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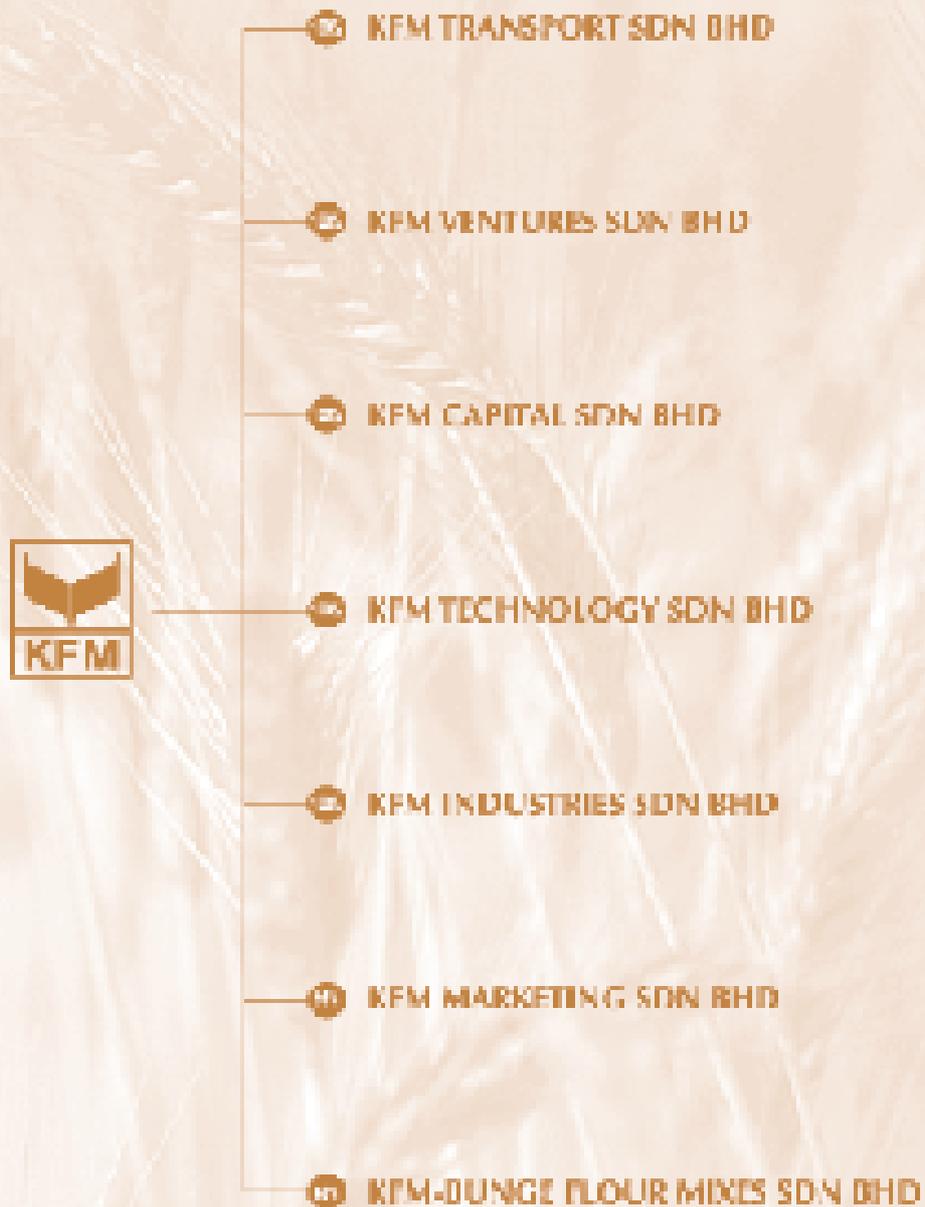
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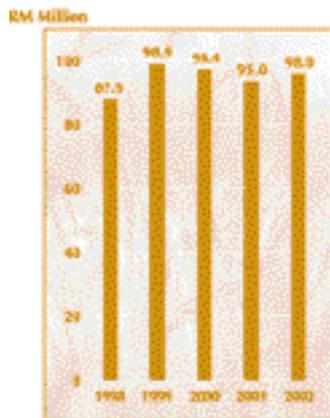
## Corporate Structure



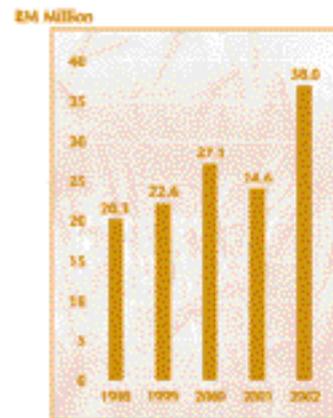
# Group Financial Highlights

	VALUE	FIVE YEARS FINANCIAL HIGHLIGHTS				
		1998	1999	2000	2001	2002
Turnover	RM Million	87.9	98.9	98.4	95.0	98.0
Profit After Taxation	RM Million	-8.6	2.3	4.6	-2.5	-1.7
Shareholders' Funds	RM Million	20.3	22.6	27.1	24.6	38.0
Net Tangible Assets	RM Million	20.2	22.5	27.0	24.6	38.0
Tangible Assets	Rm Million	66.6	63.6	62.6	60.2	81.7
Earning Per Share	Sen	-37.3	9.6	19.1	-9.5	-5.9

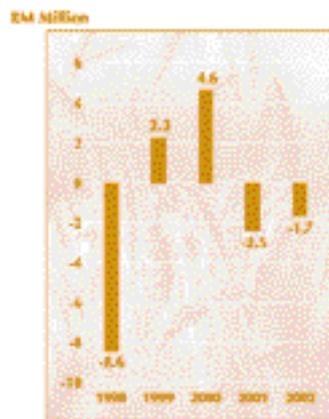
**Turnover**



**Shareholders Funds**



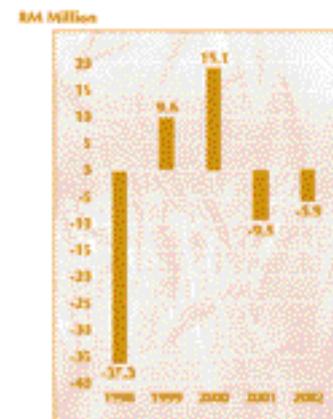
**Profit After Taxation**



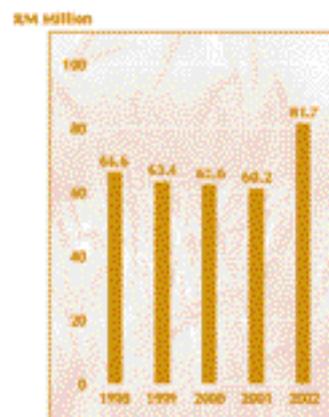
**Net Tangible Assets**



**Earning Per Share**



**Tangible Assets**



# Corporate Information

## Board of Directors

Dato' Jaafar bin Dato' Haji Abdul Hamid  
(Executive Chairman)

Khoo Tiam Hock Vernon  
(Managing Director)

Dato' Shahrudin bin Shamsudin  
(Deputy Managing Director)

Lee Sow Lin  
(Independent Non Executive)

Putri Noor Shariza binti Noordin  
(Independent Non Executive)

Chan Wai Loon  
(Independent Non Executive)

Dato' Syed Md Amin bin Syed Jan Aljeffri  
(Independent Non Executive)

YB. Dato' Hj Zulhasnan bin Rafique  
(Independent Non Executive)

Athi Isvar a/l Athi Nahappan  
(Independent Non Executive)

## Audit Committee

Dato' Syed Md Amin bin Syed Jan Aljeffri  
(Chairman, Independent Non Executive Director)

Putri Noor Shariza binti Noordin  
(Member, Independent Non Executive Director)

Chan Wai Loon  
(Member, Independent Non Executive Director)

## Company Secretaries

See Siew Cheng (MAICSA 7011225)  
Teo Lee Huat (LS 00714)

## Registered Office

22nd Floor, Wisma Cyclecarri  
288, Jalan Raja Laut  
50350 Kuala Lumpur  
Tel No: 603-26948788  
Fax No: 603-26939137

## Share Registrars

Bina Management (M) Sdn Bhd  
Lot 10 The Highway Centre  
Jalan 51/205  
46050 Petaling Jaya, Selangor Darul Ehsan  
Tel No: 603-77843922  
Fax No: 603-77841988

## Auditors

PricewaterhouseCoopers  
Chartered Accountants  
3rd Floor, HSBC Bank Building  
No 1 Jalan Mahkota  
25000 Kuantan, Pahang Darul Makmur

## Solicitor

Loke Chew & Zainal  
24, 1st Floor, Jalan Telok Sisek  
25000 Kuantan, Pahang Darul Makmur

## Bankers

Bumiputra-Commerce Bank Berhad  
Bank Islam Malaysia Berhad  
Bank Muamalat Malaysia Berhad

## Stock Exchange Listing

Second Board of the Kuala Lumpur Stock Exchange

# Chairman's Statement

On behalf of the Board of Directors of Kuantan Flour Mills Berhad, I am pleased to present the Annual Report and the Audited Financial Statements of the Group and Company for the financial year ended 31 March 2002.



## Financial Review

For the financial year ended 31 March 2002, the Group and Company recorded an after tax loss of RM 1.7 million. The Group revenue was RM 98.1 million as compared to

RM 95.0 million previously. The 3.3% increase in revenue is due mainly to better sales turnover recorded by the subsidiary companies, KFM Transport Sdn. Bhd. (KFMT) and KFM Marketing Sdn. Bhd. (KFMM).

## Industry Trends and Development

During the year under review, the flour milling industry has become more competitive with the commissioning of a new mill in Port Klang (mid June 2001). This additional mill has further compounded the problem of over capacity of the industry by increasing the industry total milling capacity to 1.93 million tonnes from 1.75 million tonnes per annum. Despite operating under a very challenging and competitive environment, we have managed to maintain our market share by providing adequate technical service, consistent flour quality and also practicing "prompt and punctual" deliveries to our customers.

## Subsidiary Companies

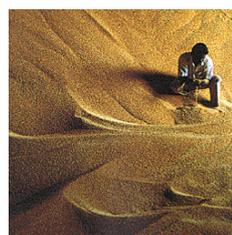
Apart from KFMT and KFMM, all other subsidiary companies were dormant. KFMT shall continue to be the

provider of transport services to our flour milling operation with the objective of providing good and reliable services to customers. During the year under review, KFMT recorded a turnover of RM3.0 million, an increase of RM0.7 million as compared to previous year. As for the coming year, KFMT shall continue to improve on its efficiency and productivity in order to achieve better result.

As for KFMM, it recorded a turnover of RM3.0 million, an increase of RM1.9 million as compared to previous year. KFMM is involved in trading and distributing of food ingredients and flour pre-mixes. As for the coming year, KFMM shall continue to expand its products range in order to provide customers with more choice and also to enable us to stay competitive in the market.

## Prospects

The prospects of the Malaysian flour milling industry are very much dependant upon world wheat prices and the extent of the competition among Malaysian flour millers to secure their own market share. Currently, the world wheat prices tend to show an upward trend and competition among flour millers is expected to remain intense as another two more new mills will be in operation in the coming financial year (one in Port Klang and another one in Kuching). To mitigate the situation, the company has embarked on the construction of 4 (four) new wheat storage silos which will increase storage capacity. With bigger storage capacity, bigger shipments of wheat grains can be made in order to get better wheat grain prices and ocean freight rates. The storage silos are almost complete and shall be ready for use by end of first half financial year ending March 2003. The construction of additional 4 (four)



# Chairman's Statement



flour silos with storage capacity of 100 mt each are also almost ready and shall be available for use by about the same time as the wheat silos.



With the utilization of the above facilities, we shall be able not only to reduce cost of wheat and ocean freight but also better control of flour quality and thus be able to face the expected stiff competition and secure our own market share.



## Acknowledgement

On behalf of the Board of Directors, I wish to thank the management and all the employees for their dedication and hard work. I also wish to convey the Board's appreciation to our valued shareholders, customers and business associates for their trust in and support for the Company. There has been changes at the Board and I would like to welcome Putri Noor Shariza binti Noordin, Mr. Chan Wai Loon, Dato' Syed Md Amin bin Syed Jan Aljefri, YB.Dato' Hj Zulhasnan bin Rafique, Ms. Lee Sow Lin and Mr. Athi Isvar a/l Athi Nahappan to the Board and the Company is sure to benefit from their vast business experience. Our previous Chairman Tun Abdul Ghafar bin Baba, Mr. Denis Low Siew Kheng, Mr. Tee Keng Hoon, Dato' Abd. Gani bin Yusof, Mr. Chan Poh Leng, Mr. Boon Yoon Chiang, En. Shazuddin bin Shaari and Mr. Clement Lim Chiao Hak have resigned from the Board and I would like to thank them for their past contributions to the Company.

Thank you.

