest Held (%) 2009	Equity Interest Held (%) 2008	Principal activities
KFM Transport Sdn. Bhd.	Malaysia	100	100	Ceased operations
KFM Marketing Sdn. Bhd.	Malaysia	95	95	Ceased operations
KFM Ventures Sdn. Bhd.	Malaysia	100	100	Dormant
KFM Trading Sdn. Bhd.	Malaysia	100	100	Dormant
KFM Biotechnology Sdn. Bhd.	Malaysia	100	100	Dormant
KFM Industries Sdn. Bhd.	Malaysia	100	100	Dormant
KFM-Bunge Flour Mixes Sdn. Bhd.*	Malaysia	60	60	Dormant

* The registers which are required to be kept by the company under the Companies Act, 1965 have not been properly updated. In relation to this, the directors have initiated the process to wind up this company.

13. OTHER INVESTMENTS

	Group and Company	
	2009 RM	2008 RM
Unquoted shares at cost	1,735,500	1,735,500
Less: Accumulated impairment losses	-	(276,584)
	1,735,500	1,458,916

14. DEFERRED TAX

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

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Unused tax losses	18,476,088	17,068,000	11,429,758	10,078,000
Unabsorbed capital allowances	1,935,983	1,932,000	-	-
Unutilised reinvestment allowances	9,972,944	11,571,000	9,972,944	11,571,000
	30,385,015	30,571,000	21,402,702	21,649,000

The unused tax losses, unabsorbed capital allowances and unutilised reinvestment allowances of the Group are available indefinitely for offsetting against future taxable profits of the respective entities within the Group, subject to no substantial change in shareholdings of those entities under the Income Tax Act, 1967 and guidelines issued by the tax authority.

15. INVENTORIES

	Group and Company	
	2009 RM	2008 RM
Cost		
Raw materials	3,629,649	7,591,061
Finished goods	1,604,548	1,689,243
Work-in-progress	460,422	430,941
	5,694,619	9,711,245
Net realisable value		
Consumables	1,247,511	1,131,378
	6,942,130	10,842,623

16. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Trade receivables				
Third parties	19,645,821	21,501,920	17,388,627	18,731,215
Subsidiaries	-	-	5,100,807	5,423,722
	19,645,821	21,501,920	22,489,434	24,154,937
Less:				
Provision for doubtful debts				
Third parties	(3,757,216)	(5,204,676)	(1,516,639)	(2,757,519)
Subsidiaries	-	-	(5,100,807)	(5,281,106)
	(3,757,216)	(5,204,676)	(6,617,446)	(8,038,625)
	15,888,605	16,297,244	15,871,988	16,116,312
Other receivables				
Deposits	4,275,924	3,569,654	4,244,773	3,531,801
Prepayments	282,727	122,529	282,727	122,529
Tax recoverable	34,771	121,878	1,057	88,164
Other receivables	3,875,340	3,923,444	515,340	564,544
Amount due from subsidiaries	-	-	3,127,526	3,160,056
	8,468,762	7,737,505	8,171,423	7,467,094
Less:				
Provision for doubtful debts				
Third parties	(3,859,999)	(3,859,999)	(500,000)	(500,000)
Subsidiaries	-	-	(3,127,526)	(3,160,056)
	(3,859,999)	(3,859,999)	(3,627,526)	(3,660,056)
	4,608,763	3,877,506	4,543,897	3,807,038
	20,497,368	20,174,750	20,415,885	19,923,350

(a) Credit risk

The Group's primary exposure to credit risk arises through its trade receivables. The Group's trading terms with its customers are mainly on credit. The credit period is generally between 14 to 90 days. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group's trade receivables relate to a large number of diversified customers. There is no significant concentration of credit risk. Trade receivables are non-interest bearing.

16. TRADE AND OTHER RECEIVABLES (CONT'D.)

(b) Amount due from subsidiaries

The amounts due from subsidiaries are non-interest bearing and are repayable on demand. These amounts are unsecured and are to be settled in cash.

Further details on related party transactions are disclosed in Note 23.

Other information on financial risks of the other receivables are disclosed in Note 26.

