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## CORPORATE INFORMATION

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### Board of Directors

Tun Abdul Ghafar bin Baba (*Chairman*)  
Khoo Tiam Hock Vernon (*Managing Director*)  
Shaharuddin bin Shamsudin (*Deputy Managing Director*)  
Low Siew Kheng Denis (*Company Director*)  
Dato' Abd Gani bin Yusof (*Company Director*)  
Tee Keng Hoon (*Company Director*)  
Chan Poh Leng (*Company Director*)  
Lim Chiao Hak Clement (*Company Director*)  
Boon Yoon Chiang (*Company Director*)  
Shazuddin bin Shaari (*Alternate to Tun Abdul Ghafar bin Baba*)

### 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 : 603-2694 8788  
Fax No: 603-2693 9137

### Bankers

Bumiputra Commerce Malaysia Berhad  
HSBC Bank Malaysia Berhad  
Bank Islam Malaysia Berhad  
Bank Muamalat Malaysia Berhad

### Share Registrars

Bina Management (M) Sdn. Bhd.  
Lot 10 The Highway Centre  
Jalan 51/205  
46050 Petaling Jaya  
Selangor Darul Ehsan  
Tel No : 603-7784 3922  
Fax No: 603-7784 1988

### Solicitor

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

### Audit Committee

Chan Poh Leng  
(*Chairman, Independent Non-Executive Director*)

### AUDITORS

PricewaterhouseCoopers  
Public Accountants  
3rd Floor, Hongkong Bank Building  
No.1 Jalan Mahkota  
25000 Kuantan  
Pahang Darul Makmur.

Shaharuddin bin Shamsudin  
(*Member, Deputy Managing Director*)

Boon Yoon Chiang  
(*Member, Independent Non-Executive Director*)



## CHAIRMAN'S STATEMENT

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On behalf of the Board of Directors, I am pleased to present the Annual Reports and Audited Accounts of Kuantan Flour Mills Berhad for financial year ended 31 March 2001.

### OVERVIEW

At company level, a loss before tax of RM5,124,741 was recorded for this financial year compared to a profit of RM4,690,969 recorded for last financial year. This big drop in operating profit was due to a provision of RM7,953,000 made in respect of a corporate guarantee issued by the company. Although this matter is still in the courts pending an appeal, a provision is still made nevertheless. Excluding this provision, the company made a profit of RM2,828,259 from flour milling and trading operations. At group level, a loss before tax of RM 2,273,322 was recorded. The loss at group level is lesser than at company level due to the writing back of RM2,890,270 which was waived in year ended 31 March 2001.

Turnover during the year dropped marginally by 2.71% at company level and by 2.54% at group level. This drop is mainly due to slightly lower prices of products sold during this financial year.

At the subsidiary level, KFM Transport Sdn Bhd, which is engaged in the provision of transport and distribution services to KFMB, recorded a slightly improved profit before tax of RM24,406 compared to RM7,326 recorded in year 2000. KFM Marketing Sdn Bhd, engaged in the trading of baking products commenced operation during the second half of this financial year. It recorded a small profit of RM8,936 during the financial year.

### OUTLOOK

Flour milling industry shall continue to be competitive and some selling price deterioration is expected during the coming financial year. Therefore turnover in terms of value is expected to be lower for the coming financial year. However, with our good customer service and flour quality, we do not expect any decline in volume of our sales. With world wheat price expected to remain stable and the Ringgit remaining pegged at 3.80 to one USDollar, we expect the results to remain positive but at lower levels. The trading activities of KFM Marketing Sdn Bhd shall be in full steam for the coming year and is expected to contribute a much higher profit level.

The company shall continue to upgrade and improve its customer support service and product quality in order to ensure that its market share is maintained. More products shall be introduced to be traded by our subsidiary, KFM Marketing Sdn Bhd with a view to increasing its profit level to help mitigate the lower profits expected from our flour milling operations.

### ACKNOWLEDGEMENT

Despite the very competitive environment, the company has managed to maintain its market share. This could not be achieved without the effort and commitment of our staff. On behalf of the Board of Directors, I would like to express our appreciation to them. Our customers continued giving us their support and so are our bankers and business associates. To them, we wish to express our gratitude. There were changes at the Board with Dato' Hj. Abdul Murad bin Ahmad resigning on 19 September 2000. I would like to thank him for his services to the company. Dato' Abdul Gani bin Yusof and En. Shazuddin bin Shaari (as an Alternate Director) joined the Board on 21 September 2000 and 2 November 2000 respectively and I would like to welcome them to the Board. Their vast business experience would surely benefit the company. Finally, I would like to thank the members of the Board for their wise counsel, support and guidance.

Thank you.

**Tun Abdul Ghafar Bin Baba**  
Chairman



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## **CORPORATE GOVERNANCE STATEMENT**

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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.

### **INTERNAL CONTROL**

The Board acknowledges its responsibility for the Group’s system of internal control to safeguard shareholders’ investment and the Company’s assets.

The Group is in the process of reviewing the adequacy and integrity of the Group’s system of internal controls with a view to enhance them to address the necessary risks and in compliance with the Kuala Lumpur Stock Exchange Listing Requirements.

### **OTHER INFORMATION**

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

The Board currently has nine (9) directors and one (1) alternate director, comprising three (3) executives and seven (7) non-executives. The executive directors implements the policies and decisions of the Board, overseas the operations and initiates 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 7 to 9 of this Annual Report.

#### **(2) Board Meetings**

The Board met twice during the financial year ended 31 March 2001 that is, 17 May 2000 and 18 September 2000. All the present Directors attended both the meetings except, Dato’ Abd. Gani bin Yusof who has joined the Board on 21 September 2000.

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

In accordance with the Company’s Articles of Associations, one-third of the Board members (except the Managing Director) shall retire from office at each Annual General Meeting and they can offer themselves for re-election. Newly appointed Directors by the Board is subject to election by the shareholders at the next Annual General Meeting held following their appointments.



## CORPORATE GOVERNANCE STATEMENT (continued)

The Articles of Association of the Company are expected to be amended to provide all Directors must retire from office once at least in each three (3) years to comply with the new Listing Requirements of the Kuala Lumpur Stock Exchange.

The Managing Director is not subject to retirement at the Seventeenth Annual General Meeting as his three (3) years period of service from his date of appointment is not due yet.

### (4) Directors' Remuneration

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.

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

<u>Category</u>	<u>Fees</u> <u>(RM'000)</u>	<u>Salaries &amp; Other</u>	
		<u>Emoluments</u> <u>(RM'000)</u>	<u>Benefit in Kind</u> <u>(RM'000)</u>
Executive Directors	30	492	-
Non-Executive Directors	130	-	-

There were two (2) executive directors of the Company whose income from the Company fell within the range of RM250,001 to RM300,000 whilst eight (8) non-executive incomes were less than RM50,000.



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## AUDIT COMMITTEE

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### Membership

The Audit Committee shall be appointed by the Board from amongst the Directors and shall consist of not less than three members, a majority of whom shall be independent, non-executive Directors. The Chairman shall be an independent, non-executive Director appointed by the Board.

### Meetings and minutes

Meetings shall be held not less than two times a year, and will normally be attended by the Finance Director. The presence of external auditors will be requested if required. Other Board members may attend meetings upon the invitation of the Audit Committee. However, at least once a year, the Committee shall meet with the external auditors without any executive Board member present. The external auditors may request a meeting if they consider it necessary.

The Secretary to the Audit Committee shall be the Company Secretary. Minutes of each meeting shall be distributed to each member of the Board. The Chairman of the Committee shall report on each meeting to the Board.

### Authority

The Committee is authorised 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 authorised by the Board to obtain external legal or other independent professional advice as necessary.

### 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 resignations 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 the annual report
- To review the effectiveness of internal control systems



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## BOARD OF DIRECTORS

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**Tun Abdul Ghafar bin Baba**, 76 years of age - Malaysian

Non-executive Chairman since 5 April 2000. Joined the board as Independent Director on 5 April 2000. Also non-executive director of Woo Hing Brothers (M) Berhad and TH Group Berhad.

Tun Abdul Ghafar has had a long illustrious political career. He had held numerous State and Cabinet appointments in the Government, namely Chief Minister of Melaka and Minister of Land and Rural Developments of Malaysia. He was appointed as the Deputy Minister of Malaysia from 1986 to 1993 and as Acting Prime Minister on several occasions.

Tun Abdul Ghafar 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.

**Khoo Tiam Hock Vernon**, 45 years of age - Singaporean

Group Managing Director since 15 October 1998. Joined the board on 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 except for certain recurrent related party transactions of revenue nature which are necessary for day-to-day operations of the Company for which he is deemed to be interested 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.