**Dato' Jaafar bin Dato' Haji Abdul Hamid**  
**Executive Chairman**



# Corporate Governance Statement

The Board of Directors (“the Board”) is committed to achieve best practices in corporate governance by ensuring that the recommendation of the Malaysian Code of Corporate Governance (“the Code”) is practised throughout the Group as a means of managing the business and affairs of the Group with honesty, integrity and professionalism in order to protect the interest of shareholders.

Steps are currently being undertaken to evaluate the status of the Group’s corporate governance with a view of implementing the Code’s best practices.

## **(1) Board of Directors**

An experienced Board comprising members with a wide range of business, financial and technical background, leads the company. The Board as a whole serves as the Remuneration and Nomination Committee. No smaller committee is recommended as the Company believes that all members must be equally responsible.

## **(2) Board balance**

The Board currently has nine (9) directors, comprising three (3) executives and six (6) non-executives. The executive directors implement the policies and decisions of the Board, oversee the operations and initiate business development efforts for the Group whilst the non-executive directors bring a wide range of business experience and expertise to the Board’s discussion and decision making. A brief profile of each Director is presented on pages 13 to 15 of this Annual Report.

## **(3) Board Meetings**

During the financial year ended 31 March 2002, the Board met on four occasions. All the directors attended all or more than 50% of the meeting.

The attendance of the Board of Directors on all four (4) Board Meetings can be found on page 48 of the Annual Report in the Statement accompanying notice of the Eighteenth Annual General Meeting.

## **(4) Supply of information**

All directors review a Board report prior to the Board meeting. This is issued in sufficient time (at least 7 days prior to the meeting) to enable the Directors to obtain further explanations, where necessary, in order to be briefed properly before the meeting. The Board report includes :-

- Progress report of the company
- Major operational and financial issue

All directors have access to the advice and services of the Company Secretary.

## **(5) Appointment and Re-election of Directors**

The appointment of any additional director will be made as and when it is deemed necessary by the existing Board with due consideration given to the mix of expertise and experience required for an effective Board. In accordance with the Company’s Articles of Associations, one-third of the Board members shall retire from office at each Annual General Meeting and they can offer themselves for re-election. Newly appointed Directors by the Board are subject to re-election by the shareholders at the next Annual General Meeting held following their appointments. The Articles of Association of the Company also provide that all Directors shall retire from office once every three (3) years, but shall be eligible for re-election.

The Managing Director is subject to retirement at the Eighteenth Annual General Meeting.

## **(6) Remuneration Procedure**

The Board as a whole will serve as the Remuneration Committee for the Company. The directors’ fees are approved at the Annual General Meeting by the shareholders, based on the recommendation of the Board. All Directors are provided with directors’ fees with the Managing Director and Executive Directors being provided with remuneration package based on their duties and responsibilities.

# Corporate Governance Statement

The aggregate director's remuneration paid or payable or otherwise made available to all directors of the Company during the financial year ended 31 March 2002 are as follows :-

	<b>Basic Salary Other Emoluments (RM'000)</b>	<b>Fees (RM'000)</b>	<b>Bonus (RM,000)</b>	<b>Total (RM'000)</b>
<b>Executive Directors</b>	561.4	80.0	42.5	683.9
<b>Non-Executive Directors</b>	-	125.0	-	125.0
	561.4	205.0	42.5	808.9

The number of directors of the Company whose income from the Company falling within the following bands are: -

	<b>Executives</b>	<b>Non Executive</b>
Below RM50, 000	-	7
RM50,001 to RM100,000	1	-
RM100,001 to RM150,000	-	-
RM150,001 to RM200,000	-	-
RM200,001 to RM250,000	-	-
RM250,001 to RM300,000	1	-
RM300,001 to RM350,000	1	-
RM350,001 to RM400,000	-	-

## (7) Audit Committee

The Board of Directors has established an Audit Committee. The membership of this Committee, the terms of reference and its activity report are set out on pages 11 and 12.

## (8) Shareholders

The Company recognizes the importance of communicating with its shareholders and does this through the annual report, annual general meeting and announcements via KLSE link. Additionally, a press conference is held immediately after the Annual General Meeting where the Chairman and the Executive Directors are present to answer, clarify and explain on any issue raised. The Company also responds to members of the media upon request to brief them on key events of the Company.

## (9) Annual General Meeting

The Annual General Meeting serves as one of the important means of communication with the shareholders. Notice of the Annual General Meeting and Annual Reports are sent to shareholders at least twenty-one days prior to the meeting. At each Annual General Meeting, the Board presents the progress and performance of the business and encourages shareholders to participate in the question and answer session.

## (10) Relationship with External Auditors

The role of Audit Committee in relation to the external auditors is described on page 12.

## (11) Financial reporting

In presenting the annual financial statements and quarterly announcement to shareholders, the directors aim to present a balanced and understandable assessment of the Group's position and prospects. The Audit Committee assists the Board in scrutinizing information for disclosure to ensure accuracy, adequacy and completeness.

# Corporate Governance Statement

## (12) Internal Control

The Directors acknowledge their responsibility for the Group's system of internal control to safeguard shareholders' investment and the Group's assets.

The Board of Directors recognizes the importance of sound internal controls covering not only financial controls but also operational and compliance controls as well as risk management. The internal control system is design to meet the Group's particular needs and to manage the principal risks to which it is exposed. It should be noted, however, that such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives. The key elements of the Group's internal control system are -

- Clearly documented internal policies and procedures defining organizational responsibility and limits of authority.
- Review and approval of annual business plan and budget of all business by the Board.
- Regularly review of performance of the Group by the Board.
- Active participation by executive Directors in day-to-day running of the Group's operation.

## (13) Statement Of Directors' Responsibilities in respect of the Audited Financial Statement

The Directors are required by the Companies Act 1965 to prepare financial statements for each financial year which have been made out in accordance with the applicable approved accounting standards and give a true and fair view of the state of affairs of the Group and Company at the end of the financial year and of the results and cash flows of the Group and Company for the financial year.

In preparing the financial statements, the Directors have:

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- ensured that all applicable accounting standards have been followed; and
- prepared financial statement on the going concern basis as the Directors have a reasonable expectation, having made enquiries, that the Group and Company have adequate resources to continue in operational existence for the foreseeable future.

The Directors have responsibilities for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Group and Company and which enable them to ensure that the financial statements comply with the Companies Act 1965.

The Directors have overall responsibilities for taking such steps as are reasonably open to them to safeguard the assets of the Group to prevent and detect fraud and other irregularities.

## (14) Other Information

### (a) Recurrent Related Party Transaction (RRPT) of revenue nature

The shareholders of the company approved the Proposed Shareholders' Mandate for RRPT of revenue nature during its Extraordinary General Meeting (EGM) held on 25 September 2001. No renewal of this Mandate is required.

### (b) Non-audit fee

The amount of non-audit fees paid to external auditors for the financial year ended 31 March 2002 is RM25,396.

# Corporate Governance Statement

**(c) Utilisation of proceeds raised from Rights Issue**

An amount of RM15,283,800 was raised from the right issue which was completed and listed on 22 January 2002. The proceeds were utilised as follows -

Rights expenses	965,643
Capital expenditure	1,738,730
Working capital	11,127,000

The remaining proceeds will be utilised for capital expenditure when they fall due.

**d) Options, warrants or convertible securities exercised**

During the year a total of 2,323,000 ordinary shares were granted to the employees under the Employees' Share Option Scheme (ESOS) which were approved by the shareholders on 21 November 2000. As at 31 March 2002, 635,000 units were exercised.

## (15) Additional Compliance Information

In compliance with the Kuala Lumpur Stock Exchange's Listing Requirements, the following additional information is provided:-

During the financial year under review, there were no:

- share buybacks;
- American Depository Receipt (ADR) or Global Depository Receipt (GDR) programme sponsored by the Company;
- sanctions and/or penalties imposed on the Company and its subsidiaries, directors or management by the relevant regulatory bodies;
- material variance between the results for the financial year and the unaudited results previously announced;
- profit guarantees given by the Company;
- material contracts between the Company and its subsidiaries that involve directors' or major shareholders except as those disclose in RRPT transactions;
- contract of loans between the Company and its subsidiaries that involve directors or major shareholders' interests;
- revaluation policy on landed properties.

# Audit Committee Report

The Board of Directors of the Company is pleased to present the report of the Audit Committee for the financial year ended 31 March 2002.

The present members of the Audit Committee comprise:

Dato' Syed Md Amin bin Syed Jan Aljeffri  
(Chairman, Independent Non Executive Director)

Putri Noor Shariza binti Noordin  
(Member, Independent Non Executive Director)

Chan Wai Loon  
(Member, Independent Non Executive Director)

\*\* all were appointed on 12 August 2002

## Meetings

The Committee had two meetings during the year, which were attended by all members. The Group's Finance Director was present in all the meetings. Representative of the external auditors, Messrs PricewaterhouseCoopers also attended the meeting upon invitation. The Secretary to the Committee is the Company Secretary.

## Summary of activities

The following activities were carried out by the Audit Committee during the financial year ended 31 March 2002:

- a) Reviewed financial statements including quarterly financial announcements to the Kuala Lumpur Stock Exchange ("KLSE").
- b) Reviewed the internal controls of the Company.

## Terms of reference

The Audit Committee is governed by the following terms of reference:

### 1) Membership

The Committee shall be appointed by the Board from amongst the Directors and shall consist of not less than three members, the majority of whom shall comprise of independent Directors. At least one member must be member of the Malaysian Institute of Accountants or alternatively, a person must have at least 3 years working experience and have passed the examination specified in Part 1 of the First Schedule of the Accountants Act, 1967 or is a member of one of the associations specified in Part II of the said Schedule. The quorum shall be 2 members, whom must be independent Directors. The members of the Committee shall elect a Chairman from amongst their members who shall be an independent director.

In the event of any vacancy in the Audit Committee resulting in a breach in the Listing Requirements of the KLSE, the vacancy must be filled within three (3) months.

No Alternate Director shall be appointed a member of the Audit Committee.

# Audit Committee Report

## 2) Authority

The Committee is authorized by the Board to investigate any activity within its terms of reference and shall have unrestricted access to both the internal and external auditors and to all employees of the Group. The Committee is also authorized by the Board to obtain external legal or other independent professional advice as necessary.

## 3) Duties

The duties of the Committee shall be :

- To recommend the appointment of external auditors and the audit fee.
- To discuss with the external auditors, prior to the commencement of audit, the nature and scope of audit and to ensure co-ordination of audit where more than one audit firm is involved.
- To review the quarterly announcements to the Kuala Lumpur Stock Exchange and year end annual financial statements before submission to the Board, focusing on:
  - going concern assumption
  - compliance with accounting standards and regulatory requirements
  - any changes in accounting policies and practices
  - significant issues arising from the audit
  - major judgmental areas
- To discuss problems and reservations arising from the interim and final external audits, and any matters the external auditors may wish to discuss (in the absence of management, where necessary)
- To review the external auditors' management letter and management's response
- To do the following when the internal audit function is established:
  - review the adequacy of scope, functions and resources of the internal audit department and that it has the necessary authority to carry out its work
  - review internal audit programme
  - ensure co-ordination of external audit with internal audit
  - consider the major findings of internal audit investigations and management's response, and ensure that appropriate actions are taken on the recommendations of the internal audit function
  - review any appraisal or assessment of the performance of the staff of the internal audit function
  - approve any appointment or termination of senior staff member of the internal audit function
  - inform itself of resignation of internal audit staff members and provide the resigning staff member an opportunity to submit his/her reason for resignation
- To monitor related party transactions entered into by the Company and the Group, and to ensure that the Directors report such transactions annually to shareholders via annual report
- To review the effectiveness of internal control systems.

# Board of Directors

## **DATO' JAAFAR BIN DATO' HAJI ABDUL HAMID**

Malaysian, aged 49 and was appointed Executive Chairman on 6 June 2002.

He holds a Bachelor of Science (Hons) in Engineering Production from University of Birmingham, United Kingdom. He also holds a Diploma in Management from Malaysian Institute of Management. Prior to his appointment as an Executive Chairman of the Company, he was the Managing Director of Cement Industries of Malaysia Berhad from 1990 to 1993, Time Engineering Berhad in 1993 and United Engineers (Malaysia) Berhad from 1994 to 1997. He was the Chairman of Ho Hup Construction Company Berhad from 1994 to 1997 and Director of Projek - Penyelenggaraan Lebuhraya Berhad and Renong Berhad from 1994 to 1997. Dato' Jaafar has vast experience and exposure in major infrastructure privatisation projects such as North-South - Expressway, Malaysian-Singapore Second Crossing, North-South Expressway Central Link, Light Rail Transit System, etc. He is currently the advisor of Howtraffic (M) Sdn Bhd, Executive Vice Chairman of Optima Bestari Sdn Bhd and Executive Chairman of Hektar Klasik Sdn Bhd.

Dato' Jaafar is a major shareholder of the Company by virtue of his interest in Cook Overseas Investments Ltd. He does not have any family relationship with any Director and/or major shareholder of the Company in which he has personal interest. He has had no convictions for any offences within the past 10 years.

## **KHOO TIAM HOCK VERNON**

Singaporean, aged 46 and was appointed Group Managing Director since 15 October 1998.

