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Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Fortieth Annual General Meeting of Malayan Flour Mills Berhad will be held at the Penthouse, 14th Floor, Bangunan MIDF, 195A, Jalan Tun Razak, 50400 Kuala Lumpur on Wednesday, 31st May, 2000 at 9.30 a.m. for the following purposes:-

1. To receive and adopt the Audited Accounts for the year ended 31st December, 1999 and the Directors' and Auditors' Reports thereon.
2. To sanction the payment of a first and final dividend.
3. To re-elect a retiring Director.
4. To consider and if thought fit, pass the following motions:-
 - (a) "That pursuant to Section 129 (6) of the Companies Act, 1965, Mr Teh Liang Teik be re-appointed as a Director of the Company to hold office until the next Annual General Meeting";
 - (b) "That pursuant to Section 129 (6) of the Companies Act, 1965, Tun Dato' Haji Omar Yoke Lin Ong be re-appointed as a Director of the Company to hold office until the next Annual General Meeting";
 - (c) "That pursuant to Section 129 (6) of the Companies Act, 1965, Datuk Setia Raja, Tan Sri Datuk Seri Hamzah Bin Abu Samah be re-appointed as a Director of the Company to hold office until the next Annual General Meeting"; and
 - (d) "That pursuant to Section 129 (6) of the Companies Act, 1965, Mr Lee Soon Lee be re-appointed as a Director of the Company to hold office until the next Annual General Meeting".
5. To consider and if thought fit, pass the following motion:-

"That the sum of RM135,000 being the Directors' fees payable for the year ended 31st December, 1999, be paid to the Directors and be divided amongst them in such manner as the Board of Directors may decide."
6. To re-appoint Auditors and to authorise the Directors to fix their remuneration.
7. To transact any other business of which due notice shall have been given.

By Order of the Board

Wong Chee Wing (MIA 3919)

Mah Wai Mun (MAICSA 7009729)

Joint Secretaries

Kuala Lumpur

15th May, 2000

Notes:-

1. A member of the Company entitled to attend and vote at the general meeting is entitled to appoint a proxy, who unless he/she is a member must be a qualified legal practitioner, an approved company auditor or a person approved by the Registrar of Companies in a particular case, to attend and to vote in his/her stead. The instrument appointing a proxy must be duly deposited at the Registered Office of the Company, 10th Floor, Wisma MCA, Jalan Ampang, 50450 Kuala Lumpur, not less than 48 hours before the time for holding the meeting or any adjournment thereof.
2. Where a member appoints two proxies, the appointment shall be invalid unless he/she specifies the proportions of his/her holding to be represented by each proxy.

Notice of Closure of Book

NOTICE IS HEREBY GIVEN that the Register of Members of the Company will be closed from 2nd June, 2000 to 5th June, 2000, both dates inclusive, for the purpose of preparing dividend warrants. If approved by members at the Fortieth Annual General Meeting on 31st May, 2000, the first and final dividend of 10 sen tax exempt per share in respect of the financial year ended 31st December, 1999 will be paid on 10th June, 2000. The entitlement date for dividend payment is on 1st June, 2000.

FURTHER NOTICE IS HEREBY GIVEN that a Depositor shall qualify for dividend entitlement only in respect of:-

- (a) Shares deposited into the Depositor's securities account before 12.30 p.m. on 30th May, 2000 (in respect of shares which are exempted from mandatory deposit);
- (b) Shares transferred into the Depositor's securities account before 12.30 p.m. on 1st June, 2000 in respect of ordinary transfers; and
- (c) Shares bought on the Kuala Lumpur Stock Exchange on a cum entitlement basis according to the Rules of the Kuala Lumpur Stock Exchange.

Shareholders are reminded that pursuant to the Securities Industry (Central Depositories) (Amendment) (No. 2) Act, 1998 which came into force on 1st November, 1998, all shares not deposited with Malaysian Central Depository Sdn Bhd by 12.30 p.m. on 1st December, 1998 and not exempted from Mandatory Deposit, have been transferred to the Minister of Finance ("MOF"). Accordingly, the dividend for such undeposited shares will be paid to MOF.

By Order of the Board

Wong Chee Wing (MIA 3919)
Mah Wai Mun (MAICSA 7009729)
Joint Secretaries

Kuala Lumpur
15th May, 2000

Corporate Information

CHAIRMAN & MANAGING DIRECTOR

Teh Liang Teik

DEPUTY MANAGING DIRECTOR

Teh Wee Kok

DIRECTORS

Lee Soon Lee *J.M.K*

Tun Dato' Haji Omar Yoke Lin Ong
S.S.M., P.M.N., S.P.M.S., S.P.D.K., Hon.Ph.D (Malaya)

Datuk Setia Raja, Tan Sri Datuk
Seri Hamzah Bin Abu Samah
*P.M.N., S.S.A.P., S.I.M.P., S.M.K., S.P.D.K.,
S.P.M.S., Hon.K.C.V.O. (England)*

Teh Wee Chye

Dato' Hj Shahrudin Bin Hj Haron
D.P.C.M., J.S.M., P.C.M., K.M.N.

AUDIT COMMITTEE

Lee Soon Lee
(Chairman and Independent Non-Executive Director)

Datuk Setia Raja, Tan Sri Datuk Seri
Hamzah Bin Abu Samah
(Independent Non-Executive Director)

Dato' Hj Shahrudin Bin Hj Haron
(Independent Non-Executive Director)

Teh Wee Kok *(Executive Director)*

Teh Wee Chye *(Executive Director)*

SECRETARIES

Wong Chee Wing *(MIA 3919)*
Mah Wai Mun *(MAICSA 7009729)*

REGISTERED OFFICE & HEAD OFFICE

10th Floor, Wisma MCA
Jalan Ampang, 50450 Kuala Lumpur
Tel. No. 03-2161 9055

REGISTRARS

Malaysian Share Registration Services Sdn Bhd
7th Floor, Exchange Square
Bukit Kewangan, 50200 Kuala Lumpur
Tel. No. 03-206 8099

FACTORIES

Jalan David Sung, Batu Undan
32200 Lumut, Dindings
Perak Darul Ridzuan

Lot 133, Jalan Pukal
Pasir Gudang Industrial Estate
81700 Pasir Gudang, Johor Darul Takzim

BRANCHES

CENTRAL
10th Floor, Wisma MCA, Jalan Ampang
50450 Kuala Lumpur

NORTH
Kawasan Perusahaan Bagan Serai
2006 Jalan Jelawat, Bandar Seberang Jaya
Seberang Perai, 13700 Perai, Pulau Pinang

PERAK
9A Jalan Pengkalan Barat, Taman Kar King
Off Jalan Pasir Putih, 31650 Ipoh
Perak Darul Ridzuan

MALACCA
No. 1, Jalan PM3
Taman Perindustrian Merdeka
Batu Berendam, 75300 Melaka

JOHOR
Lot 133, Jalan Pukal, Pasir Gudang
Industrial Estate, 81700 Pasir Gudang
Johor Darul Takzim

EAST
Lot 1763, Kampong Dusun Raja
Jalan Cherang Chempaka, Panji
16100 Kota Bharu, Kelantan Darul Naim

KUANTAN
B-3 Lorong Padang Lalang 14, Jalan Tanjung
Api, 25250 Kuantan, Pahang Darul Makmur

SUBSIDIARIES

Dindings Soya & Multifeeds Sdn Berhad (34884-U)
Syarikat Pengangkutan Lumut Sdn Bhd (51336-M)
Dindings Poultry Processing Sdn Bhd (144808-P)
Dindings Broiler Breeder Farm Sdn Bhd (172600-T)
MFM Feedmill Sdn Bhd (172615-X)
MFM Broiler Breeder Farm Sdn Bhd (172596-X)
Dindings Poultry Development Centre Sdn Bhd (180044-A)
Semakin Dinamik Sdn Bhd (185533-V)
Vimaflour Ltd
Muda Fibre Manufacturing Sdn Bhd (48785-V)
MFM Property Sdn Bhd (176691-P)
Accord Hotel Sdn Bhd (133043-U)

PRINCIPAL BANKERS

Standard Chartered Bank Malaysia Berhad (115793-P)
Malayan Banking Berhad (3813-K)
Citibank Berhad (297089-M)
Bank Islam Malaysia Berhad (98127-X)
Multi-Purpose Bank Berhad (88103-W)
Hong Leong Bank Berhad (97141-X)
RHB Sakura Merchant Bankers Berhad (19663-P)
RHB Bank Berhad (130-M)
United Overseas Bank (Malaysia) Bhd (271809-K)

STOCK EXCHANGE LISTING

Kuala Lumpur Stock Exchange
- Main Board

SOLICITORS

Isharidah, Ho, Chong & Menon
Skrine & Co.

AUDITORS

Folks DFK & Co.

Audit Committee

MEMBERS OF THE COMMITTEE

<i>Chairman & Independent Non-Executive Director</i>	Lee Soon Lee
<i>Independent Non-Executive Director</i>	Datuk Setia Raja, Tan Sri Datuk Seri Hamzah Bin Abu Samah
<i>Independent Non-Executive Director</i>	Dato' Hj Shaharuddin Bin Hj Haron
<i>Executive Director</i>	Teh Wee Kok
<i>Executive Director</i>	Teh Wee Chye
<i>Secretaries</i>	Wong Chee Wing Mah Wai Mun

TERMS OF REFERENCE

- a) Review with the External Auditors, their audit plan, their evaluation of internal accounting controls and their reports on the audit and on the financial statements;
- b) Review with the External Auditors the accounting policies and reporting requirements;
- c) Review the assistance given by the company's officers to the External Auditors;
- d) Review the quarterly and annual financial statements before submission to the Board for approval;
- e) Recommend the appointment and remuneration of the External Auditors;
- f) Any special functions and reviews that the Audit Committee deems proper; and
- g) Any other functions that may be agreed from time to time between the Audit Committee and the Board.

Chairman's Statement

On behalf of the Board of Directors, I am pleased to present our Company's Annual Report and Accounts for the year ended 31st December, 1999.

REVIEW OF RESULTS AND CORPORATE DEVELOPMENT

The Company registered a turnover of RM184.4 million for the year under review, an increase of 0.65% as compared with the previous year. The Group recorded an increase in its turnover to RM588.4 million, up by 4.69% from RM562.0 million in the previous year. The Company recorded an increase in profit before taxation and exceptional item of RM34.6 million against RM25.7 million, an increase of RM8.9 million as compared with the same period last year. The Group's profit before taxation increased by RM45.4 million from RM11.7 million to RM57.1 million for the year under review.

In early 1999, due to the continued depressed stock market condition resulting in the share price of the Company trading at below its net tangible assets per share, the Board had decided and had accordingly applied for a further deferment on the Special Issue of 16,000,000 new ordinary shares of RM1.00 each to approved Bumiputra investors. The Ministry of International Trade and Industry had approved a further extension to 31st July, 2000 and an announcement to this effect had been made to the Kuala Lumpur Stock Exchange. The Board would review the situation in the light of the current prevailing market conditions.