**Shaharuddin bin Shamsudin**, 51 years of age - Malaysian

Deputy Managing Director since 15 October 1998. Had been with the company since inception. Member of the Audit Committee since 15 May 1995.

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 Encik Shaharuddin joined Inventra Sdn Bhd as a Marketing Manager dealing in commodities including fertilizers. In 1984 he left Inventra, co-founded KFM.

Encik 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.

**Lim Chiao Hak Clement**, 45 years of age - Singaporean

Executive Director since 1 May 2001. Joined the board on 23 July 1999.

He holds a Bachelor of Science in Economics from the University Hull, United Kingdom. He is also a Certified Public Accountant of the Institute of Public Accountants of Singapore and Chartered Accountant of the Institute of Chartered Accountants in England and Wales. Prior to being appointed a Director, he was the Regional Financial Controller with Planet Hollywood, Asia an international company from 1996 to 1998. In addition, he worked in Westin Hotel, a major hotel chain from 1987 to 1996 and was the Financial Controller both in Singapore and Japan. Mr. Lim also has auditing experience in England and Singapore from 1980 to 1987.



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## **BOARD OF DIRECTORS (continued)**

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Mr. Lim 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.

**Low Siew Kheng Denis**, 50 years of age - Singaporean  
Non-executive independent director since 15 October 1998.

He holds a Bachelor of Science in Estate Management from the University of Singapore. He is also a member of the Singapore Institute of Surveyors and Valuers, Institute of Management, Singapore Institute of Arbitrators, an associate of the Chartered Institute of Arbitrators and a fellow of the Society of Project Managers, Singapore. He started his career with Low & Low Property Consultants Pte Ltd in 1975 which became Associated Property Consultants Pte Ltd in 1976. The Company is involved in auctioning appraisal and valuation of lands, building, plant and machinery, sales and leasing. He was the founder and Deputy Chairman of Electronics Resources Ltd, a Singapore listed company.

Mr. Low does not have any family relationship with any Director and/or major shareholder of the Company except for certain recurrent related party transactions of revenue nature which are necessary for day-to-day operations of the Company for which he is deemed to be interested 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.

**Chan Poh Leng**, 76 years of age - Singaporean  
Non-executive independent director and member of the audit committee since 21 March 2000. Chairman of the audit committee since 28 April 2000.

He is a fellow member of Certified Chartered Accountant and Institute of Chartered Secretaries and Administrators. Prior to being appointed a Director of the Company, he was a Director of Malayan Credit Ltd. (now known as MCL Land Ltd.), a Singapore Listed company from 1979 to 1992. The company is involved in property investments and developments. He was also the Company Secretary cum Financial Controller in Malayan Credit Ltd from 1972 to 1979. In addition, Mr Chan was the partner of Messrs Chan Sze Onn & Co, a Public Accountants firm from 1954 to 1968.

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.

**Boon Yoon Chiang**, 67 years of age - Singaporean  
Non-executive independent director since 12 May 2000. Member of the audit committee since 29 May 2001. Also non-executive director of CGU Insurance Bhd, Jardine Matheson (Malaysia) Sdn. Bhd. and Century Gardens Sdn. Bhd.

He holds a Diploma majoring in Personnel Management from the Singapore Institute of Management. Mr Boon started his career as a journalist with The Straits Times Group and subsequently joined the Ministry of Culture, as press officer and editor from 1960 to 1967. Mr Boon is the Chairman / Managing Director of Jardine Matheson (Singapore) Ltd, a management holding company since 1986. He joined the Jardine Group in 1967. He is also the Deputy Chairman of Cycle & Carriage Limited, a company listed on the Singapore Exchange dealing in motor trading and property since 1996 and was the Group Managing Director from 1993 to 1996. He serves on the Governing Council of the Singapore Institute of Directors.





## BOARD OF DIRECTORS (continued)

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Mr. Boon 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.

**Tee Keng Hoon**, 51 years of age - Malaysian

Non-executive independent director since 30 August 1996. He is also non-executive director of Sunrise Berhad.

He has been in the law practice for 25 years and has his own law firm in Kuala Lumpur. He studied at the University of Singapore and graduated with a Bachelor of Laws (Honours) in 1973.

Mr. Tee 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' Abd. Gani bin Yusof**, 47 years of age - Malaysian

Non-executive independent director since 21 September 2000. Also non-executive director of Magna Prima Berhad, Road Builder (M) Holdings Bhd and Berger International Ltd.

He holds a Bachelor of Science Degree (Housing, Building & Planning), 2<sup>nd</sup> Class Upper from Universiti Sains Malaysia, Penang. Dato' Abd. Gani has vast experience in the property development and civil engineering sector. He has served in Peremba Group as Project Manager from 1981 to 1988. In 1988 he joined UEM Group as General Manager and later as Project Director from 1991 to 1992 and Managing Director from 1993 to 1995. He is also the Managing Director of Renong Berhad from 1993 to 1995. He is currently the Executive Chairman of Magna Prima Berhad and Vice Chairman of Berger International Ltd. He also sits on the board of Road Builder (M) Holdings Berhad.

Dato' Gani 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.

**Shazuddin bin Shaari**, 41 years of age - Malaysian

Alternate Director to Tun Abdul Ghafar bin Baba since 2 November 2000. Also director of Kumpulan Guthrie Berhad Group and Woo Hing Brothers (M) Berhad Group.

He holds a Bachelor of Science (Hons) in Civil Engineering from Aston University of Birmingham. He has wide experience holding posts such as Project Manager and also as General Manager with Pemodalan Nasional Berhad (PNB) group of companies such as Syarikat Perumahan Pegawai Kerajaan Sdn Bhd (SPPK), Kumpulan Guthrie Berhad which is mainly involved in the construction of residential houses. He was also the Managing Director of Woo Hing Brothers (M) Berhad (WHB). He left WHB in 1999 to pursue his own business mainly in the construction and property development.

Encik Shazuddin 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 2001

The Directors submit their annual report to the members together with the audited financial statements of the Group and of the Company for the year ended 31 March 2001.

### Principal activities

The principal activities of the Company are flour milling and trading in its related products. The principal activities of the subsidiary companies are set out in note 12 to the financial statements. There was no significant change in the nature of these activities during the year.

### Financial results

	Group RM	Company RM
Loss after taxation	(2,474,140)	(5,307,759)
Minority interest	(25,802)	-
Net loss attributable to shareholders	<u>(2,499,942)</u>	<u>(5,307,759)</u>

### Dividends

No dividend has been paid, declared or proposed by the Company since 31 March 2000.

### Reserves and provisions

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

### Share capital

During the year the authorised share capital of the Company was increased from 25,000,000 to 50,000,000 by the creation of 25,000,000 new ordinary shares of RM1 each. The new shares shall rank "pari passu" with the existing shares of the Company.

### Significant post balance sheet event

On 14 June 2001, the Company received a notice under Section 218 of the Companies Act, 1965 for a corporate guarantee given to Multi-Purpose Finance Berhad for granting credit facility to a third party and the balance of the outstanding facility as at 30 September 1998 was RM5,721,519. Due to the Summary Judgement standing against the Company, the Company has agreed to make a provision for the claims made together with the interest attributable on the outstanding balance as at the year end and the Company has also filed a Notice of Appeal against the claims.



## Directors' report for the year ended 31 March 2001 (continued)

### Directors

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

Tun Abdul Ghafar bin Baba – Chairman	
Khoo Tiam Hock Vernon – Managing Director	
Shaharuddin bin Shamsudin – Deputy Managing Director	
Tee Keng Hoon	
Low Siew Kheng Denis	
Lim Chiao Hak Clement	
Chan Poh Leng	
Boon Yoon Chiang	
Dato' Abd Gani bin Yusof	(appointed on: 21.9.2000)
Shazuddin bin Shaari - alternate to Tun Abdul Ghafar bin Baba	(appointed on: 2.11.2000)
Dato' Dr Haji Abdul Murad bin Ahmad	(resigned on: 19.9.2000)

### 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.

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 the shares in the Company and its related corporations are as follows:

	Number of ordinary shares of RM1 each					
	1 April	Bought	Sold	31 March	Changes After 31 March	21 April
Khoo Tiam Hock Vernon						
- indirect interest	5,055,000	-	-	5,055,000	-	5,055,000
Low Siew Kheng Denis						
- indirect interest	5,055,000	-	-	5,055,000	-	5,055,000
Chan Poh Leng						
- indirect interest	333,000	-	-	333,000	-	333,000



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## Directors' report for the year ended 31 March 2001 (continued)

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### Directors' interests in shares (continued)

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 subsidiary companies 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 2001 held any interests in the 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 :

- (a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
- (b) 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 the Company had been written down to an amount which they might be expected so to realise.