Graduated from University of Singapore in Business Administration. He started his working career with Tradax International Pte Ltd, the trading arm of Cargill Inc., the largest grain company in the USA. In 1981, he joined Kuok Singapore Ltd as a commodity trader and left in 1985 to venture into own business.

Mr. Khoo does not have any family relationship with any Director and/or major shareholder of the Company and there is no other business arrangement with the Company in which he has personal interest. He has had no convictions for any offences within the past 10 years.

## **DATO' SHAHARUDDIN BIN SHAMSUDIN**

Malaysian, aged 52 and had been with the Company since inception. He was then appointed Deputy Managing Director since 15 October 1998.

Graduated from University of Malaya with a Bachelor of Arts in Economics. Started his career in banking with United Malayan Banking Corporation Berhad as a bank officer and switched to commodity trading upon joining Felda Marketing Corporation in 1974. Subsequently in 1979 Dato' Shaharuddin joined Inventra Sdn Bhd as a Marketing Manager dealing in commodities including fertilizers. In 1984 he left Inventra, co-founded KFM.

Dato' Shaharuddin does not have any family relationship with any Director and/or major shareholder of the Company and there is no business arrangement with the Company in which he has personal interest. He has had no convictions for any offences within the past 10 years.

## **LEE SOW LIN**

Malaysian, aged 42 and was appointed as an Independent Non-Executive Director on 26 February 2002.

She graduated from Monash University in Melbourne with a Bachelor of Economics degree in 1983.

Ms. Lee has had more than 15 years working experience in the financial sector where she held the position as Senior Manager, Corporate Banking Division for Hong Leong Bank Berhad. She was responsible for the business aspects, funding and profit accountability of that division. Her role includes providing advisory services to customers on corporate finance deals, loan syndications and structure loan packages that best suits their requirements. Before assuming the above post, Ms.

## Board of Directors

Lee was the Senior Manager, Commercial Banking Division of Hong Leong Bank where she was instrumental to the launching of the bank's "SMILE" Loan Package which was targeted to all small medium industries and manufacturers.

Ms. Lee was also previously the Marketing Manager, Property Loans at Hong Leong Finance Berhad where she was one of the pioneers in establishing the Real Estate Loans Division for the company.

Presently, she is the Treasurer cum Special Assistant to the Group Managing Director of the Country Heights Venture, the major shareholder of the public-listed Country Heights Holdings Bhd and also the investment holding arm of Tan Sri Lee Kim Yew's stable of privately owned companies. Her main responsibilities include assisting Tan Sri Lee to manage his group of companies gearing and funding requirements so as to ensure a healthy Balance Sheet and to assist in any corporate exercise, if any.

Ms. Lee has no family relationship with any other Director and/or major shareholder of the Company and has no conflict of interest with the company. She has not been convicted for any offences within the past 10 years other than traffic offences, if any.

### **PUTRI NOOR SHARIZA BINTI NOORDIN**

Malaysian, aged 36 and was appointed Independent Non-Executive Director and Member of Audit Committee on 6 June 2002 and 12 August 2002 respectively.

Graduated with LLB (Hons) from London. Presently, she is a partner of Shearn Delamore & Co and has been in practice since October 1993. She is currently a director of Universal Trustee (Malaysia) Berhad, CLSA (Malaysia) Sdn Bhd, Heinemann (Malaysia) Sdn Bhd and Buena Vista Columbia Tristar Films (Malaysia) Sdn Bhd.

Putri Noor Shariza is the niece of Dato' Syed Md Amin Bin Syed Jan Aljeffri and does not have any family relationship with any other Director and/or major shareholder of the Company and there is no business arrangement with the Company in which she has personal interest. She has had no convictions for any offences within the past 10 years.

### **CHAN WAILOON**

Malaysian, aged 44 and was appointed Independent Non-Executive Director and Member of Audit Committee on 9 July 2002 and 12 August 2002 respectively.

He graduated with an honours degree from University of London and was admitted to the Malaysian Bar on 9 August 1986. Prior to his practice, he lectured in Law on the LL.B (External) London programme at Kolej Damansara Utama and majored in subjects like Company Law, the Law of Contract, Equity and Trust and Secession in 1984. Subsequently, he did his practice in the firm of Messrs Steven L S Sya, Ho, Sia & Associates from 1986 to 1987 and thereafter at Messrs Sya, Iqbal Hakim & Sia from 1987 to 1989. He gained vast experience in the field of corporate banking, conveyancing and civil litigation.

Mr Chan is actively involved in day to day running of the firm of Iqbal Hakim, Sia & Voo since its incorporation in 1989 from initiating cases of litigation and recovery work for banks/financial institutions and other individual clients and gradually increased to include conveyancing matters such as development projects, private treaty cases and property loans with financial institutions. He is also a non-executive director of several local companies involved in the area/field of insurance, property management, property development and furniture/wood products supplies and trading.

Mr Chan does not have any family relationship with any Director and/or major shareholder of the Company and there is no business arrangement with the Company in which he has personal interest. He has had no convictions for any offences within the past 10 years.

### **DATO' SYED MD AMIN BIN SYED JAN ALJEFFRI**

Malaysian, aged 55 and was appointed Independent Non-Executive Director and Chairman of Audit Committee on 12 August 2002.

# Board of Directors

He is an Economics graduate majoring in Accounting from University Malaya and a Chartered Accountant from the Canadian Institute of Chartered Accountants. He is also an associate of the Malaysian Institute of Taxation, a Council Member of the Malaysian Institute of Accountants (MIA), Malaysian Institute of Certified Public Accountants and the Institute of Certified Public Accountants of Singapore.

Dato' Syed Md Amin is presently the President Malay Chamber of Commerce, Kuala Lumpur, the Deputy President of Malay Chamber of Commerce Malaysia, and a Vice-President National Chamber of Commerce and Industry of Malaysia.

He holds several directorships in various companies, including Rumpun Hijau Capital Berhad, Bina Darulaman Berhad, DRB-Hicom Berhad, Kulim Technology Park Corporation Berhad, Summit Petroleum (Malaysia) Sdn. Bhd, KUB Gas Sdn. Bhd., Amcor Fibre Packaging (Malaysia) Sdn. Bhd. and his owns Aljeffri Group of Companies.

Dato' Syed Md Amin is the uncle of Putri Noor Shariza Binti Noordin and does not have any family relationship with any other Director and/or major shareholder of the Company and there is no business arrangement with the Company in which he has personal interest. He has had no convictions for any offences within the past 10 years.

## **YB. DATO' HJ ZULHASNAN BIN RAFIQUE**

Malaysian, aged 48 and was appointed Independent Non-Executive Director on 12 August 2002.

YB. Dato' Hj Zulhasnan Bin Rafique joined the RMAF in 1973 as a commissioned officer and pilot. He served for 12 years before retiring from the service with the rank of Major in 1985. Thereafter, he ventured into business under Zulana Holdings Sdn Bhd participating in the aviation and industrial petroleum enterprises. In 1992, he ventured into civil, building and marine engineering and recently into property development.

YB. Dato' Hj Zulhasnan served as director of Airod Sdn Bhd, an aviation maintenance and service facility. He is also an independent director of Island & Peninsular Berhad.

Active in politics since 1990, he won the Wangsa Maju Parliamentary seat in Wilayah Persekutuan in 1999 and thus is currently a Member of Parliament.

YB. Dato' Hj Zulhasnan does not have any family relationship with any Director and/or major shareholder of the Company and there is no business arrangement with the Company in which he has personal interest. He has had no convictions for any offences within the past 10 years.

## **ATHI ISVAR A/L ATHI NAHAPPAN**

Malaysian, aged 53 and was appointed independent Non-Executive Director on 12 August 2002.

Mr Nahappan had his early education in Malaysia and went to boarding school (public school) in the United Kingdom. He completed his tertiary education in the United Kingdom and was called to the English Bar in 1974. After qualifying, he joined Arbuthnot Latham Ltd (AL), a British Merchant Bank in a Corporate Finance position. He was then transferred to its Malaysian associate, Chartered Merchant Bank Malaysia Berhad (CMB). Subsequent to his employment with AL/CMB, he was with Bank of America, Kuala Lumpur looking after government related and multinational loans. In 1979, he became a partner in a legal firm specialising in corporate and banking law which had been established by his late father, Tan Sri Athi Nahappan, who had served as Minister for Law in the Malaysian Cabinet. In 1985, he bought the controlling interest in Grand Central Investment Holding, a company listed on the London Stock Exchange which later acquired the controlling interest in a Singapore listed company called Sunshine Allied Investments Limited. Mr Nahappan was Chairman and Chief Executive of both companies. He was concurrently Chairman of another listed company in India and Deputy Chairman of an Australian listed company. Mr Nahappan sold his interest in this group in late 1994. He has since been managing his family's business interests which are held through Anin Corporation Limited, a company incorporated in Guernsey.

Mr Nahappan does not have any family relationship with any Director and/or major shareholder of the Company and there is no business arrangement with the Company in which he has personal interest. He has had no convictions for any offences within the past 10 years.

# Directors' Report

For The Year Ended 31 March 2002

The Directors submit their annual report to the members together with the audited financial statements of the Group and Company for the year ended 31 March 2002.

## PRINCIPAL ACTIVITIES

The principal activities of the Company are flour milling and trading in its related products. The principal activities of the Group consist of transportation and sales of premix flour and its related products.

There was no significant change in the nature of these activities during the year.

## FINANCIAL RESULTS

	<b>Group RM</b>	<b>Company RM</b>
Net loss after tax	<b>(1,682,212)</b>	<b>(1,700,956)</b>
Minority interest	<b>(13,548)</b>	-
Net loss for the year	<b>(1,695,760)</b>	<b>(1,700,956)</b>

## DIVIDENDS

No dividend has been paid, declared or proposed by the Company since 31 March 2001.

## RESERVES AND PROVISIONS

All material transfers to or from reserves and provisions during the year are shown in the financial statements.

## ISSUE OF SHARES

During the year, 635,000 new ordinary shares of RM1 each were issued by the Company for cash by virtue of the exercise of options pursuant to the Company's Employee Share Option Scheme at an exercise price of RM1.15 each.

On 21 January 2002, the Company allotted and issued 14,556,000 new ordinary shares of RM1 each at an issue price of RM1.05 per ordinary share, in relation to a rights issue of 3 new shares for every 5 existing shares, for capital expenditure and working capital purposes.

The new ordinary shares issued during the year ranked pari passu in all respect with the existing ordinary shares of the Company.

## EMPLOYEE SHARE OPTION SCHEME

The Company implemented an Employee Share Option Scheme (ESOS) which is governed by the laws, which were approved by the shareholders on 21 November 2000 and implemented on 16 April 2001.

The main features of the ESOS are as follows:

- In aggregate, the maximum number of new shares which may be allotted pursuant to the exercise Options granted under this Scheme shall not exceed ten per cent (10%) of the issued and paid up share capital of the Company at any point of time during the existence of this Scheme.

# Directors' Report (Cont'd)

For The Year Ended 31 March 2002

## EMPLOYEE SHARE OPTION SCHEME - Cont'd

- The Option price under the ESOS shall be higher of the five (5) days weighted average market price of the shares as shown in the Daily Official List issued by the Kuala Lumpur Stock Exchange preceding the date of offer set at a discount of not more than 10% or the par value of the shares.
- The Options granted may be exercised at any time before the expiry of the ESOS on 15 April 2006.
- The Options granted may be exercised by virtue of the By-Laws 11.2 is as follows:

Number of options granted and unexercised as at 31 March 2002	Percentage of the Options exercise			
	2003 %	2004 %	2005 %	2006 %
411,000	100	-	-	-
657,000	58	42	-	-
586,000	40	20	20	20
<hr/> 1,654,000				

- The persons to whom the Options have been granted have no right to participate by virtue of the Options in any share of any other company.

The movements during the year in the number of options over the shares of the Company are as follows:

	'000
At 1 April 2001	-
Granted during the year	2,323
Resigned	(34)
Exercised	(635)
As at 31 March 2002	<hr/> 1,654

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose the list option holders and their holdings.

## DIRECTORS

The Directors who have held office since the date of the last report are as follows:

Dato' Jaafar bin Dato' Haji Abdul Hamid – <i>Chairman</i>	(appointed on : 6.6.2002)
Khoo Tiam Hock Vernon – <i>Managing Director</i>	
Dato' Shahrudin bin Shamsudin – <i>Deputy Managing Director</i>	
Lim Chiao Hak Clement	
Putri Noor Shariza binti Noordin	(appointed on : 6.6.2002)
Lee Sow Lin	(appointed on : 26.2.2002)
Chan Wai Loon	(appointed on : 9.7.2002)
Tee Keng Hoon	(resigned on : 24.1.2002)
Tun Abdul Ghafar bin Baba – <i>Chairman</i>	(resigned on : 6.6.2002)
Shazuddin bin Shaari – <i>Alternate to Tun Abdul Ghafar bin Baba</i>	(resigned on : 6.6.2002)
Dato' Abd Gani bin Yusof	(resigned on : 6.6.2002)
Boon Yoon Chiang	(resigned on : 6.6.2002)
Low Siew Kheng Denis	(resigned on : 6.6.2002)
Chan Poh Leng	(resigned on : 6.6.2002)

# Directors' Report (Cont'd)

For The Year Ended 31 March 2002

## DIRECTORS' BENEFITS

During and at the end of the year, no arrangements subsisted to which the Company is a party, being arrangements with the object or objects 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 other than the Company's Employee Share Option Scheme (see Note 18(b) to the financial statements).

