



MALAYAN FLOUR MILLS BERHAD
(4260-M)



Laporan Tahunan | Annual Report

2001

Notice of Annual General Meeting	2-3
Notice of Closure of Book	4
Statement Accompanying Notice of Annual General Meeting	5-7
Corporate Information	8-9
Directors' Profile	10-12
Audit Committee Report	13-15
Statement on Corporate Governance	16-19
Chairman's Statement	20-22
Group Financial Highlights	23

Contents

Directors' Report	25-31
Consolidated Income Statement	32
Consolidated Balance Sheet	33
Consolidated Statement of Changes in Equity	34
Consolidated Cash Flow Statement	35-36
Income Statement	37
Balance Sheet	38
Statement of Changes in Equity	39
Cash Flow Statement	40-41
Notes to the Financial Statements	42-73
Statement By Directors/ Statutory Declaration	74
Report of the Auditors to the Members	75
Analysis of Shareholdings	76-79
Details of Assets	80-83
Proxy Form	

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Forty-Second Annual General Meeting of Malayan Flour Mills Berhad will be held at the Ballroom 1, Level 1, Corus hotel Kuala Lumpur, Jalan Ampang, 50450 Kuala Lumpur on Thursday, 20th June, 2002 at 9.30 a.m. for the following purposes:-

- | | |
|-----------------|---|
| (Resolution 1) | 1. To receive and adopt the Audited Accounts for the year ended 31st December, 2001 and the Directors' and Auditors' Reports thereon. |
| (Resolution 2) | 2. To sanction the payment of a first and final dividend. |
| (Resolution 3) | 3. To re-elect Mdm Khor Guat Bee who retires in accordance with Article 98 of the Company's Articles of Association and being eligible has offered herself for re-election. |
| (Resolution 4) | 4. To re-elect Mr Teh Wee Kok who retires in accordance with Article 111 of the Company's Articles of Association and being eligible has offered himself for re-election. |
| (Resolution 5) | 5. 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"; |
| (Resolution 6) | (b) "That pursuant to Section 129 (6) of the Companies Act, 1965, Tan Sri Hamzah bin Abu Samah be re-appointed as a Director of the Company to hold office until the next Annual General Meeting"; and |
| (Resolution 7) | (c) "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." |
| (Resolution 8) | 6. To consider and if thought fit, pass the following motion:-
"That the sum of RM125,000 being the Directors' fees payable for the year ended 31st December, 2001, be paid to the Directors and be divided amongst them in such manner as the Board of Directors may decide." |
| (Resolution 9) | 7. To re-appoint Messrs Folks DFK & Co. as Auditors of the Company and to authorise the Directors to fix their remuneration. |
| (Resolution 10) | 8. As Special Business:-
To consider and if thought fit, to pass with or without modifications, the following Ordinary Resolution:- |

ORDINARY RESOLUTION

Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature pursuant to paragraph 10.09 of the Kuala Lumpur Stock Exchange Listing Requirements

"THAT, subject always to the Companies Act, 1965, the provisions of the Memorandum and Articles of Association of the Company, the requirements of the Kuala Lumpur Stock Exchange ("KLSE") and the approvals of all relevant authorities, approval be and is hereby given to Malayan Flour Mills Berhad ("Company") to enter into recurrent transactions with Dindings Soya & Multifeeds Sdn Berhad, Dindings Poultry Processing Sdn Bhd, Muda Fibre Manufacturing Sdn Bhd, Pembena Transport Sdn Bhd, Indah Enterprise Sdn Bhd, Thye Nam Loong Sdn Bhd and Fongcheng Enterprises Sdn Bhd, the nature of which is set out in Section 2 of the Circular to Shareholders dated 29th May, 2002 for the purposes of Paragraph 10.09 of the KLSE Listing Requirements, subject to the following:-

- (i) the transactions are carried out in the ordinary course of business, at arm's length, on normal commercial terms and on terms not more favourable to the related party than those generally available to the public and are not to the detriment of the minority shareholders;
- (ii) disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year and that such approval shall continue to be in force, unless revoked or varied by Ordinary Resolution of the Company in a general meeting and will subject to renewal thereat, expire at the conclusion of the next Annual General Meeting of the Company following the passing of this Ordinary Resolution or at the expiration of the period within which the next Annual General Meeting of the Company is required to be held under the Companies Act, 1965 (excluding any extension of such period as may be allowed under the Companies Act, 1965); and
- (iii) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution.

9. 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

29th May, 2002

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.

3. Note on Special Business

The proposed Ordinary Resolution 10 if passed, will enable the Company to enter into recurrent related party transactions with Dindings Soya & Multifeeds Sdn Berhad, Dindings Poultry Processing Sdn Bhd, Muda Fibre Manufacturing Sdn Bhd, Pembena Transport Sdn Bhd, Indah Enterprise Sdn Bhd, Thye Nam Loong Sdn Bhd and Fongcheng Enterprises Sdn Bhd for the purposes of Paragraph 10.09 of the KLSE Listing Requirements. This authority, subject to renewal thereat, will expire at the conclusion of the next Annual General Meeting of the Company following the passing of this Ordinary Resolution or at the expiration of the period within which the next Annual General Meeting of the Company is required to be held under the Companies Act, 1965 (excluding any extension of such period as may be allowed under the Companies Act, 1965)(unless earlier revoked or varied by Ordinary Resolution of the Company in a general meeting), whichever is earlier.

Notice of Closure of Book

NOTICE IS HEREBY GIVEN that the Register of Members of the Company will be closed from 22nd June, 2002 to 24th June, 2002, both dates inclusive, for the purpose of preparing dividend warrants. If approved by members at the Forty-Second Annual General Meeting on 20th June, 2002, the first and final dividend of 10 sen tax exempt per share in respect of the financial year ended 31st December, 2001 will be paid on 5th July, 2002. The entitlement date for dividend payment is on 21st June, 2002.

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 19th June, 2002 (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 21st June, 2002 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.

By Order of the Board

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

Kuala Lumpur
29th May, 2002

Statement Accompanying Notice of Annual General Meeting

Pursuant to Paragraph 8.28(2) of the Listing Requirements of the Kuala Lumpur Stock Exchange

DIRECTORS STANDING FOR RE-ELECTION

The Directors who are standing for re-election at the Forty-Second Annual General Meeting of the Company are as follows:-

1. Teh Liang Teik
2. Teh Wee Kok
3. Lee Soon Lee
4. Tan Sri Hamzah bin Abu Samah
5. Khor Guat Bee

DETAILS OF ATTENDANCE OF DIRECTORS AT BOARD MEETINGS

Four (4) Board Meetings were held during the financial year ended 31st December, 2001. Details of the attendance of Directors at the Board Meetings are as follows:-

Name	Attendance
Teh Liang Teik	3 / 4
Teh Wee Chye	4 / 4
Teh Wee Kok	4 / 4
Lee Soon Lee	4 / 4
Tun Dato' Haji Omar Yoke Lin Ong (Resigned on 1st October, 2001)	2 / 4
Tan Sri Hamzah bin Abu Samah	3 / 4
Dato' Hj Shaharuddin bin Hj Haron	3 / 4
Khor Guat Bee (Appointed on 30th May, 2001)	2 / 4

DETAILS OF PLACE, DATE AND TIME OF BOARD MEETINGS

Place	Date	Time
10th Floor, Wisma MCA, Jalan Ampang, 50450 Kuala Lumpur	28th February, 2001	11.00 a.m.
Theatrette, Ground Floor, Bangunan MIDF, 195A Jalan Tun Razak, 50400 Kuala Lumpur	30th May, 2001	10.30 a.m.
10th Floor, Wisma MCA, Jalan Ampang, 50450 Kuala Lumpur	28th August, 2001	11.00 a.m.
10th Floor, Wisma MCA, Jalan Ampang, 50450 Kuala Lumpur	29th November, 2001	11.00 a.m.

Statement Accompanying Notice of Annual General Meeting (cont'd)

DETAILS OF DIRECTORS STANDING FOR RE-ELECTION

1. Mr Teh Liang Teik

Mr Teh Liang Teik, aged 80, a Malaysian, is a Non-Independent Non-Executive Director of the Company. He was appointed to the Board of the Company on 14th May, 1976 and has been the Chairman and Managing Director of the Company for the past 26 years. On 18th April, 2002, he relinquished his position as Managing Director of the Company and remains as Chairman of the Company. He is a prominent businessman with more than 35 years of experience in the commodity trading business, having traded as importers, exporters and trading in sugar, rice, soyabeans and etc through his private company, Thye Nam Loong Sdn Bhd. He is also a Trustee of Tung Shin Hospital, the Honorary Life President and Trustee of the Selangor and Kuala Lumpur Teo Chew Association and Honorary Life President of the Federated Teo Chew Association of Malaysia. He is not a director of any other public company. He is the father of Mr Teh Wee Kok and Mr Teh Wee Chye. His securities holdings in the Company and its subsidiaries are disclosed in the Directors' Report on pages 26 and 29 of the Annual Report. He has attended 3 out of the 4 Board Meetings held in the financial year. He has no conflict of interest with the Company and has not been charged for any offence within the past ten years.

2. Mr Teh Wee Kok

Mr Teh Wee Kok, aged 53, a Malaysian, is a Non-Independent Executive Director of the Company. He was appointed to the Board of the Company on 14th May, 1976 and has been the Deputy Managing Director of the Company since. He holds a Bachelor of Science Degree and also a Business Management Degree from the University of California at Berkeley, USA. As Deputy Managing Director of the Company, he has accumulated extensive experience in commodity trading and ship chartering as one of his main function is the purchasing and ship chartering of raw materials such as wheat, corn, soyabeans etc, which he has been involved in since 1976. He is not a director of any other public company. He is the son of Mr Teh Liang Teik, the Chairman of the Company. His securities holdings in the Company and its subsidiaries are disclosed in the Directors' Report on pages 26 and 29 of the Annual Report. He has attended all of the 4 Board Meetings held in the financial year. He has no conflict of interest with the Company and has not been charged for any offence within the past ten years.

3. Mr Lee Soon Lee

Mr Lee Soon Lee, aged 74, a Malaysian, is a Non-Independent Non-Executive Director of the Company. He was appointed to the Board of the Company on 14th May, 1976 and is presently a member of the Nomination Committee and Remuneration Committee. He is a qualified accountant and was appointed as the Secretary of Malaysian Industrial Development Finance Berhad in 1960 and was promoted to the position of Acting General Manager before leaving the company in 1967 to start his own consultancy business. He is not a director of any other public company.

He has no family relationship with any Director and/or substantial shareholder of the Company. He holds 6,000 shares and 3,000 warrants, directly in the Company but does not hold shares in any of its subsidiaries. He has attended all of the 4 Board Meetings held in the financial year. He has no conflict of interest with the Company and has not been charged for any offence within the past ten years.

4. Tan Sri Hamzah bin Abu Samah

Tan Sri Hamzah bin Abu Samah, aged 78, a Malaysian, is an Independent Non-Executive Director of the Company. He was appointed to the Board of the Company on 24th December, 1987 and is presently a member of the Audit Committee, Nomination Committee and Remuneration Committee of the Company. He is a qualified advocate and solicitor [Barristor-at-law (Gray's Inn)] and has an outstanding civil service and political record. He has held the position of Magistrate, Deputy Public Prosecutor, State Legal Adviser and the Chief Registrar of the Federal Court in his legal career before entering politics in 1967 whereby he became the Deputy Minister of Home Affairs (1967-1969). Since then, he has been the Minister of Information and Broadcasting (1969-1971), the Minister of Culture, Youth and Sports (1971-1973), the Minister of Defence (1973-1974), the Minister of Commerce and Industry (1974-1978), the Minister of Law and the Attorney General (1978-1980). He is the Senior Partner of Messrs Hamzah Abu Samah & Partners. His current directorships in public companies include Kumpulan Hamzah-Kwong Hing Realty Berhad, Malaysia British Assurance Berhad and BBW Gold Consortium Berhad. He has no family relationship with any Director and/or substantial shareholder of the Company. He does not hold any shares, directly or indirectly, in the Company or any of its subsidiaries. He has attended 3 out of the 4 Board Meetings held in the financial year. He has no conflict of interest with the Company and has not been charged for any offence within the past ten years.

5. Mdm Khor Guat Bee

Mdm Khor Guat Bee, aged 47, a Malaysian, is a Non-Independent Executive Director of the Company. She was appointed to the Board of the Company on 30th May, 2001 and is an Executive Director in charge of the finance division. She is also a member of the Audit Committee of the Company. She is a fellow member of the Association of the Chartered Certified Accountants and a member of the Malaysian Institute of Accountants. During her course of more than 20 year career, she has served as Accountant, Finance Manager, Internal Audit Manager and Financial Controller of a public listed company. Her employment portfolio covers very diversified activities ranging from hotel operation to newspaper, building materials and investment holding. She is not a director of any other public company. She has no family relationship with any Director and/or substantial shareholder of the Company. She does not hold any shares, directly or indirectly, in the Company or any of its subsidiaries. She has attended 2 out of the 4 Board Meetings held in the financial year. She has no conflict of interest with the Company and has not been charged for any offence within the past ten years.

Corporate Information

CHAIRMAN

Teh Liang Teik

MANAGING DIRECTOR

Teh Wee Chye

DEPUTY MANAGING DIRECTOR

Teh Wee Kok

DIRECTORS

Lee Soon Lee *J.M.K.*

Tan Sri 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)

Dato' Hj Shaharuddin bin Hj Haron

D.P.C.M., J.S.M., P.C.M., K.M.

