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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' Haji Abdul Murad bin Ahmad (*Company Director*)  
Tee Keng Hoon (*Company Director*)  
Chan Poh Leng (*Company Director*)  
Lim Chiao Hak Clement (*Company Director*)  
Boon Yoon Chiang (*Company Director*)

### **Company Secretary**

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 : 603-294 8788  
Fax No : 603-293 9137

### **Bankers**

Bumiputra Commerce Malaysia Berhad  
HSBC Bank Malaysia Berhad  
Bank Islam Malaysia Berhad  
Malayan Banking 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, 1<sup>st</sup> Floor, Jalan Teluk Sisek  
25000 Kuantan  
Pahang Darul Makmur.

### **Audit Committee**

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

### **AUDITORS**

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

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

Lim Chiao Hak Clement  
(*Member, Independent Non-Executive Director*)



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## AUDIT COMMITTEE - TERMS OF REFERENCE

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### **Membership**

The Committee shall be appointed by the Board from amongst the directors of the Company and shall consist of not less than 3 members with a majority of non-executive directors.

A non-executive director who is a member of the Committee shall not :-

- a) be a substantial shareholder in the Company or any related corporation;
- b) have any family relationship with any executive director of the Company or related corporation; or
- c) be any person having a relationship which in the opinion of the Board, would interfere with the exercise of the independent judgement as a Committee member.

A quorum shall be 2 members, a majority of which shall be non-executive directors. The Chairman of the Committee shall be a non-executive director elected by the members of the Committee.

### **Attendance of Meetings**

The Committee may require any employee and/or the auditor to attend meetings. If necessary, the Committee shall meet with the external auditors without any executive director present.

The Company Secretary shall be the Secretary of the Committee.

### **Frequency of Meetings**

Meetings shall be held not less than two times a year. The external auditors may request a meeting if they consider this necessary.

### **Proceedings of Meetings**

In the absence of the Chairman, the Committee shall appoint one of the non-executive directors present to chair that meeting. A resolution put to the vote shall be decided by a majority of votes of the members present, each member having one vote.

### **Authority**

The Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employees and all employees are directed to cooperate with any request made by the Committee.

The Committee is authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

### **Duties**

The duties of the Committee shall be :-

- a) to consider the appointment of the external auditor, the audit fee and any questions of resignation or dismissal;
- b) to review the nature and scope of the external audit;
- c) to review the half year and annual financial statements before submission to the Board;
- d) to discuss problems and reservations arising from interim and final audits, and any matters the auditor may wish to discuss (in the absence of the management where necessary);
- e) to evaluate the nature, scope and major findings of internal audit investigations, and ensure co-ordination between the internal and external audit;
- f) to keep under review the effectiveness of internal control systems, and in particular review the external auditor's management letter and management's response;
- g) to consider the other topics, as defined by the Committee and/or the Board.

### **Reporting Procedures**

The Secretary shall circulate the minutes of the meeting of the Committee to all members of the Board.



## **CHAIRMAN'S STATEMENT**

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On behalf of the Board of Directors and Management of Kuantan Flour Mills Berhad (KFMB), I am pleased to report to you that the Company has achieved an after-tax profit of RM4.672 million at Company level and RM4,561 million at Group level for financial year ended March 2000. This is a tremendous improvement over last financial year's performance of RM2,364 million for the Company and RM2,279 million for the Group. At Company level, we have managed to cover all our accumulated losses and we now record an unappropriated profit carried forward of RM1,639 million. However at Group level, we are still in the negative of RM2,676 million.

### **REVIEW OF OPERATIONS**

The Malaysian economy has generally recovered from the recession and consumer demand for goods including that of flour products has also improved generally. World wheat prices during this financial year had remained fairly stable and coupled with the stable exchange rate of the Ringgit to the US Dollar, we have been able to achieve a reasonable profit level.

Flour milling industry in Malaysia has become more competitive with the commissioning of two more new mills (one in Port Kelang and one in Lahad Datu, Sabah), in early 1999. However, we have managed to maintain our market share by providing better services and consistent quality to our customers and thus our turnover remained quite stable. Our efforts in distributing some other products related to baking industry has shown encouraging results and has contributed towards maintaining our turnover.

### **SUBSIDIARY COMPANIES**

Apart from KFM Transport Sdn Bhd (KFMT), all other subsidiary companies were dormant. KFMT, a 100% subsidiary continue to be the provider of transport services to our milling operations and its main objective is to provide good and reliable services. In terms of turnover, there was a slight decrease for year ending March 2000 compared to that of last financial year and a small loss of RM15,953.00 (after tax) was also recorded. KFMT is expected to perform slightly better for the coming financial year as repayments for a number of vehicles would have been fully settled during the financial year.



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## **CHAIRMAN'S STATEMENT (continued).**

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### **PROSPECTS**

In the long run the Company needs to diversify its business activities and to be less reliant on wheat flour. A few business opportunities have been identified and proceeds from the Rights Issue exercise which is currently in progress shall be utilized towards achieving this objective. In the meanwhile, our flour milling operations will continue to be our main business activity and is expected to continue giving the Company a reasonable profit level for the coming financial year as world wheat prices still remain quite stable and the Ringgit peg to the US Dollar is expected to remain at 3.8 level. The Company shall continue to provide good service and consistent flour quality to its customers to ensure that the Company's market share shall remain intact.

### **ACKNOWLEDGEMENT**

The Company has managed to continue achieving reasonable profit levels for the second consecutive year inspite of the competitive environment it was operating. This could not have been achieved without the dedication and support extended by the staff and also the continued support of our customers. We would like to express our appreciation to our staff and our gratitude to our customers. There has been changes at Board level and I would like to welcome Mr. Chan Poh Leng and Mr. Boon Yoon Chiang to the Board and the Company is sure to benefit from their vast business experience. Mr. Donald Han Low and En. Ruzmi Ag Ya have resigned from the Board and I would like to thank them for their past contributions to the Company. Last but not least I would like to thank our shareholders for their patience and support of the Board and Management of the Company and we look forward to another fruitful year ahead.