At an Extraordinary General Meeting and Meeting of the Warrant Holders held on 5th August, 1999, the proposed extension of the exercise period for the warrants was unanimously approved for a further five(5) years to 30th January, 2005. Given an additional exercise period of five years, the Board hopes that the economy and the stock market would have recovered and the potential proceeds from the conversion amounting to RM142,330,000 represents funds raised at low cost. The proceeds could be used to de-leverage the Company, hence savings in interest expense and improve the profitability of the Company and the Group.

During the year, the Company had made two early redemptions of the Bond of RM40.0 million and RM20.0 million on 30th August, 1999 and 11th December, 1999 respectively. The redemptions were financed by internally generated funds and proceeds of the Bond issue originally earmarked for the construction of the Corporate Headquarters. Due to the continued depressed property sector resulting in a glut in office space, the Board had decided not to proceed with the construction of the Corporate Headquarters and accordingly applied to the Securities Commission to utilise the proceeds instead, to partially repay the Bond which matures on 30th July, 2000. The application for the change in utilisation of proceeds was approved by the Securities Commission vide its letter dated 6th August, 1999.

The Company had obtained the consent of the Guarantor Banks not to place the balance of the Bond in the Sinking Fund as originally stipulated in the facility agreement by 31st January, 2000. Instead, the Company had proposed to make an early and final redemption of the outstanding sum of RM40.0 million by 28th February, 2000. An announcement to this effect had been made to the Kuala Lumpur Stock Exchange, Securities Commission and other relevant authorities. The early redemption made had resulted in substantial savings in bond interest and related expenses, the positive impact of which will be reflected in the financial year ending 31st December, 2000.

With the redemption of the Bond in full, the Company has no other long term Bond outstanding. Both the gearing and earnings per share of the Company have improved substantially due to the savings in bond interest and expenses.

SUBSIDIARIES

All the subsidiaries in the Group made positive contribution to the Group's profitability for the year under review. The feeds activity contributed 29% and 15% in the Group's turnover and profit respectively. The poultry integration activity contributed 23% and 10% in the same manner. The transport activity contributed less than 1% to the Group's profit. The polypropylene activity contributed 1.5% and 2% towards the Group's turnover and profit respectively.

Vimaflour Ltd had performed extremely well and for the year under review had made a contribution in both the Group's turnover and profit of 15.2% and 14.9% respectively. The plant is operating at full capacity and the Board is currently evaluating the feasibility study report on the second phase expansion programme.

PROSPECTS

The various economic recovery measures introduced by the NEAC have resulted in improved economic recovery and renewed business confidence. The Board is optimistic that the Group's financial performance for the year ending 31st December, 2000 will be maintained if not strengthened, barring any unforeseen external factors affecting the domestic economy.

DIVIDENDS

The Board has recommended a first and final dividend of 10 sen tax exempt per ordinary share payable on 10th June, 2000 to shareholders appearing on the Register of Members as at 5.00 p.m. on 1st June, 2000 subject to the approval of shareholders at the forthcoming Annual General Meeting.

YEAR 2000 COMPLIANT

The Board is pleased to note that the Company and its subsidiaries did not encounter any major problems on the Year 2000 millennium issue. All the software and hardware systems are operating and are Y2K compliant.

APPRECIATION

On behalf of the Board of Directors, I would like to take this opportunity to express our appreciation to the management and staff at all levels for their commitment, dedication, support, hard work and invaluable contribution to the growth of the Company and the Group. I would also like to express my sincere appreciation to all our customers, shareholders, suppliers, financiers and regulatory authorities and agencies for the continued support.

Last but not least, our sincere appreciation to our previous Bondholders and Guarantor Banks for their support and confidence given to the Group during the duration of the Bond.

TEH LIANG TEIK

Chairman

Kuala Lumpur
15th May, 2000

Group Financial Highlights

Year ended 31st December	1994	1995	1996	1997	1998	1999
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Turnover	311,220	372,414	501,181	474,748	562,020	588,396
Operating (loss)/ profit before tax	(3,296)	(912)	6,382	7,440	9,941	61,154
Share of profit in associated companies	963	688	450	-	-	-
Exceptional items	8,153	(434)	24,173	10,262	1,779	(4,049)
Profit before taxation	5,820	(658)	31,005	17,702	11,720	57,105
Taxation	165	744	(4,383)	(2,897)	(8,719)	763
Profit after taxation	5,985	86	26,622	14,805	3,001	57,868
Minority Interests	(524)	(1,298)	1,547	123	3,389	(5,315)
Profit attributable to shareholders	5,461	(1,212)	28,169	14,928	6,390	52,553
Issued Share Capital (RM'000)	70,000	84,000	84,011	84,015	84,015	84,015
Shareholders' Fund (RM'000)	164,889	185,224	207,019	226,025	225,331	269,865
Net tangible assets per share (sen)	235	219	242	249	253	308
Earnings per share (sen)	7.80	(1.44)	33.53	17.77	7.61	62.55
Gross dividends (%) - taxable	10	10				
Gross dividends (%) - tax exempt			7	7	3	10

**FINANCIAL
STATEMENT**

Financial
Statement

Directors' Report

The Directors have pleasure in submitting their report together with the audited accounts of the Company and of the Group for the year ended 31st December, 1999 and the auditors' report thereon.

PRINCIPAL ACTIVITIES

The principal activities of the Company are to carry on the business of milling and selling wheat flour together with its allied products. The principal activities of the subsidiary companies are detailed in Note 15 to the accounts. There have been no significant changes in the nature of these activities during the year.

RESULTS

	Group RM	Company RM
Profit attributable to shareholders of the Company	52,553,283	35,190,782
Retained profit brought forward	70,817,322	116,397,709
Profit available for appropriation	123,370,605	151,588,491
Dividend	(8,401,461)	(8,401,461)
Retained profit carried forward	114,969,144	143,187,030

RESERVES AND PROVISIONS

There were no material transfers made to or from reserves or provisions accounts during the year other than those disclosed in the accounts.

DIVIDENDS

Dividends paid, declared or proposed since the end of the Company's previous financial year were as follows:-

- (a) In respect of the year ended 31st December, 1998, as proposed in the Directors' Report for that year, a first and final dividend of :-

3 sen per ordinary share, tax exempt, paid on 1st July, 1999	RM2,520,438
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- (b) In respect of the year ended 31st December, 1999, proposed first and final dividend of :-

10 sen per ordinary share, tax exempt	RM8,401,461
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DIRECTORS

The Directors in office since the date of the last Directors' Report on 28th May, 1999 are as follows :-

Teh Liang Teik

Teh Wee Kok

Lee Soon Lee

Tun Dato' Haji Omar Yoke Lin Ong

Datuk Setia Raja, Tan Sri Datuk Seri Hamzah Bin Abu Samah

Teh Wee Chye

Dato' Hj Shaharuddin Bin Hj Haron

Dr. Lee Kim Kwong (Resigned on 24-2-2000)

Pursuant to Section 129(6) of the Companies Act, 1965, Teh Liang Teik, Lee Soon Lee, Tun Dato' Haji Omar Yoke Lin Ong and Datuk Setia Raja, Tan Sri Datuk Seri Hamzah Bin Abu Samah retire from the Board at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-appointment.

In accordance with Article 110 of the Company's Articles of Association, Dato' Hj Shaharuddin Bin Hj Haron retires from the Board at the forthcoming Annual General Meeting and, being eligible, offers himself for re-election.

The following represents the interests of Directors in shares and warrants in the Company and shares in its subsidiaries registered in the names of the Directors or in the names of companies in which the Directors have an interest :-

SHAREHOLDINGS IN THE COMPANY

Directors	Registered in the name of	Number of ordinary shares of RM1.00 each			
		Balance at 1-1-1999	Acquired	Disposed	Balance at 31-12-1999
Teh Liang Teik	Teh Liang Teik	2,908,800	-	-	2,908,800
Teh Wee Kok	Teh Wee Kok	1,589,600	-	-	1,589,600
Lee Soon Lee	Lee Soon Lee	6,000	-	-	6,000
Teh Wee Chye	Teh Wee Chye	6,500	-	-	6,500
Teh Liang Teik, Teh Wee Kok & Teh Wee Chye	Thye Nam Loong Holdings Sdn Bhd	26,100,754	-	-	26,100,754
Teh Liang Teik, Teh Wee Kok & Teh Wee Chye	Thye Nam Loong Sdn Bhd	417,600	-	-	417,600
Teh Liang Teik, Teh Wee Kok & Teh Wee Chye	Thye Nam Loong Shipping Sdn Bhd	574,800	-	-	574,800
Teh Liang Teik, Teh Wee Kok & Teh Wee Chye	Suai Timber Products Sdn Bhd	531,600	-	-	531,600
Teh Wee Chye	Essence Lane Sdn Bhd	2,233,729	-	-	2,233,729

INTEREST IN WARRANTS OF THE COMPANY

Directors	Registered in the name of	Balance at 1-1-1999	Number of warrants of the Company		Balance at 31-12-1999
			Acquired	Disposed	
Teh Liang Teik	Teh Liang Teik	1,454,400	-	-	1,454,400
Teh Wee Kok	Teh Wee Kok	47,400	-	-	47,400
Lee Soon Lee	Lee Soon Lee	3,000	-	-	3,000
Teh Liang Teik, Teh Wee Kok & Teh Wee Chye	Thye Nam Loong Holdings Sdn Bhd	13,185,377	-	-	13,185,377
Teh Liang Teik, Teh Wee Kok & Teh Wee Chye	Thye Nam Loong Sdn Bhd	208,800	-	-	208,800
Teh Liang Teik, Teh Wee Kok & Teh Wee Chye	Thye Nam Loong Shipping Sdn Bhd	287,400	-	-	287,400
Teh Liang Teik, Teh Wee Kok & Teh Wee Chye	Suai Timber Products Sdn Bhd	265,800	-	-	265,800
Teh Wee Chye	Essence Lane Sdn Bhd	1,120,114	-	-	1,120,114

**SHAREHOLDINGS IN SUBSIDIARY COMPANY,
DINDINGS SOYA & MULTIFEEDS SDN BERHAD**

Directors	Registered in the name of	Number of ordinary shares of RM1.00 each			
		Balance at 1-1-1999	Acquired	Disposed	Balance at 31-12-1999
Teh Liang Teik, Teh Wee Kok & Teh Wee Chye	Malayan Flour Mills Berhad	21,250,000	-	-	21,250,000
Teh Liang Teik, Teh Wee Kok & Teh Wee Chye	Thye Nam Loong Holdings Sdn Bhd	2,500,000	-	-	2,500,000
Teh Liang Teik, Teh Wee Kok & Teh Wee Chye	Thye Nam Loong Sdn Bhd	1,666,667	-	-	1,666,667

**SHAREHOLDINGS IN SUBSIDIARY COMPANY,
DINDINGS POULTRY PROCESSING SDN BHD**

Directors	Registered in the name of	Number of ordinary shares of RM1.00 each			
		Balance at 1-1-1999	Acquired	Disposed	Balance at 31-12-1999
Teh Liang Teik, Teh Wee Kok & Teh Wee Chye	Malayan Flour Mills Berhad	33,103,000	-	-	33,103,000
Teh Liang Teik, Teh Wee Kok & Teh Wee Chye	Dindings Soya & Multifeeds Sdn Berhad	12,857,000	-	-	12,857,000