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

- (a) which would render the amounts written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and the Company inadequate to any substantial extent ; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and the Company misleading; or
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and the 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 and the Company to meet their obligations when they fall due.

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

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



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## Directors' report for the year ended 31 March 2001 (continued)

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### Statutory information on the financial statements (continued)

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 :

- (a) the results of the Group's and the Company's operations during the year were not substantially affected by any item, transaction or event of a material and unusual nature other than the waiver of a liability of RM2,890,270 and the provision for corporate guarantee liability of RM7,953,000; and
- (b) 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 and the Company for the year in which this report is made.

### Auditors

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

In accordance with a resolution of the Board of Directors dated 27 July 2001

**Khoo Tiam Hock Vernon**  
Managing Director

**Shaharuddin bin Shamsudin**  
Deputy Managing Director



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

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We, Khoo Tiam Hock Vernon and 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 17 to 38 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2001 and of the results of the Group and of the 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.

In accordance with a resolution of the Board of Directors dated 27 July 2001

**Khoo Tiam Hock Vernon**  
Managing Director

**Shaharuddin bin Shamsudin**  
Deputy Managing Director

### **Statutory declaration**

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 17 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 at Kuantan on 27 July 2001

Before me: Chan Yoke Har

Commissioner for Oaths  
No. C 039



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## Report of the Auditors to the members of Kuantan Flour Mills Berhad

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1. We have audited the financial statements set out on pages 17 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 the Company as at 31 March 2001 and of the results and cash flows of the Group and the 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.



**Kuantan Flour Mills Berhad**  
Company No: 119598 - P  
(Incorporated in Malaysia)



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## **Report of the Auditors to the members of Kuantan Flour Mills Berhad (continued)**

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4. We are satisfied that the financial statements of the subsidiary companies 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 subsidiary companies were not subject to any qualification and did not include any adverse comment made under subsection (3) of section 174 of the Act.

### **PRICEWATERHOUSECOOPERS**

[AF:1146]

Public accountants

### **DATO' CHEONG KEAP TAI**

[1129/12/01 (J/PH)]

Partner of firm

Kuantan

27 July 2001





## Income statements for the year ended 31 March 2001

	Note	Group		Company	
		2001 RM	2000 RM	2001 RM	2000 RM
Revenue	4	<b>95,000,697</b>	97,477,011	<b>94,237,145</b>	96,868,571
Cost of sales		<b>(81,714,967)</b>	(81,364,334)	<b>(84,129,486)</b>	(83,927,230)
Gross profit		<b>13,285,730</b>	16,112,677	<b>10,107,659</b>	12,941,341
Other operating income		<b>3,105,448</b>	549,944	<b>45,380</b>	548,369
Provision for corporate guarantee liability	5	<b>(7,953,000)</b>	-	<b>(7,953,000)</b>	-
Other operating expenses		<b>(2,993,187)</b>	(2,838,059)	-	-
Administrative expenses		<b>(3,428,689)</b>	(3,914,378)	<b>(3,096,130)</b>	(3,636,306)
Selling expenses		<b>(2,718,403)</b>	(2,228,456)	<b>(2,718,403)</b>	(2,228,456)
(Loss)/Profit from operations	6	<b>(702,101)</b>	7,681,728	<b>(3,614,494)</b>	7,624,948
Finance costs	8	<b>(1,571,221)</b>	(3,026,713)	<b>(1,510,247)</b>	(2,933,979)
(Loss)/Profit from operating activities before tax		<b>(2,273,322)</b>	4,655,015	<b>(5,124,741)</b>	4,690,969
Tax	9	<b>(200,818)</b>	(41,929)	<b>(183,018)</b>	(18,650)
(Loss)/Profit from operating activities after tax		<b>(2,474,140)</b>	4,613,086	<b>(5,307,759)</b>	4,672,319
Minority interest		<b>(25,802)</b>	(44,814)	-	-
Net (loss)/profit attributable to shareholders		<b>(2,499,942)</b>	4,568,272	<b>(5,307,759)</b>	4,672,319
Basic earnings per share	10	<b>(10.44) sen</b>	19.08 sen		

The notes on pages 21 to 38 form an integral part of these financial statements.



## Balance sheets as at 31 March 2001

	Note	Group		Company	
		2001 RM	2000 RM	2001 RM	2000 RM
<b>Non current assets</b>					
Property, plant and equipment	11	<b>26,181,314</b>	27,160,671	<b>25,436,249</b>	26,355,261
Subsidiary companies	12	-	-	<b>685,011</b>	685,011
Joint ventures entities	13	-	-	-	-
Expenditure carried forward, at cost		-	99,187	-	-
		<u><b>26,181,314</b></u>	<u>27,259,858</u>	<u><b>26,121,260</b></u>	<u>27,040,272</u>
<b>Current assets</b>					
Inventories, at cost	14	<b>12,110,096</b>	16,370,348	<b>12,021,685</b>	16,370,348
Quoted shares		<b>2,000</b>	-	<b>2,000</b>	-
Trade and other receivables	15	<b>19,374,469</b>	17,212,626	<b>20,393,228</b>	17,818,939
Deposits, bank and cash balances	16	<b>2,569,819</b>	1,839,320	<b>2,401,529</b>	1,811,587
		<u><b>34,056,384</b></u>	<u>35,422,294</u>	<u><b>34,818,442</b></u>	<u>36,000,874</u>
<b>Less: Current liabilities</b>					
Trade and other payables	17	<b>23,529,477</b>	33,196,165	<b>23,282,523</b>	29,782,721
Provision for corporate guarantee liability	5	<b>7,953,000</b>	-	<b>7,953,000</b>	-
Borrowings	18	<b>678,262</b>	1,125,473	<b>588,488</b>	973,957
Taxation		<b>9,699</b>	14,637	-	-
Bank overdraft	16	<b>2,747,453</b>	661,609	<b>2,616,387</b>	511,609
		<u><b>34,917,891</b></u>	<u>34,997,884</u>	<u><b>34,440,398</b></u>	<u>31,268,287</u>
<b>Net current (liabilities)/assets</b>		<b>(861,507)</b>	424,410	<b>378,044</b>	4,732,587
<b>Less: Long term liabilities</b>					
Borrowings	18	<b>526,599</b>	391,118	<b>350,693</b>	316,489
		<u><b>24,793,208</b></u>	<u>27,293,150</u>	<u><b>26,148,611</b></u>	<u>31,456,370</u>
<b>Capital and reserves</b>					
Share capital	20	<b>23,940,000</b>	23,940,000	<b>23,940,000</b>	23,940,000
Share premium		<b>5,877,366</b>	5,877,366	<b>5,877,366</b>	5,877,366
(Accumulated loss)/ retained earnings		<b>(5,176,660)</b>	(2,676,718)	<b>(3,668,755)</b>	1,639,004
Shareholders' equity		<u><b>24,640,706</b></u>	<u>27,140,648</u>	<u><b>26,148,611</b></u>	<u>31,456,370</u>
Minority interest		<b>152,502</b>	152,502	-	-
		<u><b>24,793,208</b></u>	<u>27,293,150</u>	<u><b>26,148,611</b></u>	<u>31,456,370</u>

The notes on pages 21 to 38 form an integral part of these financial statements.



## Statement of changes in equity for the year ended 31 March 2001

	Issued and fully paid ordinary shares of RM1 each		Non distributable	Distributable	Total RM
	Number of shares	Nominal value RM	Share premium RM	Retained earnings/ (accumulated loss) RM	
<b>Group:</b>					
At 1 April 1999	23,940,000	23,940,000	5,877,366	(7,244,990)	22,572,376
Net profit	-	-	-	4,568,272	4,568,272
At 31 March 2000	<u>23,940,000</u>	<u>23,940,000</u>	<u>5,877,366</u>	<u>(2,676,718)</u>	<u>27,140,648</u>
At 1 April 2000	<b>23,940,000</b>	<b>23,940,000</b>	<b>5,877,366</b>	<b>(2,676,718)</b>	<b>27,140,648</b>
Net loss	-	-	-	(2,499,942)	(2,499,942)
At 31 March 2001	<u><b>23,940,000</b></u>	<u><b>23,940,000</b></u>	<u><b>5,877,366</b></u>	<u><b>(5,176,660)</b></u>	<u><b>24,640,706</b></u>
<b>Company:</b>					
At 1 April 1999	23,940,000	23,940,000	5,877,366	(3,033,315)	26,784,051
Net profit	-	-	-	4,672,319	4,672,319
At 31 March 2000	<u>23,940,000</u>	<u>23,940,000</u>	<u>5,877,366</u>	<u>1,639,004</u>	<u>31,456,370</u>
At 1 April 2000	<b>23,940,000</b>	<b>23,940,000</b>	<b>5,877,366</b>	<b>1,639,004</b>	<b>31,456,370</b>
Net loss	-	-	-	(5,307,759)	(5,307,759)
At 31 March 2001	<u><b>23,940,000</b></u>	<u><b>23,940,000</b></u>	<u><b>5,877,366</b></u>	<u><b>(3,668,755)</b></u>	<u><b>26,148,611</b></u>

The notes on pages 21 to 38 form an integral part of these financial statements.