Thank you.

**Tun Abdul Ghafar Bin Baba**  
Chairman



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## **Directors' report for the year ended 31 March 2000**

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The directors have pleasure in submitting their report together with the audited accounts of the group and of the company for the financial year ended 31 March 2000.

### **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 accounts. There has been no significant change in the nature of these activities during the financial year.

### **Financial results**

	<b>Group</b>	<b>Company</b>
	<b>RM</b>	<b>RM</b>
Profit for the year after taxation	<b>4,561,354</b>	<b>4,672,319</b>
Minority interest	<b>6,918</b>	<b>-</b>
	<b>4,568,272</b>	<b>4,672,319</b>
Accumulated loss brought forward	<b>(7,244,990)</b>	<b>(3,033,315)</b>
(Accumulated loss)/ unappropriated profit carried forward	<b>(2,676,718)</b>	<b>1,639,004</b>

In the opinion of the directors, the results of the operations of the group and of the company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

### **Dividends**

No dividend has been paid, declared or proposed since the end of the company's previous financial year.

### **Movements on reserves and provisions**

All material transfers to or from reserves or provisions during the financial year have been disclosed in the accounts.



## Directors

The directors in office since the date of the last report are :

Tun Abdul Ghafar bin Baba – Chairman	(appointed : 5.4.2000)
Khoo Tiam Hock Vernon – Managing Director	
Shaharuddin bin Shamsudin – Deputy Managing Director	
Dato’ Dr Haji Abdul Murad bin Ahmad	
Tee Keng Hoon	
Low Siew Kheng Denis	
Lim Chiao Hak Clement	
Chan Poh Leng	(appointed : 21.3.2000)
Boon Yoon Chiang	(appointed : 12.5.2000)
Donald Han Low (alternate to Dato’ Dr Haji Abdul Murad bin Ahmad)	(resigned : 30.12.1999)
Ruzmi Ag Ya	(resigned : 28.4.2000)

## Directors’ interests

According to the register of directors’ shareholdings, particulars of interests in the shares in the company and its related corporations during the financial year of those directors holding office at the end of the financial year are as follows :

	Number of ordinary shares of RM1 each				Changes after	
	1 April	Addition	Disposal	31 March	31 March	21 April
Khoo Tiam Hock Vernon						
- indirect interest	3,899,000	1,156,000	-	5,055,000	-	5,055,000
Low Siew Kheng Denis						
- indirect interest	3,899,000	1,156,000	-	5,055,000	-	5,055,000
Chan Poh Leng						
- indirect interest	333,000	-	-	333,000	-	333,000

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 subsidiary companies to the extent the company has an interest.

None of the other directors in office at the end of the financial year and as at 21 April 2000 held any interests in the shares in the company or its related corporations during the financial year.



## **Directors' benefits**

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than the emoluments shown in note 4 to the accounts) 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.

Neither during nor at the end of the financial year was the company a party to any arrangement whose object was to enable the directors to acquire benefits by means of the acquisition of shares in, or debentures of, the company or any other body corporate.

## **Other statutory information**

Before the accounts of the group and of the company were made out, the directors took reasonable steps :

- (a) to ascertain the action taken in relation to the writing off of bad debts and the making of provision for doubtful debts and had 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 which were unlikely to realise their book values in the ordinary course of business had been written down to their expected realisable values.

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

- (a) which would render the amounts written off or provided for bad and doubtful debts of the group and of the company inadequate to any substantial extent or the values attributed to current assets of the group and of the company misleading ; and
- (b) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the group and of the company misleading or inappropriate.

In the interval between the end of the financial year and the date of this report :

- (a) no item, transaction or event of a material and unusual nature has arisen which, in the opinion of the directors, would substantially affect the results of the operations of the group and of the company for the financial year in which this report is made; and
- (b) no charge has arisen on the assets of any company in the group which secures the liability of any other person nor has any contingent liability arisen in any company in the group other than that stated in note 23 to the accounts.





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## **Other statutory information (continued)**

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

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

## **Auditors**

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

On behalf of the Board of Directors

**Khoo Tiam Hock Vernon**  
Managing Director

**Shaharuddin bin Shamsudin**  
Deputy Managing Director

Kuantan  
20 July 2000



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

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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 accounts set out on pages 12 to 28 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 2000 and of the results of the group and of the company and the cash flows of the group for the year ended on that date in accordance with the applicable approved accounting standards in Malaysia.

Signed at Kuantan on 20 July 2000

On behalf of the Board of Directors

**Khoo Tiam Hock Vernon**  
Managing Director

**Shaharuddin bin Shamsudin**  
Deputy Managing Director

### **Statutory declaration**

I, Shaharuddin bin Shamsudin, being the director primarily responsible for the financial management of Kuantan Flour Mills Berhad, do solemnly and sincerely declare that the accounts set out on pages 12 to 28 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.