Since the end of the previous year, no Director has received or become entitled to receive a benefit (other than Directors' remuneration disclosed in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

## DIRECTORS' INTERESTS IN SHARES

According to the register of Directors' shareholdings, particulars of interests of Directors who held office at the end of the year in shares in the Company and its related corporations are as follows:

	Number of ordinary shares of RM1 each in the Company					
	1 April 2001	Bought	Sold	31 March 2002	Changes After 31 March 2002	21 April 2002
Khoo Tiam Hock Vernon						
- indirect interest	5,055,000	3,033,000	-	8,088,000	-	8,088,000
Low Siew Kheng Denis						
- indirect interest	5,055,000	3,033,000	-	8,088,000	-	8,088,000
Chan Poh Leng						
- indirect interest	333,000	200,000	-	533,000	-	533,000

	Number of options over ordinary shares of RM1 each in the Company			
	1 April 2001	Granted	Exercised	31 March 2002
Khoo Tiam Hock Vernon	-	293,000	-	293,000
Dato' Shahrudin bin Shamsudin	-	293,000	-	293,000

Khoo Tiam Hock Vernon and Low Siew Kheng Denis by virtue of their interests in shares in the Company are also deemed interested in shares of the subsidiaries to the extent the Company has an interest.

None of the other Directors in office at the end of the year and as at 21 April 2002 held any interests in shares in the Company and its related corporations during the year.

## STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

Before the income statements and balance sheets were made out, the Directors took reasonable steps:

- to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
- to ensure that any current assets, other than debts, which were unlikely to realise in the ordinary course of business their values as shown in the accounting records of the Group and Company had been written down to an amount which they might be expected so to realise.

# Directors' Report (Cont'd)

For The Year Ended 31 March 2002

## STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS - Cont'd

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

- which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and Company inadequate to any substantial extent ; or
- which would render the values attributed to current assets in the financial statements of the Group and Company misleading; or
- which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and Company misleading or inappropriate.

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

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

- any charge on the assets of the Group or Company which has arisen since the end of the year which secures the liability of any other person ; or
- any contingent liability of the Group or Company which has arisen since the end of the year.

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements, which would render any amount stated in the financial statements misleading.

In the opinion of the Directors:

- the results of the Group's and Company's operations during the year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- there has not arisen in the interval between the end of the year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group or Company for the year in which this report is made.

## AUDITORS

The auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with their resolution dated 31 July 2002.

**Khoo Tiam Hock Vernon**  
Managing Director

**Dato' Shaharuddin bin Shamsudin**  
Deputy Managing Director

# Income Statements

For The Year Ended 31 March 2002

	Note	Group		Company	
		2002 RM	2001 RM	2002 RM	2001 RM
Revenue	4	<b>98,142,349</b>	95,000,697	<b>95,870,327</b>	94,237,145
Cost of sales		<b>(87,899,222)</b>	(81,714,967)	<b>(89,542,679)</b>	(84,129,486)
Gross profit		<b>10,243,127</b>	13,285,730	<b>6,327,648</b>	10,107,659
Other operating income		<b>43,656</b>	3,105,448	<b>41,628</b>	45,380
Provision for corporate guarantee liability		-	(7,953,000)	-	(7,953,000)
Other operating expenses		<b>(3,195,538)</b>	(2,993,187)	-	-
Selling expenses		<b>(2,621,576)</b>	(2,718,403)	<b>(2,621,576)</b>	(2,718,403)
Administrative expenses		<b>(4,472,613)</b>	(3,428,689)	<b>(3,797,305)</b>	(3,096,130)
Loss from operations	5	<b>(2,944)</b>	(702,101)	<b>(49,605)</b>	(3,614,494)
Finance costs - interest		<b>(1,679,268)</b>	(1,571,221)	<b>(1,651,351)</b>	(1,510, 247)
Loss from operating activities before tax		<b>(1,682,212)</b>	(2,273,322)	<b>(1,700,956)</b>	(5,124,741)
Tax	7	-	(200,818)	-	(183,018)
Loss from operating activities after tax		<b>(1,682,212)</b>	(2,474,140)	<b>(1,700,956)</b>	(5,307,759)
Minority interest		<b>(13,548)</b>	(25,802)	-	-
Net loss for the year		<b>(1,695,760)</b>	(2,499,942)	<b>(1,700,956)</b>	(5,307,759)
<b>Loss per share (sen)</b>					
- basic	8	<b>(5.87)</b>	(9.45)		
- diluted	8	<b>(5.80)</b>	(9.08)		

The notes on pages 25 to 38 form an integral part of these financial statements.

# Balance Sheets

For The Year Ended 31 March 2002

	Note	Group		Company	
		2002 RM	2001 RM	2002 RM	2001 RM
<b>Non current assets</b>					
Property, plant and equipment	9	<b>28,054,412</b>	26,181,314	<b>27,443,862</b>	25,436,249
Subsidiaries	10	–	–	<b>685,011</b>	685,011
Joint ventures entities	11	–	–	–	–
		<b>28,054,412</b>	26,181,314	<b>28,128,873</b>	26,121,260
<b>Current assets</b>					
Inventories, at cost	12	<b>16,399,035</b>	12,110,096	<b>16,044,163</b>	12,021,685
Marketable securities (market value RM1,520; 2001: RM1,590)		<b>2,000</b>	2,000	<b>2,000</b>	2,000
Receivables, deposits and prepayments	13	<b>24,412,278</b>	19,374,469	<b>25,625,413</b>	20,393,228
Tax recoverable		<b>85,264</b>	51,952	<b>71,681</b>	51,952
Deposits, bank and cash balances	14	<b>12,745,742</b>	2,569,819	<b>12,503,449</b>	2,401,529
		<b>53,644,319</b>	34,108,336	<b>54,246,706</b>	34,870,394
<b>Less: Current liabilities</b>					
Payables	15	<b>32,716,796</b>	23,581,429	<b>32,320,211</b>	23,334,475
Provision for corporate guarantee liability	16	<b>7,453,000</b>	7,953,000	<b>7,453,000</b>	7,953,000
Borrowings (interest bearing)	17	<b>569,975</b>	678,262	<b>481,015</b>	588,488
Current tax liabilities		–	9,699	–	–
Bank overdraft	14	<b>838,859</b>	2,747,453	<b>692,043</b>	2,616,387
		<b>41,578,630</b>	34,969,843	<b>40,946,269</b>	34,492,350
<b>Net current assets/(liabilities)</b>		<b>12,065,689</b>	(861,507)	<b>13,300,437</b>	378,044
<b>Less: Non current liabilities</b>					
Borrowings (interest bearing)	17	<b>2,104,636</b>	526,599	<b>1,978,638</b>	350,693
		<b>38,015,465</b>	24,793,208	<b>39,450,672</b>	26,148,611
<b>Capital and reserves</b>					
Share capital	18	<b>39,131,000</b>	23,940,000	<b>39,131,000</b>	23,940,000
Share premium		<b>5,689,383</b>	5,877,366	<b>5,689,383</b>	5,877,366
Accumulated loss		<b>(6,872,420)</b>	(5,176,660)	<b>(5,369,711)</b>	(3,668,755)
Shareholders' equity		<b>37,947,963</b>	24,640,706	<b>39,450,672</b>	26,148,611
Minority interest		<b>67,502</b>	152,502	–	–
		<b>38,015,465</b>	24,793,208	<b>39,450,672</b>	26,148,611

The notes on pages 25 to 38 form an integral part of these financial statements.

# Statements Of Changes In Equity

For The Year Ended 31 March 2002

	Issued and fully paid ordinary shares of RM1 each		Non distributable	Distributable	Total RM
	Number of shares	Nominal value RM	Share premium RM	Accumulated loss RM	
<b>Group:</b>					
<b>At 1 April 2000</b>	23,940,000	23,940,000	5,877,366	(2,676,718)	27,140,648
Net loss for the year	-	-	-	(2,499,942)	(2,499,942)
<b>At 31 March 2001</b>	23,940,000	23,940,000	5,877,366	(5,176,660)	24,640,706
<b>At 1 April 2001</b>	<b>23,940,000</b>	<b>23,940,000</b>	<b>5,877,366</b>	<b>(5,176,660)</b>	<b>24,640,706</b>
Issues of shares					
- rights issues	<b>14,556,000</b>	<b>14,556,000</b>	<b>727,800</b>	-	<b>15,283,800</b>
- exercise of share options	<b>635,000</b>	<b>635,000</b>	<b>95,250</b>	-	<b>730,250</b>
- share issue cost	-	-	<b>(1,011,033)</b>	-	<b>(1,011,033)</b>
Net loss for the year	-	-	-	<b>(1,695,760)</b>	<b>(1,695,760)</b>
<b>At 31 March 2002</b>	39,131,000	39,131,000	5,689,383	(6,872,420)	37,947,963
<b>Company:</b>					
<b>At 1 April 2000</b>	23,940,000	23,940,000	5,877,366	1,639,004	31,456,370
Net loss for the year	-	-	-	(5,307,759)	(5,307,759)
<b>At 31 March 2001</b>	23,940,000	23,940,000	5,877,366	(3,668,755)	26,148,611
<b>At 1 April 2001</b>	<b>23,940,000</b>	<b>23,940,000</b>	<b>5,877,366</b>	<b>(3,668,755)</b>	<b>26,148,611</b>
Issues of shares:					
- rights issues	<b>14,556,000</b>	<b>14,556,000</b>	<b>727,800</b>	-	<b>15,283,800</b>
- exercise of share options	<b>635,000</b>	<b>635,000</b>	<b>95,250</b>	-	<b>730,250</b>
- share issue cost	-	-	<b>(1,011,033)</b>	-	<b>(1,011,033)</b>
Net loss for the year	-	-	-	<b>(1,700,956)</b>	<b>(1,700,956)</b>
<b>At 31 March 2002</b>	<b>39,131,000</b>	<b>39,131,000</b>	<b>5,689,383</b>	<b>(5,369,711)</b>	<b>39,450,672</b>

The notes on pages 25 to 38 form an integral part of these financial statements.

# Cash Flow Statements

For The Year Ended 31 March 2002

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
<b>Operating activities</b>				
Net loss for the year	(1,695,760)	(2,499,942)	(1,700,956)	(5,307,759)
Adjustments to reconcile net loss for the year to cash from operations :				
Property, plant and equipment				
- written off	-	9,346	-	8,446
- depreciation	2,609,196	2,656,507	2,400,681	2,315,415
- loss/(gain) on a disposal	8,418	(26,714)	8,418	(26,714)
Amortisation of expenditure carried forward	-	99,187	-	-
Allowance for doubtful debts	16,567	244,217	19,792	264,690
Interest income	(30,853)	(1,413)	(30,853)	(1,413)
Interest expenses	1,679,268	1,571,221	1,651,351	1,510,247
Accruals no longer required	-	(165,338)	-	-
Liability waived	-	(2,890,270)	-	-
Tax	-	200,818	-	183,018
	<b>2,586,836</b>	<b>(802,381)</b>	<b>2,348,433</b>	<b>(1,054,070)</b>
<b>Changes in working capital</b>				
Inventories	(4,288,939)	4,260,252	(4,022,478)	4,348,663
Receivables, deposits and prepayments	(5,651,785)	(2,424,710)	(5,849,386)	(2,865,931)
Payables	(473,912)	9,122,800	(623,543)	9,241,984
	<b>(7,827,800)</b>	<b>10,155,961</b>	<b>(8,146,974)</b>	<b>9,670,646</b>
Interest paid	(1,679,268)	(1,571,221)	(1,651,351)	(1,510,247)
Interest received	22,958	1,413	22,958	1,413
Tax paid	(43,011)	(230,756)	(19,729)	(208,018)
	<b>(1,699,321)</b>	<b>(1,790,564)</b>	<b>(1,648,122)</b>	<b>(1,716,852)</b>
Net cash flow (used in)/from operating activities	<b>(9,527,121)</b>	<b>8,355,397</b>	<b>(9,795,096)</b>	<b>7,953,794</b>
<b>Investing activities</b>				
Proceed from disposal of property, plant and equipment	16,000	5,000	16,000	5,000
Purchase of property, plant and equipment	(4,110,712)	(812,382)	(4,086,712)	(765,135)
Purchase of investment	(85,000)	(2,000)	-	(2,000)
	<b>(4,179,712)</b>	<b>(809,382)</b>	<b>(4,070,712)</b>	<b>(762,135)</b>
Net cash flow used in investing activities	<b>(4,179,712)</b>	<b>(809,382)</b>	<b>(4,070,712)</b>	<b>(762,135)</b>

The notes on pages 25 to 38 form an integral part of these financial statements.