## Cash flow statements for the year ended 31 March 2001

	Note	Group		Company	
		2001 RM	2000 RM	2001 RM	2000 RM
<b>Operating activities</b>					
(Loss)/Profit before taxation after minority interest		(2,299,124)	4,610,201	(5,124,741)	4,690,969
Adjustments for items not involving the movements of funds :					
Property, plant and equipment written off		9,346	32,630	8,446	-
Depreciation		2,656,507	2,650,185	2,315,415	2,300,687
Gain on disposal of property, plant and equipment		(26,714)	(369,342)	(26,714)	(369,342)
Amortisation of expenditure carried forward		99,187	10,895	-	-
Provision for doubtful debts		244,217	577,848	264,690	577,848
Interest income		(1,413)	(26,996)	(1,413)	(26,996)
Interest expenses		1,571,221	3,026,713	1,510,247	2,933,979
Accruals no longer required		(165,338)	-	-	-
Liability waived		(2,890,270)	-	-	-
<b>Changes in working capital</b>		<b>(802,381)</b>	<b>10,512,134</b>	<b>(1,054,070)</b>	<b>10,107,145</b>
Inventories		4,260,252	(5,277,678)	4,348,663	(5,277,678)
Receivables		(2,424,710)	1,767,004	(2,865,931)	1,645,996
Payables and provision		9,122,800	(2,009,319)	9,241,984	(1,887,802)
		<b>10,155,961</b>	<b>4,992,141</b>	<b>9,670,646</b>	<b>4,587,661</b>
Interest paid		(1,571,221)	(3,026,713)	(1,510,247)	(2,933,979)
Tax paid		(230,756)	(27,309)	(208,018)	(21,152)
Net cash flow from operating activities		<b>8,353,984</b>	<b>1,938,119</b>	<b>7,952,381</b>	<b>1,632,530</b>
<b>Investing activities</b>					
Proceed from disposal of property, plant and equipment		5,000	701,650	5,000	701,650
Purchase of property, plant and equipment		(812,382)	(314,995)	(765,135)	(307,649)
Interest received		1,413	26,996	1,413	26,996
Purchase of investment		(2,000)	-	(2,000)	-
Preliminary and pre-operating expenses		-	(2,031)	-	-
Fixed deposit pledged as securities		-	(41,134)	-	(41,134)
Net cash flow (used in)/from investing activities		<b>(807,969)</b>	<b>370,486</b>	<b>(760,722)</b>	<b>379,863</b>
<b>Financing activities</b>					
Repayment of term loans		(595,207)	(1,656,173)	(595,207)	(1,656,173)
Repayment of hire purchase creditors		(568,923)	(739,028)	(374,058)	(433,718)
Advances from a Director		(900,000)	900,000	(900,000)	900,000
Receipt of short term borrowings		63,021,161	72,633,310	63,021,161	72,633,310
Repayment of short term borrowings		(69,858,391)	(72,023,696)	(69,858,391)	(72,023,696)
Net cash used in financing activities		<b>(8,901,360)</b>	<b>(885,587)</b>	<b>(8,706,495)</b>	<b>(580,277)</b>
<b>(Decrease)/Increase in cash and cash equivalents</b>		<b>(1,355,345)</b>	<b>1,423,018</b>	<b>(1,514,836)</b>	<b>1,432,116</b>
<b>Cash and cash equivalents</b>					
- at start of the year		630,667	(792,351)	752,934	(679,182)
- at end of the year	16	<b>(724,678)</b>	<b>630,667</b>	<b>(761,902)</b>	<b>752,934</b>

The notes on pages 21 to 38 form an integral part of these financial statements.



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## Notes to the financial statements for the year ended 31 March 2001

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### 1 General information

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

The number of employee at the end of the year for the Group and the Company were 208 (2000: 200) and 195 (2000: 198) respectively.

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 P.O Box 387, 25740 Kuantan, Pahang Darul Makmur.

### 2 Basis of preparation of the financial statements

The financial statements of the Group and the 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 Malaysia and the provisions 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) Foreign currency

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

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

<b>Foreign currency</b>	<b>31.3.2001</b>	31.3.2000
1 US Dollar	<b>3.802</b>	3.802
1 Singapore Dollar	<b>2.137</b>	2.196



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## Notes to the financial statements for the year ended 31 March 2001 - continued

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### 3 Summary of significant accounting policies (continued)

#### (b) 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 amortised as it has an infinite life.

All property, plant and equipment are depreciated on a straight line basis to write off the cost of each asset 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
Motor vehicles	20
Equipment and fixtures	10 - 20

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

#### (c) Trade receivables

Trade receivables are carried at anticipated value. Bad debts are written off in the period in which they are identified. An estimate is made for doubtful debts on a review of all outstanding amounts at the year end.

#### (d) Deferred taxation

Provision is made using the liability method for taxation deferred by timing differences except where the tax effects of such timing differences are expected to be deferred indefinitely. Deferred tax benefits are recognised only if there is a reasonable expectation of their realisation.



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## Notes to the financial statements for the year ended 31 March 2001 - continued

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### 3 Summary of significant accounting policies (continued)

#### (e) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiary companies made up to the end of the year. Subsidiary companies are those companies in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities.

Subsidiary companies are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases. Subsidiary companies are consolidated using the acquisition method of accounting.

Under the acquisition method of accounting, the results of subsidiary companies acquired or disposed of during the year are included from the date of acquisition up to the date of disposal. At the date of acquisition, the fair values of the subsidiary companies' net assets are determined and these values are reflected in the consolidated financial statements. The difference between the acquisition cost and the fair values of the subsidiary companies' net assets is reflected as goodwill on consolidation.

All inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated; unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, accounting policies for subsidiary companies have been changed to ensure consistency with the policies adopted by the Group. Separate disclosure is made of minority interests.

The gain or loss on disposal of a subsidiary company is the difference between net disposal proceeds and the Group's share of its net assets.

#### (f) Joint venture entities

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.

The effect of the change in accounting policy on the comparative figures had been disclosed in note 24 to the financial statements.



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## Notes to the financial statements for the year ended 31 March 2001 - continued

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### 3 Summary of significant accounting policies (continued)

#### (g) Inventories

Inventories comprising raw material, work in progress and finished goods are stated at the lower of cost and net realisable values.

##### (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

Finished goods of flour are valued at the lower of cost and net realisable value. 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.





## Notes to the financial statements for the year ended 31 March 2001 - continued

### 3 Summary of significant accounting policies (continued)

#### (i) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, 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 subsidiary companies, associated companies, jointly controlled entity and other non current investments are shown at cost and provision is only made where, in the opinion of the Directors, there is a permanent diminution in value. Permanent diminution in the value of an investment is recognised as an expense in the year in which the diminution is identified.

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

#### (l) Comparatives

Comparative figures have been adjusted to conform with changes in presentation resulting from the change in the accounting policy explained in note 24. The comparatives figures were also extended to comply with the additional disclosure requirements of the MASB Standards that are applicable for the year ended 31 March 2001.

### 4 Revenue

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Sales of flour and related products	94,123,548	96,868,571	94,237,145	96,868,571
Transport income	877,149	608,440	-	-
	<u>95,000,697</u>	<u>97,477,011</u>	<u>94,237,145</u>	<u>96,868,571</u>



## Notes to the financial statements for the year ended 31 March 2001 - continued

### 5 Provision for corporate guarantee liability

On 14 June 2001, the Company received a notice under Section 218 of the Companies Act, 1965 for a corporate guarantee given to Multi-Purpose Finance Berhad for granting credit facility to a third party and the balance of the outstanding facility as at 30 September 1998 was RM5,721,519. Due to the Summary Judgement standing against the Company, the Company has agreed to make a provision for the claims made together with the interest attributable on the outstanding balance as at the year end and the Company has also filed a Notice of Appeal against the claims.