**SHAREHOLDINGS IN SUBSIDIARY COMPANY,
MUDA FIBRE MANUFACTURING SDN BHD**

Directors	Registered in the name of	Number of ordinary shares of RM1.00 each			
		Balance at 1-1-1999	Acquired	Disposed	Balance at 31-12-1999
Teh Liang Teik, Teh Wee Kok & Teh Wee Chye	Malayan Flour Mills Berhad	6,000,001	-	-	6,000,001
Teh Liang Teik, Teh Wee Kok & Teh Wee Chye	Thye Nam Loong Holdings Sdn Bhd	1,000,000	-	-	1,000,000

**SHAREHOLDINGS IN SUBSIDIARY COMPANY,
SYARIKAT PENGANGKUTAN LUMUT SDN BHD**

Directors	Registered in the name of	Number of ordinary shares of RM1.00 each			
		Balance at 1-1-1999	Acquired	Disposed	Balance at 31-12-1999
Teh Liang Teik, Teh Wee Kok & Teh Wee Chye	Malayan Flour Mills Berhad	100,000	1,200,000	-	1,300,000

**INTERESTS IN SUBSIDIARY COMPANY,
VIMAFLOUR LTD (INCORPORATED IN VIETNAM)**

Directors	Registered in the name of	Interests in capital denominated in Vietnamese Dong (VND)			
		Balance at 1-1-1999 VND'000	Acquired VND'000	Disposed VND'000	Balance at 31-12-1999 VND'000
Teh Liang Teik, Teh Wee Kok & Teh Wee Chye	Malayan Flour Mills Berhad	114,095,104	-	-	114,095,104

By virtue of their shareholdings in the Company, Teh Liang Teik, Teh Wee Kok and Teh Wee Chye are also deemed to be interested in the shares of all the other subsidiaries not listed above, being wholly owned subsidiaries of the Company and for which there were no movements in their interests in the shares held during the year.

Other than as disclosed, no other Directors in office at the end of the financial year held any interest in shares and warrants of the Company and shares in its subsidiary companies.

As at the end of the financial year and during the year, there did not subsist any arrangement to which the Company was a party, whereby the Directors or their nominees might 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 financial year, no Director has received or become entitled to receive any benefits (other than those disclosed as Directors' fees and emoluments in the accounts) by reasons of a contract made by the Company or a related corporation with any Directors or with a firm of which a Director is a member or with a company in which the Director has a substantial financial interest other than by virtue of transactions entered into in the ordinary course of business and transactions as detailed in Note 26 to the accounts.

OTHER STATUTORY INFORMATION

- (a) Before the accounts of the Company and the Group were made out, the Directors took reasonable steps:-
 - (i) to satisfy themselves that all known bad debts had been written off and adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business have been written down to an amount which they might be expected so to realise.
- (b) As at the date of this report, the Directors are not aware of any circumstances:-
 - (i) which would render the amount written off for bad debts and provision made for doubtful debts in the Company and the Group inadequate to any substantial extent;
 - (ii) which would render the values of current assets in the accounts of the Company and the Group misleading;
 - (iii) which would have arisen which render adherence to the existing method of valuation of assets and liabilities of the Company and the Group misleading or inappropriate; and
 - (iv) not otherwise dealt with in this report or the accounts of the Company and the Group which would render any amount stated in the accounts misleading.
- (c) As at the date of this report, there does not exist:-
 - (i) any charge on the assets of the Company or of the Group which has arisen since the end of the financial year which secures the liabilities of any other person; and
 - (ii) any contingent liability in respect of the Company and the Group which has arisen since the end of the financial year.

(d) In the opinion of the Directors:-

- (i) no contingent or other liabilities have become enforceable or are likely to become enforceable, within the period of twelve months after the end of the financial year which will or may affect the ability of the Company and of the Group to meet their obligations when they fall due;
- (ii) the results of the Company's and the Group's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature except for the effects of exceptional items as stated in Note 4 to the accounts; and
- (iii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of operations of the Company or of the Group for the financial year in which this report is made.

AUDITORS

The auditors, Messrs. Folks DFK & Co. have expressed their willingness to continue in office.

Signed in accordance with a resolution of the Directors,

TEH LIANG TEIK

Director

LEE SOON LEE

Director

Kuala Lumpur
28th April, 2000

Consolidated Profit And Loss Account For The Year Ended 31st December, 1999

	Notes	1999 RM	1998 RM
TURNOVER	2(k)	588,396,000	562,020,000
PROFIT BEFORE EXCEPTIONAL ITEMS	3	61,153,972	9,941,695
EXCEPTIONAL ITEMS	4	(4,049,301)	1,778,847
PROFIT AFTER EXCEPTIONAL ITEMS BUT BEFORE TAXATION		57,104,671	11,720,542
TAXATION	5	763,640	(8,718,600)
PROFIT AFTER TAXATION		57,868,311	3,001,942
MINORITY INTERESTS		(5,315,028)	3,388,614
PROFIT ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY		52,553,283	6,390,556
RETAINED PROFIT BROUGHT FORWARD			
AS PREVIOUSLY STATED		70,817,322	63,750,505
PRIOR YEAR ADJUSTMENT	6	-	2,736,434
AS RESTATED		70,817,322	66,486,939
TRANSFER FROM CAPITAL RESERVES		-	460,265
PROFIT AVAILABLE FOR APPROPRIATION		123,370,605	73,337,760
DIVIDEND	7	(8,401,461)	(2,520,438)
RETAINED PROFIT CARRIED FORWARD		114,969,144	70,817,322
RETAINED BY :-			
The Company		143,187,030	116,397,709
Subsidiaries		(28,217,886)	(45,580,387)
		114,969,144	70,817,322
Earnings per share (sen) :	8		
- Basic		62.55	7.61
- Fully diluted		48.48	N/A

The annexed notes form an integral part of, and should be read in conjunction with, these accounts.

Consolidated Balance Sheet As At 31st December, 1999

	Notes	1999 RM	1998 RM
SHARE CAPITAL	9	84,014,606	84,014,606
RESERVES	10	185,850,152	141,316,829
SHAREHOLDERS' FUNDS		269,864,758	225,331,435
MINORITY INTERESTS		32,403,594	27,011,466
5% REDEEMABLE BANK GUARANTEED BONDS 1995/2000	11	-	100,000,000
LONG TERM LIABILITIES	12	28,609,520	41,778,724
DEFERRED LIABILITIES	13	3,940,040	4,371,300
		334,817,912	398,492,925
Represented by :-			
FIXED ASSETS	14	239,694,843	257,227,294
INVESTMENTS	16	11,727,164	11,727,164
BONDS REDEMPTION FUND	17	-	15,589,663
CURRENT ASSETS			
Stocks	18	103,186,965	95,588,418
Debtors	19	86,624,331	86,815,217
Bonds redemption fund	17	54,910	-
Deposits, cash and bank balances	20	87,184,780	56,019,557
		277,050,986	238,423,192
CURRENT LIABILITIES			
Creditors	21	32,097,893	37,091,959
5% Redeemable Bank Guaranteed Bonds 1995/2000	11	40,000,000	-
Bank borrowings (unsecured)	22	121,126,241	89,986,145
Taxation		3,441,336	7,479,600
Proposed dividend		8,401,461	2,520,438
		205,066,931	137,078,142
NET CURRENT ASSETS		71,984,055	101,345,050
INTANGIBLE ASSETS	23	11,411,850	12,603,754
		334,817,912	398,492,925

The annexed notes form an integral part of, and should be read in conjunction with, these accounts.

Profit And Loss Account **For The Year Ended 31st December, 1999**

	Notes	1999 RM	1998 RM
TURNOVER	2(k)	184,430,000	183,240,000
PROFIT BEFORE EXCEPTIONAL ITEMS	3	34,612,758	25,664,337
EXCEPTIONAL ITEMS	4	-	4,365,600
PROFIT AFTER EXCEPTIONAL ITEMS BUT BEFORE TAXATION		34,612,758	30,029,937
TAXATION	5	578,024	(8,578,128)
PROFIT AFTER TAXATION		35,190,782	21,451,809
RETAINED PROFIT BROUGHT FORWARD			
AS PREVIOUSLY STATED		116,397,709	95,366,338
PRIOR YEAR ADJUSTMENT	6	-	2,100,000
AS RESTATED		116,397,709	97,466,338
PROFIT AVAILABLE FOR APPROPRIATION		151,588,491	118,918,147
DIVIDEND	7	(8,401,461)	(2,520,438)
RETAINED PROFIT CARRIED FORWARD		143,187,030	116,397,709
Earnings per share (sen) :	8		
- Basic		41.89	25.53
- Fully diluted		34.65	23.42

The annexed notes form an integral part of, and should be read in conjunction with, these accounts.

Balance Sheet

As At 31st December, 1999

	Notes	1999 RM	1998 RM
SHARE CAPITAL	9	84,014,606	84,014,606
RESERVES	10	211,242,988	184,453,667
SHAREHOLDERS' FUNDS		295,257,594	268,468,273
5% REDEEMABLE BANK GUARANTEED BONDS 1995/2000	11	-	100,000,000
LONG TERM LIABILITIES	12	9,585	153,333
DEFERRED LIABILITIES	13	1,900,000	2,100,000
		297,167,179	370,721,606
Represented by :-			
FIXED ASSETS	14	78,069,910	81,453,376
SUBSIDIARY COMPANIES	15	163,069,388	195,499,635
INVESTMENTS	16	8,927,164	8,927,164
BONDS REDEMPTION FUND	17	-	15,589,663
CURRENT ASSETS			
Stocks	18	42,744,683	34,604,783
Debtors	19	30,869,933	29,000,815
Bonds redemption fund	17	54,910	-
Deposits, cash and bank balances	20	70,555,712	45,329,600
		144,225,238	108,935,198
CURRENT LIABILITIES			
Creditors	21	6,365,724	9,427,121
5% Redeemable Bank Guaranteed Bonds 1995/2000	11	40,000,000	-
Bank borrowings (unsecured)	22	39,000,000	20,786,271
Taxation		3,357,336	6,949,600
Proposed dividend		8,401,461	2,520,438
		97,124,521	39,683,430
NET CURRENT ASSETS		47,100,717	69,251,768
		297,167,179	370,721,606

The annexed notes form an integral part of, and should be read in conjunction with, these accounts.