Khor Guat Bee

AUDIT COMMITTEE

Dato' Hj Shaharuddin bin Hj Haron

(Chairman and Independent Non-Executive Director)

Tan Sri Hamzah bin Abu Samah

(Independent Non-Executive Director)

Khor Guat Bee *(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

Fax No. 03-2161 0502

REGISTRARS

Malaysian Share Registration Services Sdn Bhd

7th Floor, Exchange Square

Bukit Kewangan, 50200 Kuala Lumpur

Tel. No. 03-2026 8099

Fax No. 03-2026 3736

FACTORIES

Jalan David Sung, Batu Undan

32200 Lumut, Dindings

Perak Darul Ridzuan

Lot 133, Jalan Pukal, Pasir Gudang

Industrial Estate, 81700 Johor Darul Takzim

BRANCHES

• CENTRAL

10th Floor, Wisma MCA, Jalan Ampang

50450 Kuala Lumpur

• NORTH

4557, Jalan Heng Choon Thian

12000 Butterworth, 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)
- Muda Fibre Manufacturing Sdn Bhd (48785-V)
- Vimaflour Ltd
- Accord Hotel Sdn Bhd (133043-U)
- MFM Property Sdn Bhd (176691-P)
- MFM International Ltd
- Mekong Flour Mills Ltd

PRINCIPAL BANKERS

- Malayan Banking Berhad (3813-K)
- Standard Chartered Bank Malaysia Berhad (115793-P)
- Bank Islam Malaysia Berhad (98127-X)
- HSBC Bank Malaysia Berhad (127776-V)
- Citibank Berhad (297089-M)
- Alliance Bank Malaysia Berhad (88103-W)
- Hong Leong Bank Berhad (97141-X)
- RHB Bank Berhad (6171-M)
- United Overseas Bank (Malaysia) Bhd (271809-K)
- Bank of China (Malaysia) Berhad (511251-V)
- RHB Sakura Merchant Bankers Berhad (19663-P)

STOCK EXCHANGE LISTING

Kuala Lumpur Stock Exchange
– Main Board

SOLICITORS

Isharidah, Ho, Chong & Menon
Skrine & Co.

AUDITORS

Folks DFK & Co.

Directors' Profile

MR TEH LIANG TEIK *(Non-Independent Non-Executive Director)*

Mr Teh Liang Teik, aged 80, a Malaysian, was appointed to the Board of the Company on 14th May, 1976 and has been the Chairman and Managing Director of the Company for the past 26 years. On 18th April, 2002, he relinquished his position as Managing Director of the Company and remains as Chairman of the Company. He is a prominent businessman with more than 35 years of experience in the commodity trading business, having traded as importers, exporters and trading in sugar, rice, soyabeans and etc through his private company, Thye Nam Loong Sdn Bhd. He is also a Trustee of Tung Shin Hospital, the Honorary Life President and Trustee of the Selangor and Kuala Lumpur Teo Chew Association and Honorary Life President of the Federated Teo Chew Association of Malaysia. He is not a director of any other public company. He is the father of Mr Teh Wee Kok and Mr Teh Wee Chye.

He has attended 3 out of the 4 Board Meetings held in the financial year. He has no conflict of interest with the Company and has not been charged for any offence within the past ten years.

MR TEH WEE CHYE *(Non-Independent Executive Director)*

Mr Teh Wee Chye, aged 49, a Malaysian, was appointed to the Board as an Executive Director of the Company on 19th June, 1989 and appointed as Managing Director on 18th April, 2002. He holds a Bachelor of Science Degree in Naval Architect and Marine Engineering and a Masters Degree in Ship Building and Shipping Management from the Massachusetts Institute of Technology, USA. In the summer of 1974, he received his training at the American Bureau of Shipping Research & Development Department, New York. Upon graduation in 1975 he was employed as an Engineer with Eastern Steamship (S) Pte Ltd, Singapore. He joined Malayan Flour Mills Berhad in 1976 as the Deputy Mill Manager and was promoted the Plant Manager in 1978. He was appointed as the Project Manager in 1979 in charge of the entire Company's expansion plans. He is not a director of any other public company. He is the son of Mr Teh Liang Teik, the Chairman of the Company.

He has attended all of the 4 Board Meetings held in the financial year. He has no conflict of interest with the Company and has not been charged for any offence within the past ten years.

MR TEH WEE KOK *(Non-Independent Executive Director)*

Mr Teh Wee Kok, aged 53, a Malaysian, was appointed to the Board of the Company on 14th May, 1976 and has been the Deputy Managing Director of the Company since. He holds a Bachelor of Science Degree and also a Business Management Degree from the University of California at Berkeley, USA. As Deputy Managing Director of the Company, he has accumulated extensive experience in commodity trading and ship chartering as one of his main function is the purchasing and ship chartering of raw materials such as wheat, corn, soyabeans etc, which he has been involved in since 1976. He is

not a director of any other public company. He is the son of Mr Teh Liang Teik, the Chairman of the Company.

He has attended all of the 4 Board Meetings held in the financial year. He has no conflict of interest with the Company and has not been charged for any offence within the past ten years.

MR LEE SOON LEE *(Non-Independent Non-Executive Director)*

Mr Lee Soon Lee, aged 74, a Malaysian, was appointed to the Board of the Company on 14th May, 1976 and is presently a member of the Nomination Committee and Remuneration Committee. He is a qualified accountant and was appointed as the Secretary of Malaysian Industrial Development Finance Berhad in 1960 and was promoted to the position of Acting General Manager before leaving the company in 1967 to start his own consultancy business. He is not a director of any other public company. He has no family relationship with any Director and/or substantial shareholder of the Company.

He has attended all of the 4 Board Meetings held in the financial year. He has no conflict of interest with the Company and has not been charged for any offence within the past ten years.

TAN SRI HAMZAH BIN ABU SAMAH *(Independent Non-Executive Director)*

Tan Sri Hamzah bin Abu Samah, aged 78, a Malaysian, was appointed to the Board of the Company on 24th December, 1987 and is presently a member of the Audit Committee, Nomination Committee and Remuneration Committee of the Company. He is a qualified advocate and solicitor [Barrister-at-law (Gray's Inn)] and has an outstanding civil service and political record. He has held the position of Magistrate, Deputy Public Prosecutor, State Legal Adviser and the Chief Registrar of the Federal Court in his legal career before entering politics in 1967 whereby he became the Deputy Minister of Home Affairs (1967-1969). Since then, he has been the Minister of Information and Broadcasting (1969-1971), the Minister of Culture, Youth and Sports (1971-1973), the Minister of Defence (1973-1974), the Minister of Commerce and Industry (1974-1978), the Minister of Law and the Attorney General (1978-1980). He is the Senior Partner of Messrs Hamzah Abu Samah & Partners. His current directorships in public companies include Kumpulan Hamzah-Kwong Hing Realty Berhad, Malaysia British Assurance Berhad and BBW Gold Consortium Berhad. He has no family relationship with any Director and/or substantial shareholder of the Company.

He has attended 3 out of the 4 Board Meetings held in the financial year. He has no conflict of interest with the Company and has not been charged for any offence within the past ten years.

Directors' Profile (cont'd)

DATO' HJ SHAHARUDDIN BIN HJ HARON *(Independent Non-Executive Director)*

Dato' Hj Shaharuddin bin Hj Haron, aged 63, a Malaysian, was appointed to the Board of the Company on 23rd September, 1993 and is presently the Chairman of the Audit Committee, a member of the Nomination Committee and Remuneration Committee of the Company. He holds a Bachelor (Hons) Degree in Economics from the University of Malaya and a Masters Degree in Economics from the University of Pittsburg, USA. He has a long and outstanding civil service record which began in 1963 when he joined the Economic Planning Unit of the Prime Minister's Department where he was promoted to the position of Director. Since then, he has held various senior positions in the Government. He was the first Secretary of the Foreign Investment Committee (1974-1979), the Director General of Insurance in the Ministry of Finance (1983), the Director General of the National Padi and Rice Board (1985) and Secretary General of the Ministry of Public Enterprise (1986), Ministry of International Trade and Industry (1990) and Ministry of Domestic Trade and Consumer Affairs (1992). Presently, he sits on the Board of Southern Steel Berhad, Gopeng Berhad, Ladang Perbadanan-FIMA Berhad, Latitude Tree Holdings Berhad, EXIM Bank (Malaysia) Berhad and Edaran Otomobil Nasional Bhd. He has no family relationship with any Director and/or substantial shareholder of the Company.

He has attended 3 out of the 4 Board Meetings held in the financial year. He has no conflict of interest with the Company and has not been charged for any offence within the past ten years.

MDM KHOR GUAT BEE *(Non-Independent Executive Director)*

Mdm Khor Guat Bee, aged 47, a Malaysian, was appointed to the Board of the Company on 30th May, 2001 and is an Executive Director in charge of the finance division. She is also a member of the Audit Committee of the Company. She is a fellow member of the Association of the Chartered Certified Accountants and a member of the Malaysian Institute of Accountants. During her course of more than 20 year career, she has served as Accountant, Finance Manager, Internal Audit Manager and Financial Controller of a public listed company. Her employment portfolio covers very diversified activities ranging from hotel operation to newspaper, building materials and investment holding. She is not a director of any other public company. She has no family relationship with any Director and/or substantial shareholder of the Company.

She has attended 2 out of the 4 Board Meetings held in the financial year. She has no conflict of interest with the Company and has not been charged for any offence within the past ten years.

Audit Committee Report

The Board of Malayan Flour Mills Berhad is pleased to present the Audit Committee Report for the year ended 31st December, 2001.

COMPOSITION OF THE AUDIT COMMITTEE

The Audit committee comprises, two independent non-executive directors and one executive director. The Members are

Chairman: Dato' Hj Shaharuddin bin Hj Haron
(Independent Non-Executive Director)

Members: Tan Sri Hamzah bin Abu Samah
(Independent Non-Executive Director)

Khor Guat Bee
(Executive Director)

MEETINGS OF THE AUDIT COMMITTEE

During the year, the Audit Committee met five times and the details of the attendance of each member of the Audit Committee are as follows:-

Audit Committee	Members Attendance
Dato' Hj Shaharuddin bin Hj Haron	4 of 5 meetings
Tan Sri Hamzah bin Abu Samah	4 of 5 meetings
Khor Guat Bee (appointed on 30th May, 2001)	2 of 5 meetings

At each Audit Committee Meeting, Internal Audit Department tabled its audit report to the Audit Committee for deliberation. Weaknesses of procedures were identified and actions were identified to rectify those weaknesses.

The Chairman of the Audit Committee reported on each meeting to the Board at the Board Meeting.

TERMS OF REFERENCE

1.0 Members

The Committee shall be appointed by the Board of Directors and shall consist of not less than three members, of which the majority shall be independent directors.

The members of the Audit Committee shall elect a Chairman from amongst themselves who shall be an independent director.

At least one member of the Audit Committee must be a member of the Malaysian Institute of Accountants or must have other accounting qualifications (refer Paragraph 15.10(1)(c) of the KLSE Listing Requirements) with at least three years' working experience.

Audit Committee Report (cont'd)

Where the members of the Audit Committee for any reason be reduced to below three, the Board of Directors shall within three months of that event, appoint such number of new members as may required to make up the minimum number of three members.

The secretary of the Committee shall be the Company Secretary/Head of Internal Audit.

2.0 Meetings

Meetings shall be held no less than four times a year although additional meetings may be called at any time at the discretion of the Chairman.

The Chief Executive Officer, Chief Financial Officer and the Head of Internal Audit shall normally attend meetings. Representatives of the external auditors shall attend meetings no less than two times a year where matters relating to the audit of the statutory accounts are to be discussed.

The Committee papers will be circulated to all members 10 days prior to the date of the meeting.

The draft minutes of each meeting shall be finalised within two weeks of each meeting and circulated to all Audit Committee members.

A quorum shall consist of a majority of independent directors.

3.0 Authority

The Committee shall have the authority to investigate matters within its authority and to request for any relevant information from any employee. All employees are directed to co-operate with any request made by the Committee.

The Committee is authorised to obtain such independent professional advice as it considers necessary. The Audit Committee shall have no executive powers as regards to its findings and recommendations.

4.0 Duties and Responsibilities

- a) The Chairman of the Audit Committee shall report to the Board after each Committee meeting, including any findings and recommendations of the Committee.
- b) To review and evaluate financial and accounting policies and adequacy of management controls instituted.
- c) To review the financial statements and annual report prior to approval by the Board of Directors.
- d) To be satisfied that the accounting policies of the Group are in accordance with the law and appropriate Accounting Standards.
- e) Internal Audit:-
 - To ensure the maintenance of an Internal Audit Department with appropriate resources to carry out its duties. The Head of Internal Audit reports directly to the Audit Committee.
 - To review the Internal Audit reports to the Management and to ensure follow up by the Management on agreed recommendations.
 - To evaluate and appraise the effectiveness of the Internal Audit Function.
 - To recommend the appointment, transfer or dismissal of the Internal Audit Personnel.

- To approve remuneration of the Head of Internal Audit.
 - To approve the budget for the Internal Audit Department.
 - To approve the Audit Plan and review performance in relation to the Plan.
 - To undertake the Quality Assurance Review of the Internal Audit function to ensure that its core competencies are adequate.
- f) External Auditors:-
- To oversee all matters relating to external audit including the review of the audit plan and audit report.
 - To evaluate the quality of external auditors and make recommendations concerning their appointment and dismissal.
 - To review the audited annual financial statements and external auditors' opinion rendered in respect to such financial statements including the nature and extent of any significant changes in accounting principles or the application therein.
- g) To review the nature of any related party transactions that may arise within the Company or Group.
- h) To review compliance with government regulations.
- i) To consider and examine such other matters as the Committee considers appropriate.
- j) The term of office and performance of the Audit Committee and each of its members must be reviewed by the Board at least once every 3 years to determine whether such Audit Committee and members have carried out their duties in accordance with their terms of reference.

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

The summary of the activities of the Audit Committee in the discharge of its duties and responsibilities for the financial year ended 31st December, 2001 was as follows:-

- a) Reviewed the quarterly financial statements, interim financial announcements and year end financial statements of the Group and public releases relating to financial matters prior to the approval by the Board.
- b) Reviewed the related party transactions that had arisen within the Company or the Group.
- c) Reviewed and appraised the audit reports submitted by the Internal Auditors.

INTERNAL AUDIT FUNCTION

The Internal Audit Department undertakes internal audit functions based on the audit plan that is reviewed by the Audit Committee and approved by the Board. The audit plan covers review of adequacy of risks management, operational controls, compliance with law and regulations, quality of assets, management efficiency and level of customer services amongst others. The internal audit report prepared by the team is deliberated by the Audit Committee and recommendations are duly acted upon by Management.

Statement on Corporate Governance

The Board of Directors is committed to direct and manage the Company in ensuring that the Company practices good Corporate Governance in line with the Malaysian Code on Corporate Governance (the "Code"). This statement describes the approach that the Company has taken with respect to each of the key principles and the extent of its compliance with the best practices.

BOARD OF DIRECTORS

There are currently seven (7) Directors on the Board comprising of three (3) Executive Directors and four (4) Non-Executive Directors; of whom two (2) are Independent. The profiles of the members of the Board are provided in the Annual Report.