### 6 (Loss)/Profit from operations

	Group		Company	
	2001	2000	2001	2000
	RM	RM	RM	RM
The following items have been charged/(credited) in arriving at the (loss)/profit from operations:				
Property, plant and equipment				
- depreciation	<b>2,656,507</b>	2,650,185	<b>2,315,415</b>	2,300,687
- written off	<b>9,346</b>	32,630	<b>8,446</b>	-
- gain on disposal	<b>(26,714)</b>	(369,342)	<b>(26,714)</b>	(369,342)
Staffs' costs	<b>4,915,809</b>	4,744,568	<b>4,821,621</b>	4,649,925
Auditors' remuneration				
- Current year	<b>38,500</b>	37,500	<b>30,000</b>	30,000
- Under provision in respect of prior year	-	500	-	-
Rental of land and buildings	<b>451,450</b>	345,773	<b>451,450</b>	345,773
Provision for doubtful debts				
- Trade receivables	<b>244,217</b>	577,848	<b>238,623</b>	577,848
- Subsidiary companies	-	-	<b>26,067</b>	-
Expenditure carried forward written off	<b>95,187</b>	10,895	-	-
Fixed deposit interest	<b>(1,413)</b>	(26,966)	<b>(1,413)</b>	(26,996)
Income from rental of building	<b>(7,500)</b>	(5,100)	<b>(7,500)</b>	(5,100)
Hiring income	-	-	-	(42,600)
Accruals no longer required	<b>(165,338)</b>	-	-	-
Liability waived	<b>(2,890,270)</b>	-	-	-



## Notes to the financial statements for the year ended 31 March 2001 - continued

### 7 Directors' remuneration

	Group and Company	
	2001	2000
	RM	RM
Fees	160,000	75,000
Other emoluments	491,720	426,090
	<u>651,720</u>	<u>501,090</u>

### 8 Finance costs

	Group		Company	
	2001	2000	2001	2000
	RM	RM	RM	RM
Term loan interest	217,156	328,655	217,156	319,557
Bank overdrafts	52,439	99,529	44,218	88,123
Hire purchase	138,826	164,614	86,073	92,384
Trade finance interest for purchase of wheat	1,162,800	2,433,915	1,162,800	2,433,915
	<u>1,571,221</u>	<u>3,026,713</u>	<u>1,510,247</u>	<u>2,933,979</u>

### 9 Tax

	Group		Company	
	2001	2000	2001	2000
	RM	RM	RM	RM
Malaysia income tax :				
- Current year	17,800	21,000	-	3,000
- Under provision of prior year	183,018	5,279	183,018	-
Real property gain tax	-	15,650	-	15,650
	<u>200,818</u>	<u>41,929</u>	<u>183,018</u>	<u>18,650</u>

The tax charge for the Group is in respect of distribution from its joint venture entities, which is assessed separately for tax purposes.

### 10 Basic earnings per share

Basic earnings per share is calculated by dividing the Group's (loss)/profit after taxation and minority interest by the share capital of the Company of 23,940,000 (2000 : 23,940,000) ordinary shares of RM1 each.



## Notes to the financial statements for the year ended 31 March 2001 - continued

### 11 Property, plant and equipment

#### Group

	Freehold land RM	Buildings, factory and civil works RM	Plant and machinery RM	Motor vehicles RM	Equipment and fixtures RM	Building under construction RM	Total RM
<b>Net book value at 1 April 1999</b>	111,700	7,363,868	19,137,313	1,705,957	1,286,141	95,063	29,700,042
Additions	-	115,808	93,116	190,363	85,797	55,418	540,502
Disposals	(100,000)	(228,983)	-	-	(3,325)	-	(332,308)
Reclassification	-	-	-	-	-	(64,750)	(64,750)
Write off	-	-	-	-	(32,630)	-	(32,630)
Depreciation charge	-	(251,113)	(1,489,804)	(710,365)	(198,903)	-	(2,650,185)
<b>Net book value at 31 March 2000</b>	<b>11,700</b>	<b>6,999,580</b>	<b>17,740,625</b>	<b>1,185,955</b>	<b>1,137,080</b>	<b>85,731</b>	<b>27,160,671</b>
Additions	-	121,822	393,663	1,111,996	180,872	145,821	1,954,174
Disposals	-	-	-	(285)	(900)	-	(1,185)
Reclassification	-	(58,863)	-	-	-	(208,530)	(267,393)
Write off	-	-	-	-	(8,446)	-	(8,446)
Depreciation charge	-	(244,724)	(1,505,335)	(712,637)	(193,811)	-	(2,656,507)
<b>Net book value at 31 March 2001</b>	<b>11,700</b>	<b>6,817,815</b>	<b>16,628,953</b>	<b>1,585,029</b>	<b>1,114,795</b>	<b>23,022</b>	<b>26,181,314</b>
<b>At 31 March 2000</b>							
Cost	11,700	9,372,365	29,350,198	6,516,829	3,145,319	85,731	48,482,142
Accumulated depreciation	-	(2,372,785)	(11,609,573)	(5,330,874)	(2,008,239)	-	(21,321,471)
Net book value	11,700	6,999,580	17,740,625	1,185,955	1,137,080	85,731	27,160,671
<b>At 31 March 2001</b>							
Cost	11,700	9,438,187	29,743,863	7,516,095	3,228,727	23,022	49,961,594
Accumulated depreciation	-	(2,620,372)	(13,114,910)	(5,931,066)	(2,113,932)	-	(23,780,280)
Net book value	11,700	6,817,815	16,628,953	1,585,029	1,114,795	23,022	26,181,314



## Notes to the financial statements for the year ended 31 March 2001 - continued

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

#### Company

	Freehold land RM	Buildings, factory and civil works RM	Plant and machinery RM	Motor vehicles RM	Equipment and fixtures RM	Building under construction RM	Total RM
<b>Net book value at 1 April 1999</b>	111,700	7,277,983	18,894,733	1,069,872	1,170,496	95,063	28,619,847
Additions	-	115,808	93,116	83,560	85,257	55,418	433,159
Disposals	(100,000)	(228,983)	-	-	(3,325)	-	(332,308)
Reclassification	-	-	-	-	-	(64,750)	(64,750)
Write off	-	-	-	-	-	-	-
Depreciation charge	-	(245,131)	(1,472,934)	(395,362)	(187,260)	-	(2,300,687)
<b>Net book value at 31 March 2000</b>	<b>11,700</b>	<b>6,919,677</b>	<b>17,514,915</b>	<b>758,070</b>	<b>1,065,168</b>	<b>85,731</b>	<b>26,355,261</b>
Additions	-	121,822	393,663	831,996	179,225	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)	(404,880)	(183,328)	-	(2,315,415)
<b>Net book value at 31 March 2001</b>	<b>11,700</b>	<b>6,743,893</b>	<b>16,420,114</b>	<b>1,184,901</b>	<b>1,052,619</b>	<b>23,022</b>	<b>25,436,249</b>
<b>At 31 March 2000</b>							
Cost	11,700	9,252,736	29,012,776	4,648,247	3,006,411	85,731	46,017,601
Accumulated depreciation	-	(2,333,059)	(11,497,861)	(3,890,177)	(1,941,243)	-	(19,662,340)
Net book value	11,700	6,919,677	17,514,915	758,070	1,065,168	85,731	26,355,261
<b>At 31 March 2001</b>							
Cost	11,700	9,318,558	29,406,439	5,367,513	3,089,578	23,022	47,216,810
Accumulated depreciation	-	(2,574,665)	(12,986,325)	(4,182,612)	(2,036,959)	-	(21,780,561)
Net book value	11,700	6,743,893	16,420,114	1,184,901	1,052,619	23,022	25,436,249



## Notes to the financial statements for the year ended 31 March 2001 - continued

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

The factory which consist of a flour mill is situated on a land leased on rental basis from Kuantan Port Authority with remaining lease period of 5.5 to 10.75 years (2000 : 6.5 to 11.75 years) and with an option to renew for another 21 years. The total rental commitment payables under the lease as at year-end are as follows:

	Group and Company	
	2001	2000
	RM	RM
- not later than 1 year	283,884	283,884
- later than 1 year but not later than 5 years	1,176,197	1,143,668
- later than 5 year	939,729	1,256,141
	<u>2,399,810</u>	<u>2,683,693</u>

All property, plant and equipment of the Company have been charged as security for the bank borrowings as disclosed in note 18 to the financial statements.