Consolidated Cash Flow Statement For The Year Ended 31st December, 1999

	1999 RM	1998 RM
NET CASH INFLOW FROM OPERATING ACTIVITIES		
Profit before taxation	57,104,671	11,720,542
Adjustments for :-		
Amortisation of preliminary and pre-operating expenses	1,422,180	1,392,810
Provision for retirement benefits	40,150	36,300
Depreciation	21,824,384	21,736,393
Annual bonds expenses	1,250,647	1,381,580
Loss/(Gain) on disposal of fixed assets	6,078	(117,432)
Gain arising from disposal of investment	-	(3,905,345)
Fixed assets written off	86,656	249,064
Write down in value of fixed assets	4,049,301	2,126,498
Provision for doubtful debts	2,352,326	263,111
Bad debts written off	209,700	73,229
Unrealised loss on foreign exchange	520,336	6,543,809
Interest income	(3,243,237)	(4,125,126)
Interest expenses	9,059,298	10,654,067
Operating profit before working capital changes	94,682,490	48,029,500
(Increase)/Decrease in trade debtors and other receivables	(1,610,480)	3,967,245
(Increase)/Decrease in stocks and other inventories	(7,175,175)	24,972,673
Decrease in trade creditors and other payables	(5,056,177)	(22,013,625)
Net cash generated from operations	80,840,658	54,955,793
Taxation paid	(4,413,507)	(3,126,821)
Interest received	3,243,237	4,125,126
Interest paid	(9,059,298)	(10,654,067)
Annual bonds expenses paid	(1,250,647)	(1,381,580)
Retirement benefits paid	(2,410)	-
	69,358,033	43,918,451

The annexed notes form an integral part of, and should be read in conjunction with, this statement.

MALAYAN FLOUR MILLS BERHAD (4260-M)
(Incorporated In Malaysia)

	1999	1998
	RM	RM
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		
Proceeds from disposal of fixed assets	233,116	569,715
Proceeds from disposal of investment	-	4,773,600
Purchase of investments	-	(7,060,896)
Purchase of fixed assets	(7,448,939)	(11,845,951)
Preliminary and pre-operating expenses incurred	(1,827)	(40,173)
	(7,217,650)	(13,603,705)
NET CASH OUTFLOW FROM FINANCING ACTIVITIES		
Payment of hire purchase liabilities	(782,648)	(1,019,243)
Redemption of bonds	(60,000,000)	-
Issue of shares to minority shareholders	-	4,048,507
Term loans obtained	-	7,502,193
Term loans repaid	(6,726,952)	(1,619,687)
Bonds redemption fund - withdrawal / (deposits)	15,534,753	(1,408,825)
Dividends paid to shareholders of the company	(2,520,438)	(5,881,022)
Dividends paid to minority shareholders	(86,400)	(400,000)
Bank borrowings - increase / (repayments)	23,821,252	(27,109,586)
	(30,760,433)	(25,887,663)
NET INCREASE IN CASH AND CASH EQUIVALENTS	31,379,950	4,427,083
Cash and cash equivalents at beginning of year	55,720,762	51,363,482
Foreign exchange differences on opening balances	84,068	(69,803)
CASH AND CASH EQUIVALENTS AT END OF YEAR		
(Note 24)	87,184,780	55,720,762

The annexed notes form an integral part of, and should be read in conjunction with, this statement.

Notes To The Accounts As At 31st December, 1999

1. PRINCIPAL ACTIVITIES

The principal activities of the Company are to carry on the business of milling and selling wheat flour together with its allied products. The principal activities of the subsidiary companies are detailed in Note 15 below.

2. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of accounting

The accounts are prepared under the historical cost convention modified by the revaluation of certain fixed assets and comply with applicable approved Accounting Standards.

(b) Basis of consolidation

The consolidated accounts include the accounts of the Company and all its subsidiaries made up to the balance sheet date. The results of subsidiary companies acquired or disposed off during the year are included in the consolidated accounts from the effective date of acquisition or to the date of disposal. Inter-company transactions are eliminated on consolidation.

(c) Goodwill and reserve on consolidation

The excess of the cost of investments in subsidiary companies over the attributable share in the net assets of the subsidiary companies at the date of acquisition is taken up as goodwill on consolidation.

Where the attributable share of net assets acquired exceeds the cost of investments, the surplus arising is taken up as reserve arising on consolidation.

Goodwill on consolidation is amortised or written off based on reviews by the Directors.

(d) Investments

Investments in subsidiaries and other investments are stated at cost and are only written down when the Directors consider that there is a permanent diminution in the value of the investments.

(e) Depreciation

Freehold land is not amortised. Leasehold land is amortised over the period of the lease. All other fixed assets are depreciated on the straight line basis so as to write off the cost or valuation of the assets over their estimated useful lives.

The principal annual rates used are :

Buildings	2 - 10%
Jetty	2%
Plant, machinery, fixtures and equipment	5 - 25%
Motor vehicles and boats	10 - 20%

(f) Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is determined on the weighted average cost basis except for a foreign subsidiary, where cost is determined on a first-in-first-out basis. For finished goods and semi-processed goods, cost consists of materials, direct labour and an appropriate proportion of production overheads.

(g) Deferred taxation

Provision is made using the liability method for taxation which is deferred due to timing differences except where such differences are not expected to reverse in the foreseeable future. Where timing differences result in a debit balance, this is recognised only where there is a reasonable certainty of realisation.

(h) Retirement benefits

Provision for retirement benefits which is attributable to a subsidiary company is made in accordance with the terms of the collective agreement. These provisions are determined by independent actuarial valuation.

(i) Foreign currencies

Transactions in foreign currencies are converted into Ringgit Malaysia at rates ruling on transaction dates or where settlement has not been made at balance sheet date, at rates of exchange approximating those ruling at that date. Gains or losses in exchange are recognised in the Profit and Loss Account.

For consolidation purposes, financial statements in foreign currencies are translated into Ringgit Malaysia at the rates of exchange ruling at the balance sheet date. The translation differences arising therefrom are taken to reserves.

(j) Hire purchase

Assets acquired under hire purchase are capitalised as fixed assets based on the principal sum of the hire purchase and the corresponding obligations are taken up as hire purchase creditors.

The interest element is charged to Profit and Loss Account over the period of the hire purchase arrangements.

(k) Turnover

Turnover represents the net value of goods sold and services rendered. In the case of the Group, intra-group transactions are eliminated.

(l) Cash and Cash Equivalents

Cash and cash equivalents comprise cash and bank balances, deposits with licensed banks and bank overdrafts.

3. PROFIT BEFORE EXCEPTIONAL ITEMS

	Group		Company	
	1999	1998	1999	1998
	RM	RM	RM	RM
This is stated after charging :-				
Auditors' remuneration	197,103	180,916	34,000	34,000
Depreciation	21,824,384	21,736,393	5,567,730	5,580,241
Directors' emoluments	1,710,041	1,683,524	1,152,849	1,136,469
Directors' fees	213,923	203,784	135,000	108,000
Interest expenses	4,640,078	5,479,084	3,425	42,789
Rental of premises	1,845,208	2,080,901	375,229	536,015
Retirement benefits	40,150	36,300	-	-
Bad debts written off	209,700	73,229	209,700	-
Hire purchase interest	129,951	174,983	58,878	89,124
Annual bonds expenses	1,250,647	1,381,580	1,250,647	1,381,580
Bonds interest	4,289,269	5,000,000	4,289,269	5,000,000
Provision for doubtful debts	2,352,326	263,111	500,000	-
Fixed assets written off	86,656	249,064	-	-
Loss on disposal of fixed assets	6,078	-	-	-
Loss/(Gain) on foreign exchange				
- realised	-	1,185,676	-	(1,318,989)
- unrealised	520,336	6,543,809	-	-
Amortisation of preliminary and pre-operating expenses	1,422,180	1,392,810	-	-
Cost of sales	478,940,000	497,633,000	138,677,000	148,490,000

and crediting :-

Dividends received from subsidiary companies	-	-	1,362,500	180,000
Gain on disposal of fixed assets	-	117,432	43,618	50,496
Interest income	3,243,237	4,125,126	4,003,810	6,534,384
Jetty income	1,792,477	1,962,441	1,792,477	1,962,441
Rental income	1,479,157	1,778,090	1,806,443	2,066,423

4. EXCEPTIONAL ITEMS

	Group		Company	
	1999	1998	1999	1998
	RM	RM	RM	RM
Write-down in value of fixed assets	(4,049,301)	(2,126,498)	-	-
Gain arising from disposal of shares in a former associated company	-	3,905,345	-	4,365,600
	(4,049,301)	1,778,847	-	4,365,600

5. TAXATION

	Group		Company	
	1999	1998	1999	1998
	RM	RM	RM	RM
Malaysian income taxation :				
- current year	-	(7,477,600)	(50,400)	(7,000,000)
- overprovision in prior years	294,640	603,000	428,424	521,872
	294,640	(6,874,600)	378,024	(6,478,128)
Transfer from/(to) deferred taxation :				
- current year	469,000	(944,000)	200,000	(1,200,000)
- underprovision in prior years	-	(900,000)	-	(900,000)
	469,000	(1,844,000)	200,000	(2,100,000)
	763,640	(8,718,600)	578,024	(8,578,128)

- (a) The Company's current taxation is attributable to dividend income from a subsidiary company.

No taxation has been provided on the other income of the Company and its subsidiary companies in Malaysia mainly due to the tax waiver pursuant to the Income Tax (Amendment) Act, 1999.

The estimated tax savings to the Company and the Group attributable to the waiver is RM10,641,000 and RM14,187,000 respectively.

- (b) The current year's income of a foreign subsidiary company was not subject to taxation due to an exemption granted by the relevant authorities.
- (c) The following are estimated unabsorbed tax losses and unutilised capital allowances, the effects of which are not included in the accounts and which are available for set off against future taxable income :-

	Group		Company	
	1999	1998	1999	1998
	RM	RM	RM	RM
Unabsorbed tax losses	32,104,000	32,091,000	-	-
Unutilised capital allowances	39,492,000	47,915,000	-	-
	71,596,000	80,006,000	-	-
Estimated tax effect at 28% thereon	20,047,000	22,402,000	-	-

6. PRIOR YEAR ADJUSTMENT

The prior year adjustment relates to the write-back of non-obligatory provision for retirement benefits in the previous year to comply with International Accounting Standard 19.

7. DIVIDEND

	Group and Company	
	1999	1998
	RM	RM
Proposed first and final dividend of :		
10 sen per ordinary share, tax exempt		
(1998 : 3 sen per ordinary share, tax exempt)	8,401,461	2,520,438

8. EARNINGS PER SHARE

The basic earnings per share is calculated on the Group's profit after taxation and minority interest of RM52,553,283 (1998 : RM6,390,556) and the Company's profit after taxation of RM35,190,782 (1998 : RM21,451,809) and is based on the issued share capital of 84,014,606 (1998 : 84,014,606) ordinary shares.

The fully diluted earnings per share, on the assumed conversion of 41,985,394 warrants at the beginning of the year at an exercise price of RM3.39 each, has been calculated based on the adjusted profit of RM61,086,537 for the Group and RM43,657,426 (1998 : RM29,507,705) for the Company and on the adjusted issued share capital of 126,000,000 ordinary shares. The adjusted profits of the Group and Company are arrived at after taking into account:-

- (i) savings after tax of interest and annual expenses on the 5% Redeemable Bank Guaranteed Bonds ('Bonds') amounting to RM5,539,916 for the Group and RM5,539,916 (1998 : RM5,185,205) for the Company based on the assumption that proceeds from the conversion of warrants amounting to RM142,330,486 were used to redeem the outstanding Bonds at the beginning of the year; and
- (ii) notional savings of interests after tax on short term borrowings and interests income after tax from the placement of fixed deposits amounting to RM2,993,338 for the Group and RM2,926,728 (1998 : RM2,870,691) for the Company on utilisation of the remaining proceeds from the warrants conversion.