17. MARKETABLE SECURITIES

	Group and Company	
	2009 RM	2008 RM
Shares quoted in Malaysia, at cost	16,677	16,677
Market value of quoted shares	11,500	25,834

18. CASH AND CASH EQUIVALENTS

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Cash on hand and at banks	1,453,642	874,690	1,428,408	756,870
Deposits with licensed banks	702,969	1,153,250	702,969	1,153,250
Cash and bank balances	2,156,611	2,027,940	2,131,377	1,910,120
Bank overdraft (Note 19)	(18,150)	(65,758)	-	-
Cash and cash equivalents	2,138,461	1,962,182	2,131,377	1,910,120

Deposits with licensed banks of the Group and of the Company amounting to RM702,969 (2008: RM1,153,250) are pledged as securities for bank guarantees.

Other information on financial risks of cash and cash equivalents are disclosed in Note 26.

19. BORROWINGS

	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
Short term borrowings				
Secured:				
Bank overdraft	18,150	65,758	-	-
Hire purchase liabilities (Note 20)	761,794	527,540	761,794	527,540
Term loans	4,398,193	4,082,303	4,398,193	4,082,303
	5,178,137	4,675,601	5,159,987	4,609,843
Long term borrowings				
Secured:				
Hire purchase liabilities (Note 20)	985,192	1,106,042	985,192	1,106,042
Term loans	8,562,420	11,940,599	8,562,420	11,940,599
	9,547,612	13,046,641	9,547,612	13,046,641
Total borrowings				
Bank overdraft (Note 18)	18,150	65,758	-	-
Hire purchase liabilities (Note 20)	1,746,986	1,633,582	1,746,986	1,633,582
Term loans	12,960,613	16,022,902	12,960,613	16,022,902
	14,725,749	17,722,242	14,707,599	17,656,484

	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
Maturity of borrowings (excluding hire purchase):				
Within one year	4,416,343	4,148,061	4,398,193	4,082,303
More than 1 year and less than 2 years	4,835,792	4,348,167	4,835,792	4,348,167
More than 2 years and less than 5 years	3,277,115	7,592,432	3,277,115	7,592,432
More than 5 years	449,513	-	449,513	-
	12,978,763	16,088,660	12,960,613	16,022,902

The secured bank overdraft of the Group is secured by corporate guarantee of the Company.

The term loans of the Group and the Company are secured by the following:
(a) a negative pledge on the assets of the Company;
(b) a registered debenture incorporating a fixed and floating charge of RM7,000,000 over all assets of the Company, both present and future;
(c) facility agreement amounting to RM8,567,200;
(d) deed of assignments of all rights, titles and interest of the shoplots. First legal charge are to be executed once the individual titles are out.

Other information on financial risks of borrowings are disclosed in Note 26.

20. HIRE PURCHASE

	Group and Company	
	2009 RM	2008 RM
Future minimum payments:		
Not later than 1 year	844,466	621,865
Later than 1 year and not later than 2 years	634,936	572,414
Later than 2 years and not later than 5 years	424,694	535,696
Later than 5 years	-	91,891
	1,904,096	1,821,866
Less: Future finance charges	(157,110)	(188,284)
Present value of hire purchase	1,746,986	1,633,582
Analysis of present value of hire purchase:		
Not later than 1 year	761,794	527,540
Later than 1 year and not later than 2 years	589,874	518,033
Later than 2 years and not later than 5 years	395,318	498,762
Later than 5 years	-	89,247
	1,746,986	1,633,582
Due within 12 months (Note 19)	761,794	527,540
Due after 12 months (Note 19)	985,192	1,106,042
	1,746,986	1,633,582

Other information on financial risks of hire purchase are disclosed in Note 26.

21. TRADE AND OTHER PAYABLES

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Trade payables				
Third parties	8,604,910	5,811,555	8,584,266	5,771,701
Other payables				
Accruals	859,896	1,155,152	846,310	1,144,966
Other payables	2,618,098	2,255,050	2,610,671	2,222,225
Provision for onerous contract	2,445,989	-	2,445,989	-
	5,923,983	3,410,202	5,902,970	3,367,191
	14,528,893	9,221,757	14,487,236	9,138,892

(a) Trade payables

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 to 90 days.