# Cash Flow Statements (Cont'd).

For The Year Ended 31 March 2002

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
<b>Financing activities</b>				
Repayments of term loans	(247,574)	(595,207)	(247,574)	(595,207)
Proceeds from term loan	1,773,682	-	1,773,682	-
Issue of shares:				
- rights issue	15,283,800	-	15,283,800	-
- exercise of shares options	730,250	-	730,250	-
Repayment of hire purchase creditors	(405,140)	(568,923)	(304,418)	(374,058)
Repayment of advances from a Director	-	(900,000)	-	(900,000)
Proceeds of short term borrowings	67,136,582	63,021,161	67,136,582	63,021,161
Repayments of short term borrowings	(58,488,145)	(69,858,391)	(58,488,145)	(69,858,391)
Net cash from/(used in) financing activities	25,783,455	(8,901,360)	25,884,177	(8,706,495)
<b>Increase/(Decrease) in cash and cash equivalents</b>	12,076,622	(1,355,345)	12,018,369	(1,514,836)
<b>Cash and cash equivalents</b>				
- at start of the year	(724,678)	630,667	(761,902)	752,934
- at end of the year	14 11,351,944	(724,678)	11,256,467	(761,902)

The notes on pages 25 to 38 form an integral part of these financial statements.

# Notes To The Financial Statements

For The Year Ended 31 March 2002

## 1 GENERAL INFORMATION

The principal activities of the Company are flour milling and trading in its related products. The principal activities of the Group consist of transportation and sales of premix flour and its related products.

The Company is a public limited liability company, incorporated and domiciled in Malaysia.

The address of the registered office of the Company is 22<sup>nd</sup> Floor, Wisma Cyclecarri, 288 Jalan Raja Laut, 50350 Kuala Lumpur.

The address of the principal place of business of the Company is Kawasan Lembaga Pelabuhan Kuantan, KM25 Jalan Kuantan/Kemaman Tanjung Gelang 25740 Kuantan, Pahang Darul Makmur.

## 2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Group and Company have been prepared under the historical cost convention unless otherwise indicated in the individual policy statements in Note 3 to the financial statements

The financial statements comply with the applicable approved accounting standards in the Malaysia and the provision of the Companies Act, 1965.

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements.

### (a) Subsidiaries

Subsidiaries are those enterprises in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities. Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

Subsidiaries are consolidated using the acquisition method of accounting. Under the acquisition method of accounting, the results of subsidiaries acquired or disposed of are included from the date of acquisition up to the date of disposal. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the consolidated financial statements. The excess of the cost of acquisition over the fair value of the Group's share of the subsidiaries' identifiable net assets at the date of acquisition is reflected as goodwill on consolidation.

Intragroup transactions, balances and unrealised gains on transactions are eliminated; unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

Minority interest is measured at the minorities' share of the post acquisition fair values of the identifiable assets and liabilities of the acquiree. Separate disclosure is made of minority interests.

### (b) Joint venture entities

The Group's interest in joint venture entities registered under the Partnership Act, 1961 in which the Group has power over more than one half of the voting rights and to govern the financial and operating policy had been consolidated under the acquisition method of accounting.

Under the acquisition method of accounting, the results of the joint venture entities acquired or disposed of during the year was included from the date of the acquisition up to the date of disposal.

# Notes To The Financial Statements (Cont'd)

For The Year Ended 31 March 2002

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Cont'd

### (c) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation. The cost of property, plant and equipment comprises their purchase cost and any incidental cost of acquisition.

Freehold land is not depreciated as it has an infinite life. Other property, plant and equipment are depreciated on the straight line basis to write off the cost of the assets to their residual values over their estimated useful lives at the following annual rates:

	%
Buildings, factory and civil works	2 ½ – 5
Plant and machinery	5 – 10
Equipment and fixtures	10 – 20
Motor vehicles	20

Depreciation on assets under construction commences when the assets are ready for their intended use.

Interest costs on borrowings to finance the construction of property, plant and equipment are capitalised as part of the cost of the asset during the period of time that is required to complete and prepare the asset for its intended use. All other borrowing costs are expensed.

### (d) Trade receivables

Trade receivables are carried at invoiced amount less an estimate made for doubtful debts based on a review of outstanding amounts at the year end. Bad debts are written off when identified.

### (e) Foreign currency

Foreign currency transactions are accounted for at exchange rates prevailing at the transactions date. Foreign currency monetary assets and liabilities are translated at exchange rates prevailing at the balance sheet date. Exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in the income statement.

The principal closing rates used in translation of foreign currency amounts are as follows:

Foreign currency	31.3.2002	31.3.2001
1 US Dollar	3.802	3.802
1 Singapore Dollar	2.085	2.137

### (f) Deferred taxation

The tax expense is determined on the basis of tax effect accounting using the liability method. Deferred taxation is recognised for timing differences except when there is reasonable evidence that such timing differences will not reverse in the foreseeable future. The tax effect of timing differences that result in a debit balance or a debit to the deferred tax balance is not carried forward unless there is a reasonable expectation of its realisation.

The potential tax saving relating to a tax loss carry forward is only recognised if there is assurance beyond any reasonable doubt that future taxable income will be sufficient for the benefit of the loss to be realised.

### (g) Inventories

Inventories are stated at the lower of cost and net realisable values.

# Notes To The Financial Statements (Cont'd)

For The Year Ended 31 March 2002

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Cont'd

### (i) Raw materials

The cost of raw materials is determined on the first-in first-out basis which represents all costs incurred in bringing the raw materials to their present location.

### (ii) Finished goods

Cost is determined on the weighted average basis and comprises costs of direct materials, packing materials, direct labour, other direct charges and factory overheads after deducting the proportion of the production cost relating to the by-products.

By-products are valued at cost, which is calculated as a proportion of the production cost on the basis of the weighted average selling price for the year.

Net realisable value is the estimate of the selling price in the ordinary course of business, less the cost of completion and selling expenses.

### (iii) Stores

Stores are valued at cost, which is determined on the weighted average basis. Cost represents invoiced price.

### (h) Assets held under hire purchase agreements

Assets acquired under hire purchase agreements are included in property, plant and equipment and the capital element of the hire purchase commitments are included in borrowings. The capital element of the hire purchase instalment is applied to reduce the outstanding obligations. The interest element is charged to the income statement so as to give a constant periodic rate of interest on the outstanding liability. Property, plant and equipment acquired under hire purchase agreements are depreciated over the useful lives of equivalent owned assets.

### (i) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand, deposits held at call with banks, bank overdrafts and short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### (j) Revenue recognition

Sales are recognised upon delivery of products and customer acceptance, if any, net of discounts and after eliminating sales within the group.

Interest and rental income are recognised on accrual basis.

### (k) Investment

Investments in subsidiaries, associated companies, jointly controlled entity and other non current investments are shown at cost and an allowance for diminution in value is made where, in the opinion of the Directors, there is a decline other than temporary in the value of such investments. Where there has been a decline other than temporary in the value of an investment, such a decline is recognised as an expense in the year in which the decline is identified.

On disposal of an investment, the difference between net disposal proceeds and its carrying amounts is charged/credited to the income statement.

# Notes To The Financial Statements (Cont'd)...

For The Year Ended 31 March 2002

## 4 REVENUE

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Sales of flour and related products	<b>97,059,663</b>	94,123,548	<b>95,870,327</b>	94,237,145
Transport income	<b>1,082,686</b>	877,149	-	-
	<b>98,142,349</b>	95,000,697	<b>95,870,327</b>	94,237,145

## 5 LOSS FROM OPERATIONS

The following items have been charged/(credited) in arriving at the loss from operations:

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Property, plant and equipment				
- depreciation	<b>2,609,196</b>	2,656,507	<b>2,400,681</b>	2,315,415
- written off	-	8,446	-	8,446
- loss/(gain) on disposal	<b>8,418</b>	(26,714)	<b>8,418</b>	(26,714)
Staffs' costs (including remuneration of executive directors)	<b>4,692,268</b>	4,915,809	<b>4,464,415</b>	4,821,621
Auditors' remuneration	<b>38,500</b>	38,500	<b>30,000</b>	30,000
Rental of land and buildings	<b>416,989</b>	451,450	<b>416,989</b>	451,450
Allowance for doubtful debts				
- Trade receivables	<b>16,567</b>	244,217	<b>16,567</b>	238,623
- Subsidiaries	-	-	<b>3,225</b>	26,067
Expenditure carried forward written off	-	99,187	-	-
Loss on foreign exchange	<b>2,081</b>	-	-	-
Bad debts written off	<b>4,337</b>	-	-	-
Realised gain on foreign exchange	<b>(121,691)</b>	-	<b>(123,772)</b>	(155,677)
Fixed deposit interest	<b>(30,853)</b>	(1,413)	<b>(30,853)</b>	(1,413)
Income from rental of building	-	(7,500)	-	(7,500)
Dividend - gross	<b>(115)</b>	-	<b>(115)</b>	-
Accruals no longer required	-	(165,338)	-	-
Liability waived	-	(2,890,270)	-	-
The number of employees at the end of year	<b>209</b>	208	<b>199</b>	195

## 6 DIRECTORS' REMUNERATION

	Group and Company	
	2002 RM	2001 RM
Fees	<b>205,000</b>	160,000
Other emoluments	<b>603,960</b>	491,720
	<b>808,960</b>	651,720

# Notes To The Financial Statements (Cont'd)

For The Year Ended 31 March 2002

## 7 TAX

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Malaysian income tax:				
- Current year	-	17,800	-	-
Under provision of prior year	-	183,018	-	183,018
	-	200,818	-	183,018

Unabsorbed tax losses, unutilised capital allowances, and investment tax allowances which are available for set-off against future chargeable income for which the tax effects have not been recognised in the financial statements are shown below:-

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Unabsorbed tax losses	<b>7,587,000</b>	6,568,000	<b>6,746,000</b>	6,746,000
Unutilised capital allowances	<b>8,130,000</b>	8,073,000	<b>6,417,000</b>	5,398,000
Reinvestment allowances	<b>5,085,000</b>	4,720,000	<b>5,085,000</b>	4,720,000

The unabsorbed tax losses, unutilised capital allowances and reinvestment allowances are subject to agreement by the Inland Revenue Board.

No provision for deferred taxation for the Company has been made for the excess of capital allowances over depreciation of RM13,590,000 (2001 : RM13,360,000) due to the substantial unabsorbed tax losses, unutilised capital allowances and reinvestment allowances carried forward as stated above.

## 8 LOSS PER SHARE

### (a) Basic loss per share

Basic loss per share of the Group are calculated by dividing the net loss for the year by the weighted average number of ordinary shares in issue during the year.

		2002	2001
Net loss for the year	RM'000	<b>(1,696)</b>	(2,500)
Weighted average number of ordinary shares in issue	('000)	<b>28,890</b>	26,443
Basic earnings per share	(sen)	<b>(5.87)</b>	(9.45)

### (b) Diluted loss per share

For the diluted loss per share calculation, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. The Company has one category of dilutive potential ordinary shares: share options granted to employees.

In respect of share options granted to employees, a calculation is done to determine the number of shares that could have been acquired at market price (determined as the average annual share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share option. This calculation serves to determine the "bonus" element to the ordinary shares outstanding for the purpose of computing the dilution. No adjustment is made to the net loss for the year for the share option calculation.