The Group's fully diluted earnings per share in 1998 is not presented as the assumed conversion of warrants in 1998 is anti-dilutive.

9. SHARE CAPITAL

	Group and Company	
	1999	1998
	RM	RM
9.1 Share capital		
Authorised :		
200,000,000 ordinary shares of RM1.00 each	200,000,000	200,000,000
Issued and fully paid :		
84,014,606 ordinary shares of RM1.00 each	84,014,606	84,014,606
	Group and Company	
	1999	1998
	No.	No.
9.2 Warrants		
At beginning and end of year	41,985,394	41,985,394

A total of 42,000,000 warrants were issued by the Company on 31st July, 1995 in connection with the issue of RM100,000,000 nominal amount of 5% Redeemable Bank Guaranteed Bonds 1995/2000 (see Note 11).

The warrants are constituted by a deed poll dated 26th July, 1995 and three supplemental deed poll dated 11th September, 1995, 23rd May, 1997 and 17th August, 1999 respectively.

The warrants are listed on the Main Board of the Kuala Lumpur Stock Exchange and confer the right to holders thereof at any time, not later than the maturity date, to subscribe for one new ordinary share of RM1.00 each in the Company at an exercise price, to be paid in cash, of RM3.39 per share or as adjusted in certain circumstances as set out in the Deeds constituting the warrants.

On 1st March, 1999 the Company obtained approval from the Securities Commission to extend the original maturity date of 30th January, 2000 by another 5 years to 30th January, 2005. This extension was approved by the shareholders and warrant holders of the Company on 5th August, 1999.

10. RESERVES

	Group		Company	
	1999	1998	1999	1998
	RM	RM	RM	RM
Capital Reserves - surplus on revaluation of fixed assets in 1983	26,369,308	26,369,308	26,369,308	26,369,308
Share premium	41,686,650	41,686,650	41,686,650	41,686,650
Exchange translation difference	2,825,050	2,443,549	-	-
Retained profit	114,969,144	70,817,322	143,187,030	116,397,709
	185,850,152	141,316,829	211,242,988	184,453,667

(i) Movements in exchange translation difference :-

	Group	
	1999	1998
	RM	RM
At beginning of year	2,443,549	7,007,023
Translation gain / (loss) during the year	381,501	(4,563,474)
At end of year	2,825,050	2,443,549

- (ii) With the exception of retained profit, all other reserves are not distributable by way of dividends in cash.
- (iii) The Company has estimated Section 108 tax credit under the Malaysian Income Tax Act, 1967 of RM47,158,000 (1998 : RM47,240,000) which, subject to agreement with the Malaysian tax authorities, is available to frank dividend payments out of its distributable reserves at year end. If the entire retained profit were to be distributed as dividends, the Company would incur additional tax charge of approximately RM8,526,000 (1998 : Nil).
- (iv) The Company has tax exempt income of approximately RM38,895,000 (1998 : RM8,512,000) which, subject to agreement with the Malaysian tax authorities, is distributable by way of tax exempt dividend.

11. 5% REDEEMABLE BANK GUARANTEED BONDS 1995/2000

	Group and Company	
	1999	1998
	RM	RM
At beginning of year	100,000,000	100,000,000
Redemption	(60,000,000)	-
At end of year	40,000,000	100,000,000
Redeemable within 12 months (included under current liabilities)	(40,000,000)	-
Redeemable after 12 months	-	100,000,000

The 5% Redeemable Bank Guaranteed Bonds 1995/2000 of RM100,000,000 were issued on 31st July, 1995, together with 42,000,000 detachable warrants (see Note 9.2).

The bonds are constituted by a trust deed dated 26th July, 1995. Unless previously redeemed or purchased and cancelled, the Company shall redeem the bonds at the nominal value on the maturity date of 30th July, 2000. Interest at 5% per annum is payable annually in arrears.

The guarantee issued by the participating banks in favour of the trustee for the bondholders is secured by way of legal charges over the Company's leasehold properties in Pasir Gudang, Johor and Lumut, Perak.

During the year, the Company made two early redemptions of the bonds of RM40.0 million and RM20.0 million on 30th August, 1999 and 11th December, 1999 respectively, making a total redemption of RM60.0 million.

Subsequent to the financial year, the balance of RM40.0 million was redeemed on 28th February, 2000.

12. LONG TERM LIABILITIES

	Group		Company	
	1999	1998	1999	1998
	RM	RM	RM	RM
Term loans	28,540,944	41,358,455	-	-
Hire purchase creditors	68,576	420,269	9,585	153,333
	28,609,520	41,778,724	9,585	153,333

(i) Term loans are unsecured and comprise :-

	Group		Company	
	1999	1998	1999	1998
	RM	RM	RM	RM
Loan of US\$8.0 million at interest rate of 6 month US dollar LIBOR + 3.25% per annum (1998 : 6 month US dollar LIBOR + 3.25% per annum) repayable by 8 half yearly instalments commencing December 1999	26,603,037	29,601,065	-	-
Loan of US\$3.0 million at interest rate of 6 month US dollar LIBOR + 3% per annum (1998 : 6 month US dollar LIBOR + 3% per annum) repayable by 6 half yearly instalments commencing December 1999	9,501,085	11,100,470	-	-

MALAYAN FLOUR MILLS BERHAD (4260-M)
(Incorporated In Malaysia)

	Group		Company	
	1999	1998	1999	1998
	RM	RM	RM	RM
Loans comprising US\$1.0 million and VND14,277 million at interest rate of 2.5% above 1 or 6 month SIBOR for loan in US dollar and at the ceiling rate imposed by the State Bank of Vietnam for loan in VND repayable by 6 half yearly instalments commencing December 1999 (similar interest rates were applicable in 1998)	6,393,709	7,502,193	-	-
	42,497,831	48,203,728	-	-
Less : Repayments due within twelve months (included under bank borrowings - Note 22)	(13,956,887)	(6,845,273)	-	-
	28,540,944	41,358,455	-	-

(ii) Hire purchase creditors

	Group		Company	
	1999	1998	1999	1998
	RM	RM	RM	RM
Amount repayable after 12 months	68,576	420,269	9,585	153,333
Amount repayable within 12 months (included under creditors - Note 21)	316,012	746,967	143,748	223,589
	384,588	1,167,236	153,333	376,922

13. DEFERRED LIABILITIES

	Group		Company	
	1999	1998	1999	1998
	RM	RM	RM	RM
Retirement benefits	213,040	175,300	-	-
Deferred taxation	3,727,000	4,196,000	1,900,000	2,100,000
	3,940,040	4,371,300	1,900,000	2,100,000

(i) Retirement benefits

	Group		Company	
	1999	1998	1999	1998
	RM	RM	RM	RM
At beginning of year	175,300	139,000	-	-
Provision for the year	40,150	36,300	-	-
Less : Payment	(2,410)	-	-	-
At the end of year	213,040	175,300	-	-

(ii) Deferred taxation

	Group		Company	
	1999	1998	1999	1998
	RM	RM	RM	RM
At beginning of year	4,196,000	2,352,000	2,100,000	-
Transfer (to)/from profit and loss account	(469,000)	1,844,000	(200,000)	2,100,000
At the end of year	3,727,000	4,196,000	1,900,000	2,100,000

14. FIXED ASSETS

(a) Fixed assets of the Group and Company comprised :-

1999 Group	Cost or valuation RM	Accumulated depreciation RM	Net book value RM	Depreciation charge RM
At cost :-				
Freehold land	369,086	-	369,086	-
Leasehold land :				
- Long lease	7,917,441	1,195,127	6,722,314	197,227
- Short lease	9,966,192	1,771,546	8,194,646	332,080
Buildings	153,347,713	37,684,770	115,662,943	4,755,775
Plant, machinery, fixtures and equipment	192,803,206	120,337,202	72,466,004	13,396,317
Motor vehicles and boats	30,862,863	19,810,407	11,052,456	2,533,675
Capital work-in-progress	486,686	-	486,686	-
At valuation :-				
Freehold land	3,574,151	-	3,574,151	-
Long leasehold land	2,063,492	520,551	1,542,941	24,888
Buildings	23,447,856	8,367,250	15,080,606	456,842
Jetty	6,532,083	1,989,073	4,543,010	127,580
	431,370,769	191,675,926	239,694,843	21,824,384
1999 Company				
At cost :-				
Freehold land	98,000	-	98,000	-
Long leasehold land	5,020,437	747,683	4,272,754	152,095
Buildings	44,576,999	9,812,443	34,764,556	891,523
Plant, machinery, fixtures and equipment	59,718,649	47,514,783	12,203,866	2,844,399
Motor vehicles and boats	10,244,626	8,254,600	1,990,026	1,070,404
At valuation :-				
Freehold land	3,574,151	-	3,574,151	-
Long leasehold land	2,063,492	520,551	1,542,941	24,888
Buildings	23,447,856	8,367,250	15,080,606	456,842
Jetty	6,532,083	1,989,073	4,543,010	127,579
	155,276,293	77,206,383	78,069,910	5,567,730

MALAYAN FLOUR MILLS BERHAD (4260-M)
(Incorporated In Malaysia)

1998 Group	Cost or valuation RM	Accumulated depreciation RM	Net book value RM	Depreciation charge RM
At cost :-				
Freehold land	369,086	-	369,086	-
Leasehold land :				
- Long lease	7,917,441	997,900	6,919,541	195,212
- Short lease	9,791,943	1,415,029	8,376,914	328,354
Buildings	151,696,083	32,907,618	118,788,465	4,870,545
Plant, machinery, fixtures and equipment	201,305,539	109,397,361	91,908,178	13,333,623
Motor vehicles and boats	22,888,655	17,294,967	5,593,688	2,405,474
Capital work-in-progress	380,692	-	380,692	-
At valuation :-				
Freehold land	3,574,151	-	3,574,151	-
Long leasehold land	2,063,492	495,663	1,567,829	24,888
Buildings	23,447,856	7,910,408	15,537,448	456,842
Jetty	6,072,795	1,861,493	4,211,302	121,455
	429,507,733	172,280,439	257,227,294	21,736,393

**1998
Company**

At cost :-				
Freehold land	98,000	-	98,000	-
Long leasehold land	5,020,437	595,588	4,424,849	152,094
Buildings	44,551,099	8,920,920	35,630,179	882,141
Plant, machinery, fixtures and equipment	58,867,715	44,670,384	14,197,331	2,846,590
Motor vehicles and boats	10,171,616	7,959,328	2,212,288	1,096,230
At valuation :-				
Freehold land	3,574,151	-	3,574,151	-
Long leasehold land	2,063,492	495,663	1,567,829	24,888
Buildings	23,447,856	7,910,408	15,537,448	456,842
Jetty	6,072,795	1,861,494	4,211,301	121,456
	153,867,161	72,413,785	81,453,376	5,580,241

MALAYAN FLOUR MILLS BERHAD (4260-M)
(Incorporated In Malaysia)