Other information on financial risks of other payables equivalents are disclosed in Note 26.

22. SHARE CAPITAL AND SHARE PREMIUM

	Number of ordinary shares of RM1 each		Amount	
	2009 RM	**2008 RM**	**2009 RM**	**2008 RM**
Authorised				
At 1 April/31 March	50,000,000	50,000,000	50,000,000	50,000,000
Issued and fully paid				
At 1 April/31 March	45,053,000	45,053,000	45,053,000	45,053,000

	Group and Company	
	2009 RM	**2008 RM**
Share premium	6,446,933	6,446,933

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

23. RELATED PARTY DISCLOSURES

(a) In addition to the transactions detailed elsewhere in the financial statements, the Company had the following transactions with subsidiaries during the financial year:

	2009 RM	**2008 RM**
Purchase of flour, premix flour and flour ingredients from a subsidiary	-	(1,696,587)
Transfer of property, plant and equipment from a subsidiary	109,114	602,999

The directors consider that the purchases were made according to the published prices and conditions similar to those offered to the major customers of the supplier.

Information regarding outstanding balances arising from related party transactions as at 31 March 2009 are disclosed in Note 16.

(b) Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follow:

	Group and Company	
	2009 RM	**2008 RM**
Short-term employee benefits	1,373,670	936,372
Post-employment benefits:		
Defined contribution plan	175,157	118,104
	1,548,827	1,054,476

23. RELATED PARTY DISCLOSURES (CONT'D.)

(b) Compensation of key management personnel (Cont'd.)

Included in the total key management personnel are:

	Group and Company	
	2009 RM	2008 RM
Directors' remuneration (Note 8)	701,689	291,300

24. CAPITAL COMMITMENT

	Group and Company	
	2009 RM	2008 RM
Capital expenditure		
Approved and contracted for:		
Property, plant and equipment	-	858,503

25. CONTINGENT LIABILITIES

(i) Corporate guarantee

	Group and Company	
	2009 RM	2008 RM
Corporate guarantee given to a bank for credit facility granted to a subsidiary	18,150	65,758

(ii) Litigation case

A customer, Sidney Marketing Sdn. Bhd. has initiated legal action against a subsidiary of the Group. The plaintiff has made a claim of RM1,000,000 for a breach of a purported agreement to set-up a joint venture business. The court has fixed the matter for case management on 6 August 2009. The directors, upon legal advice, are of the opinion that the claim would not suceed and any decision made would be in favour of the Group.

26. FINANCIAL INSTRUMENTS

(a) Financial risk management objectives and policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate risk, foreign currency risk, liquidity risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below. It is, and has been throughout the year under review, the Group's policy that no trading in derivative financial instruments shall be undertaken.

(b) Interest rate risk

The Group's interest rate risk arises primarily from interest-bearing borrowings. The investments in financial assets are mainly short term in nature and have been mostly placed in fixed deposits or marketable securities.

The following tables set out the carrying amounts, the weighted average effective interest rates (WAEIR) as at the balance sheet date and the remaining maturities of the Group's and Company's financial instruments that are exposed to interest rate risk:.

26. FINANCIAL INSTRUMENTS (CONT'D.)

(b) Interest Rate Risk (Cont'd.)