**Shaharuddin bin Shamsudin**  
Deputy Managing Director

Subscribed and solemnly declared at Kuantan on 20 July 2000

Before me: Ng Aik Hwee

Commissioner for Oaths  
No. C 042



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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 accounts set out on pages 12 to 28. These accounts are the responsibility of the company's directors. Our responsibility is to express an opinion on these accounts 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 accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and significant estimates made by directors, as well as evaluating the overall accounts presentation. We believe that our audit provides a reasonable basis for our opinion.
3. In our opinion:
  - (a) the accounts give a true and fair view of the state of affairs of the group and the company as at 31 March 2000 and of the results of the group and the company and the cash flows of the group for the year ended on that date in accordance with the applicable approved accounting standards in Malaysia, and comply with the Companies Act, 1965 ; and
  - (b) the accounting and other records and the registers required by the Act to be kept by the company and by its subsidiary companies have been properly kept in accordance with the provisions of the Act.
4. We are satisfied that the accounts of the subsidiary companies that have been consolidated with the company's accounts are in form and content appropriate and proper for the purposes of the preparation of the consolidated accounts and we have received satisfactory information and explanations required by us for those purposes.
5. Our audit reports on the accounts 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

Kuantan

20 July 2000



## Profit and loss accounts for the year ended 31 March 2000

	Note	Group		Company	
		2000 RM	1999 RM	2000 RM	1999 RM
Turnover	3	<u>98,473,209</u>	<u>98,941,516</u>	<u>97,247,394</u>	<u>97,559,343</u>
Cost of sales		<u>79,124,999</u>	<u>83,995,162</u>	<u>79,124,999</u>	<u>83,995,162</u>
Operating profit	4	<u>4,603,283</u>	1,109,159	<u>4,690,969</u>	1,194,292
Taxation	5	<u>(41,929)</u>	1,170,000	<u>(18,650)</u>	1,170,000
Profit after taxation		<u>4,561,354</u>	2,279,159	<u>4,672,319</u>	2,364,292
Minority interest		<u>6,918</u>	21,929	-	-
Profit attributable to shareholders		<u>4,568,272</u>	2,301,088	<u>4,672,319</u>	2,364,292
Accumulated loss brought forward		<u>(7,244,990)</u>	<u>(9,546,078)</u>	<u>(3,033,315)</u>	<u>(5,397,607)</u>
(Accumulated loss)/ unappropriated profit carried forward		<u>(2,676,718)</u>	<u>(7,244,990)</u>	<u>1,639,004</u>	<u>(3,033,315)</u>
Earnings per share	6	<u>19.1 sen</u>	<u>9.6 sen</u>		

The above profit and loss accounts are to be read in conjunction with the notes to the accounts on pages 15 to 28.

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## Balance sheets as at 31 March 2000

	Note	Group		Company	
		2000 RM	1999 RM	2000 RM	1999 RM
<b>Capital and reserves</b>					
Share capital	7	23,940,000	23,940,000	23,940,000	23,940,000
Share premium	8	5,877,366	5,877,366	5,877,366	5,877,366
(Accumulated loss)/ unappropriated profit	9	(2,676,718)	(7,244,990)	1,639,004	(3,033,315)
		<u>27,140,648</u>	<u>22,572,376</u>	<u>31,456,370</u>	<u>26,784,051</u>
<b>Minority interest</b>		2	6,920	-	-
<b>Long term liabilities</b>					
Term loans	10(a)	247,572	754,845	247,572	754,845
Hire purchase creditors		143,546	428,364	68,917	322,756
		<u>391,118</u>	<u>1,183,209</u>	<u>316,489</u>	<u>1,077,601</u>
		<u>27,531,768</u>	<u>23,762,505</u>	<u>31,772,859</u>	<u>27,861,652</u>
<b>Fixed assets</b>	11	27,159,011	29,695,682	26,355,261	28,619,847
<b>Subsidiary companies</b>	12	-	-	685,011	630,008
<b>Other investments</b>	13	669,770	606,382	-	-
<b>Current assets</b>	14	34,871,982	33,553,594	36,000,874	34,666,616
<b>Current liabilities</b>	15	(35,268,182)	(40,201,204)	(31,268,287)	(36,054,819)
<b>Net current (liabilities)/assets</b>		(396,200)	(6,647,610)	4,732,587	(1,388,203)
<b>Expenditure carried forward, at cost</b>	16	99,187	108,051	-	-
		<u>27,531,768</u>	<u>23,762,505</u>	<u>31,772,859</u>	<u>27,861,652</u>

The above balance sheets are to be read in conjunction with the notes to the accounts on pages 15 to 28.

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## Consolidated cash flow statement for the year ended 31 March 2000

	Note	2000 RM	1999 RM
<b>Cash flows from/(used in) operating activities</b>			
Profit before taxation		4,603,283	1,109,159
Adjustments for items not involving the movements of funds :			
Assets written off		32,630	7,836
Depreciation		2,647,485	2,762,797
Gain on disposal of fixed assets		(369,342)	-
Profit retained in partnership		(63,388)	(154,381)
Expenditure carried forward written off		-	7,573
Amortisation of expenditure carried forward		10,895	10,895
Provision for doubtful debts		577,848	1,399,488
Interest income		(26,996)	(72,726)
Interest expenses		3,026,713	4,370,414
		<u>10,439,128</u>	<u>9,441,055</u>
(Increase)/decrease in stocks and stores		(5,277,678)	1,446,609
Decrease in debtors		1,712,939	1,247,747
(Decrease)/increase in creditors		(1,937,510)	678,334
Increase/(decrease) in amounts owing to partnerships		55,259	(60,037)
		<u>4,992,138</u>	<u>12,753,708</u>
Interest paid		(3,026,713)	(4,370,414)
Tax paid		(27,309)	-
Net cash from operating activities		<u>1,938,116</u>	<u>8,383,294</u>
<b>Cash flows from/(used in) investing activities</b>			
Proceed from disposal of fixed assets		701,650	-
Purchase of fixed assets		(314,992)	(1,527,399)
Interest received		26,996	72,726
Preliminary and pre-operating expenses		(2,031)	(4,590)
Fixed deposit pledged as securities		(41,134)	(30,660)
Net cash from/(used in) investing activities		<u>370,489</u>	<u>(1,489,923)</u>
<b>Cash flows from/(used in) financing activities</b>			
Receipt of term loan		-	742,718
Repayment of term loans		(1,656,173)	(1,494,671)
Repayment of hire purchase creditors		(739,028)	(672,418)
Advances from a director		900,000	-
Receipt of short term borrowings		72,633,310	77,276,134
Repayment of short term borrowings		(72,023,696)	(79,982,968)
Net cash used in financing activities		<u>(885,587)</u>	<u>(4,131,205)</u>
Net increase in cash and cash equivalents during the financial year		1,423,018	2,762,166
Cash and cash equivalents at beginning of financial year		(792,351)	(3,554,517)
Cash and cash equivalents at end of financial year	22	<u>630,667</u>	<u>(792,351)</u>

The above consolidated cash flow statement is to be read in conjunction with the notes to the accounts on pages 15 to 28.