	2002 '000	2001 '000
Weighted average number of ordinary shares in issue	<b>28,890</b>	26,443
Adjustment for share options	<b>365</b>	1,079
Weighted average number of ordinary shares for diluted loss per share	<b>29,255</b>	27,522
Diluted loss per share	<b>(5.80)</b>	(9.08)

# Notes To The Financial Statements (Cont'd)

For The Year Ended 31 March 2002

## 9 PROPERTY, PLANT AND EQUIPMENT

	Freehold land	Buildings, factory and civil works	Plant and machinery	Equipment and fixtures	Motor vehicles	Building under construction	Total
Group	RM	RM	RM	RM	RM	RM	RM
<b>Net book value at</b>							
<b>1 April 2000</b>	11,700	6,999,580	17,740,625	1,137,080	1,185,955	85,731	27,160,671
Additions	-	121,822	393,663	180,872	1,111,996	145,821	1,954,174
Disposals	-	-	-	(900)	(285)	-	(1,185)
Reclassification	-	(58,863)	-	-	-	(208,530)	(267,393)
Write off	-	-	-	(8,446)	-	-	(8,446)
Depreciation charge	-	(244,724)	(1,505,335)	(193,811)	(712,637)	-	(2,656,507)
<b>Net book value at</b>							
<b>31 March 2001</b>	11,700	6,817,815	16,628,953	1,114,795	1,585,029	23,022	26,181,314
Additions	-	-	<b>248,111</b>	<b>100,944</b>	<b>136,713</b>	<b>4,020,944</b>	<b>4,506,712</b>
Disposals	-	-	<b>(24,418)</b>	-	-	-	<b>(24,418)</b>
Reclassification	-	-	<b>375,070</b>	-	-	<b>(375,070)</b>	-
Depreciation charge	-	<b>(243,282)</b>	<b>(1,546,426)</b>	<b>(196,855)</b>	<b>(622,633)</b>	-	<b>(2,609,196)</b>
<b>Net book value at</b>							
<b>31 March 2002</b>	<b>11,700</b>	<b>6,574,533</b>	<b>15,681,290</b>	<b>1,018,884</b>	<b>1,099,109</b>	<b>3,668,896</b>	<b>28,054,412</b>
<b>At 31 March 2001</b>							
Cost	11,700	9,438,187	29,743,863	3,228,727	7,516,095	23,022	49,961,594
Accumulated depreciation	-	(2,620,372)	(13,114,910)	(2,113,932)	(5,931,066)	-	(23,780,280)
Net book value	11,700	6,817,815	16,628,953	1,114,795	1,585,029	23,022	26,181,314
<b>At 31 March 2002</b>							
Cost	<b>11,700</b>	<b>9,438,187</b>	<b>30,320,533</b>	<b>3,319,304</b>	<b>7,652,808</b>	<b>3,668,896</b>	<b>54,411,428</b>
Accumulated depreciation	-	<b>(2,863,654)</b>	<b>(14,639,243)</b>	<b>(2,300,420)</b>	<b>(6,553,699)</b>	-	<b>(26,357,016)</b>
Net book value	<b>11,700</b>	<b>6,574,533</b>	<b>15,681,290</b>	<b>1,018,884</b>	<b>1,099,109</b>	<b>3,668,896</b>	<b>28,054,412</b>

# Notes To The Financial Statements (Cont'd)

For The Year Ended 31 March 2002

## 9 PROPERTY, PLANT AND EQUIPMENT - Cont'd

	Freehold land	Buildings, factory and civil works	Plant and machinery	Equipment and fixtures	Motor vehicles	Building under construction	Total
Company	RM	RM	RM	RM	RM	RM	RM
<b>Net book value at 1 April 2000</b>	11,700	6,919,677	17,514,915	1,065,168	758,070	85,731	26,355,261
Additions	-	121,822	393,663	179,225	831,996	145,821	1,672,527
Disposals	-	-	-	-	(285)	-	(285)
Reclassification	-	(58,863)	-	-	-	(208,530)	(267,393)
Write off	-	-	-	(8,446)	-	-	(8,446)
Depreciation charge	-	(238,743)	(1,488,464)	(183,328)	(404,880)	-	(2,315,415)
<b>Net book value at 31 March 2001</b>	11,700	6,743,893	16,420,114	1,052,619	1,184,901	23,022	25,436,249
Additions	-	-	<b>248,111</b>	<b>100,944</b>	<b>62,713</b>	<b>4,020,944</b>	<b>4,432,712</b>
Disposals	-	-	<b>(24,418)</b>	-	-	-	<b>(24,418)</b>
Reclassification	-	-	<b>375,070</b>	-	-	<b>(375,070)</b>	-
Depreciation charge	-	<b>(237,301)</b>	<b>(1,529,554)</b>	<b>(187,879)</b>	<b>(445,947)</b>	-	<b>(2,400,681)</b>
<b>Net book value at 31 March 2002</b>	<b>11,700</b>	<b>6,506,592</b>	<b>15,489,323</b>	<b>965,684</b>	<b>801,667</b>	<b>3,668,896</b>	<b>27,443,862</b>
<b>At 31 March 2001</b>							
Cost	11,700	9,318,558	29,406,439	3,089,578	5,367,513	23,022	47,216,810
Accumulated depreciation	-	(2,574,665)	(12,986,325)	(2,036,959)	(4,182,612)	-	(21,780,561)
Net book value	11,700	6,743,893	16,420,114	1,052,619	1,184,901	23,022	25,436,249
<b>At 31 March 2002</b>							
Cost	<b>11,700</b>	<b>9,318,558</b>	<b>29,983,109</b>	<b>3,190,522</b>	<b>5,430,226</b>	<b>3,668,896</b>	<b>51,603,011</b>
Accumulated depreciation	-	<b>(2,811,966)</b>	<b>(14,493,786)</b>	<b>(2,224,838)</b>	<b>(4,628,559)</b>	-	<b>(24,159,149)</b>
Net book value	<b>11,700</b>	<b>6,506,592</b>	<b>15,489,323</b>	<b>965,684</b>	<b>801,667</b>	<b>3,668,896</b>	<b>27,443,862</b>

# Notes To The Financial Statements (Cont'd)

For The Year Ended 31 March 2002

## 9 PROPERTY, PLANT AND EQUIPMENT - Cont'd

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 payables under the lease as at year-end are as follows:

	Group and Company	
	2002 RM	2001 RM
- not later than 1 year	283,884	283,884
- later than 1 year but not later than 5 years	1,124,949	1,176,197
- later than 5 years	707,092	939,729
	<b>2,115,925</b>	<b>2,399,810</b>

Details of assets under hire purchase agreements:

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Motor vehicles				
- additions during the year	106,000	852,400	56,000	618,000
- net book value at year end	963,318	1,416,902	678,047	1,072,219
Plant and machinery				
- additions during the year	290,000	-	290,000	-
- net book value at year end	362,567	159,928	362,567	159,928

## 10 SUBSIDIARIES

	Company	
	2002 RM	2001 RM
Unquoted investments, at cost	1,611,011	1,611,011
Allowance for diminution in value	(926,000)	(926,000)
	<b>685,011</b>	<b>685,011</b>

The Company holds the shares of all subsidiaries directly. Details of the subsidiaries are as follows:

Name of company	Country of incorporation	Principal activities	Percentage of equity held	
			2002 %	2001 %
KFM Transport Sdn Bhd	Malaysia	Transportation	100	100
KFM Ventures Sdn Bhd	Malaysia	Dormant	100	100
KFM Capital Sdn Bhd	Malaysia	Dormant	100	100
KFM Technology Sdn Bhd	Malaysia	Dormant	100	100
KFM Industries Sdn Bhd	Malaysia	Dormant	100	100
KFM Marketing Sdn Bhd	Malaysia	Sales of premix flour and its related products	95	95
KFM-Bunge Flour Mixes Sdn Bhd	Malaysia	Dormant	60	60

# Notes To The Financial Statements (Cont'd)

For The Year Ended 31 March 2002

## 11 JOINT VENTURE ENTITIES

Joint venture entities of the partnership are registered under the Partnership Act, 1961 which, are held through KFM Transport Sdn Bhd as follows:

Name of entity	Country of registration	Principal activities	Percentage of capital held	
			2002 %	2001 %
Bintang Timur Enterprise	Malaysia	Transportation	60	30
Usaha Timur Enterprise	Malaysia	Transportation	55	55
Bulan Timur Enterprise	Malaysia	Transportation	50	30
Orkid Timur Enterprise	Malaysia	Dissolved during the year	-	90
Gaya Timur Enterprise	Malaysia	Dissolved during the year	-	90
Sejahtera Timur Enterprise	Malaysia	Dissolved during the year	-	80
Jaya Maju Timur Enterprise	Malaysia	Dissolved during the year	-	80
Cergas Timur Enterprise	Malaysia	Dissolved during the year	-	70
Wau Timur Enterprise	Malaysia	Dissolved during the year	-	70

## 12 INVENTORIES, AT COST

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Raw materials	12,657,491	8,533,609	12,657,491	8,533,609
Finished goods	2,341,117	2,114,535	1,986,245	2,026,124
By-products	48,182	150,936	48,182	150,936
Work in progress	158,106	280,131	158,106	280,131
	15,204,896	11,079,211	14,850,024	10,990,800
Consumables	1,194,139	1,030,885	1,194,139	1,030,885
	16,399,035	12,110,096	16,044,163	12,021,685

## 13 RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Trade receivables	24,395,336	18,737,729	23,552,967	17,700,211
Allowance for doubtful debts	(836,222)	(819,655)	(836,222)	(819,655)
	23,559,114	17,918,074	22,716,745	16,880,556
Other receivables	265,841	729,971	240,179	701,726
Deposits	217,343	356,019	110,853	183,654
Prepayments	369,980	370,405	296,120	291,570
Amounts due from subsidiaries	-	-	4,158,884	4,229,865
Allowance for doubtful debts	-	-	(1,897,368)	(1,894,143)
	-	-	2,261,516	2,335,722
	24,412,278	19,374,469	25,625,413	20,393,228

The amounts due from subsidiaries are unsecured, interest free and with no fixed terms of repayment.

# Notes To The Financial Statements (Cont'd)

For The Year Ended 31 March 2002

## 14 CASH AND CASH EQUIVALENTS

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Deposits with licensed banks	4,554,939	547,044	4,554,939	547,044
Bank and cash balances	8,190,803	2,022,775	7,948,510	1,854,485
Deposits, bank and cash balances	12,745,742	2,569,819	12,503,449	2,401,529
Bank overdrafts (unsecured)	(838,859)	(2,747,453)	(692,043)	(2,616,387)
	11,906,883	(177,634)	11,811,406	(214,858)
Deposits pledged as security	(554,939)	(547,044)	(554,939)	(547,044)
Cash and cash equivalents	11,351,944	(724,678)	11,256,467	(761,902)

The bank overdraft facilities of the Group and Company are unsecured and with interest rates ranging from 1.5% to 2% (2001 : 1.5% to 2%) above the base lending rate per annum.

Deposits are pledged as security for bank guarantee purposes.

## 15 PAYABLES

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Trade payables	1,258,806	1,455,058	1,167,119	1,429,446
Bankers acceptance	28,283,003	19,634,566	28,283,003	19,634,566
Other payables	196,751	223,780	17,940	20,493
Accruals	2,886,971	2,120,420	2,760,884	2,102,365
Deposits	91,265	147,605	91,265	147,605
	32,716,796	23,581,429	32,320,211	23,334,475

Banker acceptance is unsecured short-term borrowings with interest rates ranging from 2.75% to 3.7% (2001: 0.25% to 7.8%) per annum.

## 16 PROVISION FOR CONTINGENT LIABILITY

	Group and Company	
	2002 RM	2001 RM
1 April 2001	7,953,000	-
Provision during the year	-	7,953,000
Paid during the year	(500,000)	-
31 March 2002	7,453,000	7,953,000

The Company had accrued the claim awarded by way of a court order to Alliance Bank Malaysia Berhad arising from the corporate guarantee given to Korakyat Plantations Sdn Bhd amounting to RM7,953,000 (comprising the principal sum of RM5,721,519 and the accrued interest thereon of RM2,231,481 up to 31 March 2001). No interest in respect of the financial year 31 March 2002 amounting to RM1,149,000 has been accrued as the claim is in dispute and the initial court order is under appeal by the Company. The Company had been advised by its solicitor that there is a reasonable prospect of success in appeal against the claim.

# Notes To The Financial Statements (Cont'd)

For The Year Ended 31 March 2002

## 17 BORROWINGS (INTEREST BEARING)

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
<b>Current</b>				
Bank borrowings (unsecured)	225,000	294,792	225,000	294,792
Hire purchase liabilities (secured)	344,975	383,470	256,015	293,696
	<b>569,975</b>	678,262	<b>481,015</b>	588,488
<b>Non current</b>				
Bank borrowings (unsecured)	1,548,682	–	1,548,682	–
Hire purchase liabilities (secured)	555,954	526,599	429,956	350,693
	<b>2,104,636</b>	526,599	<b>1,978,638</b>	350,693

Bank borrowings is with interest rate of 1.5% to 2.5% (2001 : 1.5% to 2.5%) per annum above the base lending rate and are unsecured.

Hire purchase liabilities are effectively secured as the rights to the hired assets revert to the hirer in the event of default.

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
<b>Hire purchase liabilities:</b>				
<b>Minimum hire purchase payments:</b>				
- not later than 1 year	422,568	415,449	309,168	300,884
- later than 1 year but not later than 5 years	694,528	750,247	534,112	524,900
	<b>1,117,096</b>	1,165,696	<b>843,280</b>	825,784
Future finance charges on hire purchase	(216,167)	(255,627)	(157,309)	(181,395)
Present value of hire purchase liabilities	<b>900,929</b>	910,069	<b>685,971</b>	644,389
<b>Representing hire purchase liabilities:</b>				
- current	344,975	383,470	256,015	293,696
- non current	555,954	526,599	429,956	350,693
	<b>900,929</b>	910,069	<b>685,971</b>	644,389
<b>Present value of hire purchase liabilities:</b>				
- not later than 1 year	344,975	383,470	256,015	293,696
- later than 1 year but not later than 5 years	555,954	526,599	429,956	350,693
	<b>900,929</b>	910,069	<b>685,971</b>	644,389

# Notes To The Financial Statements (Cont'd)

For The Year Ended 31 March 2002

## 18 SHARE CAPITAL

	Group and Company	
	2002	2001
	RM	RM
<b>Authorised ordinary shares of RM1 each</b>		
At start of year	50,000,000	25,000,000
Created during the year	-	25,000,000
At end of year	<b>50,000,000</b>	50,000,000
<b>Issued and fully paid ordinary shares of RM1 each</b>		
At start of year	23,940,000	23,940,000
Issued during the year:		
- right issues	14,556,000	-
- exercise of share options	635,000	-
At end of year	<b>39,131,000</b>	23,940,000

### (a) Rights issues

On 21 January 2002, the Company allotted and issued 14,556,000 new ordinary shares of RM1 each at an issue price of RM1.05 per ordinary share. These shares rank pari passu with the existing shares in issue.