	Note	WAEIR %	Within 1 Year RM	1-2 Years RM	2-5 Years RM	More Than 5 Years RM	Total RM
At 31 March 2009							
Group							
Fixed rate							
Hire purchase liabilities	20	5.65	(761,794)	(589,874)	(395,318)	-	(1,746,986)
Floating rate							
Term loans	19	8.68	(4,398,193)	(4,835,792)	(3,277,115)	(449,512)	(12,960,612)
Cash and bank balances	18	3.47	2,156,611	-	-	-	2,156,611
Bank overdraft	19	5.55	(18,150)	-	-	-	(18,150)
Company							
Fixed rate							
Hire purchase liabilities	20	5.65	(761,794)	(589,874)	(395,318)	-	(1,746,986)
Floating rate							
Term loans	19	8.68	(4,398,193)	(4,835,792)	(3,277,115)	(449,512)	(12,960,612)
Cash and bank balances	18	3.47	2,131,377	-	-	-	2,131,377
At 31 March 2008							
Group							
Fixed rate							
Hire purchase liabilities	20	6.78	(527,540)	(518,033)	(498,762)	(89,247)	(1,633,582)
Floating rate							
Term loans	19	7.85	(4,082,303)	(4,348,167)	(7,592,432)	-	(16,022,902)
Cash and bank balances	18	3.67	2,027,940	-	-	-	2,027,940
Bank overdraft	19	8.75	(65,758)	-	-	-	(65,758)
Company							
Fixed rate							
Hire purchase liabilities	20	6.78	(527,540)	(518,033)	(498,762)	(89,247)	(1,633,582)
Floating rate							
Term loans	19	7.85	(4,082,303)	(4,348,167)	(7,592,432)	-	(16,022,902)
Cash and bank balances	18	3.67	1,910,120	-	-	-	1,910,120

Interest on financial instruments subject to floating interest rates is contractually repriced at intervals of less than 6 months except for term loans which are repriced annually. Interest on financial instruments at fixed rates are fixed until the maturity of the instrument. The other financial instruments of the Group and of the Company that are not included in the above tables are not subject to interest rate risks.

(c) Foreign currency risk

The Group operates internationally and is exposed to Singapore Dollars and United States Dollars. Foreign currency denominated assets and liabilities together with expected cash flows from highly probable purchases and sales give rise to foreign exchange exposures.

26. FINANCIAL INSTRUMENTS (CONT'D.)

(c) Foreign currency risk (Cont'd.)

Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

(d) Liquidity risk

The Group manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position.

(e) Credit risk

The Group's credit risk is primarily attributable to trade receivables. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis. However, the Group is still exposed to doubtful debts as a result of default in payments by certain debtors. Tighter credit control procedures are being implemented to minimise such exposure. The Group does not offer credit terms without specific approval. Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents, marketable securities and non-current investments, arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these financial assets.

The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial assets.

(f) Fair values

The carrying amounts of financial assets and liabilities of the Group and of the Company at the balance sheet date approximated their fair values except for the following:

		Group		Company	
	Note	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
Financial assets					
At 31 March 2009:					
Non-current unquoted shares	13	1,735,500	*	1,735,500	*
Marketable securities	17	16,677	11,500	16,677	11,500
At 31 March 2008:					
Non-current unquoted shares	13	1,458,916	*	1,458,916	*
Marketable securities	17	16,677	25,834	16,677	25,834

26. FINANCIAL INSTRUMENTS (CONT'D.)

(f) Fair values (Cont'd.)

	Note	Group Carrying amount RM	Group Fair value RM	Company Carrying amount RM	Company Fair value RM
Financial liabilities					
At 31 March 2009:					
Term loans	19	12,960,613	11,049,044	12,960,613	11,049,044
Hire purchase liabilities	20	1,746,986	1,723,499	1,746,986	1,723,499
At 31 March 2008:					
Term loans	19	16,022,902	13,383,098	16,022,902	13,383,098
Hire purchase liabilities	20	1,633,582	1,666,272	1,633,582	1,666,272

* It is not practical to estimate the fair values of the Group's and Company's non-current unquoted shares because of the lack of quoted market prices and the inability to estimate fair value without incurring excessive costs.

The methods and assumptions used by the management to determine fair values of financial instruments other than those whose carrying amounts reasonably approximate their fair values are as follows:

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

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

27. SEGMENT INFORMATION

No segmental analysis by geographical location or by business segment had been prepared as the operations are principally flour milling and are carried out within Malaysia. The other activities are insignificant to the Group.

28. COMPARATIVES

The Group's and the Company's comparative amounts as at 31 March 2008 that have been restated are as follows to conform with current year's presentation.