Auditors' report - page 11



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## Notes to the accounts for the year ended 31 March 2000

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### 1 Basis of preparation of the accounts

The accounts of the group and the company have been prepared in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia.

### 2 Significant group accounting policies

All significant group accounting policies set out below are consistent with those applied in the previous year.

#### (a) Accounting convention

The accounts are prepared under historical cost convention in accordance with the applicable approved accounting standards in Malaysia.

#### (b) Currency conversion

Foreign currency denominated transactions are translated into Ringgit Malaysia at rates of exchange ruling on the transaction dates. Foreign currency denominated monetary assets and liabilities are translated into Ringgit Malaysia at the rates of exchange ruling at the balance sheet date. Differences on foreign exchange are taken to the profit and loss account in the year in which they arise.

#### (c) Fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation. The cost of fixed assets comprises their purchase cost and any incidental cost of acquisition.

Depreciation is calculated so as to write off the cost of fixed assets on a straight line basis over the expected useful economic lives of the assets concerned. The annual rates are :

%

Buildings, factory and civil works	2 ½ - 5
Plant and machinery	5 - 10
Laboratory equipment	5 - 10
Furniture, fittings and office equipment	10
Motor vehicles	20

Freehold land and work in progress are not depreciated.



## **2 Significant group accounting policies (continued)**

### **(d) Basis of consolidation**

The consolidated profit and loss account and balance sheet include the accounts of the company and all its subsidiary companies made up to the end of the financial year. The results of the subsidiary companies acquired or disposed of during the year are included in the consolidated profit and loss account from the date of their acquisition or up to the date of their disposal. Inter-group transactions and resulting unrealised profits or losses are eliminated fully on consolidation and the consolidated accounts reflect external transactions only.

### **(e) Stocks and stores**

#### **(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.

#### **(iii) Stores**

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

### **(f) Provision for doubtful debts**

Known bad debts are written off and specific provisions are made for any considered doubtful.

### **(g) Deferred taxation**

Provision is made using the liability method for taxation deferred in respect of all timing differences except where it is considered reasonably probable that the tax effects of such deferrals will continue in the foreseeable future. Deferred tax assets are not recognised unless their realisation is beyond reasonable doubt.





## **2 Significant group accounting policies (continued)**

### **(h) Assets held under finance lease and hire purchase agreements**

Assets acquired under finance lease and hire purchase agreements are included in fixed assets and the capital element of the leasing and hire purchase commitments is shown as a liability. The capital element of the lease rental and hire purchase is applied to reduce the outstanding obligations and the interest element is charged to the profit and loss account so as to give a constant periodic rate of interest on the outstanding liability at the end of each accounting period. Assets acquired under finance lease and hire purchase are depreciated over the useful lives of equivalent owned assets.

### **(i) Cash and cash equivalents**

Cash and cash equivalents comprise cash and bank balances net off with bank overdrafts.

### **(j) Income 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**

Investment held as long term investments are stated at cost unless there has been a permanent diminution in value, in which case provision will be made.

## **3 Principal activity and turnover**

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 accounts.

Turnover of the company represents sales of flour and its related products at net invoiced price. Whereas turnover of the group also includes transportation income at invoice price. Sales between group companies are excluded from turnover of the group.



## 4 Operating profit

	Group		Company	
	2000 RM	1999 RM	2000 RM	1999 RM
Operating profit is stated after charging :				
Depreciation of fixed assets	<b>2,647,485</b>	2,762,797	<b>2,300,687</b>	2,392,190
Directors' emoluments	<b>426,090</b>	209,870	<b>426,090</b>	209,870
Auditors' remuneration				
- current year	<b>37,500</b>	33,500	<b>30,000</b>	27,500
- under provision in respect of prior year	<b>500</b>	-	-	-
Loans interest	<b>328,655</b>	432,015	<b>319,557</b>	413,606
Overdraft interest	<b>99,529</b>	480,420	<b>88,123</b>	464,379
Hire purchase interest	<b>164,614</b>	187,220	<b>92,384</b>	109,729
Other interests	<b>2,433,915</b>	3,270,759	<b>2,433,915</b>	3,270,759
Rental of land and buildings	<b>345,773</b>	291,055	<b>345,773</b>	291,055
Amortisation of pre-operating expenses	<b>10,895</b>	10,895	-	-
Provision for doubtful debts	<b>577,848</b>	1,410,122	<b>577,848</b>	1,399,488
Fixed assets written off	<b>32,630</b>	7,836	-	-
and crediting :				
Fixed deposit interest	<b>26,996</b>	72,726	<b>26,996</b>	72,726
Income from rent of building	<b>5,100</b>	10,200	<b>5,100</b>	10,200
Hiring income	-	11,727	<b>42,600</b>	73,935
Gain on disposal of fixed assets	<b>369,342</b>	-	<b>369,342</b>	-

## 5 Taxation

	Group		Company	
	2000 RM	1999 RM	2000 RM	1999 RM
Malaysian income tax :				
- current year	<b>21,000</b>	-	<b>3,000</b>	-
- under provision of prior year	<b>5,279</b>	-	-	-
Real property gain tax	<b>15,650</b>	-	<b>15,650</b>	-
Transfer from deferred taxation	-	(1,170,000)	-	(1,170,000)
	<b>41,929</b>	(1,170,000)	<b>18,650</b>	(1,170,000)



## 5 Taxation (continued)

The effective tax rate of the company is lower than the statutory tax rate because the company had utilised its brought forward capital allowances of approximately RM6,900,000 to set off against its chargeable business income, which resulted in a tax saving of approximately RM1,930,000. The taxation for the year is in respect of rental and interest income, which are assessed as a non-business income.