There is clear division of responsibilities in the Company. The Non-Executive Chairman oversees and ensures that the policies and strategies adopted by the Board are implemented whilst the Managing Director is responsible for the day-to-day operations and business activities of the Group. The presence of the Independent Non-Executive Directors fulfills a pivotal role in corporate accountability and provides unbiased and independent view, advice and judgement.

BOARD MEETINGS

The Board meets at least four times yearly. Additional meetings are held as and when required. The Board met for a total of four (4) times during the year ended 31st December 2001. Details on the attendance of the Directors at the Board Meetings can be found on page 5 of the Annual Report.

In advance of each Board Meeting, the members of the Board are each provided with relevant documents and information to enable them to discharge their duties.

APPOINTMENT OF DIRECTORS

A Nomination Committee was formed on 30th April, 2002. It consists of one (1) Non-Independent Non-Executive Director and two (2) Independent Non-Executive Directors as follows:

Mr Lee Soon Lee	(Non-Independent Non-Executive Director)
Dato' Hj Shaharuddin bin Hj Haron	(Independent Non-Executive Director)
Tan Sri Hamzah bin Abu Samah	(Independent Non-Executive Director)

The Committee is authorised to propose new nominees to the Board and to assess the effectiveness of the Board as a whole, the various Committees and each individual director's contribution to the effectiveness of the decision-making process of the Board.

RE-ELECTION OF DIRECTORS

At least one-third of the Directors are subject to be re-elected by rotation at each Annual General Meeting. Directors who are appointed during the year are subject to re-election by the shareholders at the next Annual General Meeting following their appointment. The Company has amended the Articles of Association to provide that all Directors are subject to re-election by rotation once every three years, to comply with Paragraph 7.28 of the Kuala Lumpur Stock Exchange Listing Requirements.

DIRECTORS' REMUNERATION

A Remuneration Committee was formed on 30th April, 2002. It comprises of one (1) Non-Independent Non-Executive Director and two (2) Independent Non-Executive Directors as follows:

Mr Lee Soon Lee	(Non-Independent Non-Executive Director)
Dato' Hj Shaharuddin bin Hj Haron	(Independent Non-Executive Director)
Tan Sri Hamzah bin Abu Samah	(Independent Non-Executive Director)

The Committee is responsible for developing and recommending the remuneration policy on executives and directors to the Board. Directors' fees are approved at the Annual General Meeting by the shareholders.

The aggregate Directors' remuneration paid or payable or otherwise made to all Directors of the Company who served during the financial year are as follow:-

(a) Aggregate remuneration of Directors categorised into appropriate components:-

Category	Fees (RM'000)	Salaries (RM'000)	Bonus (RM'000)	Benefits- In-Kind (RM'000)	Other Emoluments (RM'000)
4 Executive Directors	69	951	161	45	0
3 Non-Executive Directors	56	60	10	0	0

(b) The number of Directors of the Company whose total remuneration falls within the following bands:-

Range of Remuneration	Executive Directors	Non-Executive Directors
Below RM50,000	-	2
RM50,001 to RM100,000	-	1
RM150,001 to RM200,000	1	-
RM200,001 to RM250,000	2	-
RM650,001 to RM700,000	1	-

Statement on Corporate Governance (cont'd)

ACCESS TO ADVICE AND INFORMATION

In furtherance of their duties, the Directors have access to the advice and services of the Company Secretary, who is responsible for ensuring that Board Meeting procedures are followed and that applicable rules and regulations are complied with.

Todate, all the Directors have attended and completed the Mandatory Accreditation Programme (MAP) conducted by the Research Institute of Investment Analysis Malaysia (RIIAM), an affiliate company of Kuala Lumpur Stock Exchange.

FINANCIAL REPORTING

The Directors take responsibility for presenting a balance and understandable assessment of the Group's operations and prospects each time it releases its quarterly and annual financial statements to shareholders.

The Group's financial statements are prepared in accordance with the requirements of the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965. Efforts are made to ensure that in presenting the financial statements, the appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates are being used.

RISK MANAGEMENT FRAMEWORK & INTERNAL CONTROL

The Board has put in place a formal risk management framework and a risk based approach to Internal Audit to ensure that the Management maintains a system of internal controls, which provides reasonable assessment of effective and efficient operations, internal financial controls and compliance with laws and regulations, as well as with internal procedures and guidelines. This system provides reasonable but not absolute assurance against material misstatements, losses and fraud.

AUDIT COMMITTEE

The Audit Committee reviews issues of accounting policies and presentation for external financial reporting, monitors the work of the internal audit function and ensures an objective and professional relationship is maintained with the external auditors. The Audit Committee has full access to the Auditors both internally and externally who, in turn, have access at all times to the Chairman of the Audit Committee.

The report of the Audit Committee may be found on pages 13 to 15 of the Annual Report.

RELATIONSHIP WITH SHAREHOLDERS AND INVESTORS

The Company recognises the importance of accountability to its shareholders through proper communication with its shareholders. The Company reaches out to its shareholders through its distribution of the Annual Reports.

All shareholders are encouraged to attend the Company's Annual General Meeting and to participate in the proceedings. Shareholders' suggestions received during Annual General Meetings are reviewed and considered for implementation wherever possible. Every opportunity is given to the shareholders to ask questions and seek clarification on the business and performance of the Company.

DIRECTORS' RESPONSIBILITY STATEMENT

In respect of the preparation of the audited financial statements, the Directors are required by the Companies Act, 1965 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and the Group and their results and cashflows for that year. In preparing the financial statements for the financial year ended 31st December, 2001, the Directors have:-

- Use appropriate accounting policies and applied them consistently;
- Made judgements and estimates that are reasonable and prudent;
- Stated whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Directors are responsible for ensuring that proper accounting records are kept and which disclose with reasonable accuracy the financial position of the Company and the Group and to enable them to ensure that the financial statements comply with the Companies Act, 1965. They have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company, to prevent and detect fraud and other irregularities.



Chairman's Statement

Teh Liang Teik, Chairman



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, 2001.

REVIEW OF RESULTS AND CORPORATE DEVELOPMENTS

For the year under review, the industry faced stiff competition, increased cost of raw materials and high freight charges due to the huge increase in the price of petroleum crude oil. The Group imports all its raw materials like wheat, soyameal and corn from overseas and is subject to the volatility in price movements. The September, 11 2001 tragedy in USA has further dampened the already weak consumer demand and difficult trading environment.

The Company registered a turnover of RM150.9 million for the year under review, a decrease of 13.9% as compared with the previous year. The Group recorded a decrease in its turnover to

RM558.2 million, down by 4.4% from RM583.9 million in the previous year. The Company recorded a decrease in profit before taxation of RM20.2 million against RM29.4 million, a decrease of RM9.2 million as compared with the previous year. The Group's profit before taxation decreased by RM8.4 million from RM34.5 million to RM26.1 million for the year under review.

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 implementation of 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 ("MITI") had approved a further extension to 30th June, 2002 and an announcement to this effect had been made to the Kuala Lumpur Stock Exchange. The Board will review the situation in light of the prevailing market conditions.

On 8th January, 2002, the Company had obtained approval from its Shareholders at an Extraordinary General Meeting ("EGM") for its investment in Southern Vietnam for a new flour and feedmill on a wholly-owned basis to complement the Company's present operations in North Vietnam. The Company has now received all regulatory clearances and the implementation phase is projected to be completed by the end of this year.

At the same EGM, the Company had also received your approval to amend the Articles of Association and the proposed Shareholder's Mandate for recurrent related party transactions of a revenue or trading nature. These changes are necessary to comply with the new Kuala Lumpur Stock Exchange Listing Requirements.

SUBSIDIARIES

For the current year under review, all the subsidiaries in the Group made positive but reduced contribution to the Group's profitability, except for those engaged in the poultry integration activity. The flourmilling activity contributed 74.9% and has continued to be the main contributor to the Group's profitability. The feeds activity contributed 35.2% and 11.7% in the Group's turnover and profits respectively. The poultry integration activity contributed 17.8% in turnover but made a negative contribution of 13.7% to the Group's profitability. The transport activity contributed 1.4% in turnover and 1.2% in Group's pretax profit. The polypropylene activity contributed 1.3% and 1.9% towards the Group's turnover and profit respectively.

Vimaflour Ltd has had a very good year operating at full capacity. It made a contribution of 17.9% and 24.1% in both the Group's turnover and Group pretax profit respectively.

PROSPECTS

In view of the uncertainty facing the World economy as well as the Malaysian economy, the Board of Directors expects year 2002 to be another challenging year.

The growth of the Group's profitability is dependent upon the country's continued economic recovery, aggregate consumer spending as well as the outlook in the commodity pricing. The Board is cautiously optimistic that barring a major change in the operating environment, the Group's financial performance for the year ending 31st December, 2002



Chairman's Statement (cont'd)

may be maintained if not improved through a continuous process of cost efficiency measures, rationalisation of the plant set-up to achieve greater operational efficiency and tight and prudent credit control measures.

DIVIDENDS

The Board has recommended a first and final dividend of 10 sen tax exempt per ordinary share payable on 5th July, 2002 to shareholders appearing on the Register of Members as at 5.00 p.m. on 21st June, 2002 subject to the approval of Shareholders at the forthcoming Annual General Meeting.

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 rendered to the Group.

TEH LIANG TEIK

Chairman

Kuala Lumpur
29th May, 2002

Group Financial Highlights

Year ended 31st December	1996	1997	1998	1999	2000	2001
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Turnover	501,181	474,748	562,020	588,397	583,939	558,215
Operating profit before tax	6,382	7,440	9,941	62,574	35,477	26,786
Share of profit in associated companies	450	-	-	-	-	152
Exceptional items	24,173	10,262	1,779	(4,049)	(1,500)	(830)
Profit before taxation	31,005	17,702	11,720	58,525	33,977	26,108
Taxation	(4,383)	(2,897)	(8,719)	764	(9,893)	(11,080)
Profit after taxation	26,622	14,805	3,001	59,289	24,084	15,028
Minority Interests	1,547	123	3,389	(5,742)	(1,770)	(290)
Profit attributable to shareholders	28,169	14,928	6,390	53,547	22,314	14,738
Issued Share Capital (RM'000)	84,011	84,015	84,015	84,015	84,015	84,015
Shareholders' Fund (RM'000)	207,019	226,025	225,331	261,867	275,124	289,066
Net tangible assets per share (sen)	242	249	253	312	327	344
Earnings per share (sen)	33.53	17.77	7.61	63.74	26.56	17.54
Gross dividends (%) – tax exempt	7	7	3	10	10	10

Financial Results



Directors' Report

The Directors have pleasure in submitting their report together with the audited financial statements of the Company and of the Group for the year ended 31st December, 2001 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 financial statements. There have been no significant changes in the nature of these activities during the year except for a subsidiary company namely Semakin Dinamik Sdn Bhd, which commenced business in the breeding and sale of day-old chicks and eggs.

RESULTS

	GROUP RM	COMPANY RM
Net profit for the year	14,738,377	13,939,869
Retained profit brought forward		
- As previously stated	120,327,692	156,012,442
- Prior year adjustments	(211,263)	-
- As restated	120,116,429	156,012,442
Retained profit carried forward	134,854,806	169,952,311

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 financial statements.

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, 2000, as proposed in the Directors' Report for that year, a first and final dividend of:-

10 sen per ordinary share, tax exempt, paid on 10th June, 2001 RM8,401,461

- (b) The directors recommend a first and final tax exempt dividend in respect of the current year ended 31st December, 2001 of 10 sen per ordinary share amounting to RM8,401,461. The financial statements for the current year do not reflect this proposed dividend. If approved by the shareholders at the forthcoming Annual General Meeting, the dividend will be accounted for in the shareholders' equity as an appropriation of retained profit in the next financial year ending 31st December, 2002.

Directors' Report (cont'd)

DIRECTORS

The Directors in office since the date of the last Directors' Report on 30th April, 2001 are as follows:-

Teh Liang Teik
Teh Wee Chye
Teh Wee Kok
Lee Soon Lee
Tan Sri Hamzah bin Abu Samah
Dato' Hj Shaharuddin bin Hj Haron
Khor Guat Bee (Appointed on 30.5.2001)
Tun Dato' Haji Omar Yoke Lin Ong (Resigned on 1.10.2001)

Pursuant to Section 129(6) of the Companies Act, 1965, Teh Liang Teik, Lee Soon Lee and Tan Sri 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 98 of the Company's Articles of Association, Khor Guat Bee retires from the board at the forthcoming Annual General Meeting and, being eligible, offers herself for re-election.

In accordance with Article 111 of the Company's Articles of Association, Teh Wee Kok 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 1.1.2001	Acquired	Disposed	Balance at 31.12.2001
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

SHAREHOLDINGS IN THE COMPANY (CONT'D)

Directors	Registered in the name of	Number of ordinary shares of RM1.00 each			
		Balance at 1.1.2001	Acquired	Disposed	Balance at 31.12.2001
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	Number of warrants of the Company			
		Balance at 1.1.2001	Acquired	Disposed	Balance at 31.12.2001
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

Directors' Report (cont'd)

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 31.12.2001
		Balance at 1.1.2001	Acquired	Disposed	
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	1,685,000	-	-	1,685,000

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 31.12.2001
		Balance at 1.1.2001	Acquired	Disposed	
Teh Liang Teik, Teh Wee Kok & Teh Wee Chye	Malayan Flour Mills Berhad	33,103,000	5,200,000	-	38,303,000
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 31.12.2001
		Balance at 1.1.2001	Acquired	Disposed	
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, MFM INTERNATIONAL LTD (INCORPORATED IN BRITISH VIRGIN ISLANDS)

Directors	Registered in the name of	Number of ordinary shares of USD1.00 each			Balance at 31.12.2001
		Balance at 1.1.2001	Acquired	Disposed	
Teh Liang Teik, Teh Wee Kok & Teh Wee Chye	Malayan Flour Mills Berhad	1,000	-	-	1,000

**INTERESTS IN INDIRECT SUBSIDIARY COMPANY, MEKONG FLOUR MILLS LTD
(INCORPORATED IN VIETNAM)**

Directors	Registered in the name of	Interests in capital denominated in Vietnamese Dong (VND)			Balance at 31.12.2001 VND'000
		Balance at 1.1.2001 VND'000	Acquired VND'000	Disposed VND'000	
Teh Liang Teik, Teh Wee Kok & Teh Wee Chye	MFM International Ltd (wholly owned by Malayan Flour Mills Berhad)	14,365	26,524,539	-	26,538,904

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 31.12.2001 VND'000
		Balance at 1.1.2001 VND'000	Acquired VND'000	Disposed 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 in Malaysia 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 financial statements) by reason 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 25 to the financial statements.