(b) The movements of fixed assets are as follows :-

1999 Group	Balance at 1-1-1999 RM	Additions RM	Disposals RM	Transfer RM	Write down in value of fixed assets RM	Net exchange differences RM	Balance at 31-12-1999 RM
At cost :-							
Freehold land	369,086	-	-	-	-	-	369,086
Leasehold land :							
- Long lease	7,917,441	-	-	-	-	-	7,917,441
- Short lease	9,791,943	-	-	-	-	174,249	9,966,192
Buildings	151,696,083	1,132,566	(48,201)	4,609	-	562,656	153,347,713
Plant, machinery, fixtures and equipment	201,305,539	3,456,797	(1,570,902)	(6,906,452)	(4,049,301)	567,525	192,803,206
Motor vehicles and boats	22,888,655	1,887,168	(1,245,835)	7,314,533	-	18,342	30,862,863
Capital work-in -progress	380,692	513,120	-	(412,690)	-	5,564	486,686
At valuation :-							
Freehold land	3,574,151	-	-	-	-	-	3,574,151
Long leasehold land	2,063,492	-	-	-	-	-	2,063,492
Buildings	23,447,856	-	-	-	-	-	23,447,856
Jetty	6,072,795	459,288	-	-	-	-	6,532,083
	429,507,733	7,448,939	(2,864,938)	-	(4,049,301)	1,328,336	431,370,769

	Balance at 1-1-1999 RM	Charge for the year RM	Deletions RM	Transfer RM	Net exchange differences RM	Balance at 31-12-1999 RM
Accumulated depreciation						
Assets at cost :-						
Leasehold land:						
- Long lease	997,900	197,227	-	-	-	1,195,127
- Short lease	1,415,029	332,080	-	-	24,437	1,771,546
Buildings	32,907,618	4,755,775	(813)	3,525	18,665	37,684,770
Plant, machinery, fixtures and equipment	109,397,361	13,396,317	(1,367,167)	(1,148,048)	58,739	120,337,202
Motor vehicles and boats	17,294,967	2,533,675	(1,171,108)	1,144,523	8,350	19,810,407
Assets at valuation :-						
Long leasehold land	495,663	24,888	-	-	-	520,551
Buildings	7,910,408	456,842	-	-	-	8,367,250
Jetty	1,861,493	127,580	-	-	-	1,989,073
	172,280,439	21,824,384	(2,539,088)	-	110,191	191,675,926

1999 Company	Balance at 1-1-1999 RM	Additions RM	Disposals RM	Balance at 31-12-1999 RM
At cost :-				
Freehold land	98,000	-	-	98,000
Long leasehold land	5,020,437	-	-	5,020,437
Buildings	44,551,099	25,900	-	44,576,999
Plant, machinery, fixtures and equipment	58,867,715	850,934	-	59,718,649
Motor vehicles and boats	10,171,616	876,524	(803,514)	10,244,626
At valuation :-				
Freehold land	3,574,151	-	-	3,574,151
Long leasehold land	2,063,492	-	-	2,063,492
Buildings	23,447,856	-	-	23,447,856
Jetty	6,072,795	459,288	-	6,532,083
	153,867,161	2,212,646	(803,514)	155,276,293

	Balance at 1-1-1999 RM	Charge for the year RM	Deletions RM	Balance at 31-12-1999 RM
Accumulated depreciation				
Assets at cost :-				
Long leasehold land	595,588	152,095	-	747,683
Buildings	8,920,920	891,523	-	9,812,443
Plant, machinery, fixtures and equipment	44,670,384	2,844,399	-	47,514,783
Motor vehicles and boats	7,959,328	1,070,404	(775,132)	8,254,600
Assets at valuation :-				
Long leasehold land	495,663	24,888	-	520,551
Buildings	7,910,408	456,842	-	8,367,250
Jetty	1,861,494	127,579	-	1,989,073
	72,413,785	5,567,730	(775,132)	77,206,383

MALAYAN FLOUR MILLS BERHAD (4260-M)
(Incorporated In Malaysia)

1998 Group	Balance at 1-1-1998 RM	Additions RM	Disposals RM	Transfer RM	Write down in value of fixed assets RM	Net exchange differences RM	Balance at 31-12-1998 RM
At cost :-							
Freehold land	369,086	-	-	-	-	-	369,086
Leasehold land :							
- Long lease	7,917,441	-	-	-	-	-	7,917,441
- Short lease	7,439,537	3,436,883	-	-	-	(1,084,477)	9,791,943
Buildings	121,892,191	1,769,508	(72,458)	28,490,360	-	(383,518)	151,696,083
Plant, machinery, fixtures and equipment	202,101,529	4,727,869	(902,699)	3,150,393	(2,126,498)	(5,645,055)	201,305,539
Motor vehicles and boats	22,689,511	1,142,467	(766,874)	-	-	(176,449)	22,888,655
Capital work-in -progress	36,259,170	769,224	-	(31,640,753)	-	(5,006,949)	380,692
At valuation :-							
Freehold land	3,574,151	-	-	-	-	-	3,574,151
Long leasehold land	2,063,492	-	-	-	-	-	2,063,492
Buildings	23,447,856	-	-	-	-	-	23,447,856
Jetty	6,072,795	-	-	-	-	-	6,072,795
	433,826,759	11,845,951	(1,742,031)	-	(2,126,498)	(12,296,448)	429,507,733

	Balance at 1-1-1998 RM	Charge for the year RM	Deletions RM	Net exchange differences RM	Balance at 31-12-1998 RM
Accumulated depreciation					
Assets at cost :-					
Leasehold land:					
- Long lease	802,688	195,212	-	-	997,900
- Short lease	1,267,421	328,354	-	(180,746)	1,415,029
Buildings	28,037,073	4,870,545	-	-	32,907,618
Plant, machinery, fixtures and equipment	96,421,183	13,333,623	(333,220)	(24,225)	109,397,361
Motor vehicles and boats	15,660,232	2,405,474	(707,463)	(63,276)	17,294,967
Assets at valuation :-					
Long leasehold land	470,775	24,888	-	-	495,663
Buildings	7,453,566	456,842	-	-	7,910,408
Jetty	1,740,038	121,455	-	-	1,861,493
	151,852,976	21,736,393	(1,040,683)	(268,247)	172,280,439

1998 Company	Balance at 1-1-1998 RM	Additions RM	Disposals RM	Balance at 31-12-1998 RM
At cost :-				
Freehold land	98,000	-	-	98,000
Long leasehold land	5,020,437	-	-	5,020,437
Buildings	43,959,009	592,090	-	44,551,099
Plant, machinery, fixtures and equipment	58,299,211	568,504	-	58,867,715
Motor vehicles and boats	10,122,046	400,482	(350,912)	10,171,616
At valuation :-				
Freehold land	3,574,151	-	-	3,574,151
Long leasehold land	2,063,492	-	-	2,063,492
Buildings	23,447,856	-	-	23,447,856
Jetty	6,072,795	-	-	6,072,795
	152,656,997	1,561,076	(350,912)	153,867,161

	Balance at 1-1-1998 RM	Charge for the year RM	Deletions RM	Balance at 31-12-1998 RM
Accumulated depreciation				
Assets at cost :-				
Long leasehold land	443,494	152,094	-	595,588
Buildings	8,038,779	882,141	-	8,920,920
Plant, machinery, fixtures and equipment	41,823,794	2,846,590	-	44,670,384
Motor vehicles and boats	7,174,036	1,096,230	(310,938)	7,959,328
Assets at valuation :-				
Long leasehold land	470,775	24,888	-	495,663
Buildings	7,453,566	456,842	-	7,910,408
Jetty	1,740,038	121,456	-	1,861,494
	67,144,482	5,580,241	(310,938)	72,413,785

- (c) Fixed assets include the following assets acquired under hire purchase arrangement:-

1999	Cost RM	Accumulated depreciation RM	Net book value RM	Current depreciation RM
Group				
Motor vehicles	3,221,289	2,301,440	919,849	581,571
Company				
Motor vehicles	1,582,040	1,379,480	202,560	311,993
1998				
Group				
Motor vehicles	4,346,410	2,593,082	1,753,328	808,897
Company				
Motor vehicles	1,582,040	1,067,487	514,553	316,408

- (d) The Company's land, buildings and jetty were revalued by the Directors on 1st January, 1983 based on valuation by independent professional valuers using the fair market value method.
- (e) The Group's fixed assets as at balance sheet date include an unused machinery owned by a foreign subsidiary which has been stated in the accounts at its net recoverable amount of VND4,170 million (1998 : VND4,170 million) which is equivalent to RM1,130,700 (1998 : RM1,110,500) based on an independent valuation.
- (f) During the year, a subsidiary company, Dindings Soya & Multifeeds Sdn Berhad wrote down the carrying value of its unused soya extraction plant from RM11,249,300 to RM7,200,000 based on the Directors' estimation of the net recoverable amount.

15. SUBSIDIARY COMPANIES

	1999 RM	1998 RM
Unquoted shares at cost	139,303,064	138,103,064
Amount owing by subsidiary companies	24,002,856	61,631,676
Amount owing to subsidiary companies	(236,532)	(4,235,105)
	163,069,388	195,499,635

Included in the amount owing by subsidiary companies is a sum of RM5,200,934 (1998 : RM41,308,987) where interest is charged at rates ranging from 4% to 6% (1998 : 6% to 8%) per annum. Other than as disclosed, all remaining inter-company balances are interest free. All inter-company balances are unsecured and have no fixed repayment terms.

The subsidiary companies, all of which are incorporated in Malaysia except as disclosed otherwise, comprise :-

Name of company	Principal activities	Effective interest in equity	
		1999 %	1998 %
Dindings Soya & Multifeeds Sdn Berhad	Manufacture and sale of animal feeds and related raw materials, purchase and contract farming of poultry for resale	60	60
Syarikat Pengangkutan Lumut Sdn Bhd	Transport management	100	100
Dindings Poultry Processing Sdn Bhd*	Processing and sale of poultry products	76	76
Dindings Broiler Breeder Farm Sdn Bhd	Breeding and sale of day-old - chicks	100	100
MFM Feedmill Sdn Bhd	Manufacture and sale of animal feeds and sale of related raw materials	100	100
MFM Broiler Breeder Farm Sdn Bhd	Breeding of day-old chicks (dormant)	100	100
Dindings Poultry Development Centre Sdn Bhd	Poultry grow-out farm and training and research centre	100	100
Semakin Dinamik Sdn Bhd	Letting of property	100	100
Vimaflour Ltd* (Incorporated in Vietnam)	Milling and selling wheat flour together with its allied products	70	70
Muda Fibre Manufacturing Sdn Bhd	Manufacture and sale of polypropylene and polyethylene woven bags and its allied products	60	60
MFM Property Sdn Bhd	Property investment (dormant)	100	100
Accord Hotel Sdn Bhd	Hotel operation and management (dormant)	100	100

* Subsidiary companies not audited by Folks DFK & Co.