Subject to the confirmation by the Inland Revenue Board, as at 31 March 2000, the company has unabsorbed capital allowances of RM7,700,000 (1999 : RM12,200,000), reinvestment allowances of RM3,590,000 (1999 : RM3,590,000) and tax losses of RM6,700,000 (1999 : RM6,700,000) carried forward under the Income Tax Act, 1967 which are available to set off against its future chargeable business income. Future tax benefits arising therefrom of approximately RM5,000,000 (1999 : RM6,297,000) have not been accounted for in the accounts.

## 6 Earnings per share

Earnings per share is calculated by dividing the group's profit after taxation and minority interest by the share capital of the company of 23,940,000 (1999 : 23,940,000) ordinary shares of RM1 each.

## 7 Share capital

	Group and company	
	2000 RM	1999 RM
Ordinary shares of RM1 each :		
Authorised	<u>25,000,000</u>	<u>25,000,000</u>
Issued and fully paid	<u>23,940,000</u>	<u>23,940,000</u>

## 8 Share premium

	Group and company	
	2000 RM	1999 RM
1 April/31 March	<u>5,877,366</u>	<u>5,877,366</u>



## 9 Unappropriated profit

The company has sufficient tax credit under Section 108 of the Income Tax Act, 1967 to frank the payment of net dividends out of all its unappropriated profit as at 31 March 2000.

## 10 Term loans, short term borrowings and bank overdrafts

### (a) Term loan - secured

The group and company have term loan facilities at interest rates ranging from 1.5% to 2% (1999 : 1.5% to 2%) above the base lending rate per annum. The term loans are repayable by 20 to 58 quarterly instalments through year 2001 as follows :

	Group and company	
	2000	1999
	RM	RM
Term loans	889,999	2,546,172
Repayments due within twelve months (included in current liabilities)	(642,427)	(1,791,327)
Repayment after twelve months	<u>247,572</u>	<u>754,845</u>

### (b) Short term borrowings - unsecured

Short term borrowings of the group and the company comprise other multi-option facilities such as bankers acceptance, trust receipt and other trade finance facilities at varying interest rates ranging from 1.5% to 10% (1999 : 1.5% to 13.5%) per annum.

### (c) Bank overdrafts – unsecured

The bank overdraft facilities of the group and the company are with interest rates ranging from 2% to 2.5% (1999 : 1.5% to 2.5%) above the base lending rate per annum.

### (d) The term loans are secured as follows :

- (i) Fixed charges over the land leased from Kuantan Port Authority together with the buildings erected thereon and other fixed assets ; and
- (ii) Floating charge on all the other assets of the company.



## 11 Fixed assets

The details of fixed assets are as follows :

### (a) Group

	Balance as at 1 April	Addition/ Charge for the year	Disposal/ *reclassification	Assets written off	Balance as at 31 March
Cost	RM	RM	RM	RM	RM
Freehold land	111,700	-	(100,000)	-	11,700
Building	415,942	-	(300,797)	-	115,145
Factory and civil works	9,141,412	115,808	-	-	9,257,220
Plant and machinery	29,257,084	93,116	-	-	29,350,200
Motor vehicles	6,357,966	190,363	-	(31,500)	6,516,829
Furniture, fittings and office equipment	1,511,856	83,799	(6,185)	(42,374)	1,547,096
Laboratory equipment	1,582,745	1,998	-	-	1,584,743
Work in progress	95,063	55,418	*(64,750)	-	85,731
	<b>48,473,768</b>	<b>540,502</b>	<b>(471,732)</b>	<b>(73,874)</b>	<b>48,468,664</b>
<b>Accumulated depreciation</b>					
Building	89,552	9,844	(71,814)	-	27,582
Factory and civil works	2,103,934	241,269	-	-	2,345,203
Plant and machinery	10,119,769	1,489,804	-	-	11,609,573
Motor vehicles	4,652,009	710,365	-	(31,500)	5,330,874
Furniture, fittings and office equipment	882,835	115,483	(2,860)	(9,744)	985,714
Laboratory equipment	929,987	80,720	-	-	1,010,707
	<b>18,778,086</b>	<b>2,647,485</b>	<b>(74,674)</b>	<b>(41,244)</b>	<b>21,309,653</b>
<b>Net book value</b>					<b>27,159,011</b>

	Balance as at 1 April	Addition/ Charge for the year	Disposal	Assets written off	Balance as at 31 March
Cost	RM	RM	RM	RM	RM
Freehold land	111,700	-	-	-	111,700
Building	415,942	-	-	-	415,942
Factory and civil works	9,133,612	7,800	-	-	9,141,412
Plant and machinery	27,795,815	1,461,269	-	-	29,257,084
Motor vehicles	6,235,824	122,142	-	-	6,357,966
Furniture, fittings and office equipment	1,392,640	129,180	(9,964)	-	1,511,856
Laboratory equipment	1,581,716	1,029	-	-	1,582,745
Work in progress	289,084	225,813	(419,834)	-	95,063
	<b>46,956,333</b>	<b>1,947,233</b>	<b>(429,798)</b>	<b>-</b>	<b>48,473,768</b>
<b>Accumulated depreciation</b>					
Building	76,288	13,264	-	-	89,552
Factory and civil works	1,864,045	239,889	-	-	2,103,934
Plant and machinery	8,672,227	1,447,542	-	-	10,119,769
Motor vehicles	3,786,268	865,741	-	-	4,652,009
Furniture, fittings and office equipment	777,959	107,004	(2,128)	-	882,835
Laboratory equipment	840,630	89,357	-	-	929,987
	<b>16,017,417</b>	<b>2,762,797</b>	<b>(2,128)</b>	<b>-</b>	<b>18,778,086</b>
<b>Net book value</b>					<b>29,695,682</b>