Directors' Report (cont'd)

OTHER STATUTORY INFORMATION

- (a) Before the financial statements 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 financial statements 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 financial statements of the Company and the Group which would render any amount stated in the financial statements 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 item as stated in Note 3 to the financial statements; 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
26th April, 2002

Consolidated Income Statement for the year ended 31st December, 2001

	NOTE	2001 RM	RESTATED 2000 RM
REVENUE	2(m)		
Sales of goods		550,320,971	576,977,310
Services		7,893,797	6,961,665
		558,214,768	583,938,975
COST OF SALES			
Cost of inventories sold		(466,793,881)	(486,551,733)
Cost of services		(7,387,921)	(6,904,427)
		(474,181,802)	(493,456,160)
GROSS PROFIT		84,032,966	90,482,815
OTHER OPERATING INCOME		6,542,605	6,306,988
SELLING AND DISTRIBUTION EXPENSES		(32,577,377)	(31,317,136)
ADMINISTRATION EXPENSES		(24,859,838)	(23,918,254)
OTHER OPERATING EXPENSES		(4,286,013)	(3,277,733)
OPERATING PROFIT		28,852,343	38,276,680
FINANCE COSTS		(2,896,064)	(4,299,828)
SHARE OF RESULTS OF AN ASSOCIATED COMPANY		151,622	533,777
PROFIT BEFORE TAXATION	3	26,107,901	34,510,629
TAXATION	5	(11,079,777)	(10,092,751)
PROFIT AFTER TAXATION		15,028,124	24,417,878
MINORITY INTEREST		(289,747)	(1,904,927)
NET PROFIT FOR THE YEAR		14,738,377	22,512,951
EARNINGS PER SHARE (SEN) - BASIC	6	17.54	26.80
DIVIDEND PER SHARE (TAX EXEMPT)	7	10 sen	10 sen

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

Consolidated Balance Sheet as at 31st December, 2001

	NOTE	2001 RM	RESTATED 2000 RM
SHARE CAPITAL	8	84,014,606	84,014,606
RESERVES	9	205,051,926	190,898,513
TOTAL CAPITAL AND RESERVES		289,066,532	274,913,119
MINORITY INTERESTS		27,458,224	29,474,130
LONG TERM AND DEFERRED LIABILITIES			
Deferred taxation	10	1,965,000	2,751,000
Retirement benefits	11	237,208	208,961
Term loans	12	-	-
Hire purchase creditors	13	98,071	-
		318,825,035	307,347,210
Represented by:-			
PROPERTY, PLANT AND EQUIPMENT	14	216,108,482	225,665,713
ASSOCIATED COMPANY	16	2,545,629	2,446,007
INVESTMENTS	17	5,159,671	8,846,424
CURRENT ASSETS			
Inventories	18	114,374,128	135,223,775
Trade and other receivables	19	105,377,426	102,299,571
Deposits, cash and bank balances	20	45,878,846	51,721,913
		265,630,400	289,245,259
CURRENT LIABILITIES			
Trade and other payables	21	30,160,558	38,224,774
Bank borrowings	22	134,133,960	167,906,751
Taxation		6,324,629	4,323,207
Proposed dividend		-	8,401,461
		170,619,147	218,856,193
NET CURRENT ASSETS		95,011,253	70,389,066
		318,825,035	307,347,210

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

Consolidated Statement Of Changes In Equity for the year ended 31st December, 2001

	Note	Share capital RM	Share premium RM	Capital reserves RM	Exchange translation differences RM	Retained profit RM	Total RM
Balance at 31.12.1999							
- as previously reported		84,014,606	41,686,650	26,369,308	3,381,315	106,415,400	261,867,279
- prior year adjustment	23	-	-	-	-	(410,461)	(410,461)
- as restated		84,014,606	41,686,650	26,369,308	3,381,315	106,004,939	261,456,818
Currency translation loss not recognised in the income statement		-	-	-	(655,189)	-	(655,189)
Net profit for the year (restated)		-	-	-	-	22,512,951	22,512,951
Dividend	7	-	-	-	-	(8,401,461)	(8,401,461)
Balance at 31.12.2000		84,014,606	41,686,650	26,369,308	2,726,126	120,116,429	274,913,119
Currency translation loss not recognised in the income statement		-	-	-	(584,964)	-	(584,964)
Net profit for the year		-	-	-	-	14,738,377	14,738,377
Balance at 31.12.2001		84,014,606	41,686,650	26,369,308	2,141,162	134,854,806	289,066,532

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

Consolidated Cash Flow Statement for the year ended 31st December, 2001

	2001 RM	2000 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	26,107,901	34,510,629
Adjustments for:-		
Share of associated company's results	(151,622)	(533,777)
Provision for retirement benefits	39,500	24,350
Depreciation	19,562,464	21,369,075
Interest expenses	2,885,442	4,167,859
Gain on disposal of property, plant and equipment	(193,892)	(165,906)
Property, plant and equipment written off	21,941	50,347
Write-down in value of property, plant and equipment	1,500,000	1,500,000
Allowance for doubtful debts	2,952,596	2,785,552
Allowance for diminution in value of investment	8,560	87,740
Bad debts written off	1,199,060	424,469
Unrealised loss on foreign exchange	1,773,418	1,534,189
Interest income	(2,147,160)	(2,356,139)
Additional compensation from compulsory acquisition of freehold land in 1997	(670,280)	-
Goodwill written off	593,739	-
Annual bonds expenses	-	131,969
Operating profit before working capital changes	53,481,667	63,530,357
Increase in trade and other receivables	(3,472,380)	(18,641,020)
Decrease/(Increase) in inventories	19,807,351	(32,613,315)
(Decrease)/Increase in trade and other payables	(6,875,779)	6,495,508
Cash generated from operations	62,940,859	18,771,530
Taxation paid	(9,803,080)	(10,547,035)
Interest received	1,755,587	2,356,139
Interest paid	(2,885,442)	(4,167,859)
Annual bonds expenses paid	-	(131,969)
Retirement benefits paid	(11,253)	(28,429)
Net cash from operating activities	51,996,671	6,252,377

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

Consolidated Cash Flow Statement for the year ended 31st December, 2001 (cont'd)

	2001 RM	2000 RM
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	208,637	441,349
Purchase of property, plant and equipment (Note 24 (a))	(14,006,690)	(11,100,363)
Purchase of shares in a subsidiary company (Note 24(b))	(1,664,000)	-
Additional compensation from compulsory acquisition of freehold land in 1997	670,280	-
Purchase of investments	-	(7,000)
Net cash used in investing activities	(14,791,773)	(10,666,014)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of hire purchase liabilities	(248,166)	(433,804)
Redemption of bonds	-	(40,000,000)
Term loans repaid	(20,135,400)	(8,424,155)
Dividends paid to shareholders of the company	(8,401,461)	(8,401,461)
Dividends paid to minority shareholders of subsidiary companies	(917,864)	(861,917)
(Decrease)/Increase in bank borrowings	(13,056,846)	27,225,408
Net cash used in financing activities	(42,759,737)	(30,895,929)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(5,554,839)	(35,309,566)
Cash and cash equivalents at beginning of year	51,721,913	87,239,690
Foreign exchange differences on opening balances	(288,228)	(208,211)
CASH AND CASH EQUIVALENTS AT END OF YEAR (NOTE 20)	45,878,846	51,721,913

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

Income Statement for the year ended 31st December, 2001

	NOTE	2001 RM	2000 RM
REVENUE	2(m)	150,952,267	175,502,385
COST OF SALES		(118,218,861)	(134,895,751)
GROSS PROFIT		32,733,406	40,606,634
OTHER OPERATING INCOME		5,569,090	6,762,560
SELLING AND DISTRIBUTION EXPENSES		(8,931,858)	(10,047,747)
ADMINISTRATION EXPENSES		(7,950,997)	(7,304,596)
OTHER OPERATING EXPENSES		(1,164,931)	(87,740)
OPERATING PROFIT		20,254,710	29,929,111
FINANCE COSTS		(22,841)	(552,638)
PROFIT BEFORE TAXATION	3	20,231,869	29,376,473
TAXATION	5	(6,292,000)	(8,149,600)
NET PROFIT FOR THE YEAR		13,939,869	21,226,873
EARNINGS PER SHARE (SEN) - BASIC	6	16.59	25.27
DIVIDEND PER SHARE (TAX EXEMPT)	7	10 sen	10 sen

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

Balance Sheet as at 31st December, 2001

	NOTE	2001 RM	2000 RM
SHARE CAPITAL	8	84,014,606	84,014,606
RESERVES	9	238,008,269	224,068,400
TOTAL CAPITAL AND RESERVES		322,022,875	308,083,006
DEFERRED TAXATION	10	1,542,000	1,600,000
		323,564,875	309,683,006
Represented by:-			
PROPERTY, PLANT AND EQUIPMENT	14	72,884,360	76,400,393
SUBSIDIARY COMPANIES	15	140,970,864	139,306,864
INVESTMENTS	17	5,152,671	8,839,424
CURRENT ASSETS			
Inventories	18	26,032,834	46,816,537
Trade and other receivables	19	122,492,562	74,611,399
Deposits, cash and bank balances	20	23,879,135	29,555,709
		172,404,531	150,983,645
CURRENT LIABILITIES			
Trade and other payables	21	8,996,728	8,881,839
Bank borrowings	22	57,445,000	46,517,108
Taxation		1,405,823	2,046,912
Proposed dividend		-	8,401,461
		67,847,551	65,847,320
NET CURRENT ASSETS		104,556,980	85,136,325
		323,564,875	309,683,006

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

Statement Of Changes In Equity for the year ended 31st December, 2001

	Note	Share capital RM	Share premium RM	Capital reserves RM	Retained profit RM	Total RM
Balance at 31.12.1999		84,014,606	41,686,650	26,369,308	143,187,030	295,257,594
Net profit for the year		-	-	-	21,226,873	21,226,873
Dividend	7	-	-	-	(8,401,461)	(8,401,461)
Balance at 31.12.2000		84,014,606	41,686,650	26,369,308	156,012,442	308,083,006
Net profit for the year		-	-	-	13,939,869	13,939,869
Balance at 31.12.2001		84,014,606	41,686,650	26,369,308	169,952,311	322,022,875

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

Cash Flow Statement for the year ended 31st December, 2001

	2001 RM	2000 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	20,231,869	29,376,473
Adjustments for:-		
Depreciation	5,313,568	5,459,823
Interest expenses	22,841	420,699
Allowance for diminution in value of investment	8,560	87,740
Property, plant and equipment written off	5	-
Annual bonds expenses	-	131,969
Allowance for doubtful debts	106,417	500,000
Interest income	(1,689,158)	(1,731,237)
Gain on disposal of property, plant and equipment	(52,996)	(18,886)
Additional compensation from compulsory acquisition of freehold land in 1997	(670,280)	-
Dividend income	-	(1,362,500)
Operating profit before working capital changes	23,270,826	32,864,051
Increase in subsidiary companies' balances	(42,088,442)	(6,729,825)
Decrease/(Increase) in inventories	20,783,702	(4,071,854)
Increase in trade and other receivables	(1,326,988)	(13,104,758)
(Decrease)/Increase in trade and other payables	(1,251,830)	2,093,719
Cash (used in)/generated from operations	(612,732)	11,051,333
Dividend from subsidiary companies	1,362,500	1,278,500
Interest received	1,297,585	1,731,237
Interest paid	(22,841)	(420,669)
Taxation paid	(6,991,089)	(9,760,024)
Annual bonds expenses paid	-	(131,969)
Net cash (used in)/from operating activities	(4,966,577)	3,748,408
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	53,000	19,783
Purchase of property, plant and equipment (Note 24(a))	(2,286,123)	(3,791,203)
Purchase/Subscription of shares in subsidiary companies (Note 24(b))	(1,664,000)	(3,800)
Additional compensation from compulsory acquisition of freehold land in 1997	670,280	-
Net cash used in investing activities	(3,226,843)	(3,775,220)

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

	2001 RM	2000 RM
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of hire purchase liabilities	(9,585)	(143,748)
Redemption of bonds	-	(40,000,000)
Dividends paid to shareholders of the company	(8,401,461)	(8,401,461)
Increase in bank borrowings	10,927,892	7,517,108
Net cash generated from/(used in) financing activities	2,516,846	(41,028,101)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(5,676,574)	(41,054,913)
Cash and cash equivalents at beginning of year	29,555,709	70,610,622
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 20)	23,879,135	29,555,709

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

Notes To The Financial Statements as at 31st December, 2001

1. GENERAL INFORMATION

Malayan Flour Mills Berhad is a public company limited by shares, incorporated and domiciled in Malaysia. The company is listed on the Main Board of the Kuala Lumpur Stock Exchange.

Its registered office and principal place of business is located at 10th Floor, Wisma MCA, Jalan Ampang, 50450 Kuala Lumpur.

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 preparation

The financial statements are prepared under the historical cost convention unless otherwise indicated in this summary of significant accounting policies. The financial statements comply with applicable approved Accounting Standards in Malaysia.

(b) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiary companies made up to the balance sheet date.

Subsidiary companies are those companies in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities.

Subsidiary companies are consolidated using the acquisition method of accounting. Under the acquisition method, the results of subsidiary companies acquired or disposed off during the year are included in the consolidated income statement from the effective date of acquisition or to the date of disposal. At the date of acquisition, the fair values of the net assets of the subsidiary companies are determined and the fair values are reflected in the consolidated financial statements.

Inter-company transactions are eliminated on consolidation.

(c) Goodwill and reserve on consolidation

The excess of the cost of acquisition of subsidiary companies over the fair values of the net assets acquired is taken up as goodwill on consolidation.

Where the fair values of net assets acquired exceeds the cost of acquisition, the surplus arising is taken up as reserve on consolidation.

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Associated companies

Associated companies are those companies in which the Group has long term equity interest of not less than 20% and not exceeding 50% and where the Group exercises significant influence but not control over the financial and operating policies of those companies.