Details of assets under hire purchase agreements:

	Group		Company	
	2001	2000	2001	2000
	RM	RM	RM	RM
Motor vehicles				
- additions during the year	852,400	160,760	618,000	60,760
- net book value at year end	<u>1,416,902</u>	<u>952,705</u>	<u>1,072,219</u>	<u>618,059</u>
Plant and machinery				
- additions during the year	-	-	-	-
- net book value at year end	<u>159,928</u>	<u>201,855</u>	<u>159,928</u>	<u>201,855</u>



## Notes to the financial statements for the year ended 31 March 2001 - continued

### 12 Subsidiary companies

(a) The details of investments in the subsidiary companies are as follows :

	Company	
	2001 RM	2000 RM
Unquoted investments, at cost	1,611,011	1,611,011
Provision for diminution in value	(926,000)	(926,000)
	685,011	685,011

(b) The shares of all subsidiary companies are held directly by the Company and details are as follows:

Name of company	Place of incorporation	Principal Activities	Percentage of equity held	
			2001 %	2000 %
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 (formerly known as Teetex 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 for the year ended 31 March 2001 - continued

### 13 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	Place of registration	Principal Activities	Percentage of capital help	
			2001 %	2000 %
Berjaya Timur Enterprise	Malaysia	Transportation	100	100
Fajar Timur Enterprise	Malaysia	Transportation	100	100
Orkid Timur Enterprise	Malaysia	Transportation	90	90
Gaya Timur Enterprise	Malaysia	Transportation	90	90
Sejahtera Timur Enterprise	Malaysia	Transportation	80	80
Jaya Maju Timur Enterprise	Malaysia	Transportation	80	80
Cergas Timur Enterprise	Malaysia	Transportation	70	70
Wau Timur Enterprise	Malaysia	Transportation	70	70
Usaha Timur Enterprise	Malaysia	Transportation	55	55
Bintang Timur Enterprise	Malaysia	Transportation	30	30
Bulan Timur Enterprise	Malaysia	Transportation	30	30





## Notes to the financial statements for the year ended 31 March 2001 - continued

### 14 Inventories, at cost

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Raw materials	<b>8,533,609</b>	12,886,782	<b>8,533,609</b>	12,886,782
Finished goods	<b>2,114,535</b>	2,259,654	<b>2,026,124</b>	2,259,654
By-products	<b>150,936</b>	84,705	<b>150,936</b>	84,705
Work in progress	<b>280,131</b>	249,459	<b>280,131</b>	249,459
	<b>11,079,211</b>	15,480,600	<b>10,990,800</b>	15,480,600
Stores	<b>1,030,885</b>	889,748	<b>1,030,885</b>	889,748
	<b>12,110,096</b>	16,370,348	<b>12,021,685</b>	16,370,348

Inventories of the Company have been charged as security for the bank borrowings as disclosed in note 18 to the financial statements.

### 15 Trade and other receivables

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Trade debtors	<b>18,737,729</b>	20,117,255	<b>17,700,211</b>	19,605,438
Provision for doubtful debts	<b>(819,655)</b>	(3,775,555)	<b>(819,655)</b>	(3,764,922)
	<b>17,918,074</b>	16,341,700	<b>16,880,556</b>	15,840,516
Other debtors	<b>729,971</b>	3,750,747	<b>701,726</b>	317,145
Provision for doubtful debts	-	(3,360,000)	-	-
	<b>729,971</b>	390,747	<b>701,726</b>	317,145
Deposits	<b>356,019</b>	243,268	<b>183,654</b>	77,303
Prepayments	<b>370,405</b>	236,911	<b>291,570</b>	144,542
Amounts due from subsidiary companies	-	-	<b>4,229,865</b>	3,307,509
Provision for doubtful debts	-	-	<b>(1,894,143)</b>	(1,868,076)
	-	-	<b>2,335,722</b>	1,439,433
	<b>19,374,469</b>	17,212,626	<b>20,393,228</b>	17,818,939

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



## Notes to the financial statements for the year ended 31 March 2001 - continued

### 16 Deposits, bank and cash balances

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Fixed deposits with licensed banks	547,044	547,044	547,044	547,044
Bank and cash balances	<u>2,022,775</u>	<u>1,292,276</u>	<u>1,854,485</u>	<u>1,264,543</u>
Deposits, bank and cash balances	2,569,819	1,839,320	2,401,529	1,811,587
Bank overdrafts	<u>(2,747,453)</u>	<u>(661,609)</u>	<u>(2,616,387)</u>	<u>(511,609)</u>
	(177,634)	1,177,711	(214,858)	1,299,978
Fixed deposits pledged as security	<u>(547,044)</u>	<u>(547,044)</u>	<u>(547,044)</u>	<u>(547,044)</u>
	<u>(724,678)</u>	<u>630,667</u>	<u>(761,902)</u>	<u>752,934</u>

The bank overdraft facilities of the Group and the Company are unsecured and with interest rates ranging from 1.5% to 2% (2000 : 1.5% to 2%) above the base lending rate per annum.

Fixed deposits are pledged for bank guarantee purposes.

### 17 Trade and other payables

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Trade creditors	1,455,058	541,005	1,429,446	499,635
Bankers acceptance	19,634,566	26,471,796	19,634,566	26,471,796
Other creditors	223,780	3,382,285	20,493	107,437
Accruals	2,068,468	1,751,524	2,050,413	1,654,298
Deposits	147,605	149,555	147,605	149,555
Amount due to a Director	-	900,000	-	900,000
	<u>23,529,477</u>	<u>33,196,165</u>	<u>23,282,523</u>	<u>29,782,721</u>

Banker acceptance is unsecured short-term borrowings with interest rates ranging from 0.25% to 7.8% (2000:1.5% to 10%) per annum.



## Notes to the financial statements for the year ended 31 March 2001 - continued

### 18 Borrowings

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
<b>Current</b>				
Bank borrowings (secured)	294,792	642,427	294,792	642,427
Hire purchase liabilities (secured)	383,470	483,046	293,696	331,530
	<u>678,262</u>	<u>1,125,473</u>	<u>588,488</u>	<u>973,957</u>
<b>Non current</b>				
Bank borrowings (secured)	-	247,572	-	247,572
Hire purchase liabilities (secured)	526,599	143,546	350,693	68,917
	<u>526,599</u>	<u>391,118</u>	<u>350,693</u>	<u>316,489</u>

Bank borrowings is with interest rate of 1.5% to 2.5% (2000 : 1.5% to 2.5%) per annum above the base lending rate and are secured over assets of the Company (Note 11).

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

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
<b>Hire purchase liabilities :</b>				
<b>Minimum hire purchase payments :</b>				
- not later than 1 year	415,449	553,629	300,884	375,569
- later than 1 year but not later than 5 years	750,247	243,922	524,900	148,163
	<u>1,165,696</u>	<u>797,551</u>	<u>825,784</u>	<u>523,732</u>
Future finance charges on hire purchase	(255,627)	(170,959)	(181,395)	(123,285)
Present value of hire purchase liabilities	<u>910,069</u>	<u>626,592</u>	<u>644,389</u>	<u>400,447</u>
<b>Representing hire purchase liabilities :</b>				
- current	383,470	483,046	293,696	331,530
- non current	526,599	143,546	350,693	68,917
	<u>910,069</u>	<u>626,592</u>	<u>644,389</u>	<u>400,447</u>
<b>Present value of hire purchase liabilities :</b>				
- not later than 1 year	383,470	483,046	293,696	331,530
- later than 1 year but not later than 5 years	526,599	143,546	350,693	68,917
	<u>910,069</u>	<u>626,592</u>	<u>644,389</u>	<u>400,447</u>



## Notes to the financial statements for the year ended 31 March 2001 - continued

### 19 Deferred taxation

No provision has been made for the following timing differences :

	Group		Company	
	2001	2000	2001	2000
	RM	RM	RM	RM
Excess of capital allowances over depreciation	<b>13,460,681</b>	12,868,756	<b>13,426,284</b>	12,853,655
Unabsorbed tax losses	<b>(8,603,574)</b>	(8,602,875)	<b>(6,746,229)</b>	(6,746,229)
Unabsorbed capital allowances	<b>(7,325,195)</b>	(9,900,718)	<b>(5,367,602)</b>	(8,004,210)
	<b>(2,468,088)</b>	(5,634,837)	<b>1,312,453</b>	(1,896,784)
Unabsorbed reinvestment allowances	<b>(3,597,263)</b>	(3,597,263)	<b>(3,597,263)</b>	(3,597,263)
	<b>(6,065,351)</b>	(9,232,100)	<b>(2,284,810)</b>	(5,494,047)

Subject to agreement by the Inland Revenue Board, total amount of unutilised tax losses, capital allowances and reinvestment allowances of the Company for which the related tax effects have not been included in the net income amounted to RM15,711,000 (2000 : RM18,347,000).

### 20 Share capital

	Group and Company	
	2001	2000
	RM	RM
<b>Authorised ordinary shares of RM1 each :</b>		
1 April	<b>25,000,000</b>	25,000,000
Created during the year	<b>25,000,000</b>	-
31 March	<b>50,000,000</b>	25,000,000

### 21 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.



## Notes to the financial statements for the year ended 31 March 2001 - continued

### 22 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 11).

### 23 Significant related party transactions

In the normal course of business, the Group and the Company undertake, on agreed terms negotiated between parties, a variety of transactions with Group companies and companies, which are deemed related by virtue that certain Directors of the Company have substantial financial interests.