	Previously stated RM	Reclassification RM	Restated RM
Group			
Sales of flour and related product	94,204,721	(229,642)	93,975,079
Government grant	-	229,642	229,642
Company			
Sales of flour and related product	94,438,492	(229,642)	94,208,850
Government grant	-	229,642	229,642

statistics on shareholdings

AS AT 18 AUGUST 2009

DISTRIBUTION SCHEDULE OF SHAREHOLDERS

Authorised Share Capital	:	RM50,000,000 of 50,000,000 ordinary shares of RM1.00 each
Issued and fully paid	:	RM45,053,000 comprising 45,053,000 ordinary shares of RM1.00 each
Class of share	:	Ordinary shares of RM1.00 each
Voting Rights		
- On show of hands	:	1 vote
- On a poll	:	1 vote for each share held

Name of Substantial Shareholder	No. of Shares Direct Interest	%	Deemed Interest	%
HSBC NOMINEES (ASING) SDN BHD BENEFICIARY: COOK OVERSEAS INVESTMENTS LTD	4,116,700	9.14	-	-

Size Of Holdings	No. Of Holders Malaysian	Foreign	No. Of Shares Malaysian	Foreign	% Malaysian	Foreign
Less Than 100	84	0	1,665	0	0.00	0.00
100 - 1000	1,401	14	1,351,560	12,900	3.00	0.03
1001 - 10000	2,301	40	9,249,915	195,200	20.53	0.43
10001 - 100000	402	16	10,654,860	444,700	23.65	0.99
100001 and below 5%	38	4	14,542,500	4,473,000	32.28	9.93
5% and above	0	1	0	4,116,700	0.00	9.14
Directors	1	0	10,000	0	0.02	0.00
	4,227	75	35,810,500	9,242,500	79.48	20.52

DIRECTOR'S INTEREST IN THE COMPANY AND ITS RELATED CORPORATIONS

The Company – Kuantan Flour Mills Berhad

	No. of Shares Direct Interest	%	Deemed Interest	%
Dato' Setia Abdul Halim Bin Dato' Haji Abdul Rauf	-	-	-	-
Tan Sri Mohamed Bin Ngah Said	-	-	-	-
Datuk Seri Krishna Kumar a/l Dato' Sivasubramaniam, JP	-	-	-	-
Lee Chee Kiean	10,000	0.02	3,000	-
Dato' Jeyaraj a/l V. Ratnaswamy	-	-	-	-
Ng Kay Eng	-	-	-	-
Leong Chen Nyen	-	-	-	-
Kushairi Bin Zaidel	-	-	-	-

All the Directors, by virtue of their interests in the shares of the Company, are also deemed to have interests in the shares of the Company's subsidiaries to the extent that the Company has an interest

statistics on shareholdings

AS AT 18 AUGUST 2009

THIRTY LARGEST SHAREHOLDERS

No.	Name	No. Of Shares	%
1	HSBC NOMINEES (ASING) SDN BHD (COOK OVERSEAS INVESTMENTS LTD)	4,116,700	9.14
2	AMSEC NOMINEES (TEMPATAN) SDN BHD (PLEDGED SECURITIES FOR TAN BOON KIAT)	2,193,400	4.87
3	DB (MALAYSIA) NOMINEE (ASING) SDN BHD (EXEMPT AN FOR DEUTSCHE BANK AG SINGAPORE (PWM ASING))	1,912,000	4.24
4	F.I.T NOMINEES (ASING) SDN BHD (PLEDGED SECURITIES ACCOUNT FOR NUEVIZ INVESTMENT PRIVATE LIMITED (MG0031-199))	1,563,200	3.47
5	M.I.T NOMINEES (TEMPATAN) SDN BHD (PLEDGED SECURITIES ACCOUNT FOR LEE CHAI HUAT (MG0019-199))	1,310,800	2.91
6	EB NOMINEES (TEMPATAN) SENDIRIAN BERHAD (PLEDGED SECURITIES ACCOUNT FOR NEO KIM HOCK (SFC))	1,112,200	2.47
7	F.I.T NOMINEES (ASING) SDN BHD (PLEDGED SECURITIES ACCOUNT FOR G1 INVESTMENTS PTE LTD (MG0129-199)	1,049,900	2.33
8	KWONG AH NGAW @ KWONG YING SIEW	831,900	1.85
9	HSBC NOMINEES (ASING) SDN BHD (EXEMPT AN FOR THE BANK OF NEW YORK MELLON) (BNYM AS E & A)	687,000	1.52
10	LEE FONG KUAN	600,000	1.33
11	WONG SIEW FAI	536,000	1.19
12	KWONG YOU LAM	465,200	1.03
13	CHIK KIN YEUN	411,900	0.91
14	TAN SWEE KUANG	400,000	0.89
15	GAN LAM SEONG	364,000	0.81