Investments in associated companies are accounted for in the consolidated financial statements by the equity method of accounting. Under the equity method of accounting, the Group's share of profit less losses of the associated companies is included in the consolidated income statement based on the latest audited financial statements of the associated companies and the Group's share of post-acquisition retained profit and reserves less losses is added to the cost of investment in the consolidated balance sheet. Equity accounting is discontinued when a nil carrying value of the investment in an associated company is reached unless the Group has incurred obligations or guaranteed obligations in respect of the associated company.

The difference between the cost of acquisition and the fair value of net assets acquired is reflected as goodwill or discount on acquisition. Goodwill or discount on acquisition of associated companies is amortised or written off based on reviews by the Directors.

(e) 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.

(f) Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses except for certain properties which are carried at their 1983 valuation less accumulated depreciation.

The Company does not adopt a policy of revaluation and has applied the transitional provisions issued by the Malaysian Accounting Standards Board upon adoption of the International Accounting Standard No. 16 (Revised) whereby the previous revaluation of certain properties in 1983 less accumulated depreciation may be retained as the carrying amount with continuity in the depreciation policy.

Property, plant and equipment retired from active use and held for disposal are stated at the lower of net book value and net recoverable amount. The carrying amount of property, plant and equipment are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its estimated recoverable amount and is charged to income statement immediately. Any subsequent increase in recoverable amount is reduced by the amount that would have been recognised as depreciation had the write-down or write-off not occurred. Such subsequent increase in recoverable amount is recognised in the income statement.

Notes To The Financial Statements as at 31st December, 2001 (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Property, plant and equipment and depreciation (cont'd)

Freehold land is not amortised. Leasehold land is amortised over the period of the respective leases ranging from 30 to 99 years. All other property, plant and equipment are depreciated on the straight line basis so as to write off the cost or valuation of the assets over their estimated useful lives. Depreciation on capital work-in-progress commences when the assets are ready for their intended use.

The principal annual rates used are:-

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

(g) Inventories

Inventories are valued at the lower of cost and net realisable value.

Cost of manufacturing and trading inventories is determined on the weighted average cost basis. For finished goods and semi-processed goods, cost consists of materials, direct labour and an appropriate proportion of production overheads.

Cost of broiler inventories consists of the original purchase price of day old chicks plus all growing costs. Growing costs include cost of feeds, direct labour and an appropriate portion of farm overheads.

Cost of hatching eggs includes costs of direct materials, direct labour and a proportion of overhead cost.

Poultry parent inventories are stated at cost less depreciation which is calculated to write down the cost over the estimated economic egg-laying lives of the parent stocks. Costs consists of the original purchase prices of breeder birds plus a proportion of assigned growing costs. Assigned growing costs include cost of feeds, direct labour and an appropriate portion of farm overheads.

(h) Bad and doubtful debts

Bad debts are written off as and when ascertained and allowance is made for any debts considered to be doubtful of collection.

(i) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Retirement benefits

A subsidiary operates an unfunded defined benefit scheme for unionised employees in accordance with the terms of the collective agreement. The benefits are payable upon attaining the age of retirement, death or permanent disablement in respect of employees who have served continuously for a period of five or more years. The amount payable is calculated based on a scale of benefits that increases with the length of service. The provision in respect of the retirement benefit scheme is determined by an independent actuarial valuation in December 2000 using the Attained Age Method.

(k) 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 income statement.

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.

The closing rates as at balance sheet date used for principal foreign currency translations are as follows:-

	2001 RM	2000 RM
1 Singapore Dollar (SGD)	2.06	2.19
1 United States Dollar (USD)	3.80	3.80
1000 Vietnamese Dong (VND)	0.25	0.26

(l) Assets under hire purchase

Assets under hire purchase are capitalised as plant and equipment 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 income statement over the period of the hire purchase arrangements.

(m) Revenue

Revenue from sale of goods and services are recognised upon delivery of goods or performance of services, net of rebates and returns.

Rental income is recognised on an accrual basis over the period of tenancy.

Interest income is recognised on an accrual basis.

Notes To The Financial Statements as at 31st December, 2001 (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Revenue (cont'd)

Jetty income is recognised based on the length of stay of vessel and at contractual rates.

Group revenue are stated net of all intra-group transactions.

(n) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, deposits with licensed banks, bank overdrafts and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

3. PROFIT BEFORE TAXATION

	GROUP		COMPANY	
	2001 RM	2000 RM	2001 RM	2000 RM
Profit before taxation is stated after charging:-				
Auditors' remuneration	160,553	152,147	34,000	34,000
Depreciation	19,562,464	21,369,075	5,313,568	5,459,823
Directors' emoluments	2,049,807	1,830,753	1,382,474	1,175,781
Directors' fees	178,999	179,000	125,000	122,500
Interest expenses	2,847,530	3,756,445	18,370	58,050
Rental of premises	1,019,768	1,241,081	365,349	383,777
Retirement benefits	39,500	24,350	-	-
Bad debts written off	1,199,060	424,469	-	-
Annual bonds expenses	-	131,969	-	131,969
Bonds interest	-	323,288	-	323,288
Allowance for doubtful debts	2,952,596	2,785,552	106,417	500,000
Allowance for diminution in value of quoted investment	8,560	87,740	8,560	87,740
Pre-operating expenditure written off	-	1,007,961	-	-
Project expenses written off	1,381,413	-	1,156,366	-
Property, plant and equipment written off	21,941	50,347	5	-
Hire purchase interest	37,912	88,126	4,471	39,331
Loss on foreign exchange				
- realised	-	235,220	-	-
- unrealised	1,860,407	1,534,189	-	-

3. PROFIT BEFORE TAXATION (CONT'D)

	GROUP		COMPANY	
	2001 RM	2000 RM	2001 RM	2000 RM
Goodwill written off	593,739	-	-	-
Exceptional item				
- write-down in value of plant and equipment	1,500,000	1,500,000	-	-
Estimated value of benefits -in-kind of Directors	44,763	38,150	44,763	38,150

and crediting:-

Dividends				
- from subsidiary companies (tax exempt)	-	-	-	1,362,500
- others	180	-	-	-
Gain on disposal of property, plant and equipment	193,892	165,906	52,996	18,886
Interest income	2,147,160	2,356,139	1,689,158	1,731,237
Jetty income	1,196,877	1,204,865	1,196,877	1,204,865
Rental income	1,012,380	825,200	1,803,550	1,714,683
Exceptional item:				
- additional compensation from compulsory acquisition of freehold land in 1997	670,280	-	670,280	-
Gain on foreign exchange:				
- unrealised	86,989	-	-	-

4. EMPLOYEES INFORMATION

	GROUP		COMPANY	
	2001 RM	2000 RM	2001 RM	2000 RM
Staff costs	44,914,616	41,240,060	12,964,271	12,480,514

The number of employees of the Group and the Company at end of the financial year were 2,128 (2000 : 1,942) and 417 (2000 : 374) respectively.

Notes To The Financial Statements as at 31st December, 2001 (cont'd)

5. TAXATION

	GROUP		COMPANY	
	2001 RM	2000 RM	2001 RM	2000 RM
Malaysian income taxation:-				
- current year	(8,554,500)	(10,872,300)	(6,350,000)	(8,500,000)
- (under)/over provision in prior years	(3,259,277)	3,549	-	50,400
	(11,813,777)	(10,868,751)	(6,350,000)	(8,449,600)
Transfer from deferred taxation	786,000	976,000	58,000	300,000
Share of associated company's taxation	(52,000)	(200,000)	-	-
	(11,079,777)	(10,092,751)	(6,292,000)	(8,149,600)

- (a) The effective tax charge for the Company is higher than that based on the statutory tax rate mainly due to certain expenses which are disallowed for taxation purposes.
- (b) The effective tax charge for the year of the Group is higher than that based on the statutory tax rate mainly due to the absence of group relief for losses incurred by certain subsidiaries.
- (c) Included in the underprovision of tax in prior years of the Group is an amount of RM3,185,807 attributable to a subsidiary company which relates to the estimated tax effects arising from the reversal of claims of capital allowances on the subsidiary company's soya extraction plant upon the discontinuance of its soya extraction activities.
- (d) The following are estimated unabsorbed tax losses and unutilised capital allowances, the effects of which are not included in the financial statements and which are available for set-off against future taxable income:-

	GROUP		COMPANY	
	2001 RM	2000 RM	2001 RM	2000 RM
Unabsorbed tax losses	34,800,800	32,104,000	-	-
Unutilised capital allowances	43,283,800	40,891,000	-	-
	78,084,600	72,995,000	-	-
Estimated tax effect at 28% thereon	21,864,000	20,439,000	-	-

6. EARNINGS PER SHARE

(a) Basic

The basic earnings per share is calculated on the Group's profit after taxation and minority interest of RM14,738,377 (2000 : RM22,512,951) and the Company's profit after taxation of RM13,939,869 (2000 : RM21,226,873) and is based on the issued share capital of 84,014,606 (2000 : 84,014,606) ordinary shares.

The comparative Group's earnings per share was previously stated as 26.56 sen. This has been restated due to the restatement of profit arising from the change in accounting policy as disclosed in Note 23 to the financial statements.

(b) Diluted

The number of convertible warrants issued by the Company for the year ended 31st December 2001 is 41,985,394 (2000 : 41,985,394) (see Note 8.2). The warrants confer the right to the holders to subscribe to one ordinary share of RM1.00 each for every warrant held at the exercise price of RM3.39. The average transacted price of the ordinary share for 2001 was RM1.87 (2000 : RM2.78) per share.

As the exercise price exceeded the fair value (average transacted price) for 2000 and 2001, the assumed conversion of the warrants to ordinary shares is anti-dilutive for both the years.

7. DIVIDEND

	GROUP AND COMPANY	
	2001	2000
	RM	RM
First and final dividend:-		
10 sen (2000 : 10 sen) per ordinary share, tax exempt	8,401,461	8,401,461

A first and final tax exempt dividend in respect of the current year ended 31st December 2001 of 10 sen per ordinary share amounting to RM8,401,461 will be proposed for shareholders' approval at the forthcoming Annual General Meeting. The financial statements for the current year do not reflect this proposed dividend. If approved by the shareholders, the dividend will be accounted for in the shareholders' equity as an appropriation of retained profit in the next financial year ending 31st December, 2002.

Notes To The Financial Statements as at 31st December, 2001 (cont'd)

8. SHARE CAPITAL

	GROUP AND COMPANY	
	2001 RM	2000 RM
8.1 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
8.2 Warrants	GROUP AND COMPANY	
	2001 NO.	2000 NO.
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.

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 for every warrant held 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.

9. RESERVES

	GROUP		COMPANY	
	2001 RM	2000 RM	2001 RM	2000 RM
Capital Reserves - surplus on revaluation of property, plant and equipment 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	2,141,162	2,726,126	-	-
Retained profit	134,854,806	120,116,429	169,952,311	156,012,442
	205,051,926	190,898,513	238,008,269	224,068,400

- (i) With the exception of retained profit, all other reserves are not distributable by way of dividends in cash.
- (ii) The Company has estimated Section 108 tax credit under the Malaysian Income Tax Act, 1967 of RM62,164,000 (2000 : RM55,658,000) which, subject to agreement with the Malaysian tax authorities, is available to frank dividend payments of RM159,850,000 (2000 : RM143,121,000) out of its retained profit at year end.
- (iii) The Company has tax exempt income of approximately RM32,818,000 (2000 : RM33,118,000) which, subject to agreement with the Malaysian tax authorities and the availability of profits, is distributable by way of tax exempt dividend.

10. DEFERRED TAXATION

	GROUP		COMPANY	
	2001 RM	2000 RM	2001 RM	2000 RM
At beginning of year	2,751,000	3,727,000	1,600,000	1,900,000
Transfer to income statement	(786,000)	(976,000)	(58,000)	(300,000)
At end of year	1,965,000	2,751,000	1,542,000	1,600,000

All timing differences of the Company and of the Group have been accounted for in arriving at the deferred taxation liabilities above. The tax effects of deferred taxation benefits which have not been accounted for are disclosed under Note 5(d).

Notes To The Financial Statements as at 31st December, 2001 (cont'd)

11. RETIREMENT BENEFITS

The movements in retirement benefits are as follows:-

	GROUP		COMPANY	
	2001 RM	2000 RM	2001 RM	2000 RM
At beginning of year	208,961	213,040	-	-
Provision for the year	39,500	24,350	-	-
Less: Payment	(11,253)	(28,429)	-	-
At the end of year	237,208	208,961	-	-

12. TERM LOANS

	GROUP		COMPANY	
	2001 RM	2000 RM	2001 RM	2000 RM
(i) Secured				
Loans of USD11.0 million with interest rate at weighted average rate of LIBOR + 3.21% per annum (2000 : 6 month US dollar LIBOR + 3.19% per annum) repayable by semi-annual instalments of USD1.5 million	13,299,294	30,398,742	-	-
Loan of USD1.0 million at interest rate of 2.5% above 1 or 6 month SIBOR (similar interest rate was applicable in 2000) repayable by semi-annual instalments of USD165,000	664,902	1,918,785	-	-
	13,964,196	32,317,527	-	-

12. TERM LOANS (CONT'D)

(ii) Unsecured	GROUP		COMPANY	
	2001 RM	2000 RM	2001 RM	2000 RM
Loan of VND14,277 million at interest rate within the ceiling rate imposed by the State of Bank of Vietnam (similar interest rate was applicable in 2000) repayable by semi-annual instalments of VND2,400 million	574,130	1,854,074	-	-
	14,538,326	34,171,601	-	-
Repayments due within twelve months (included under bank borrowings - Note 22)	(14,538,326)	(34,171,601)	-	-
	-	-	-	-

The above term loans relate to that of a foreign subsidiary. The secured portion of the term loans are secured by a legal charge on certain plant and equipment of the subsidiary concerned.

The outstanding balance of loans as at 31st December, 2000 was disclosed as a current liability due to an instalment of USD1.5 million which was due and not paid as of that date and which rendered all unpaid amounts repayable on demand under the terms of the loan agreement.

As of 31st December, 2001, the subsidiary company had not achieved certain financial ratios required in the loan agreement with the lending financial institution. The terms of the loan agreement provide that under such circumstances all unpaid amounts are repayable on demand. Accordingly, the outstanding balance of loans as at 31st December, 2001 has been disclosed as a current liability.