The significant related party transactions are as follows :

	Group		Company	
	2001	2000	2001	2000
	RM	RM	RM	RM
<b>Subsidiary companies</b>				
- Sales of premix to KFM Marketing Sdn Bhd (formerly known as Teetex Sdn Bhd)	-	-	<b>1,105,410</b>	-
- Distribution expenses from KFM Transport Sdn Bhd	-	-	<b>1,705,415</b>	1,626,819
<b>Joint venture entities</b>				
- Distribution expenses	-	-	<b>709,104</b>	731,841
<b>Related parties</b>				
- Purchase commission from Sinamex Asia Pacific Pte Ltd	<b>228,120</b>	171,000	<b>228,120</b>	171,000
- Consultancy fees to Lim Chor Ping	<b>60,000</b>	60,000	<b>60,000</b>	60,000



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## Notes to the financial statements for the year ended 31 March 2001 - continued

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### 24 Comparatives

Due to the change in the accounting policy as stated in note 3(f) to the financial statements, certain comparative information have been restated. The effects of the change on the Group's financial statements are as follows :

	<b>As previously reported</b>	<b>Adjustments</b>	<b>As restated</b>
	<b>Dr/(Cr)</b>	<b>Dr/(Cr)</b>	<b>Dr/(Cr)</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
Property, plant and equipment	27,159,011	1,660	27,160,671
Other investments	669,770	(669,770)	-
Trade and other receivables	16,662,314	550,312	17,212,626
Trade and other payables	(33,446,463)	250,298	(33,196,165)
Revenue	(98,473,209)	996,198	(97,477,011)
Other operating income	(613,332)	63,388	(549,944)



## List of Properties Held By The Group as at 31 March, 2001

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

Location	Tenure	Area	Description	Age of Building	Net Book Value RM'000
Pajakan Negeri 550 Lot 1863 Mukim Sungai Karang, Kuantan, Pahang.	21 years lease expiring on 14 September 2006 with an option to renew for a further 21 years	25,425 sq. metres	Office and factory	15 years and 8 years	2,484  3,379
Pajakan Negeri 550 Lot 1863 Mukim Sungai Karang, Kuantan, Pahang.	21 years lease expiring on 31 December 2011 with an option to renew for a further 21 years	22,589 sq. metres	Vacant land held for future development	n/a	n/a
HS(M) 13839 Lot. No. 23617 Mukim of Kuala Kuantan, Kuantan, Pahang.	Freehold	446 sq. metres	Double storey House - Staff Accomodation	9 years	96



## SHAREHOLDING STRUCTURE

### as at 06 August 2001

Authorised Share Capital	: RM50,000,000
Issued and paid-up capital	: RM23,940,000
Class of shares	: Ordinary shares of RM1.00 each
Voting rights	: One vote per ordinary share

#### SHAREHOLDINGS STATISTICS

Size of Shareholdings	No. of Holders	Percentage	No. of Shares	Percentage
Less than 1,000	99	1.83	34,700	0.15
1,000 - 10,000	5,136	94.90	11,075,400	46.26
10,001 - 100,000	165	3.05	4,120,500	17.21
100,001 to less than 5% of issued shares	11	0.20	3,654,400	15.26
5% and above of issued shares	1	0.02	5,055,000	21.12
<b>Total</b>	<b>5,412</b>	<b>100.00</b>	<b>23,940,000</b>	<b>100.00</b>

#### LIST OF TOP 30 SHAREHOLDERS

No.	Name	Beneficiary	Shareholdings	Percentage
1.	Southern Nominees (Asing) Sdn Bhd	<i>Pledged Securities Account for Omar Holdings Limited</i>	5,055,000	21.12
2.	Ang Boon Yu		676,650	2.83
3.	Lee Teck Seng		676,650	2.83
4.	Lee Kim Heong		451,100	1.88
5.	HDM Nominees (Asing) Sdn Bhd	<i>Phillip Securities Pte Ltd for Chan Poh Leng</i>	333,000	1.39
6.	Harta Tanjung Kuantan Sdn Bhd		300,000	1.25
7.	CIMSEC Nominees (Asing) Sdn Bhd	<i>Ong Commodities Pte Ltd for Super Asset Investment Ltd (Pledged Account)</i>	278,000	1.16
8.	Citicorp Nominees (Asing) Sdn Bhd	<i>CB GW Spore for Jarsuma Investments Ltd</i>	250,000	1.04
9.	Employees Provident Fund Board		233,000	0.97
10.	Hong Boon Siong		189,000	0.79
11.	TCL Nominees (Asing) Sdn Bhd	<i>OCBC Securities Private Limited for Kemi Investment Inc</i>	150,000	0.63
12.	Ke-Zan Nominees (Asing) Sdn Bhd	<i>Kim Eng Securities (Private) Limited for Khoo Yean Ann Adam</i>	117,000	0.49
13.	Harta Tanjung Kuantan Sdn Bhd		100,000	0.42
14.	Mohd. Idris Bin Ahmad Jais		94,000	0.39
15.	Mohamed Taib Bin Ibrahim		92,500	0.39
16.	BBMB Securities Nominees (Asing) Sdn Bhd	<i>Vickers Ballas &amp; Company Pte Ltd for Sweet Success Enterprises Limited</i>	91,000	0.38
17.	Kho Hock Moh		76,000	0.32
18.	Ke-Zan Nominees (Asing) Sdn Bhd	<i>Kim Eng Securities (Private) Ltd for Khoo Tiam Siew</i>	70,000	0.29
19.	Yee Chek Mun		70,000	0.29
20.	Satria Nominees (Tempatan) Sdn Bhd	<i>Pledged Securities Account for Kho Chai Yam</i>	69,000	0.29
	Balance c/f		<u>9,371,900</u>	<u>39.15</u>





## SHAREHOLDING STRUCTURE

### as at 06 August 2001 - continued

No.	Name	Beneficiary	Shareholdings	Percentage
	Balance b/f		9,371,900	39.15
21.	Thong & Kay Hian Nominees (Asing) Sdn Bhd	<i>UOB Kay Hian Pte Ltd for Quek Eng Chye</i>	69,000	0.29
22.	M & A Nominee (Asing) Sdn Bhd	<i>UOB Kay Hian Private Limited for Citywise Assets Limited</i>	68,000	0.28
23.	Alliancegroup Nominees (Tempatan) Sdn Bhd	<i>Pledged Securities Account for Leong Hong Yuen</i>	65,000	0.27
24.	BBMB Securities Nominees (Asing) Sdn Bhd	<i>Vickers Ballas &amp; Company Pte Ltd for Citywise Assets Limited</i>	63,000	0.26
25.	Na Lai Hue @ Na Ah Moi		62,000	0.26
26.	JB Nominees (Tempatan) Sdn Bhd	<i>Pledged Securities Account for Toi Ah Lek</i>	51,000	0.21
27.	Mayban Nominees (Tempatan) Sdn Bhd	<i>Pledged Securities Account for Yong Poo Mui</i>	51,000	0.21
28.	UOBM Nominees (Asing) Sdn Bhd	<i>BNP Paribas Peregrine Securities Pte Ltd for Ling Siew Pin</i>	51,000	0.21
29.	F.I.T Nominees (Asing) Sdn Bhd	<i>Vickers Ballas &amp; Co. Pte Ltd for Wong Siew Parn</i>	50,000	0.21
30.	Ke-Zan Nominees (Asing) Sdn Bhd	<i>Kim Eng Securities (Private) Ltd for Ahmad Fuad Bin Md Ali</i>	50,000	0.21
			<u>9,951,900</u>	<u>41.56</u>



## SUBSTANTIAL SHAREHOLDERS

According to the register to be 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	Beneficiary	Shareholdings	Percentage
1.	Omar Holdings Ltd		5,055,000	21.12
2.	Khoo Tiam Hock Vernon (A)		5,055,000	21.12
3.	Low Siew Kheng Denis (B)		5,055,000	21.12
4.	Southern Nominees (Asing) Sdn Bhd	<i>Pledged Securities Account for Omar Holdings Ltd</i>	5,055,000	21.12
5.	Mohamed Taib Bin Ibrahim		2,229,000	9.31
6.	Harta Tanjung Kuantan Sdn Bhd		1,527,750	6.38
7.	Helang Ria Sdn Bhd (C)		1,527,750	6.38
8.	Dato' Soh Chee Wen (D)		1,527,750	6.38
9.	Dato' Ho Seng Chuan (E)		1,527,750	6.38

Note :

- (A) *Interested by virtue of his interest in Omar Holdings Ltd.*
- (B) *Interested by virtue of his interest in Omar Holdings Ltd.*
- (C) *Interested by virtue of its interest in Harta Tanjung Kuantan Sdn Bhd.*
- (D) *Interested by virtue of his interest in Harta Tanjung Kuantan Sdn Bhd and Helang Ria Sdn Bhd.*
- (E) *Interested by virtue of his interest in Harta Tanjung Kuantan Sdn Bhd and Helang Ria Sdn Bhd.*

Certain of the substantial shareholdings (referred to in items 6, 7, 8 and 9 above) are not reflected by the records of the Malaysian Central Depository Sdn. Bhd. (MCD) as at 6 August 2001. Accordingly, KFM has requested the relevant shareholders pursuant to section 69O of the Companies Act, 1965, to provide updated particulars. Until KFM receives further notifications or updates in respect of those substantial shareholdings, KFM has maintained its Register of Substantial Shareholders as shown above even though it differs from the records of the MCD.