## 11 Fixed assets (continued)

	Balance as at 1 April RM	Addition/ Charge for the year RM	Disposal/ *reclassification RM	Balance as at 31 March RM
<b>(b) Company</b>				
<b>2000 :</b>				
<b>Cost</b>				
Freehold land	111,700	-	(100,000)	11,700
Building	415,942	-	(300,797)	115,145
Factory and civil works	9,021,783	115,808	-	9,137,591
Plant and machinery	28,919,660	93,116	-	29,012,776
Motor vehicles	4,564,687	83,560	-	4,648,247
Furniture, fittings and office equipment	1,417,296	83,259	(6,185)	1,494,370
Laboratory equipment	1,510,043	1,998	-	1,512,041
Work in progress	95,063	55,418	*(64,750)	85,731
	<b>46,056,174</b>	<b>433,159</b>	<b>(471,732)</b>	<b>46,017,601</b>
<b>Accumulated depreciation</b>				
Building	89,552	9,844	(71,814)	27,582
Factory and civil works	2,070,190	235,287	-	2,305,477
Plant and machinery	10,024,927	1,472,934	-	11,497,861
Motor vehicles	3,494,815	395,362	-	3,890,177
Furniture, fittings and office equipment	846,553	110,175	(2,860)	953,868
Laboratory equipment	910,290	77,085	-	987,375
	<b>17,436,327</b>	<b>2,300,687</b>	<b>(74,674)</b>	<b>19,662,340</b>
<b>Net book value</b>				<b>26,355,261</b>
1999 :				
<b>Cost</b>				
Freehold land	111,700	-	-	111,700
Building	415,942	-	-	415,942
Factory and civil works	9,013,983	7,800	-	9,021,783
Plant and machinery	27,458,391	1,461,269	-	28,919,660
Motor vehicles	4,442,545	122,142	-	4,564,687
Furniture, fittings and office equipment	1,289,346	127,950	-	1,417,296
Laboratory equipment	1,509,014	1,029	-	1,510,043
Work in progress	289,084	225,813	*(419,834)	95,063
	<b>44,530,005</b>	<b>1,946,003</b>	<b>(419,834)</b>	<b>46,056,174</b>
<b>Accumulated depreciation</b>				
Building	76,288	13,264	-	89,552
Factory and civil works	1,836,283	233,907	-	2,070,190
Plant and machinery	8,594,256	1,430,671	-	10,024,927
Motor vehicles	2,965,012	529,803	-	3,494,815
Furniture, fittings and office equipment	747,730	98,823	-	846,553
Laboratory equipment	824,568	85,722	-	910,290
	<b>15,044,137</b>	<b>2,392,190</b>	<b>-</b>	<b>17,436,327</b>
<b>Net book value</b>				<b>28,619,847</b>



## 11 Fixed assets (continued)

(c) 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 6.5 to 11.75 years (1999 : 7.5 to 12.75 years) and with an option to renew for another 21 years. The total rental payable under the lease as at year end amounted to RM2,748,896 (1999 : RM2,972,901) of which RM224,005 (1999: RM224,005) is payable within the next twelve months.

(d) The fixed assets of the group and company includes assets acquired under instalment purchase plans as follows :

Group	Cost RM	Accumulated depreciation RM	Net book value RM	Current depreciation RM
<b>2000 :</b>				
Plant and machinery	295,656	93,801	201,855	29,565
Motor vehicles	2,105,131	1,152,426	952,705	409,677
	<b>2,400,787</b>	<b>1,246,227</b>	<b>1,154,560</b>	<b>439,242</b>
1999 :				
Plant and machinery	295,656	64,236	231,420	29,565
Motor vehicles	3,452,049	1,903,415	1,548,634	697,993
	<b>3,747,705</b>	<b>1,967,651</b>	<b>1,780,054</b>	<b>727,558</b>
<b>Company</b>				
<b>2000 :</b>				
Plant and machinery	295,656	93,801	201,855	29,565
Motor vehicles	1,253,702	635,643	618,059	243,939
	<b>1,549,358</b>	<b>729,444</b>	<b>819,914</b>	<b>273,504</b>
1999 :				
Plant and machinery	295,656	64,236	231,420	29,565
Motor vehicles	1,813,270	900,721	912,549	370,255
	<b>2,108,926</b>	<b>964,957</b>	<b>1,143,969</b>	<b>399,820</b>

(e) All fixed assets of the company have been charged as security for the banking facilities as disclosed in note 10 to the accounts.



## 12 Subsidiary companies

(a) The subsidiary companies are as follows :

Name of company	Place of incorporation	Principal activities	Percentage of equity held	
			2000 %	1999 %
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
Teetex Sdn Bhd	Malaysia	Dormant	95	62.5
KFM-Bunge Flour Mixes Sdn Bhd	Malaysia	Dormant	60	60

(b) The details of investment in the subsidiary companies are as follows :

	2000 RM	Company 1999 RM
Unquoted investment, at cost	1,611,011	1,556,008
Provision for diminution in value	(926,000)	(926,000)
	<u>685,011</u>	<u>630,008</u>





## 13 Other investments

### Group only

The investments consist of partnerships entered into by a subsidiary company with the various lorry operators to operate transport services mainly for the company. The details of the investments are as follows :