Notes To The Financial Statements as at 31st December, 2001 (cont'd)

13. HIRE PURCHASE CREDITORS

	GROUP		COMPANY	
	2001 RM	2000 RM	2001 RM	2000 RM
Outstanding hire purchase instalments:-				
Within 1 year	80,160	239,318	-	14,056
Between 2 to 5 years	113,470	-	-	-
	193,630	239,318	-	14,056
Future finance charge on hire purchase	(26,332)	(31,534)	-	(4,471)
Outstanding hire purchase principal	167,298	207,784	-	9,585
Payable within 1 year (included under other payables - Note 21)	(69,227)	(207,784)	-	(9,585)
Payable between 2 to 5 years	98,071	-	-	-

14. PROPERTY, PLANT AND EQUIPMENT

(a) Property, plant and equipment of the Group and Company comprised:-

2001 Group	Cost RM	Accumulated depreciation RM	Net book value RM	Depreciation charge RM
At cost:-				
Freehold land	1,715,424	-	1,715,424	-
Leasehold land:-				
- Long lease	8,033,657	1,582,209	6,451,448	198,744
- Short lease	9,281,655	2,271,592	7,010,063	310,459
Buildings	154,943,261	47,372,356	107,570,905	4,720,920
Jetty	459,288	24,496	434,792	9,186
Plant, machinery, fixtures and equipment	199,982,927	143,311,959	56,670,968	11,178,505
Motor vehicles and boats	33,853,994	23,591,399	10,262,595	2,541,464
Capital work-in-progress	2,911,114	-	2,911,114	-
At valuation:-				
Freehold land	3,574,151	-	3,574,151	-
Long leasehold land	2,063,492	570,327	1,493,165	24,888
Buildings	23,447,856	9,280,933	14,166,923	456,842
Jetty	6,072,795	2,225,861	3,846,934	121,456
	446,339,614	230,231,132	216,108,482	19,562,464

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

2001 Company	Cost RM	Accumulated depreciation RM	Net book value RM	Depreciation charge RM
At cost:-				
Freehold land	98,000	-	98,000	-
Long leasehold land	5,244,933	1,053,432	4,191,501	153,654
Buildings	46,397,934	11,600,415	34,797,519	873,348
Jetty	459,288	24,496	434,792	9,186
Plant, machinery, fixtures and equipment	61,689,515	53,305,208	8,384,307	2,888,528
Motor vehicles and boats	11,449,936	9,552,868	1,897,068	785,666
At valuation:-				
Freehold land	3,574,151	-	3,574,151	-
Long leasehold land	2,063,492	570,327	1,493,165	24,888
Buildings	23,447,856	9,280,933	14,166,923	456,842
Jetty	6,072,795	2,225,861	3,846,934	121,456
	160,497,900	87,613,540	72,884,360	5,313,568

2000 Group

At cost:-				
Freehold land	1,715,424	-	1,715,424	-
Leasehold land:-				
- Long lease	7,809,161	1,384,563	6,424,598	196,371
- Short lease	9,636,147	2,035,366	7,600,781	321,093
Buildings	154,650,645	42,769,197	111,881,448	5,173,749
Jetty	459,288	15,310	443,978	9,186
Plant, machinery, fixtures and equipment	192,995,819	132,420,216	60,575,603	12,474,387
Motor vehicles and boats	32,265,480	22,089,455	10,176,025	2,591,104
Capital work-in-progress	3,163,497	-	3,163,497	-
At valuation:-				
Freehold land	3,574,151	-	3,574,151	-
Long leasehold land	2,063,492	545,439	1,518,053	24,888
Buildings	23,447,856	8,824,091	14,623,765	456,841
Jetty	6,072,795	2,104,405	3,968,390	121,456
	437,853,755	212,188,042	225,665,713	21,369,075

Notes To The Financial Statements as at 31st December, 2001 (cont'd)

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

2000 Company	Cost RM	Accumulated depreciation RM	Net book value RM	Depreciation charge RM
At cost:-				
Freehold land	98,000	-	98,000	-
Long leasehold land	5,020,437	899,778	4,120,659	152,095
Buildings	46,792,708	10,727,067	36,065,641	914,624
Jetty	459,288	15,310	443,978	9,186
Plant, machinery, fixtures and equipment	60,715,038	50,416,680	10,298,358	2,910,483
Motor vehicles and boats	10,785,109	9,095,711	1,689,398	870,250
At valuation:-				
Freehold land	3,574,151	-	3,574,151	-
Long leasehold land	2,063,492	545,439	1,518,053	24,888
Buildings	23,447,856	8,824,091	14,623,765	456,841
Jetty	6,072,795	2,104,405	3,968,390	121,456
	159,028,874	82,628,481	76,400,393	5,459,823

(b) The movements of property, plant and equipment during the year are as follows:-

2001 Group	Balance at 1.1.2001 RM	Disposals/ Additions RM	Reduction RM	Transfer RM	Write- down in value RM	Net exchange differences RM	Balance at 31.12.2001 RM
At cost:-							
Freehold land	1,715,424	-	-	-	-	-	1,715,424
Leasehold land:							
- Long lease	7,809,161	224,496	-	-	-	-	8,033,657
- Short lease	9,636,147	-	-	-	-	(354,492)	9,281,655
Buildings	154,650,645	432,549	(405,374)	1,411,537	-	(1,146,096)	154,943,261
Jetty	459,288	-	-	-	-	-	459,288
Plant, machinery, fixtures and equipment	192,995,819	8,261,082	(117,129)	1,288,350	(1,500,000)	(945,195)	199,982,927
Motor vehicles and boats	32,265,480	2,549,189	(942,925)	293,191	-	(310,941)	33,853,994
Capital work-in- progress	3,163,497	2,747,054	-	(2,993,078)	-	(6,359)	2,911,114
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
	437,853,755	14,214,370	(1,465,428)	-	(1,500,000)	(2,763,083)	446,339,614

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

	Balance at 1.1.2001 RM	Charge for the year RM	Deletions RM	Net exchange differences RM	Balance at 31.12.2001 RM
Accumulated depreciation					
Assets at cost:-					
Leasehold land:-					
- Long lease	1,384,563	198,744	(1,098)	-	1,582,209
- Short lease	2,035,366	310,459	(915)	(73,318)	2,271,592
Buildings	42,769,197	4,720,920	(693)	(117,068)	47,372,356
Jetty	15,310	9,186	-	-	24,496
Plant, machinery, fixtures and equipment	132,420,216	11,178,505	(1,639)	(285,123)	143,311,959
Motor vehicles and boats	22,089,455	2,541,464	(935,818)	(103,702)	23,591,399
Assets at valuation:-					
Long leasehold land	545,439	24,888	-	-	570,327
Buildings	8,824,091	456,842	-	-	9,280,933
Jetty	2,104,405	121,456	-	-	2,225,861
	212,188,042	19,562,464	(940,163)	(579,211)	230,231,132

2001 Company	Balance at 1.1.2001 RM	Additions RM	Disposals/ Reduction RM	Balance at 31.12.2001 RM
At cost:-				
Freehold land	98,000	-	-	98,000
Long leasehold land	5,020,437	224,496	-	5,244,933
Buildings	46,792,708	-	(394,774)	46,397,934
Jetty	459,288	-	-	459,288
Plant, machinery, fixtures and equipment	60,715,038	1,068,282	(93,805)	61,689,515
Motor vehicles and boats	10,785,109	993,345	(328,518)	11,449,936
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
	159,028,874	2,286,123	(817,097)	160,497,900

Notes To The Financial Statements as at 31st December, 2001 (cont'd)

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

	Balance at 1.1.2001 RM	Charge for the year RM	Deletions RM	Balance at 31.12.2001 RM
Accumulated depreciation				
Assets at cost:-				
Long leasehold land	899,778	153,654	-	1,053,432
Buildings	10,727,067	873,348	-	11,600,415
Jetty	15,310	9,186	-	24,496
Plant, machinery, fixtures and equipment	50,416,680	2,888,538	-	53,305,208
Motor vehicles and boats	9,095,711	785,666	(328,509)	9,552,868
Assets at valuation:-				
Long leasehold land	545,439	24,888	-	570,327
Buildings	8,824,091	456,842	-	9,280,933
Jetty	2,104,405	121,456	-	2,225,861
	82,628,481	5,313,568	(328,509)	87,613,540

- (c) Plant and equipment include the following assets acquired under hire purchase arrangement:-

	Cost RM	Accumulated depreciation RM	Net book value RM	Current depreciation RM
2001 Group				
Motor vehicles	259,600	85,675	173,925	39,932
Company				
Motor vehicles	-	-	-	-
2000 Group				
Motor vehicles	1,855,226	889,784	965,442	221,888
Company				
Motor vehicles	233,930	167,650	66,280	46,786

- (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.

In accordance with the transitional provisions issued by the Malaysian Accounting Standards Board in the adoption of International Accounting Standard No. 16 (revised)-Property, Plant and Equipment, these assets are stated at their previously

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

revalued amounts. The net carrying amounts of these assets as at balance sheet date had they been stated at their historical costs less depreciation are not disclosed as historical records are not available.

- (e) The Group's property, plant and equipment as at balance sheet date include an unused machinery owned by a foreign subsidiary which has been stated in the financial statements at its net recoverable amount of VND4,170 million (2000 : VND4,170 million) which is equivalent to RM1,051,437 (2000 : RM1,092,500) 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 RM5,700,000 to RM4,200,000 (2000 : RM7,200,000 to RM5,700,000) based on the Directors' estimation of the net recoverable amount.
- (g) There are no encumbrances on the property, plant and equipment of the Group and Company other than the motor vehicles stated in the Note 14(c) and the following assets of a foreign subsidiary company which have been charged to a financial institution in consideration for term loans facilities granted:-

Assets included in:-	GROUP NET BOOK VALUE	
	31.12.2001 RM	31.12.2000 RM
Plant, machinery, fixtures and equipment	456,128	619,597
Motor vehicles	772,567	966,990
	<u>1,228,695</u>	<u>1,586,587</u>

15. SUBSIDIARY COMPANIES

	COMPANY	
	2001 RM	2000 RM
Unquoted shares at cost	140,970,864	139,306,864

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

Notes To The Financial Statements as at 31st December, 2001 (cont'd)

15. SUBSIDIARY COMPANIES (CONT'D)

Direct subsidiary company	Principal activities	Effective interest in equity	
		2001 %	2000 %
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	85	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	Breeding and sale of day-old-chicks and eggs	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
MFM International Ltd * (incorporated in British Virgin Islands)	Investment holding	100	100

15. SUBSIDIARY COMPANIES (CONT'D)

Indirect subsidiary company	Principal activities	Effective interest in equity	
		2001 %	2000 %
Mekong Flour Mills Ltd * (incorporated in Vietnam)	Flour and feed milling (pre-operating)	100	100

* Subsidiary companies not audited by Folks DFK & Co.

The financial statements of a foreign company, Vimaflour Ltd ("Vimaflour") were qualified on an except for basis and the summarized details of the qualification are as follows:-

Included in property, plant, equipment is a Miag flour milling machine carried at the value of VND12,537 million (RM3,161,120). The company has not used the asset since acquiring it in a prior year and has not recorded any depreciation with respect thereto. The Company has no plan for the future use of the asset and has not recorded any provision for impairment.

In consolidating Vimaflour financial statements, adjustments have been made to the Group's results to recognise the impairment in value of RM2,017 (VND8 million) in the current year and cumulatively RM2,109,682 (VND8,367 million) as at 31st December, 2001. Consequently this qualification does not apply to the Group.

16. ASSOCIATED COMPANY

	GROUP		COMPANY	
	2001 RM	2000 RM	2001 RM	2000 RM
Unquoted shares at cost	2,800,000	2,800,000	-	-
Share of post-acquisition reserves less goodwill written off	(254,371)	(353,993)	-	-
	2,545,629	2,446,007	-	-

Associated company can be analysed as follows:-

	GROUP	
	2001 RM	2000 RM
Group's share of net assets	2,545,629	2,446,007

Notes To The Financial Statements as at 31st December, 2001 (cont'd)

16. ASSOCIATED COMPANY (CONT'D)

The details of the associated company are as follows:-

Name of company	Principal activities	Effective interest in equity	
		2001 %	2000 %
Fongcheng Enterprises Sdn Bhd (Incorporated in Malaysia)	Poultry merchant	24	24

17. INVESTMENTS

	GROUP		COMPANY	
	2001 RM	2000 RM	2001 RM	2000 RM
Quoted in Malaysia				
- loan stocks at cost	107,000	107,000	107,000	107,000
- shares at cost (Note 17(a))	7,000	-	-	-
Unquoted shares at cost				
- in Malaysia	60,000	67,000	60,000	60,000
- foreign (Note 17(b))	8,760,164	8,760,164	8,760,164	8,760,164
less : Amount reclassified to current assets under other receivables	(3,678,193)	-	(3,678,193)	-
	5,081,971	8,760,164	5,081,971	8,760,164
Less : Allowance for diminution in value of quoted loan stocks	(96,300)	(87,740)	(96,300)	(87,740)
	5,159,671	8,846,424	5,152,671	8,839,424
Market value of quoted shares/ loan stocks	20,400	19,260	10,700	19,260

(a) The Group's investment in unquoted shares in previous year was listed on the Kuala Lumpur Stock Exchange during the year and is accordingly reclassified as a quoted investment.

(b) This represents investment of 12% in the registered capital in Shanghai Malayan Flour & Foods Co. Ltd (SMFF), a foreign corporation registered in the People's Republic of China.

Contribution to the registered capital has been redetermined by SMFF which has resulted in the excess contribution to capital to be refunded to the respective registered shareholders. The company's share of the refund of capital contribution has been reclassified to current assets under other receivables.