### (b) Employee Share Option Scheme

The Company implemented an Employee Share Option Scheme (ESOS) which is governed by the by-laws, which were approved by the shareholders on 21 November 2000 and implemented on 16 April 2001.

The main features of the ESOS are as follows:

- In aggregate, the maximum number of new shares which may be allotted pursuant to the exercise option granted under this Scheme shall not exceed ten per cent (10%) of the issued and paid up share of the Company at any point of time during the existence of this Scheme.
- The Option price under the ESOS shall be higher of the five (5) days weighted average market price of the shares as shown in the daily official list issued by the Kuala Lumpur Stock Exchange preceding the date of offer set a discount of not more than 10% or the par value of the shares.
- The Options granted may be exercised at any time before the expiry of the ESOS on 15 April 2006.
- The Options granted may be exercised by virtue of the By-Laws 11.2 is as follows:

Number of options granted and unexercised as at 31 March 2002	Percentage of the Options exercise			
	2003	2004	2005	2006
	%	%	%	%
411,000	100	-	-	-
657,000	58	42	-	-
586,000	40	20	20	20
<b>1,654,000</b>				

- The persons to whom the Options have been granted have no right to participate by virtue of the Options in any share of any other company.

# Notes To The Financial Statements (Cont'd)

For The Year Ended 31 March 2002

## 18 SHARE CAPITAL - Cont'd

The movements during the year in the number of options over the shares of the Company are as follows:

	'000
At 1 April 2001	-
Granted during the year	2,323
Resigned	(34)
Exercised	(635)
	<hr/>
As at 31 March 2002	1,654
	<hr/>

## 19 SEGMENTAL REPORTING

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

## 20 NON CASH TRANSACTIONS

The principal non cash transactions during the year is the acquisition of property, plant and equipment by means of instalment purchase plans (Note 9).

## 21 SIGNIFICANT RELATED PARTY TRANSACTIONS

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party transactions and balances. The related party transactions described below were carried out on terms and conditions obtainable in transactions with unrelated parties.

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
<b>Subsidiaries</b>				
- Sales of premix to KFM Marketing Sdn Bhd	-	-	1,693,295	1,105,410
- Purchase of premix flour from KFM Marketing Sdn Bhd	-	-	124,512	-
- Distribution expenses from KFM Transport Sdn Bhd	-	-	2,021,157	1,705,415
<b>Joint venture entities</b>				
- Distribution expenses	-	-	-	709,104
<b>Related parties</b>				
- Purchase commission from Sinamex Asia Pacific Pte Ltd	38,050	228,120	38,050	228,120
- Purchase commission from Flagship Corporation Far East Pte Ltd	190,250	-	190,250	-
- Consultancy fees to Lim Chor Ping	5,000	60,000	5,000	60,000
			<hr/>	<hr/>

# Notes To The Financial Statements (Cont'd)

For The Year Ended 31 March 2002

## 21 SIGNIFICANT RELATED PARTY TRANSACTIONS - Cont'd

The outstanding balances for related party transactions carried out during the year are as follows:

	Group		Company	
	2002	2001	2002	2001
	RM	RM	RM	RM
<b>Subsidiaries</b>				
- Sales of premix to KFM Marketing Sdn Bhd	-	-	<b>1,104,586</b>	564,276
- Purchase of premix from KFM Marketing Sdn Bhd	-	-	<b>25,006</b>	-
- Distribution expenses from KFM Transport Sdn Bhd	-	-	<b>1,987,184</b>	1,350,709
<b>Related parties</b>				
- Related parties Sinamex Trading Pte Ltd	-	57,030	-	57,030

Lim Chor Ping is the spouse of Lim Chiao Hak Clement.

Sinamex Asia Pacific Pte Ltd and Flagship Corporation Far East Pte Ltd are companies in which Khoo Tiam Hock Vernon has an interest.

## 22 CAPITAL COMMITMENTS

Capital expenditure not provided for in the financial statements is as follows:

	Group and Company	
	2002	2001
	RM	RM
<b>Property, plant and equipment</b>		
Approved and contracted	<b>1,416,000</b>	-

## 23 SIGNIFICANT POST BALANCE SHEET EVENT

On 26 April 2002, the Group has entered into a joint operation (JO) agreement to undertake the business of processing and recovery of crude oil from oil sludge in Indonesia. The new venture will be undertaken by two newly incorporated subsidiaries of the Company namely PT Blue Water Indonesia (BWI) and Blue Water Oil Services Pte Ltd (BWOS). The investment in BWI and BWOS will be a combination of loans and internal resources that will amount to an aggregate of USD2.4 million. The JO is for the Group to diversify and reduce its dependence solely on flour milling due to over capacity in the industry in Malaysia.

On 9 May 2002 a Special Issue of 3,830,000 new ordinary shares at issue price of RM1.05 per share were allotted to approve Bumiputra investors.

# Statement By Directors

For The Year Ended 31 March 2002

We, Khoo Tiam Hock Vernon and Dato' Shaharuddin bin Shamsudin being two of the Directors of Kuantan Flour Mills Berhad state that, in the opinion of the Directors, the financial statements set out on pages 20 to 38 are drawn up so as to give a true and fair view of the state of affairs of the Group and Company as at 31 March 2002 and of the results of the Group and Company and the cash flows of the Group and Company for the year ended on that date in accordance with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965.

Signed on behalf of the Board of Directors in accordance with their resolution dated 31 July 2002.

**Khoo Tiam Hock Vernon**

Managing Director

**Dato' Shaharuddin bin Shamsudin**

Deputy Managing Director

# Statutory Declaration

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

I, Lim Chiao Hak Clement, being the Director primarily responsible for the financial management of Kuantan Flour Mills Berhad, do solemnly and sincerely declare that the financial statements set out on pages 20 to 38 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

**Lim Chiao Hak Clement**

Director

Subscribed and solemnly declared by the abovenamed Lim Chiao Hak Clement

At: Kuantan

On: 31 July 2002

Before me: Yip Ah Chai

Commissioner for Oaths

No: C026

# Report Of The Auditors To The Members Of Kuantan Flour Mills Berhad

Company No : 119598-P  
(Incorporated In Malaysia)

1. We have audited the financial statements set out on pages 20 to 38. These financial statements are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with approved auditing standards in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Directors, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. In our opinion:
  - (a) the financial statements have been prepared in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of :
    - (i) The matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
    - (ii) The state of affairs of the Group and Company as at 31 March 2002 and of the results and cash flows of the Group and Company for the year ended on that date;and
  - (b) the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.
4. We are satisfied that the financial statements 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 consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.
5. Our audit reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any adverse comment made under subsection (3) of section 174 of the Act.
6. Without qualifying our opinion, we draw attention to Note 16 to the financial statements for non accruals of interest in respect of the financial year 31 March 2002 amounting to RM1,149,000 has been accrued.

## **PricewaterhouseCoopers**

[AF:1146]

Chartered Accountants

## **Dato' Cheong Keap Tai**

[1129/12/03(J/PH)]

Partner of firm

Kuantan, 31 July 2002

# Statistics On Shareholdings

As At 13 August 2002

Class of shares : Ordinary shares of RM1.00 each

Voting rights : One vote per ordinary share

## ANALYSIS OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	Percentage of shareholders	No. of Shares	Percentage of Issued Capital
Less than 1,000	163	3.78	47,585	0.11
1,000 – 10,000	3,879	89.96	9,430,655	21.60
10,001 – 100,000	223	5.17	6,363,160	14.57
100,001 and below 5% of issued shares	46	1.07	19,729,600	45.19
5% and above of issued shares	1	0.02	8,088,000	18.53
<b>Total</b>	<b>4,312</b>	<b>100.00</b>	<b>43,659,000</b>	<b>100.00</b>

## DIRECTORS' SHAREHOLDINGS

Name of Directors	Direct Shareholdings	Percentage of Issued Capital	Indirect Shareholdings	Percentage of Issued Capital
1. Dato' Jaafar Bin Dato' Haji Abdul Hamid	–	–	8,088,000	18.53
2. Khoo Tiam Hock Vernon	117,000	0.27	–	–
3. Dato' Shaharuddin Bin Shamsudin	205,000	0.47	–	–

## LIST OF TOP 30 SHAREHOLDERS

No.	Name	Beneficiary	Shareholdings	Percentage
1.	Cartaban Nominees (Asing) Sdn Bhd	<i>Credit Suisse Singapore for Cook Overseas Investments Ltd</i>	8,088,000	18.53
2.	DB (Malaysia) Nominee (Asing) Sdn Bhd	<i>Deutsche Bank AG Singapore PBD for Hawklee Holdings Limited</i>	1,912,000	4.38
3.	Kestrel Securities Nominees (Tempatan) Sdn Bhd	<i>Pledged Securities Account for Major Glory Sdn Bhd</i>	1,385,000	3.17
4.	Bee Garden Holdings Sdn. Bhd.	–	1,082,640	2.48
5.	DB (Malaysia) Nominee (Asing) Sdn Bhd	<i>UBS AG Singapore for Avonmore Investments Limited</i>	1,053,000	2.41
6.	Amsec Nominees (Tempatan) Sdn Bhd	<i>Pledged Securities Account for Tey Rose</i>	875,000	2.00
7.	Ke-Zan Nominees (Asing) Sdn Bhd	<i>Kim Eng Ong Asia Securities Pte Ltd for Friendship Bridge Holding Company Private Limited</i>	850,000	1.95

# Statistics On Shareholding (Cont'd)

As At 13 August 2002

No.	Name	Beneficiary	Shareholdings	Percentage
8.	Lee Kim Heong	–	721,760	1.65
9.	Mayban Securities Nominees (Tempatan) Sdn Bhd	<i>UOB Kay Hian Private Limited for Yap Sooi Kuan</i>	675,000	1.55
10.	Kestrel Securities Nominees (Tempatan) Sdn Bhd	<i>Pledged Securities Account for Junaidah Binti Atan</i>	674,000	1.54
11.	Cartaban Nominees (Asing) Sdn Bhd	<i>Prudential Securities Inc New York for Top Select Investment S Limited</i>	616,000	1.41
12.	Citicorp Nominees (Asing) Sdn Bhd	<i>American International Assurance Company Limited (P Trading)</i>	590,000	1.35
13.	Affin-ACF Nominees (Tempatan) Sdn Bhd	<i>Pledged Securities Account for Goh Bian Soon</i>	585,000	1.34
14.	Affin-ACF Nominees (Tempatan) Sdn Bhd	<i>Pledged Securities Account for Tey Rose</i>	570,000	1.31
15.	A.A. Assets Nominees (Tempatan) Sdn Bhd	<i>EON Finance Berhad for Lim Meng Kam</i>	555,000	1.27
16.	A.A. Assets Nominees (Tempatan) Sdn Bhd	<i>EON Finance Berhad for Tan Boon Kiat</i>	500,000	1.15
17.	UOBM Nominees (Tempatan) Sdn Bhd	<i>United Overseas Bank Nominees (Pte) Ltd for Poh Ah Peng @ Poh Chong Peng</i>	500,000	1.15
18.	Mayban Securities Nominees (Asing) Sdn Bhd	<i>UOB Kay Hian Pte Ltd for Aetna Pte Ltd</i>	400,000	0.92
19.	Employees Provident Fund Board	–	372,800	0.85
20.	Mayban Securities Nominees (Tempatan) Sdn Bhd	<i>UOB Kay Hian Private Limited for Peter Chen Hing Woon</i>	350,000	0.80
21.	Amsec Nominees (Tempatan) Sdn Bhd	<i>Pledged Securities Account for Kelvin Lim Teck Kwang</i>	335,000	0.77
22.	Affin-ACF Nominees (Tempatan) Sdn Bhd	<i>Pledged Securities Account for Tan Boon Kiat</i>	329,000	0.75
23.	Amsec Nominees (Tempatan) Sdn Bhd	<i>Pledged Securities Account for Tan Boon Kiat</i>	315,000	0.72
24.	Citicorp Nominees (Tempatan) Sdn Bhd	<i>Pledged Securities Account for Tan Boon Kiat</i>	306,000	0.70
25.	Affin-ACF Nominees (Tempatan) Sdn Bhd	<i>Pledged Securities Account for Yap See Ching</i>	300,000	0.69

# Statistics On Shareholdings (Cont'd)

As At 13 August 2002

No.	Name	Beneficiary	Shareholdings	Percentage
26.	Harta Tanjung Kuantan Sdn Bhd	-	300,000	0.69
27.	Lee Se Hing	-	276,000	0.63
28.	Ng Judy	-	247,000	0.57
29.	Affin-ACF Nominees (Tempatan) Sdn Bhd	<i>Pledged Securities Account for Sim Chee Kuan</i>	243,000	0.56
30.	Citicorp Nominees (Asing) Sdn Bhd	<i>American International Assurance Company Limited (AIA Equity FD)</i>	230,000	0.53
			<hr/>	
			25,236,200	57.82
			<hr/>	

## SUBSTANTIAL SHAREHOLDERS

According to the register kept under Section 69L of the Companies Act, 1965, the following are the substantial shareholders of the Company having an interest of 5 per cent or more of the aggregate of the amounts of all the voting shares in the Company:-

No.	Name	Shareholdings	Percentage
1.	Cook Overseas Investments Ltd	8,088,000	18.53
2.	Dato' Jaafar Bin Dato' Haji Abdul Hamid (*)	8,088,000	18.53
3.	Mohamed Taib Bin Ibrahim	2,229,000	5.10

Note:

(\*) Interested by virtue of his interest in Cook Overseas Investments Ltd

The substantial shareholdings of Mohamed Taib Bin Ibrahim differs from the records of the Malaysian Central Depository Sdn. Bhd. (MCD) as at 13 August 2002. Accordingly, KFM has requested the shareholder pursuant to Section 69O of the Companies Act, 1965, to provide updated particulars. Until KFM receives further notifications or updates in respect this, KFM has maintained its Register of Substantial Shareholders as shown above even though it differs from the records of the MCD.