Partnership	Capital RM	Share of profit/(loss) RM	Total		Share of profit ratio	
			2000	1999	2000	1999
			RM	RM	%	%
Orkid Timur Enterprise	45,000	93,217	138,217	120,172	90	90
Wau Timur Enterprise	35,000	37,280	72,280	69,911	70	70
Berjaya Timur Enterprise	50,000	(40,371)	9,629	17,594	100	100
Cergas Timur Enterprise	35,000	6,689	41,689	44,596	70	70
Fajar Timur Enterprise	45,000	(21,689)	23,311	25,282	100	90
Sejahtera Timur Enterprise	40,000	(16,904)	23,096	22,702	80	80
Jaya Maju Timur Enterprise	40,000	33,950	73,950	55,748	80	80
Gaya Timur Enterprise	45,000	24,953	69,953	55,823	90	90
Bintang Timur Enterprise	15,000	66,147	81,147	70,737	30	30
Bulan Timur Enterprise	15,000	57,687	72,687	66,700	30	30
Usaha Timur Enterprise	31,167	32,644	63,811	57,117	55	55
	<b>396,167</b>	<b>273,603</b>	<b>669,770</b>	<b>606,382</b>		

## 14 Current assets

	Note	Group		Company	
		2000 RM	1999 RM	2000 RM	1999 RM
Stocks and stores	17	16,370,348	11,092,670	16,370,348	11,092,670
Trade debtors		19,750,619	21,375,209	19,605,438	21,253,586
Provision for doubtful debts		(3,775,555)	(3,197,707)	(3,764,922)	(3,187,074)
		15,975,064	18,177,502	15,840,516	18,066,512
Other debtors and prepayments		3,981,997	4,070,329	538,990	617,388
Provision for doubtful debts		(3,360,000)	(3,360,000)	-	-
		621,997	710,329	538,990	617,388
Amounts owing by subsidiary companies	18	-	-	3,307,509	3,279,460
Provision for doubtful debt		-	-	(1,868,076)	(1,868,076)
		-	-	1,439,433	1,411,384
Amounts owing by partnership	19	65,253	57,600	-	-
Deposits with a licensed bank	20	547,044	505,910	547,044	505,910
Cash and bank balances		1,292,276	3,009,583	1,264,543	2,972,752
		<b>34,871,982</b>	<b>33,553,594</b>	<b>36,000,874</b>	<b>34,666,616</b>



## 15 Current liabilities

		Group		Company	
	Note	2000 RM	1999 RM	2000 RM	1999 RM
Trade creditors		500,774	1,227,730	499,635	1,226,591
Short term borrowing	10(b)	26,471,796	25,862,182	26,471,796	25,862,182
Other creditors and accrued liabilities		5,285,220	6,495,774	1,911,290	3,072,136
Amount owing to a director	21	900,000	-	900,000	-
Amounts owing to partnership	19	308,673	245,761	-	-
Term loans	10(a)	642,427	1,791,327	642,427	1,791,327
Hire purchase creditors		483,046	776,496	331,530	450,649
Bank overdrafts	10(c)	661,609	3,801,934	511,609	3,651,934
Taxation		14,637	-	-	-
		<u>35,268,182</u>	<u>40,201,204</u>	<u>31,268,287</u>	<u>36,054,819</u>

## 16 Expenditure carried forward, at cost

Included in the pre-operating expenses of the group are auditors' remuneration for the year amounting to RM1,500 (1999 : RM1,500).

## 17 Stocks and stores

The details of the stocks and stores are as follows :

	Group and company	
	2000 RM	1999 RM
Stocks :		
Raw materials	12,886,782	8,422,070
Finished goods	2,259,654	1,376,632
By-products	84,705	111,223
Work in progress	249,459	267,208
	15,480,600	10,177,133
Stores	889,748	915,537
	<u>16,370,348</u>	<u>11,092,670</u>



## 18 Amounts owing by subsidiary companies

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

## 19 Amounts owing by/to partnerships

Amounts owing by/to partnership are unsecured, interest free and with no fixed term of repayment.

## 20 Deposits with licensed bank

Deposits with licensed bank are pledged for bank guarantee given by the bank.

## 21 Amount owing to a director

The amount owing to director is unsecured, interest free and with no fixed terms of repayment.

## 22 Cash and cash equivalents

Cash and cash equivalents included in the consolidated cash flow statement comprise the following :

	<b>2000</b>	<b>Group</b>
	<b>RM</b>	<b>1999</b>
		<b>RM</b>
Cash and bank balances	<b>1,292,276</b>	3,009,583
Bank overdrafts	<b>(661,609)</b>	(3,801,934)
	<b>630,667</b>	(792,351)



## 23 Contingent liabilities – unsecured

	Group		Company	
	2000	1999	2000	1999
	RM	RM	RM	RM
Corporate guarantees for facilities given to a Subsidiary company	-	-	<b>150,000</b>	150,000

The company had given a corporate guarantee to a finance company, Multi-Purpose Finance Berhad for granting credit facilities of RM24 million (1999 : RM24 million) to a third party, Korakyat Plantation Sdn Bhd. As at the financial year ended 31 March 2000 the balance of the facilities outstanding amounted to RM5,721,519 and interest thereon. There is a claim against the company as guarantors for the balance of the amount of RM5,721,519 together with the interest charge and legal cost.

The company through its legal counsel has successfully raised triable issues and accordingly the finance company's application for summary judgement had been dismissed. The Board of Directors, after taking into consideration advise from the legal counsel, are of the opinion that the company's defences will be sufficient to counter, or at least minimise the amount due as a result of the finance company's claim.