18. INVENTORIES

	GROUP		COMPANY	
	2001 RM	2000 RM	2001 RM	2000 RM
At cost:-				
Raw materials	76,876,125	99,675,349	21,910,674	42,574,759
Semi-processed goods	2,582,969	2,212,614	-	-
Finished goods	17,185,512	16,990,267	1,744,557	1,621,085
Broilers, day-old chicks and hatching eggs	4,502,990	4,323,534	-	-
Consumables	9,013,990	9,022,226	2,377,603	2,620,693
At cost less depreciation:-				
Poultry parent inventories	4,212,542	2,999,785	-	-
	114,374,128	135,223,775	26,032,834	46,816,537

19. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2001 RM	2000 RM	2001 RM	2000 RM
Trade receivables	94,562,277	95,135,876	37,778,140	37,291,688
Allowance for doubtful debts	(9,736,344)	(6,930,672)	(2,000,000)	(2,000,000)
	84,825,933	88,205,204	35,778,140	35,291,688
Amount owing by subsidiary companies	-	-	73,727,533	31,136,708
Other receivables, deposits and prepayments	20,551,493	14,094,367	12,986,889	8,183,003
	105,377,426	102,299,571	122,492,562	74,611,399

- The amount owing by subsidiary companies is unsecured, interest free and has no fixed terms of repayment.
- Included under trade receivables of the Group as at 31st December, 2001 is an amount owing by an associated company, Fongcheng Enterprises Sdn Bhd of RM2,541,711 (2000 : RM1,732,595).
- Other receivables, deposits and prepayments of the Group and Company are stated net of allowance for doubtful debts of RM2,261,804 and RM106,417 (2000 : RM2,114,880 and Nil) respectively.

Notes To The Financial Statements as at 31st December, 2001 (cont'd)

20. DEPOSITS, CASH AND BANK BALANCES

	GROUP		COMPANY	
	2001 RM	2000 RM	2001 RM	2000 RM
Deposits with licensed banks	25,063,463	38,717,197	20,268,731	27,614,468
Cash and bank balances	20,815,383	13,004,716	3,610,404	1,941,241
	45,878,846	51,721,913	23,879,135	29,555,709

21. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2001 RM	2000 RM	2001 RM	2000 RM
Trade payables	13,763,203	17,676,911	3,124,037	4,501,147
Amount owing to subsidiary companies	-	-	2,421,442	556,559
Other payables and accruals	16,328,128	20,340,079	3,451,249	3,814,548
Hire purchase creditors (Note 13)	69,227	207,784	-	9,585
	30,160,558	38,224,774	8,996,728	8,881,839

The amount owing to subsidiary companies is unsecured and has no fixed terms of repayment. The amount owing to subsidiary companies is interest free except for a balance of RM1,472,330 (2000 : Nil) as at 31st December, 2001 of which interest is charged at a rate of 4% per annum.

22. BANK BORROWINGS

	GROUP		COMPANY	
	2001 RM	2000 RM	2001 RM	2000 RM
Term loans (current portion)	14,538,326	34,171,601	-	-
Bills payable	85,374,000	104,917,230	57,445,000	46,517,108
Other short term loans	34,221,634	28,817,920	-	-
	134,133,960	167,906,751	57,445,000	46,517,108

The contractual terms and security arrangements of the term loans are detailed in Note 12 to the financial statements. Bills payable and other short term loans are unsecured.

Interest on bills payable is calculated at rates ranging between 2.95% to 3.5% (2000 : 3.10% to 7.80%) per annum.

22. BANK BORROWINGS (CONT'D)

The other short term loans comprising loans of VND112,024 million (2000 : VND96,570 million) and USD1,572,608 (2000 : USD925,803) relate to that of a foreign subsidiary and interests are payable at rates ranging from 2.91% to 12.1% (2000 : 6.5% to 11.2%) per annum.

23. PRIOR YEAR ADJUSTMENT

During the year, the Group changed its accounting policy with respect to the recognition of its investment of 24% effective equity interest in Fongcheng Enterprises Sdn Bhd (FCE) as an associated company notwithstanding its original intention to hold this interest as a passive investment to comply with Malaysian Accounting Standards Board Standard No. 12 - Investment in Associates.

Accordingly, the Group's investment cost of RM2,800,000 previously recorded under Investments in unquoted shares has been restated under Associated Company and accounted for under accounting policy 2 (d).

The change has the effect of increasing the Group's net profit for the year by RM59,454.

The change in accounting policy has been accounted for retrospectively and the other effects to the Group's financial statements are as follows:-

	As previously reported RM	Effects of change in policy RM	As restated RM
Group retained profit:-			
Balance as at 31.12.1999	106,415,400	(410,461)	106,004,939
Net profit for the year ended 31.12.2000	22,313,753	199,198	22,512,951
Dividend	(8,401,461)	-	(8,401,461)
Balance as at 31.12.2000	120,327,692	(211,263)	120,116,429
Minority interest as at 31.12.2000	29,616,860	(142,730)	29,474,130
Associated company as at 31.12.2000	-	2,446,007	2,446,007
Investment in unquoted shares in Malaysia as at 31.12.2000	2,867,000	(2,800,000)	67,000

Notes To The Financial Statements as at 31st December, 2001 (cont'd)

24. NOTES TO CASH FLOW STATEMENT

(a) Purchase of property, plant and equipment

Property, plant and equipment were acquired by the following means:-

	GROUP		COMPANY	
	2001 RM	2000 RM	2001 RM	2000 RM
Cash purchase	14,006,690	11,100,363	2,286,123	3,791,203
Hire purchase financing	207,680	257,000	-	-
Aggregate cost	14,214,370	11,357,363	2,286,123	3,791,203

Plant and equipment acquired by hire purchase financing are reflected as cash flows from financing activities based on the principal amount of instalments made.

(b) Purchase/Subscription of shares in subsidiary company

- (i) During the year, the Group's effective interest in Dindings Poultry Processing Sdn Bhd (DPP) has increased from 76% to 85% upon the company's acquisition of 5,200,000 ordinary shares of RM1.00 each of DPP from certain minority shareholders for a total consideration of RM1,664,000. The excess of the acquisition price over the fair value of net assets acquired amounting to RM593,739 represents goodwill and which has been written off to the Income Statement under other operating expenses.
- (ii) In 2000, the Company paid RM3,800 (USD1,000) in cash to subscribe for 100% equity interest in MFM International Ltd (MIL), a company incorporated in British Virgin Islands to undertake the Group's new investment in the Socialist Republic of Vietnam (SRV).

MIL has been granted an investment licence to establish a flour and feed milling company by the relevant authority of SRV and had incorporated a wholly owned subsidiary company, Mekong Flour Mills Ltd (MFML) with an initial capital of VND14.365 million (RM3,800) for such a purpose.

25. SIGNIFICANT RELATED PARTIES' TRANSACTIONS AND BALANCES

(a) Transactions with related companies:-

	2001 RM	2000 RM
Freight and workshop services provided by a subsidiary:-		
- to the Company	2,484,478	2,364,746
- to other subsidiaries	1,090,418	1,180,450
Hire of machinery and motor vehicles charged to subsidiaries	627,840	657,522
Interest:-		
- received from a subsidiary	228,087	193,206
- charged by a subsidiary	8,082	50,653
Rental of premises:-		
- charged to subsidiaries	278,520	231,960
- charged by a subsidiary	76,606	77,856
Supervision fee charged by a subsidiary	303,193	319,502
Sales to subsidiaries	4,029,278	3,870,411
Purchases from subsidiaries	3,058,873	2,909,067
Sales between subsidiaries	122,202,522	124,110,118

The above transactions are carried out on terms not materially different from those transacted with unrelated third parties.

(b) Transactions with an associated company, Fongcheng Enterprises Sdn Bhd are carried out in the ordinary course of business on terms not materially different from those transacted with unrelated third parties:-

	GROUP		COMPANY	
	2001 RM	2000 RM	2001 RM	2000 RM
Sales of feeds and day-old chicks	29,578,528	27,949,299	-	-

The balances due from Fongcheng Enterprises Sdn Bhd are disclosed under Note 19(b).

(c) Transaction with other related parties:-

The following transactions were entered into in the ordinary course of business and are established under negotiated terms with companies in which certain Directors, namely, Teh Liang Teik, Teh Wee Kok and Teh Wee Chye have substantial equity interest:-

Notes To The Financial Statements as at 31st December, 2001 (cont'd)

25. SIGNIFICANT RELATED PARTIES' TRANSACTIONS AND BALANCES (CONT'D)

	GROUP		COMPANY	
	2001 RM	2000 RM	2001 RM	2000 RM
Sales of goods to:-				
- Thye Nam Loong Sdn Bhd	3,135,801	898,453	1,668,797	25,100
- Shanghai Malayan Flour & Foods Co. Ltd.	-	14,272,492	-	14,272,492
	<u>3,135,801</u>	<u>15,170,945</u>	<u>1,668,797</u>	<u>14,297,592</u>
Recovery of expenses:-				
- Shanghai Malayan Flour & Foods Co. Ltd.	7,547	121,706	7,547	121,706
Brokerage fee charged to:-				
- Shanghai Malayan Flour & Foods Co. Ltd.	122,000	-	122,000	-
Interest charged to:-				
- Shanghai Malayan Flour & Foods Co. Ltd.	391,573	-	391,573	-
Services rendered/hiring of lorries to:-				
- Pembena Transport Sdn Bhd	105,548	812,679	45,548	54,413
- Indah Enterprise Sdn Bhd	63,449	335,507	45,449	49,581
	<u>168,997</u>	<u>1,148,186</u>	<u>90,997</u>	<u>103,994</u>
Freight services provided by:-				
- Pembena Transport Sdn Bhd	830,889	159,978	90,213	159,978
- Indah Enterprise Sdn Bhd	355,627	117,963	106,110	117,963
	<u>1,186,516</u>	<u>277,941</u>	<u>196,323</u>	<u>277,941</u>

- (i) Shanghai Malayan Flour & Foods Co. Ltd. is a foreign corporation registered in the People's Republic of China where the Company has a 12% equity interest.
- (ii) The balances due to or from the above related parties included in the financial statements are as follows:-

25. SIGNIFICANT RELATED PARTIES' TRANSACTIONS AND BALANCES (CONT'D)

Amount included in:-	GROUP		COMPANY	
	2001 RM	2000 RM	2001 RM	2000 RM
Receivables:-				
- Thye Nam Loong Sdn Bhd	1,351,344	279,048	753,197	-
- Pembena Transport Sdn Bhd	492,784	591,027	492,784	438,985
- Indah Enterprise Sdn Bhd	347,496	259,510	288,989	259,310
- Kitake Development Ltd.	871,407	871,407	871,407	871,407
- Kledang Poultry Sdn Bhd	-	187,230	-	187,230
- Shanghai Malayan Flour & Foods Co. Ltd. *	18,715,900	16,172,274	18,715,900	16,172,274
	21,778,931	18,360,496	21,122,277	17,929,206
Payables:-				
- Indah Enterprise Sdn Bhd	4,093	-	-	-
- Pembena Transport Sdn Bhd	3,505	-	-	-
- Thye Nam Loong Sdn Bhd	-	100,442	-	100,442
	7,598	100,442	-	100,442

* Subsequent to the end of the financial year an amount of USD4,922,891 (equivalent to RM18,715,693) was repaid by Shanghai Malayan Flour & Foods Co. Ltd.

26. SEGMENT ANALYSIS

By activity:-	Turnover RM'000	Profit/(Loss) before taxation RM'000	Assets employed RM'000
2001			
Flour	247,030	25,840	272,600
Feeds	196,637	3,060	101,415
Transport	7,894	301	4,521
Poultry integration	99,636	(3,584)	94,454
Polypropylene goods	7,017	491	16,454
	558,214	26,108	489,444
2000			
Flour	243,810	28,923	310,362
Feeds	179,570	5,682	107,117
Transport	6,962	112	4,550
Poultry integration	143,807	(1,214)	87,644
Polypropylene goods	9,790	1,008	16,530
	583,939	34,511	526,203

Notes To The Financial Statements as at 31st December, 2001 (cont'd)

26. SEGMENT ANALYSIS (CONT'D)

By geographical location:-	Turnover RM'000	Profit/(Loss) before taxation RM'000	Assets employed RM'000
2001			
Malaysia	458,107	19,821	399,863
Vietnam	100,107	6,287	89,581
	558,214	26,108	489,444
2000			
Malaysia	511,763	33,679	425,034
Vietnam	72,176	832	101,169
	583,939	34,511	526,203

27. CAPITAL AND OTHER COMMITMENTS

	GROUP		COMPANY	
	2001 RM	2000 RM	2001 RM	2000 RM
Authorised and contracted for:-				
- Investment in a foreign subsidiary (Note 27(a))	-	-	13,300,000	13,300,000
- Acquisition of property, plant and equipment for Vietnam project	1,194,000	-	-	-
- Acquisition of plant and equipment	-	3,005,000	-	-
Authorised but not contracted for:-				
- Acquisition of property, plant and equipment for Vietnam project (Note 27(b))	43,229,000	47,120,000	-	-
- Acquisition of plant and equipment	1,200,000	-	1,200,000	-
Lease commitments				
- within 1 year	1,381,000	-	-	-
- 2 to 5 years	2,925,000	-	-	-
	4,306,000	-	-	-
	49,929,000	50,125,000	14,500,000	13,300,000

27. CAPITAL AND OTHER COMMITMENTS (CONT'D)

(a) Investment in a foreign subsidiary

The Board of Vimaflour Ltd (Vimaflour) has approved a rights issue of equity of USD5 million (RM19 million), the proceeds of which will be used to strengthen the capital base of Vimaflour and retirement of principal and interest in respect of outstanding loans. Pending implementation of the rights, the company had on 26th November, 2001 obtained approval from Bank Negara Malaysia for an extension of time to 25th May, 2002 to effect the remittance of USD3.5 million, being its share of the rights issue settlement.

(b) Acquisition of property, plant and equipment for Vietnam project

This amount represents the capital costs required for the setting up of a flour mill in the Socialist Republic of Vietnam by an indirect foreign subsidiary company namely Mekong Flour Mills Ltd. The Company had obtained the Shareholders' approval at an Extraordinary General Meeting held on 8th January, 2002 to implement the investment.

28. CONTINGENT LIABILITIES

	GROUP		COMPANY	
	2001 RM	2000 RM	2001 RM	2000 RM
<u>Unsecured</u>				
Legal claim made by third party in respect of building works for a subsidiary under appeal	2,000,000	2,000,000	2,000,000	2,000,000

29. SIGNIFICANT/SUBSEQUENT EVENTS

- (i) On 2nd July, 2001, the Company obtained approval from the Ministry of International Trade and Industry to defer the proposed the special issue of 16,000,000 new ordinary shares of RM1.00 each in the Company to approved Bumiputra investors until 30th June, 2002.
- (ii) At an Extraordinary General Meeting of the Company held on 8th January, 2002, the shareholders have approved an investment for cash consideration of up to USD 29 million (equivalent to RM 110.2 million) for the establishment of a flour and feed mill in the Socialist Republic of Vietnam through a wholly owned indirect subsidiary company namely, Mekong Flour Mills Ltd.
- (iii) On 21st January, 2002, the Company obtained approval from Bank Negara Malaysia for an extension of time to 30th June, 2002 to effect remittance of USD5.0 million, being part of its equity capital investment in the Vietnam project as mentioned in Note 27(b) above.