statistics on shareholdings

AS AT 18 AUGUST 2009

THIRTY LARGEST SHAREHOLDERS (CONT'D.)

No.	Name	No. Of Shares	%
16	EB NOMINEES (TEMPATAN) SENDIRIAN BERHAD ((PLEDGED SECURITIES ACCOUNT FOR SOH KEY CHAI (SFC))	363,600	0.81
17	LOH KUWEI LAM	362,500	0.80
18	M.I.T NOMINEES (TEMPATAN) SDN BHD ((PLEDGED SECURITIES ACCOUNT FOR TAN CHEN YAN (MG0036-199))	347,900	0.77
19	HSBC NOMINEES (ASING) SDN BHD ((EXEMPT AN FOR FORTIS BANK S.A./N.V. (SG BR AC CLT))	310,800	0.69
20	HONG KHAY KUAN	300,000	0.67
21	TA NOMINEES (TEMPATAN) SDN BHD (PLEDGED SECURITIES ACCOUNT FOR LOH YIM QUIN)	295,000	0.65
22	SOH HAN CHUEN	290,000	0.64
23	SHER KOK CHYE	250,000	0.55
24	TAN CHEE HWA	227,600	0.51
25	TA NOMINEES (TEMPATAN) SDN BHD (PLEDGED SECURITIES ACCOUNT FOR TEE KIM HEW)	225,400	0.50
26	KWONG YEW NAM	214,800	0.48
27	OSK NOMINEES (TEMPATAN) SDN BERHAD (PLEDGED SECURITIES ACCOUNT FOR CHONG LEE FONG)	200,000	0.44
28	ROHAYA BINTI HASHIM	190,000	0.42
29	FEW PAK YIN @ HEW PAK YIN	187,000	0.42
30	KE-ZAN NOMINEES (TEMPATAN) SDN BHD (PLEDGED SECURITIES ACCOUNT FOR TEH KONG SIEW)	185,000	0.41
		21,503,800	47.72

list of properties held by the group

AS AT 31 MARCH 2009

A summary of KFMB-owned properties is set out as below:

Location	Tenure	Date of Revaluation/ Date of Acquisition	Area	Description	Age of Building	Net Book Value RM'000
Pajakan Negeri 550 Lot 1863 Mukim Sungai Karang, Kuantan, Pahang.	21 years and 3.5 months lease expiring on 30 December 2027	15-Sep-85	25,425 sq. metres	Office and Factory	23 years and 16 years	1,699 2,539
Pajakan Negeri 550 Lot 1863 Mukim Sungai Karang, Kuantan, Pahang.	21 year lease expiring on 31 December 2011 with option to renew for a further 21 years	27-Feb-91	22,589 sq. metres	Vacant land held for future development	n/a	n/a
HS(M) 13839 Lot. No. 23617 Mukim Kuala Kuantan, Kuantan, Pahang	Freehold	14-Dec-90	446 sq. metres	Double storey detached house	18 years	67
HS(D) 116996-116997, Lot No. PT No. 24900 -24901, Mukim of Petaling, District of Petaling, Selangor Darul Ehsan	99 years leasehold expiring 21 February 2093	23-Apr-07	2,625 sq. feet	1 unit 1 1/2 storey terraced factory	4 years	421
HS(D) 116996-116997, Lot No. PT No. 24900 -24901, Mukim of Petaling, District of Petaling, Selangor Darul Ehsan	99 years leasehold expiring 21 February 2093	26-Jul-07	2,625 sq. feet	1 unit 1 1/2 storey terraced factory	4 years	414

notice of twenty fifth annual general meeting

NOTICE IS HEREBY GIVEN that the Twenty Fifth Annual General Meeting of the Company will be held at the Casuarina Hall, Swiss Garden Resort & Spa, Kuantan, 2657, Mukim Sungai Karang, Balok Beach, 26100 Beserah, Kuantan, Pahang Darul Makmur on Monday, 28 September, 2009 at 10.00 a.m. for the following purposes: -