The accounts of a foreign subsidiary, Vimaflour Ltd ('Vimaflour') were qualified on an except for basis and the summarised details of the qualification are as follows :-

Included in fixed assets is an unused Miag flour milling machine carried at the value of VND12,435 million (RM3,371,700) which the Company has no plan to use. An independent valuation obtained by the Company indicates that the value of the machinery is VND4,170 million (RM1,130,700). No recognition of the impairment in value has been recognised in the financial statements.

In consolidating Vimaflour's accounts, adjustments have been made to the Group's results to recognise the impairment in value of RM92,922 (VND280 million) in the current year and RM2,126,498 (VND7,985 million) in the previous year (based on the value of impairment as qualified in the previous year). Consequently this qualification does not apply to the Group.

16. INVESTMENTS

	Group		Company	
	1999	1998	1999	1998
	RM	RM	RM	RM
Quoted in Malaysia				
- loan stocks at cost	107,000	107,000	107,000	107,000
Unquoted shares at cost				
- in Malaysia	2,860,000	2,860,000	60,000	60,000
- foreign	8,760,164	8,760,164	8,760,164	8,760,164
	11,727,164	11,727,164	8,927,164	8,927,164
Market value of quoted loan stocks	42,800	34,240	42,800	34,240

17. BONDS REDEMPTION FUND

The redemption fund represents a sum set aside for the purpose of redeeming the 5% Redeemable Bank Guaranteed Bonds 1995/2000 and the payment of any unpaid interest and commissions and other expenses payable to the bonds' guarantors.

An amount of RM20,364,384 has been utilised during the year to redeem the bonds as highlighted under Note 11 to the accounts.

18. STOCKS

	Group		Company	
	1999	1998	1999	1998
	RM	RM	RM	RM
Raw materials	67,989,209	68,336,542	38,936,595	30,692,382
Semi-processed goods	2,082,038	2,176,085	-	-
Finished goods	17,975,200	13,426,496	1,584,669	1,822,626
Consumables	8,141,633	5,625,245	2,223,419	2,089,775
Poultry parent stock, broilers and day-old chicks	6,998,885	6,024,050	-	-
	103,186,965	95,588,418	42,744,683	34,604,783

19. DEBTORS

	Group		Company	
	1999	1998	1999	1998
	RM	RM	RM	RM
Trade debtors	75,895,027	75,607,286	24,279,905	22,660,878
Provision for doubtful debts	(6,260,000)	(4,071,935)	(1,500,000)	(1,000,000)
	69,635,027	71,535,351	22,779,905	21,660,878
Other debtors, deposits and prepayments	16,989,304	15,279,866	8,090,028	7,339,937
	86,624,331	86,815,217	30,869,933	29,000,815

During the year, bad debts of the Group amounting to RM164,261 (1998 : Nil) have been written off against the provision for doubtful debts accounts.

20. DEPOSITS, CASH AND BANK BALANCES

	Group		Company	
	1999	1998	1999	1998
	RM	RM	RM	RM
Deposits with licensed banks	75,920,990	43,745,273	69,500,000	43,700,000
Cash and bank balances	11,263,790	12,274,284	1,055,712	1,629,600
	87,184,780	56,019,557	70,555,712	45,329,600

21. CREDITORS

	Group		Company	
	1999	1998	1999	1998
	RM	RM	RM	RM
Trade creditors	12,079,229	14,295,036	2,493,279	3,501,742
Other creditors and accruals	19,702,652	22,049,956	3,728,697	5,701,790
Hire purchase creditors	316,012	746,967	143,748	223,589
	32,097,893	37,091,959	6,365,724	9,427,121

22. BANK BORROWINGS (UNSECURED)

	Group		Company	
	1999	1998	1999	1998
	RM	RM	RM	RM
Term loans (current portion)	13,956,887	6,845,273	-	-
Bills payable	87,652,000	80,218,000	39,000,000	20,500,000
Other short term loans	19,517,354	2,624,077	-	-
Bank overdraft	-	298,795	-	286,271
	121,126,241	89,986,145	39,000,000	20,786,271

The contractual terms and security arrangements of the term loans are detailed in Note 12(i) to the accounts.

Interests on bills payable, revolving credits and overdraft are calculated at rates ranging between 3.25% to 6.75% (1998 : 6.75% to 14.70%) per annum. The other short term loans comprising loans of VND46,307 million and US\$1,831,720 (1998 : US\$7,092,194) relate to that of a foreign subsidiary and interests are payable at rates ranging from 6.5% to 15.0% (1998 : 8.1% to 8.5%) per annum.

23. INTANGIBLE ASSETS

Intangible assets are stated at cost less amount amortised and comprise :-

	Group	
	1999	1998
	RM	RM
Preliminary expenses	9,309	9,309
Pre-operating expenses	11,402,541	12,594,445
	11,411,850	12,603,754

Pre-operating expenses as at end of the year include an amount of RM11,381,236 (1998 : RM12,574,967) which have been incurred by a foreign subsidiary.

Preliminary and pre-operating expenses are written off in the year of commencement of operations or amortised over an appropriate period based on reviews by the Directors. The expenses incurred by the foreign subsidiary are amortised on a straight line basis at a rate of 10% per annum commencing from 1998.

24. CASH AND CASH EQUIVALENTS AT END OF YEAR

	1999	1998
	RM	RM
Deposits, cash and bank balances	87,184,780	56,019,557
Bank overdraft (Note 22)	-	(298,795)
	87,184,780	55,720,762

25. SIGNIFICANT INTER-COMPANY TRANSACTIONS

	1999 RM	1998 RM
Freight and workshop services provided by a subsidiary :-		
to the Company	2,359,383	2,077,282
to other subsidiaries	1,422,786	1,426,598
Hire of machinery and motor vehicles charged		
to subsidiaries	669,973	663,639
Interest received from subsidiaries	1,016,441	2,409,258
Rental of premises :-		
charged to subsidiaries	291,000	282,000
charged by a subsidiary	74,856	80,604
Supervision fee charged by a subsidiary	307,654	274,732
Sales to subsidiaries	3,989,148	4,553,194
Purchases from subsidiaries	3,118,366	3,255,086
Sales between subsidiaries	111,202,000	112,321,000

26. SIGNIFICANT RELATED PARTIES' TRANSACTIONS AND BALANCES

- (a) The following transactions were entered into in the ordinary course of business based on commercial terms with companies which are deemed related by virtue that certain directors of the Company are also directors and/or have substantial financial interests :-

	Group		Company	
	1999 RM	1998 RM	1999 RM	1998 RM
Sales	5,754,687	46,589,502	2,851,597	35,417,228
Purchases	-	457,425	-	13,500
Lorry hiring charges and supervision fees received	1,159,509	1,162,434	-	-

- (b) The balances of indebtedness to or by related parties included in the accounts are as follows :-

	Group		Company	
	1999 RM	1998 RM	1999 RM	1998 RM
Amount included in :				
Debtors	3,096,493	8,354,652	2,134,969	6,737,138
Creditors	598	462,402	-	-

27. SEGMENT ANALYSIS

By activity :-	Turnover RM'000	Profit/(Loss) before taxation RM'000	Assets employed RM'000
1999			
Flour	269,745	41,784	340,505
Feeds	169,497	8,648	90,996
Transport	6,395	48	4,419
Poultry integration	134,251	5,464	89,765
Polypropylene goods	8,508	1,161	14,200
	588,396	57,105	539,885

1998			
Flour	240,522	16,168	328,038
Feeds	182,080	(783)	99,990
Transport	5,512	(389)	3,882
Poultry integration	127,491	(4,527)	92,314
Polypropylene goods	6,415	1,252	11,347
	562,020	11,721	535,571

By geographical location :-	Turnover RM'000	Profit/(Loss) before taxation RM'000	Assets employed RM'000
1999			
Malaysia	499,106	48,573	431,281
Vietnam	89,290	8,532	108,604
	588,396	57,105	539,885

1998			
Malaysia	500,184	24,935	435,590
Vietnam	61,836	(13,214)	99,981
	562,020	11,721	535,571

28. CAPITAL AND OTHER COMMITMENTS

	Group		Company	
	1999	1998	1999	1998
	RM	RM	RM	RM
Authorised and contracted for :-				
Investments in foreign corporation	-	6,384,000	-	6,384,000
Authorised but not contracted for :-				
Estimated construction cost of corporate headquarters	-	51,979,000	-	51,979,000
	-	58,363,000	-	58,363,000

During the year, the Directors of the Company have resolved not to proceed with the construction of the corporate headquarters.

29. CONTINGENT LIABILITIES

	Group		Company	
	1999	1998	1999	1998
	RM	RM	RM	RM
Legal claim made by third party in respect of building works for a subsidiary under appeal	2,000,000	1,534,000	2,000,000	1,534,000

30. COMPARATIVE FIGURES

Certain comparative figures have been amended or reclassified where necessary to conform with the current year's presentation.

Statement By Directors

In the opinion of the Directors, the financial statements set out on pages 19 to 50 are drawn up in accordance with applicable approved Accounting Standards so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31st December, 1999 and of the results of the Company and of the Group and the cash flow statement of the Group for the year ended on that date.

Signed at Kuala Lumpur this 28th day of April, 2000

On behalf of the Directors,

TEH LIANG TEIK

Director

LEE SOON LEE

Director

Statutory Declaration

I, TEH LIANG TEIK, being the Director primarily responsible for the financial management of MALAYAN FLOUR MILLS BERHAD, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 19 to 50 are correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)	
the abovenamed Teh Liang Teik at)	TEH LIANG TEIK
Kuala Lumpur in the Federal Territory)	
this 28th day of April, 2000)	

Before me,

ROBERT LIM HOCK KEE

Commissioner for Oaths
Kuala Lumpur

Report Of The Auditors To The Members

We have audited the financial statements set out on pages 19 to 50 of Malayan Flour Mills Berhad, comprising the balance sheets of the Group and of the Company as at 31st December, 1999 and of the profit and loss accounts of the Group and of the Company and the cash flow statement of the Group for the year ended on that date together with the notes thereto.

The preparation of the financial statements are the responsibility of the company's directors. Our responsibility is to express an opinion on the financial statements based on our audit.

We have conducted our audit in accordance with approved Standards on Auditing issued by the Malaysian Institute of Accountants. These standards require that we plan and perform the audit to obtain all the information and explanations, which we considered necessary to provide us with sufficient evidence to give reasonable assurance that the financial statements are free of material misstatements. Our audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. Our audit includes an assessment of the accounting principles used and significant estimates made by the directors as well as evaluating the overall adequacy of the presentation of information in the financial statements.

We believe our audit provides a reasonable basis for our opinion.

In our opinion:

- a) the financial statements which have been prepared under the historical cost convention, as modified by the revaluation of certain assets, are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved Accounting Standards 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 of the Group and of the Company; and
 - (ii) the state of affairs of the Group and of the Company at 31st December, 1999 and of the results of the operations of the Group and of the Company and the cash flows of the Group for the year ended on that date;

and

- b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company and by the subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the said Act.

We have considered the financial statements and the auditors' reports thereon of the subsidiary companies of which we have not acted as auditors, as indicated in Note 15 to the financial statements.