Notes To The Financial Statements as at 31st December, 2001 (cont'd)

30.COMPARATIVE FIGURES

Certain comparative figures have been reclassified and restated to conform with the current year's presentation, as tabulated below:-

	As previously reported RM	Reclassified/ restatement RM	As restated RM
Income Statement – Group			
Items:-			
Administration expenses	24,005,994	(87,740)	23,918,254
Other operating expenses	3,189,993	87,740	3,277,733
Income Statement – Company			
Items:-			
Administration expenses	7,392,336	(87,740)	7,304,596
Other operating expenses	-	87,740	87,740
Balance Sheet – Company			
Items:-			
(a) Subsidiary companies			
Unquoted shares at cost	139,306,864	-	139,306,864
Amount owing by subsidiary companies	31,136,708	(31,136,708)	-
Amount owing to subsidiary companies	(556,559)	556,559	-
	169,887,013	(30,580,149)	139,306,864
(b) Trade and other receivables			
Trade receivables	37,291,688	-	37,291,688
Allowance for doubtful debts	(2,000,000)	-	(2,000,000)
	35,291,688	-	35,291,688
Amount owing by subsidiary companies	-	31,136,708	31,136,708
Other receivables, deposits and prepayments	8,183,003	-	8,183,003
	43,474,691	31,136,708	74,611,399

30. COMPARATIVE FIGURES (CONT'D)

	As previously reported RM	Reclassified/ restatement RM	As restated RM
(c) Trade and other payables			
Trade payables	4,501,147	-	4,501,147
Amount owing to subsidiary companies	-	556,559	556,559
Others payables and accruals	3,814,548	-	3,814,548
Hire purchase creditors	9,585	-	9,585
	8,325,280	556,559	8,881,839

The restatement of comparative figures arising from the change in accounting policy to recognise the Group's investment in Fongcheng Enterprises Sdn Bhd as an associated company is disclosed in Notes 6 and 23 to the financial statements.

Statement By Directors

In the opinion of the Directors, the financial statements set out on pages 32 to 73 are drawn up in accordance with applicable approved Accounting Standards in Malaysia 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, 2001 and of the results and cash flows of the Company and of the Group for the year ended on that date.

Signed at Kuala Lumpur this 26th day of April, 2002

On behalf of the Directors,

TEH LIANG TEIK
Director

LEE SOON LEE
Director

Statutory Declaration

I, KHOR GUAT BEE, 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 32 to 73 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 above named Khor Guat Bee at) KHOR GUAT BEE
Kuala Lumpur this 26th day of April, 2002)

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 32 to 73 of Malayan Flour Mills Berhad. 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 conducted our audit in accordance with approved Standards on Auditing in Malaysia. 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. An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. An audit also 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 are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved Accounting Standards in Malaysia so as to give a true and fair view of:-
 - (i) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company; and
 - (ii) the state of affairs of the Group and of the Company at 31st December, 2001 and of the results of the operations and cash flows of the Group and of the Company 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 financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

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
CHARTERED ACCOUNTANTS

OOI CHEE KUN
NO : 996/03/04(J/PH)
PARTNER

Kuala Lumpur
26th April, 2002

Analysis of Shareholdings as at 20th April, 2002

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

6,916 ordinary shareholders
Voting rights: One vote for one share

Size of Holdings	No. of Shareholders	% of Shareholders	No. of Issued Shares	% of Issued Capital
Less than 1,000	702	10.15	251,312	0.30
1,000 - 10,000	5,681	82.14	15,947,353	18.98
10,001 - 100,000	480	6.94	11,775,615	14.01
100,001 to less than 5% of issued shares	52	0.75	29,939,572	35.64
5% and above of issued shares	1	0.02	26,100,754	31.07
	6,916	100.00	84,014,606	100.00

Thirty (30) 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	1,591,600	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	968,000	1.15
10. Thye Heng Realty Sdn Bhd	950,000	1.13
11. Alliancegroup Nominees (Tempatan) Sdn Bhd [Pheim Asset Management Sdn Bhd for Employees Provident Fund]	866,000	1.03
12. Solid Esteem Sdn Bhd	864,000	1.03
13. M&A Nominee (Asing) Sdn Bhd [M&A Securities (HK) Ltd for Pedigree Limited]	711,000	0.85
14. Ng Swee Hong	587,000	0.70
15. Thye Nam Loong Shipping Sdn Bhd	574,800	0.68
16. HSBC Nominees (Tempatan) Sdn Bhd [Shenyin for Teh Hong Eng]	537,000	0.64
17. Suai Timber Products Sdn Bhd	531,600	0.63
18. Yeoh Kean Hua	505,000	0.60

Thirty (30) Largest Shareholders (Cont'd)	No. of Shares	Percentage Holding (%)
19. MCIS Insurance Berhad	473,000	0.56
20. Teh Li Li	440,001	0.52
21. Teh Li Choo	439,238	0.52
22. Thye Nam Loong Sdn Bhd	417,600	0.50
23. Duangmanee Liewphairatana	415,000	0.49
24. Thye Heng (How Kee) Company Sdn Bhd	402,000	0.48
25. Cartaban Nominees (Asing) Sdn Bhd [Credit Suisse Singapore for Lavarra Limited]	390,000	0.46
26. Ong Ah Yiew @ Ong Keng Wah	372,000	0.44
27. Arab-Malaysian Nominees (Tempatan) Sdn Bhd [Arab-Malaysian Trustee Bhd for HLB Penny Stock Fund]	322,000	0.38
28. Cartaban Nominees (Tempatan) Sdn Bhd [A/C for Su Ming Keat]	300,000	0.36
29. Sing Kong Hum	300,000	0.36
30. Menteri Kewangan Malaysia (Section 29-SICDA)	242,311	0.29

Substantial Shareholders

Name	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
Thye Nam Loong Holdings Sdn Bhd	26,100,754	31.07	949,200	1.13
Teh Liang Teik	2,908,800	3.46	27,624,754	32.88
Teh Wee Kok	1,591,600	1.89	27,624,754	32.88
Teh Wee Chye	6,500	0.01	29,858,483	35.54
Solid Esteem Sdn Bhd	864,000	1.03	3,500,572	4.17
Amble Volume Sdn Bhd	2,742,000	3.26	1,572,171	1.87
Wise Bright Investment Limited	-	-	4,364,572	5.20
Rise Glory Investment Limited	-	-	4,314,171	5.13

Directors' Interests in the Company and its Related Corporations

Name	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
Teh Liang Teik	2,908,800	3.46	27,624,754	32.88
Teh Wee Kok	1,591,600	1.89	27,624,754	32.88
Teh Wee Chye	6,500	0.01	29,858,483	35.54
Lee Soon Lee	6,000	0.01	-	-
Tan Sri Hamzah bin Abu Samah	-	-	-	-
Dato' Hj Shaharuddin bin Hj Haron	-	-	-	-
Khor Guat Bee	-	-	-	-

Directors, Teh Liang Teik, Teh Wee Kok and Teh Wee Chye are deemed to have interests in all the shares held by the Company in its related corporations by virtue of their substantial shareholdings in the Company.

Analysis of Warrantholdings as at 20th April, 2002

Size of Holdings	No. of Warrant Holders	% of Warrant Holders	No. of Warrants	% of Warrants
Less than 1,000	165	4.63	67,212	0.16
1,000 - 10,000	3,025	84.90	9,491,999	22.61
10,001 - 100,000	353	9.91	9,263,526	22.06
100,001 to less than 5% of warrants	18	0.50	7,794,994	18.57
5% and above of warrants	2	0.06	15,367,663	36.60
	3,563	100.00	41,985,394	100.00

Thirty (30) Largest Warrant Holders	No. of Warrants	Percentage Holding (%)
1. Thye Nam Loong Holdings Sdn Bhd	13,185,377	31.40
2. Solid Esteem Sdn Bhd	2,182,286	5.20
3. Amble Volume Sdn Bhd	2,001,085	4.77
4. Teh Liang Teik	1,454,400	3.46
5. Essence Lane Sdn Bhd	1,120,114	2.67
6. Thye Heng (How Kee) Company Sdn Bhd	588,000	1.40
7. Thye Nam Loong Shipping Sdn Bhd	287,400	0.68
8. Suai Timber Products Sdn Bhd	265,800	0.63
9. Hoi Hung Chor	249,000	0.59
10. Menteri Kewangan Malaysia (Section 29-SICDA)	221,245	0.53
11. Yap Thiam Hock	218,000	0.52
12. Thye Nam Loong Sdn Bhd	208,800	0.50
13. Choo Tek Heng	207,000	0.49
14. Employees Provident Fund Board	200,000	0.48
15. Yap Keng Hock	171,000	0.41
16. Sing Kong Hum	154,150	0.37
17. United Overseas Nominees (Tempatan) Sdn Bhd [A/C for Lim Seng Huat]	133,000	0.32
18. Chew Cheong Ber	108,000	0.26
19. Chin Chin Choo	107,000	0.25
20. Lembaga Tabung Haji	101,000	0.24
21. Mayban Nominees (Asing) Sdn Bhd [DBS Bank for Bloomswick Ltd]	100,000	0.24
22. Grace Yeoh Cheng Geok	99,000	0.24
23. Lim Poo Lee @ Lim Foo Lee	99,000	0.24
24. Hong Leong Finance Berhad [A/C for Lim Tiem Chai]	96,000	0.23

Thirty (30) Largest Warrant Holders (cont'd)	No. of Warrants	Percentage Holding (%)
25. Ng Kean Lee	93,000	0.22
26. Wong Ah Sang	89,000	0.21
27. Tan Geok Cheng	81,000	0.19
28. Teh Chak Seong	80,000	0.19
29. Wong Kian Teck	80,000	0.19
30. Ong Ah Yiew @ Ong Keng Wah	79,000	0.19

Directors' Interests in the Company

Name	Direct Interest		Indirect Interest	
	No. of Warrants	%	No. of Warrants	%
Teh Liang Teik	1,454,400	3.46	13,947,377	33.22
Teh Wee Kok	47,400	0.11	13,947,377	33.22
Teh Wee Chye	-	-	15,067,491	35.89
Lee Soon Lee	3,000	0.01	-	-
Tan Sri Hamzah bin Abu Samah	-	-	-	-
Dato' Hj Shaharuddin bin Hj Haron	-	-	-	-
Khor Guat Bee	-	-	-	-

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 31-12-01 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	Shoplot	1960	5,160,000 at 22-12-1981	2,934,000
-Freehold land with residential building Lot 449 Section 67 District of Kuala Lumpur Total: 1.00 acres	Vacant	1939	21,725,500 at 5-12-1996	1,647,000
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	14,581,000
(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	13,553,000

Description, Location & Size	Existing Use	Year Buildings Were Built	Approximate Value RM	Net Book Value At 31-12-01 RM
- Leasehold land with shophouses HSD 24168 to 24177, PT No. 19472 to 19481 (Expiring on 26-6-2089) Mukim of 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	3,169,000
- Freehold land with shophouses Grant No. 36370, Lot No. 12256 Mukim of Pulai District of Johor Bahru Johor Darul Takzim Total: 0.04 acres	Rented out on 1 to 3 year lease	1979	190,000 at 1991	171,000
- 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	19,483,000
- 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	563,000
- Freehold land with building Lot PTB 18284 Mukim of Tampoi District of Johor Bahru Johor Darul Takzim Total: 0.12 acres	Factory	1999	700,000 at 1999	694,000
- Freehold land with shophouses Lots 448 & 449 Section 4 Town of Butterworth, Penang Total: 1.62 acres	Shoplot	1960	659,000 at 1999	1,000,000

Details of Assets (cont'd)

Description, Location & Size	Existing Use	Year Buildings Were Built	Approximate Value RM	Net Book Value At 31-12-01 RM
(iii) Owned by the subsidiaries, shown at cost:-				
- Leasehold land with farm buildings Kawasan Batu Undan Mukim of Lumut Perak Darul Ridzuan (Title yet to be issued) Total: 200 acres	Breeder Farm	1989	12,630,000 at 15-2-1995	6,015,000
- 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	7,473,000
- Freehold land with house PTD 46071 Title No. 142790 Mukim of Plentong District of Johor Bahru Johor Darul Takzim Total: 0.04 acres	Own use	1991	63,000 at 1991	54,000
- 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	10,962,000
- 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	4,017,000 at 15-2-1995	3,556,000
- 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	2,676,000

Description, Location & Size	Existing Use	Year Buildings Were Built	Approximate Value RM	Net Book Value At 31-12-01 RM
-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	31,962,000
-Freehold land with farm buildings GM 168 to 171 (inclusive) Lot 8209 to 8212 (inclusive) Mukim of Sri Gading (VIII) District of Batu Pahat Johor Darul Takzim Total: 17.84 acres	Breeder Farm	1996	2,600,000 at 2000	3,076,000

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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 Forty-Second Annual General Meeting of the Company to be held on Thursday, 20th June, 2002 at 9.30 a.m. and at any adjournment thereof.

No.	Motions	For	Against
1.	To adopt reports and accounts		
2.	To sanction dividend		
3.	To re-elect Mdm Khor Guat Bee under Article 98 of the Company's Articles of Association		
4.	To re-elect Mr Teh Wee Kok under Article 111 of the Company's Articles of Association		
5.	To re-appoint the following Directors pursuant to Section 129 (6) of the Companies Act, 1965:- a) Mr. Teh Liang Teik b) Tan Sri Hamzah Bin Abu Samah c) Mr. Lee Soon Lee		
6.			
7.			
8.	To approve payment of Directors' fees totalling RM125,000		
9.	To re-appoint Auditors		
10.	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature pursuant to Paragraph 10.09 of the Kuala Lumpur Stock Exchange Listing Requirements		

Dated this _____ day of _____, 2002

Number of shares held _____

Signature of shareholder (s) _____

Witness by _____ (Signature)

Address _____

Occupation _____

Notes:-

- 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.*
- 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.*