AGENDA

1. To receive the Audited Financial Statements for the year ended 31 March 2009 together with the Reports of the Directors and Auditors thereon. **(Resolution 1)**

2. To approve the payment of Directors' fees for the financial year ended 31 March 2009. **(Resolution 2)**

3. To re-elect as Director, Datuk Seri Krishna Kumar a/l Dato' Sivasubramaniam, JP, who retires by rotation in accordance with Article 63 of the Company's Articles of Association and, being eligible, offers himself for re-election. **(Resolution 3)**

4. To re-elect as Director, Dato' Jeyaraj a/l V. Ratnaswamy, who retires in accordance with Article 63 of the Company's Articles of Association and, being eligible, offers himself for re-election. **(Resolution 4)**

5. To re-elect as Director, Encik Kushairi Bin Zaidel, who retires in accordance with Article 68 of the Company's Articles of Association and, being eligible, offers himself for re-election. **(Resolution 5)**

6. To pass the following resolutions pursuant to Section 129(6) of the Companies Act, 1965: -
   (i) "That Dato' Setia Abdul Halim Bin Dato' Haji Abdul Rauf, who is retiring pursuant to Section 129(6) of the Companies Act, 1965 be and is hereby re-appointed as Director of the Company and to hold office until the conclusion of the next Annual General Meeting." **(Resolution 6)**

   (ii) "That Tan Sri Mohamed Bin Ngah Said, who is retiring pursuant to Section 129(6) of the Companies Act, 1965 be and is hereby re-appointed as Director of the Company and to hold office until the conclusion of the next Annual General Meeting." **(Resolution 7)**

7. To re-appoint Messrs. Ernst & Young as the Company's Auditors and to authorise the Directors to fix their remuneration. **(Resolution 8)**

   As Special Business :
   To consider and, if thought fit, to pass the following Ordinary Resolution: -

8. **Authority to allot and issue shares pursuant to Section 132D of the Companies Act, 1965** **(Resolution 9)**
   "That pursuant to Section 132D of the Companies Act, 1965 and subject to the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby authorised to allot and issue shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

9. To transact any other business of which due notice shall have been given in accordance with the Company's Articles of Association.

BY ORDER OF THE BOARD,

Tan Yoke May (LS 0004299)
Company Secretary

Kuala Lumpur
04 September 2009

notice of twenty fifth annual general meeting

Notes:

1. A member entitled to attend and vote at the meeting may appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.

2. A member shall not be entitled to appoint more than two (2) proxies to attend and vote instead of the member. Where a member appoints two (2) proxies, the appointments shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.

3. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

4. The instrument appointing a proxy in the case of an individual shall be signed by the appointer or by his attorney duly authorised and in the case of a corporation, the instrument appointing a proxy must be under seal or under the hand of an officer or attorney duly authorised. In the case of joint holders, all holders must sign the Proxy Form.

5. The instrument appointing a proxy must be deposited at the registered office of the Company at Kawasan Lembaga Pelabuhan Kuantan, KM25, Jalan Kuantan/Kemaman, Tanjung Gelang, 25740 Kuantan, Pahang not less than 48 hours before the time appointed for holding the meeting or at any adjournment thereof.

   Explanatory Notes on Special Business

6. Ordinary Resolution No. 9, if passed, will give the Directors of the Company, from the date of the Annual General Meeting, authority to allot and issue ordinary shares from the un-issued share capital of the Company up to an aggregate amount not exceeding 10% of the issued share capital of the Company for the time being as and when business opportunities arise which the Directors consider would be in the best interest of the Company. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting.