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## NOTICE OF SEVENTEENTH ANNUAL GENERAL MEETING

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NOTICE IS HEREBY GIVEN that the Seventeenth Annual General Meeting of the Company will be held on Tuesday, 25 September 2001 at 11.00 a.m. at Raya Room, Hotel Equatorial, Jalan Sultan Ismail, 50250 Kuala Lumpur to transact the following business:-

### AGENDA

#### As Ordinary Business :

1. To receive and adopt the Audited Accounts for the year ended 31 March 2001 together with the Reports of the Directors and Auditors thereon. **(Resolution 1)**
2. To approve Directors' fees for the year ended 31 March 2001. **(Resolution 2)**
3. To re-elect the following Directors who are retiring in accordance with Article 63 of the Company's Articles of Association and, being eligible, have offered themselves for re-election:-
  - a. Low Siew Kheng Denis **(Resolution 3)**
  - b. Lim Chiao Hak Clement **(Resolution 4)**
4. To re-elect Dato' Abd. Gani Bin Yusof who is retiring in accordance with Article 68 of the Company's Articles of Association and, being eligible, has offered himself for re-election. **(Resolution 5)**
5. To re-appoint Messrs PricewaterhouseCoopers as the Company's Auditors and to authorise the Directors to fix their remuneration. **(Resolution 6)**

#### As Special Business :

6. To consider and if thought fit, to pass the following resolution in accordance with Section 129(6) of the Companies Act, 1965:-

"THAT pursuant to Section 129 of the Companies Act, 1965, Mr Chan Poh Leng who is over 70 years of age be and is hereby appointed as a director of the Company to hold office until the next annual general meeting of the company."

**(Resolution 7)**
7. To consider and if thought fit, to pass the following resolution in accordance with Section 129(6) of the Companies Act, 1965:-

"THAT pursuant to Section 129 of the Companies Act, 1965, Tun Abdul Ghafar Bin Baba who is over 70 years of age be and is hereby appointed as a director of the Company to hold office until the next annual general meeting of the company."

**(Resolution 8)**
8. To consider and if thought fit, to pass the following resolution as Ordinary Resolution :-

"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."

**(Resolution 9)**
9. 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  
3 September 2001

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### **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.

### **Explanatory Notes to Special Business**

1. The Proposed Resolution 6 is in accordance with Section 129 (6) of the Companies Act, 1965, if passed is to appoint Mr. Chan Poh Leng who is over 70 years of age as Director of the Company, to hold office until the next annual general meeting of the Company.
2. The Proposed Resolution 7 is in accordance with Section 129 (6) of the Companies Act, 1965, if passed is to appoint Tun Abdul Ghafar Bin Baba who is over 70 years of age as Director of the Company, to hold office until the next annual general meeting of the Company.
3. The Proposed Resolution 8, 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 Seventeenth Annual General Meeting of the Company:
  - (i) Low Siew Kheng Denis;
  - (ii) Lim Chiao Hak Clement; and
  - (iii) Dato' Abd. Gani Bin Yusof



2. Attendance of Directors at Board Meetings:

The Board met twice during the financial year ended 31 March 2001 that is, 17 May 2000 and 18 September 2000. All the present Directors attended both the meetings except, Dato' Abd. Gani Bin Yusof who joined the Board on 21 September 2000.

3. Place, date and hour of the meetings:

<i>Date of meeting</i>	<i>Place</i>	<i>Hour</i>
17 May 2000	The Ritz-Calton Hotel, Kuala Lumpur	10.00 a.m.
18 September 2000	Hotel Equatorial, Kuala Lumpur	9.30 a.m.

4. Further details of Directors who are standing for re-election:-

(i) **Low Siew Kheng Denis**

Name, age and nationality	: Low Siew Kheng Denis, 50 years of age and Singaporean
Position held	: Non-executive independent director
Qualification	: Bachelor of Science in Estate Management, Associate member of the Chartered Institute of Arbitrators and a fellow of the Society of Project Managers, Singapore
Working experience and occupation	: (1975 - 1976) Associated Property Consultants Pte Ltd (formerly known as Low & Low Property Consultants Pte Ltd) Founder and Deputy Chairman of Electronics Resources Ltd.
Other directorships of public listed companies, if any	: Nil
Securities holdings in the Company and its subsidiaries	: 5,055,000 shares by virtue of his interest in Omar Holdings Ltd
Conflict of interest with the Company, if any	: Does not have any family relationship with any Director and/or major shareholder of the Company except for certain recurrent related party transactions of revenue nature which are necessary for day-to-day operations of the Company for which he is deemed to be interested and there is no business arrangement with the Company in which he has personal interest
List of convictions for offences within the past 10 years other than traffic offences, if any	: Nil

(ii) **Lim Chiao Hak Clement**

Name, age and nationality	: Lim Chiao Hak Clement, 45 years of age and Singaporean
Position held	: Executive Director
Qualification	: Bachelor of Science in Economics, Certified Public Accountant of the Institute of Public Accountants of Singapore and Chartered Accountant of the Institute of Chartered Accountants in England and Wales
Working experience and occupation	: (1980 to 1987) - Auditing experience in England and Singapore (1987 to 1996) - Financial Controller both in Singapore and Japan with Westin Hotel (1996 to 1998) - Regional Financial Controller with Planet Hollywood, Asia



Other directorships of public listed companies, if any : Nil  
Securities holdings in the Company and its subsidiaries : Nil  
Conflict of interest with the Company, if any : 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  
List of convictions for offences within the past 10 years other than traffic offences, if any : Nil

**(iii) Dato' Abd. Gani bin Yusof**

Name, age and nationality : Dato' Abd. Gani bin Yusof, 47 years of age and Malaysian  
Position held : Non-executive independent director  
Qualification : Bachelor of Science Degree (Housing & Planning)  
Working experience and occupation : (1981 to 1988) Project Manager - Peremba Group  
(1988 to 1991) General Manager - UEM Group  
(1991 to 1992) Project Director - UEM Group  
(1993 to 1995) Managing Director - Renong Berhad  
Currently - Executive Chairman of Magna Prima Berhad and Vice - Chairman of Berger International Ltd.  
Other directorships of public listed companies, if any : Magna Prima Berhad  
Road Builder (M) Holdings Bhd  
Berger International Ltd  
Securities holdings in the Company and its subsidiaries : Nil  
Conflict of interest with the Company, if any : 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.  
List of convictions for offences within the past 10 years other than traffic offences, if any : Nil



## FORM OF PROXY

No. of shares held:	
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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 Seventeenth Annual General Meeting of the Company to be held on Tuesday, 25 September 2001 at 11.00 a.m. at Raya 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
<b>Ordinary Business</b>		
1. To receive and adopt the Audited Accounts for the year ended 31 March 2001 and the Reports of the Directors and Auditors thereon.		
2. To approve Directors' fees for the year ended 31 March 2001.		
3. To re-elect Mr. Low Siew Kheng Denis, who retires in accordance with Article 63 of the Company's Articles of Association of the Company.		
4. To re-elect Mr. Lim Chiao Hak Clement, who retires in accordance with Article 63 of the Company's Articles of Association of the Company.		
5. To re-elect Dato' Abd. Gani Bin Yusof, who retires in accordance with Article 68 of the Company's Articles of Association of the Company.		
6. To re-appoint Messrs. PricewaterhouseCoopers as the Company's Auditors and authorise the Directors to fix their remuneration.		
<b>Special Business</b>		
7. To appoint Mr. Chan Poh Leng as Director of the Company pursuant to Section 129 (6) of the Companies Act, 1965.		
8. To appoint Tun Abdul Ghafar Bin Baba as Director of the Company pursuant to Section 129 (6) of the Companies Act, 1965.		
9. To authorise 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.)

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2001

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

### 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.