# List Of Properties Held By The Group

as at 31 March, 2002

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

Location	Tenure	Date of Re valuation/ Date of Acquisition	Area	Description	Age of Building	Net Book Value RM'000
Pajakan Negeri 550 Lot 1863 Mukim Sungai Karang, Kuantan, Pahang.	21 year lease expiring on 14 September 2006 with option to renew for a further 21 years	15-Sep-85	25,425 sq. metres	Office and Factory	16 years and 9 years	2,365 3,274
Pajakan Negeri 550 Lot 1863 Mukim Sungai Karang, Kuantan, Pahang.	21 year lease expiring on 31 December 2011 with option to renew for a futher 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 house - staff accommodation	10 years	93

## KFM Office Addresses

<b>Mill/Office:</b>	<b>Tel:</b>	<b>Fax:</b>	<b>E-mail:</b>
Kawasan Lembaga Pelabuhan Kuantan, P.O.Box 387, 25 KM Jln Kuantan/Kemaman Tg Gelang, 25740 Kuantan, Pahang Darul Makmur, Malaysia.	09-5833611 09-5833616	09-5833618 09-5833404	sales@kfmb.com.my
<b>K.Bharu Office:</b>	<b>Tel:</b>	<b>Fax:</b>	<b>E-mail:</b>
478A, Jalan Masjid. Off Jalan Pengkalan Chepa, 15400 Kota Bharu, Kelantan Darul Naim.	09-7448971 09-7446257	09-7441038	kfmbkb@po.jaring.my
<b>Malacca office:</b>	<b>Tel:</b>	<b>Fax:</b>	<b>E-mail:</b>
No. 5, Jalan IMJ 4, Taman Industry Malim Jaya, Malim Jaya, 75250 Melaka.	06-3365523 06-3369969	06-3365693	kfmbmk@tm.net.my
<b>Perak Office:</b>	<b>Tel:</b>	<b>Fax:</b>	<b>E-mail:</b>
20, Persiaran Kilang, Jelapang Light industrial Estate. 30100 Ipoh, Perak.	05-5263064 05-5268309	05-5266325	kfmbip@po.jaring.my
<b>K.Lumpur Office:</b>	<b>Tel:</b>	<b>Fax:</b>	<b>E-mail:</b>
No. 3, Jalan TSB 1, Taman Industri Sungai Buloh, 47301 Selangor Darul Ehsan.	03-61560181 03-61560159	03-61560205	kfmbkl@po.jaring.my
<b>J.Bahru Office:</b>	<b>Tel:</b>	<b>Fax:</b>	<b>E-mail:</b>
19 & 19A, Jalan Molek 2/38, Taman Molek, 81100 Johor Bahru, Johor Darul Takzim	07-3538667 07-3538642 07-3538621 07-3535824	07-3538843	kfmbjb@po.jaring.my
<b>Penang Office:</b>	<b>Tel:</b>	<b>Fax:</b>	<b>E-mail:</b>
No. 75, MK 2, 13501 Permatang Pauh, Penang.	04-3984919	04-3984918	kfmbpg@po.jaring.my

# Notice Of Eighteenth Annual General Meeting

NOTICE IS HEREBY GIVEN that the Eighteenth Annual General Meeting of the Company will be held on Thursday, 26 September 2002 at 10.30 a.m. at Cempaka Room, Hotel Equatorial, Jalan Sultan Ismail, 50250 Kuala Lumpur to transact the following business:-

## AGENDA

### As Ordinary Business:

1. To receive and adopt the Financial Statements for the year ended 31 March 2002 together with the Reports of the Directors' and Auditors' thereon. (Resolution 1)
2. To approve Directors' fees for the year ended 31 March 2002. (Resolution 2)
3. To re-elect Mr Khoo Tiam Hock Vernon who is retiring in accordance with Article 63 of the Company's Articles of Association and, being eligible, has offered himself for re-election. (Resolution 3)
4. To re-elect the following directors of the Company who are retiring in accordance with Article 68 of the Company's Articles of Association and, being eligible, have offered themselves for re-election:-
  - (a) Lee Sow Lin; (Resolution 4)
  - (b) Dato' Jaafar Bin Dato' Haji Abdul Hamid; (Resolution 5)
  - (c) Putri Noor Shariza Binti Noordin; (Resolution 6)
  - (d) Chan Wai Loon; (Resolution 7)
  - (e) YB. Dato' Haji Zulhasnan Bin Rafique; (Resolution 8)
  - (f) Dato' Syed Md Amin Bin Syed Jan Aljeffri; and (Resolution 9)
  - (g) Athi Isvar a/l Athi Nahappan. (Resolution 10)
5. To re-appoint Messrs PricewaterhouseCoopers as the Company's Auditors and to authorise the Directors to fix their remuneration. (Resolution 11)

### As Special Business:

6. To consider and if thought fit, to pass the following resolution as Ordinary Resolution:- (Resolution 12)

“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 empowered to issue shares (other than bonus or rights issue) in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares issued in any one financial year of the Company (other than by way of bonus or rights issue) does not exceed 10% of the issued capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval from the Kuala Lumpur Stock Exchange for the listing of and quotation for the additional shares so issued and that such authority shall continue in force until the conclusion of the next annual general meeting of the Company.”
7. To transact any other business of which due notice shall have been given in accordance with the Company's Articles of Association and Companies Act, 1965.

## BY ORDER OF THE BOARD

**SEE SIEW CHENG**  
**TEO LEE HUAT**  
Joint Secretaries

Kuala Lumpur  
4 September 2002

# Notice Of Eighteenth Annual General Meeting

## Notes:

1. A member entitled to attend and vote at the meeting may appoint one or more than a proxy to attend and vote on his/her behalf. 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. The instrument appointing a proxy in the case of an individual shall be signed by the appointer or by his attorney and in the case of a corporation, the instrument appointing a proxy or proxies must be under seal or under the hand of the officer or attorney duly authorised. In the case of joint holders, all holders must sign the Proxy Form.
3. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 22nd Floor Wisma Cyclecarri 288 Jalan Raja Laut 50350 Kuala Lumpur not less than 48 hours before the holding of the meeting or at any adjournment thereof.

## Explanatory Notes to Special Business

The Proposed Resolution 12 if passed, will empower the Directors of the Company, from the date of the above Annual General Meeting, to issue shares in the Company up to, and not exceeding in total ten percent (10%) of the issued share capital of the Company for the time being for such purposes as they 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 of the Company.

# Statement Accompanying Notice Of Annual General Meeting

1. Directors who are standing for re-election at the Eighteenth Annual General Meeting of the Company are as follows:

- (a) Khoo Tiam Hock Vernon;
- (b) Lee Sow Lin;
- (c) Dato' Jaafar Bin Dato' Haji Abdul Hamid;
- (d) Putri Noor Shariza Binti Noordin;
- (e) Chan Wai Loon;
- (f) YB. Dato' Haji Zulhasnan Bin Rafique;
- (g) Dato' Syed Md Amin Bin Syed Jan Aljeffri; and
- (h) Athi Isvar a/l Athi Nahappan.

The profiles and interests of the abovementioned Directors are set out on pages 13 to 15.

2. Attendance of Directors at Board Meetings:

Four (4) Board of Directors' Meetings were held during the financial year ended 31 March 2002. The venue, date and time of the meetings are as follows :

Date	Place	Time
18 July 2001	No. 17 Kallang Junction #04-03 Champs Centre Singapore 339274	3.00 p.m.
24 August 2001	Cobalt Room Level 1 The Ritz-Carlton Hotel Kuala Lumpur 168 Jalan Imbi 55100 Kuala Lumpur	10.30 a.m.
16 November 2001	Suite 500 Level 5 The Ritz-Carlton Hotel Kuala Lumpur 168 Jalan Imbi 55100 Kuala Lumpur	9.00 a.m.
26 February 2002	Melati Room Hotel Equatorial Kuala Lumpur Jalan Sultan Ismail 50250 Kuala Lumpur	10.30 a.m.

The summary of the attendance of Directors at Board Meetings are as follows :-

Name of Directors	Date of Meetings				Total
	18/7/01	24/8/01	16/11/01	26/2/02	
*Tun Abdul Ghafar bin Baba	0	1	0	0	1
Khoo Tiam Hock Vernon	1	1	1	1	4
Dato' Shahrudin Bin Shamsudin	1	1	1	1	4
*Denis Low Siew Keng	1	1	0	0	2
*Dato' Abd Gani Bin Yusof	1	1	1	1	4
*Boon Yoon Chiang	1	1	1	1	4
*Chan Poh Leng	1	1	1	1	4
#Lim Chiao Hak Clement	1	1	1	1	4
Tee Keng Hoon	0	1	1	Resigned wef 28/01/02	2
*Shazuddin Bin Shaari (Alternate to Tun Abdul Ghafar)	1	1	1	0	3
Lee Sow Lin	Appointed wef 26/2/02				N/A
Dato' Jaafar Bin Dato' Haji Abdul Hamid	Appointed wef 6/6/02				N/A
Putri Noor Shariza Binti Noordin	Appointed wef 6/6/02				N/A
Chan Wai Loon	Appointed wef 9/7/02				N/A
YB. Dato' Zulhasnan Bin Rafique	Appointed wef 12/8/02				N/A
Dato' Syed Md Amin Bin Syed Jan Aljeffri	Appointed wef 12/8/02				N/A
Athi Isvar a/l Athi Nahappan	Appointed wef 12/8/02				N/A

1 - Present

0 - Absent

N/A - Not Applicable

\*Resigned with effect from 6 June 2002

#Resigned with effect from 12 August 2002



## 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 \_\_\_\_\_  
as my/our proxy to vote for me/our behalf at the Eighteenth Annual General Meeting of the Company to be held on Thursday, 26 September 2002 at 10.30 a.m. at Cempaka Room, Hotel Equatorial, Jalan Sultan Ismail, 50250 Kuala Lumpur and at any adjournment thereof. My/Our proxy is to vote as indicated below:-

RESOLUTIONS	FOR	AGAINST
1. <b>Ordinary Business</b> Adoption of the Financial Statements and the Reports.		
2. Approval of Directors' fees.		
3. Re-election of Mr Khoo Tiam Hock Vernon.		
4. Re-election of Ms Lee Sow Lin.		
5. Re-election of Dato' Jaafar Bin Dato' Haji Abdul Hamid.		
6. Re-election of Putri Noor Shariza Binti Noordin.		
7. Re-election of Mr Chan Wai Loon.		
8. Re-election of YB Dato' Haji Zulhasnan Bin Rafique.		
9. Re-election of Dato' Syed Md Amin Bin Syed Jan Aljeffri.		
10. Re-election of Mr Athi Isvar a/l Athi Nahappan.		
11. Re-appointment of Auditors.		
12. <b>Special Business:</b> Authorisation of Directors to issue shares not exceeding 10% of the issued capital of the Company.		

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

The proportion of \* my/our holding to be represent by my \*proxy/proxies are as follows:-

First Named Proxy	%
Second Named Proxy	%
	<hr/>
	100%

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

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2002

\_\_\_\_\_  
Signature of Shareholder

No. of shares held:

#### Notes:

1. A member entitled to attend and vote at the meeting may appoint one or more than a proxy to attend and vote on his/her behalf. 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. The instrument appointing a proxy in the case of an individual shall be signed by the appointer or by his attorney and in the case of a corporation, the instrument appointing a proxy or proxies must be under seal or under the hand of the officer or attorney duly authorised. In the case of joint holders, all holders must sign the Proxy Form.
3. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 22<sup>nd</sup> Floor Wisma Cyclecarri 288 Jalan Raja Laut 50350 Kuala Lumpur not less than 48 hours before the holding of the meeting or at any adjournment thereof.