## 24 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.



## List of Properties Held By The Group as at 31 March, 2000

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 year lease expiring on 14 September 2006 with an option to renew for a further 21 years	25,425 sq. metres	Office and factory	14 years	2,582
				and 7 years	3,484
Pajakan Negeri 550 Lot 1863 Mukim Sungai Karang, Kuantan, Pahang.	21 year 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 Detached House	8 years	99



## SHAREHOLDING STRUCTURE

as at 04 August 2000

Authorised Share Capital	: RM25,000,000
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
1 - 499	26	0.47	4,100	0.02
500 - 5,000	5,075	91.21	8,950,100	37.39
5,001 - 10,000	291	5.23	2,397,000	10.01
10,001 - 100,000	159	2.86	3,900,400	16.29
100,001 - 1,000,000	12	0.21	4,633,400	19.35
Over 1,000,000	1	0.02	4,055,000	16.94
<b>Total</b>	<b>5,564</b>	<b>100.00</b>	<b>23,940,000</b>	<b>100.00</b>

### LIST OF TOP 20 SHAREHOLDERS

No.	Name	Beneficiary	Shareholdings	Percentage
1	Southern Nominees (Asing) Sdn Bhd	<i>Pledged Securities account for Onar Holdings Limited</i>	4,055,000	16.94
2	Ansec Nominees (Asing) Sdn Bhd	<i>Fraser Securities Pte Ltd for Onar Holdings Limited</i>	1,000,000	4.18
3	Ang Boon Yu		676,650	2.83
4	Lee Teck Seng		676,650	2.83
5	Lee Kim Heong		451,100	1.88
6	HDM Nominees (Asing) Sdn Bhd	<i>Philip Securities Pte Ltd for Chan Poh Leng</i>	333,000	1.39
7	Harta Tanjung Kuantan Sdn Bhd		300,000	1.25
8	HDM Nominees (Asing) Sdn Bhd	<i>DBS Securities HK LTD for Super Asset Investment Ltd</i>	257,000	1.07
9	Citicorp Nominees (Asing) Sdn Bhd	<i>CB GW Spore for Jarsuna Investments Ltd</i>	250,000	1.04
10.	Employees Provident Fund Board		233,000	0.97
11	Hong Boon Siong		189,000	0.79
12.	TCL Nominees (Asing) Sdn Bhd	<i>OCBC Securities Private Limited for Kemi Investment Inc</i>	150,000	0.63
13.	Ke-Zan Nominees (Asing) Sdn Bhd	<i>Kim Eng Securities (Private) Ltd for Kho Yean Ann Adam</i>	117,000	0.49
14.	Harta Tanjung Kuantan Sdn Bhd		100,000	0.42
15.	Mohamed Taib bin Ibrahim		92,500	0.39
16.	Kho Hock Moh		76,000	0.32
17.	Ke-Zan Nominees (Asing) Sdn Bhd	<i>Kim Eng Securities (Private) Ltd for Kho Tiam Siew</i>	70,000	0.29
18.	Yee Chek Mun		70,000	0.29
19.	Thong & Kay Hian Nominees (Asing) Sdn Bhd	<i>UOB Securities Pte Ltd for Quek Eng Chye</i>	69,000	0.29
20.	Satria Nominees (Tempatan) Sdn Bhd	<i>Pledged securities account for Kho Chai Yam</i>	69,000	0.29
			<b>9,234,900</b>	<b>38.58</b>



## 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 2 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 Nominess (Asing) Sdn Bhd	<i>Pledged Securities Account for Omar Holdings Ltd</i>	4,055,000	16.94
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
10.	Amsec Nominees (Asing) Sdn Bhd	<i>Pledged Securities Account for Omar Holdings Ltd</i>	1,000,000	4.18
11.	Lee Teck Seng		676,650	2.83
12.	Ang Boon Yu		676,650	2.83
13.	Dato' Soh Chee Wen		500,000	2.09

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.*

As per the records of the Malaysian Central Depository Sdn. Bhd. (MCD) as at 4 August 2000, the shareholders itemised as 6, 7, 8, 9 and 13 on Page 31 of this report are no longer the substantial shareholders of Kuantan Flour Mills Berhad (KFM). As KFM did not receive any notifications from the respective shareholders mentioned above, the records of the Register of Substantial Shareholders differ from the records of the MCD.



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## NOTICE OF ANNUAL GENERAL MEETING

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NOTICE IS HEREBY GIVEN that the Sixteenth Annual General Meeting of the Company will be held on Monday, 18 September 2000 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 2000 together with the Reports of the Directors and Auditors thereon. (Resolution 1)
2. 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. Shaharuddin Bin Shamsudin (Resolution 2)
  - b. Tee Keng Hoon (Resolution 3)
3. To re-elect Mr Boon Yoon Chiang 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 4)
4. To re-appoint Messrs. PricewaterhouseCoopers as the Company's Auditors and to authorise the Directors to fix their remuneration. (Resolution 5)

#### As Special Business :

5. 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 6)
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, 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 7)
7. 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 issues) 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 8)
8. 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.





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**BY ORDER OF THE BOARD**

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

Kuala Lumpur  
1 September 2000

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**Notes:**

1. A member entitled to attend and vote at the meeting may appoint one or more than one 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 Form of Proxy.
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 Note 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.





## FORM OF PROXY

No. of shares held:

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 16th Annual General Meeting of the Company to be held on  
 Monday, 18 September 2000 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><u>Ordinary Business</u></b>		
1. To receive and adopt the Audited Accounts for the year ended 31 March 2000 and the Reports of the Directors and Auditors thereon.		
2. To re-elect Shaharuddin bin Shamsudin, who retires in accordance with Article 63 of the Articles of Association of the Company.		
3. To re-elect Mr. Tee Keng Hoon, who retires in accordance with Article 63 of the Articles of Association of the Company.		
4. To re-elect Mr. Boon Yoon Chiang, who retires in accordance with Article 68 of the Articles of Association of the Company.		
5. To re-appoint Messrs. PricewaterhouseCoopers as the Company's Auditors and authorise the Directors to fix their remuneration.		
<b><u>Special Business</u></b>		
6. To appoint Mr. Chan Poh Leng as Director of the Company pursuant to Section 129 (6) of the Companies Act, 1965.		
7. To appoint Tun Abdul Ghafar bin Baba as Director of the Company pursuant to Section 129 (6) of the Companies Act, 1965.		
8. 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 is given, this form will be taken to authorise the proxy to vote at his/her discretion.)*

Signed this                      day of                                      2000

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

### Notes:

1. A member entitled to attend and vote at the meeting may appoint one or more than one 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 Form of Proxy.
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.