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

The auditors' reports on the financial statements of the subsidiary companies were not subject to any qualification except as disclosed in Note 15 and did not include any adverse comment made under Subsection (3) of Section 174 of the Companies Act, 1965.

FOLKS DFK & CO.

NO: AF 0502

PUBLIC ACCOUNTANTS

OOI CHEE KUN

NO: 996/3/02(J/PH)

PARTNER

Kuala Lumpur
28th April, 2000

Analysis Of Shareholdings As At 7th April, 2000

Authorised Capital - RM200,000,000
 Issued and fully paid - RM84,014,606
 Class of shares - Ordinary shares of RM1.00 each

7,629 ordinary shareholders

Voting rights: One vote for one share

Size of Holdings	No. of Shareholders	% of Shareholders	No. of Issued Shares	% of Issued Capital
1 - 499	835	10.94	170,115	0.20
500 - 5,000	5,554	72.80	11,739,558	13.98
5,001 - 10,000	691	9.06	5,490,868	6.54
10,001 - 100,000	498	6.53	12,226,800	14.55
100,001 - 1,000,000	44	0.58	13,739,639	16.35
Above 1,000,000	7	0.09	40,647,626	48.38
	7,629	100.00	84,014,606	100.00

Twenty (20) Largest Shareholders	No. of Shares	Percentage Holding (%)
1. Thye Nam Loong Holdings Sdn Bhd	26,100,754	31.07
2. AAA Nominees (Asing) Sdn Bhd [Solid Esteem Sdn Bhd for Wise Bright Investment Limited]	3,500,572	4.17
3. Teh Liang Teik	2,908,800	3.46
4. Amble Volume Sdn Bhd	2,742,000	3.26
5. Essence Lane Sdn Bhd	2,233,729	2.66
6. Teh Wee Kok	1,589,600	1.89
7. AAA Nominees (Asing) Sdn Bhd [Amble Volume Sdn Bhd for Rise Glory Investment Limited]	1,572,171	1.87
8. Favourite Access Sdn Bhd	1,000,000	1.19
9. Employees Provident Fund Board	969,000	1.15
10. Thye Heng Realty Sdn Bhd	950,000	1.13
11. Solid Esteem Sdn Bhd	864,000	1.03
12. Ng Swee Hong	614,000	0.73
13. HSBC Nominees (Asing) Sdn Bhd [Shenyin for Teh Hong Eng]	602,000	0.72
14. Thye Heng (How Kee) Company Sdn Bhd	592,000	0.70
15. Thye Nam Loong Shipping Sdn Bhd	574,800	0.68
16. Suai Timber Products Sdn Bhd	531,600	0.63
17. Teh Li Li	440,001	0.52
18. Teh Li Choo	439,238	0.52
19. Thye Nam Loong Sdn Bhd	417,600	0.50
20. MCIS Insurance Berhad	398,000	0.47
Total	49,039,865	58.35

Substantial Shareholders	Shareholdings held in the name of substantial shareholders	Shareholdings in which the substantial shareholders are deemed to have interest
Thye Nam Loong Holdings Sdn Bhd	26,100,754	949,200
Teh Liang Teik	2,908,800	27,624,754
Teh Wee Kok	1,589,600	27,624,754
Teh Wee Chye	6,500	29,858,483
Solid Esteem Sdn Bhd	864,000	3,500,572
Amble Volume Sdn Bhd	2,742,000	1,572,171
Essence Lane Sdn Bhd	2,233,729	-
Victoria Eu	12,000	2,233,729
Wise Bright Investment Limited	-	4,364,572
Rise Glory Investment Limited	-	4,314,171

Details Of Assets

DETAILS OF LAND AND BUILDINGS ARE AS FOLLOWS:-

Description, Location & Size	Existing Use	Year Buildings Were Built	Approximate Value RM	Net Book Value At 31-12-1999 RM
(i) Owned by the Company, shown at valuation:				
Freehold land and buildings				
- Land with shophouses Lots 448 & 449 Section 4 Town of Butterworth Penang Total: 1.62 acres	Vacant	1960	5,160,000 at 22-12-1981	2,995,000
- Land with residential buildings Lot 449 Section 67 District of Kuala Lumpur Total: 1.00 acres	Vacant	1939	21,725,500 at 5-12-1996	1,655,000
Freehold land				
- Lots 5326, 5327 and part of Lots 5331 & 5332 District of Dindings Perak Darul Ridzuan Total: 9.00 acres	Vacant	-	72,000 at 29-12-1981	72,000
Leasehold land and buildings				
- Lots 4902 (expiring on 11-12-2061) 5022 (expiring on 25-4-2075) 5337 (expiring on 25-4-2075) 5466 & 5336 (expiring on 22-11-2090) Mukim of Lumut, District of Dindings Perak Darul Ridzuan Total: 61.43 acres	Factory	1966-1981	33,515,000 at 29-12-1981	17,842,000

MALAYAN FLOUR MILLS BERHAD (4260-M)
(Incorporated In Malaysia)

Description, Location & Size	Existing Use	Year Buildings Were Built	Approximate Value RM	Net Book Value At 31-12-1999 RM
(ii) Owned by the Company, shown at cost:				
- Building on Lots 4902, 5022, 5336, 5337 & 5466 Mukim of Lumut District of Dindings Perak Darul Ridzuan	Factory	1982-1987	20,000,000 at 1987	11,810,000
- Leasehold land with shophouses HSD 24168 to 24177, PT No. 19472 to 19481 (Expiring on 26-6-2089) Bandar Kajang District of Ulu Langat Selangor Darul Ehsan Total: 0.41 acres	Rented out on 1 to 3 year lease	1991	7,030,000 at 13-6-1994	3,298,000
- Freehold land with shophouses Grant No. 36370, Lot No. 12256 Mukim of Pulau District of Johor Bahru Johor Darul Takzim Total: 0.04 acres	Rented out on 1 to 3 year lease	1979	190,000 at 1991	175,000
- Leasehold land with building Lot PTD 119736, HSD 238626 (Expiring on 28-2-2051) Mukim of Plentong District of Johor Bahru Johor Darul Takzim Total: 10.1 acres	Factory	1992	24,613,000 at 15-2-1995	20,898,000
- Leasehold land with building HSD 34668 PTD 6411 (Expiring on 22-7-2096) Mukim of Batu Berendam Daerah Melaka Tengah Total: 0.13 acres	Shoplot	1997	302,800 at 1997	587,000
- Freehold land with building Lot PTB 18284 Mukim of Tampoi District of Johor Bahru Johor Darul Takzim Total: 0.12 acres (Title yet to be issued)	Factory	1999	700,000 at 1999	720,000

MALAYAN FLOUR MILLS BERHAD (4260-M)
(Incorporated In Malaysia)

Description, Location & Size	Existing Use	Year Buildings Were Built	Approximate Value RM	Net Book Value At 31-12-1999 RM
(iii) Owned by the subsidiaries, shown at cost:				
- Leasehold land with farm buildings Kawasan Batu Undan Forest Reserve Mukim of Lumut Perak Darul Ridzuan (Title yet to be issued) Total: 200 acres	Breeder Farm	1989	12,630,000 at 15-2-1995	8,208,000
- Leasehold land with building Estet Perindustrian Kampung Acheh Mukim of Sitiawan District of Manjong Perak Darul Ridzuan (Title yet to be issued) Total: 16.1 acres	Factory	1990	14,086,000 at 15-2-1995	9,265,000
- Freehold land with house PTD 46071 HS(D) 142790 Mukim of Plentong District of Johor Bahru Johor Darul Takzim Total: 0.04 acres	Own use	1991	63,000 at 1991	57,000
- Leasehold land with shophouse HSD KN 55, P.T. No. 1063 (Expiring on 19-4-2089) Mukim Parit Buntar District of Kerian Perak Darul Ridzuan Total: 0.06 acres	Vacant	1992	247,000 at 31-12-1993	230,000
- Leasehold land with farm buildings Pasir Panjang Mukim of Pengkalan Bahru Perak Darul Ridzuan (Title yet to be issued) Total: 621 acres	Broiler Farm	1992	18,429,000 at 31-12-1994	12,855,000

MALAYAN FLOUR MILLS BERHAD (4260-M)
(Incorporated In Malaysia)

Description, Location & Size	Existing Use	Year Buildings Were Built	Approximate Value RM	Net Book Value At 31-12-1999 RM
- Leasehold land with building Lot PTD 119736, HSD 238626 (Expiring on 28-2-2051) Mukim of Plentong District of Johor Bahru Johor Darul Takzim Total: 10.1 acres	Factory	1992	22,353,000 at 15-2-1995	3,716,000
- Leasehold land with building HS(M) 2/1991, PT No. 2981 (Expiring on 24-4-2081) Mukim of Sungai Seluang District of Kulim, Kedah Total: 9 acres	Factory	1982	3,102,000 at 31-12-1996	2,846,000
- Freehold land Grant 1784, Lot 12653 Mukim of Sitiawan District of Dindings Perak Darul Ridzuan Total: 17 acres	Vacant	-	255,775 at 1997	271,000
- Land Use Rights with building (Expiring on 31-8-2024) Cai Lan, Quang Ninh Province The Socialist Republic of Vietnam Total: 17.30 acres	Factory	1997	40,563,000 at 1997	37,524,000

Form Of Proxy

I/We, _____
of _____
being a member/members of **MALAYAN FLOUR MILLS BERHAD** hereby appoint _____
_____ of _____
or failing him/her _____
of _____

as my/our proxy to vote on my/our behalf at the Fortieth Annual General Meeting of the Company to be held on Wednesday, 31st May, 2000 at 9.30 a.m and at any adjournment thereof.

My/Our proxy is to vote as indicated below:-

No	Motions	For	Against
1.	To adopt reports and accounts		
2.	To sanction dividend		
3.	To re-elect Dato'Hj Shaharuddin Bin Hj Haron under Article 110 of the Company's Articles of Association		
4.	To re-appoint the following Directors pursuant to Section 129 (6) of the Companies Act, 1965:- a. Mr. Teh Liang Teik b. Tun Dato' Haji Omar Yoke Lin Ong c. Datuk Setia Raja, Tan Sri Datuk Seri Hamzah Bin Abu Samah d. Mr. Lee Soon Lee		
5.	To approve payment of Directors' fees totalling RM135,000		
6.	To re-appoint Auditors		
7.	To transact any other business		

Dated this _____ day of _____, 2000

Number of shares held

Signature of shareholder (s)

Witnessed by _____ (Signature)

Address _____

Occupation _____

Notes:-

1. A member of the Company entitled to attend and vote at the general meeting is entitled to appoint a proxy, who, unless he/she is a member must be a qualified legal practitioner, an approved company auditor or a person approved by the Registrar of Companies in a particular case, to attend and to vote in his/her stead. The instrument appointing a proxy must be duly deposited at the Registered Office of the Company, 10th Floor, Wisma MCA, Jalan Ampang, 50450 Kuala Lumpur, not less than 48 hours before the time for holding the meeting or any adjournment thereof.
2. Where a member appoints two proxies, the appointment shall be invalid unless he/she specifies the proportions of his/her holding to be represented by each proxy.