   Statement Accompanying the Notice of Annual General Meeting
   Pursuant to Paragraph 8.28(2) of the Listing Requirements of Bursa Malaysia Securities Berhad

   Names of Directors who are standing for Re-election pursuant to Article 63:
   (1) Datuk Seri Krishna Kumar A/L Dato' Sivasubramaniam, JP
   (2) Dato' Jeyaraj a/l V. Ratnaswamy

   Names of Director who are standing for Re-election pursuant to Article 68:
   (1) Encik Kushairi Bin Zaidel

   Names of Directors who are standing for Re-appointment pursuant to Section 129 of Companies Act, 1965:
   (1) Dato' Setia Abdul Halim Bin Dato' Haji Abdul Rauf
   (2) Tan Sri Mohamed Bin Ngah Said

   The details of the Directors who are standing for re-election /re-appointment are set out in the Directors' Profile on Page 14 to 15 and their securities holdings in the Company are set out in the Statistics on Shareholdings on Page 53 of this Annual Report.

KFM

KUANTAN FLOUR MILLS BERHAD
Company No. 119598-P
(Incorporated in Malaysia)

PROXY FORM

I/We, ____

of ____

Being a member/members of **KUANTAN FLOUR MILLS BERHAD** (Company No. 119598-P)

hereby appoint ____

of ____

or failing him/her ____

of ____

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us and on my/our behalf at the Twenty Fifth Annual General Meeting of the Company to be held on Monday, 28th September 2009 and at any adjournment thereof. My/Our proxy is to vote as indicated below: -

	RESOLUTIONS	FOR	AGAINST
1.	To receive the Audited Financial Statements for the year ended 31 March 2009 together with the Reports of the Directors and Auditors thereon.		
2.	Approval of Directors' fees for the year ended 31st March 2009		
3.	Re-election of Director, Datuk Seri Krishna Kumar a/l Dato' Sivasubramaniam, JP		
4.	Re-election of Director, Dato' Jeyaraj a/l V. Ratnaswamy		
5.	Re-election of Director, Encik Kushairi Bin Zaidel		
6.	Re-appointment of Director, Dato' Setia Abdul Halim Bin Dato' Haji Abdul Rauf		
7.	Re-appointment of Director, Tan Sri Mohamed Bin Ngah Said		
8.	Re-appointment of Messrs. Ernst & Young as Auditors and Authorize the Directors to fix their remuneration		
	Special Business		
9.	Authorise the Directors to issue shares pursuant to Section 132D of the Companies Act, 1965		

(Please indicate with an "X" in the appropriate box against the resolutions on how you wish your proxy to vote. If no instruction is given, this form will be taken to authorise the proxy to vote at his/her discretion.)

The proportion of my/our holding to be represented by my/our proxy/proxies is as follows: -

First Named Proxy		%
Second Named Proxy		%
	100	%

In case of a vote taken by show of hands, the first proxy shall vote on my/our behalf.

Signed this____________ Day of ______________ , 2009.

No. of shares held :	

____
Signature of Shareholder or Common Seal

Notes:

1. A member entitled to attend and vote at the meeting may appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
2. A member shall not be entitled to appoint more than two (2) proxies to attend and vote instead of the member. Where a member appoints two (2) proxies, the appointments shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.
3. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
4. The instrument appointing a proxy in the case of an individual shall be signed by the appointer or by his attorney duly authorised and in the case of a corporation, the instrument appointing a proxy must be under seal or under the hand of an officer or attorney duly authorised. In the case of joint holders, all holders must sign the Proxy Form.
5. The instrument appointing a proxy must be deposited at the registered office of the Company at Kawasan Lembaga Pelabuhan Kuantan, KM25, Jalan Kuantan/Kemaman, Tanjung Gelang, 25740 Kuantan, Pahang not less than 48 hours before the time appointed for holding the meeting or at any adjournment thereof.

Please fold here

Affix
stamp
here

The Company Secretary
Kuantan Flour Mills Berhad (119598-P)
Kawasan Lembaga Pelabuhan Kuantan
Km 25, Jalan Kuantan/Kemaman
Tanjung Gelang
25740 Kuantan
Pahang

Please fold here