



L a p o r a n T a h u n a n 2 0 0 2 A n n u a l R e p o r t



MALAYAN FLOUR MILLS BERHAD
(4260-M)

C O N T E N T S

Notice Of Annual General Meeting	2-3
Notice Of Closure Of Book	4
Statement Accompanying Notice Of Annual General Meeting	5-8
Corporate Information	9-10
Directors' Profile	11-14
Statement On Corporate Governance	15-18
Audit Committee Report	19-22
Statement On Internal Control	23
Chairman's Statement	24-26
Group Financial Highlights	27
Directors' Report	29-36
Consolidated Income Statement	37
Consolidated Balance Sheet	38
Consolidated Statement Of Changes In Equity	39
Consolidated Cash Flow Statement	40-41
Income Statement	42
Balance Sheet	43
Statement Of Changes In Equity	44
Cash Flow Statement	45-46
Notes To The Financial Statements	47-86
Statement By Directors	87
Statutory Declaration	87
Report Of The Auditors To The Members	88
Analysis Of Shareholdings	89-90
Analysis Of Warrant Holdings	91-92
Details Of Assets	93-96
Form Of Proxy	

Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Forty-Third Annual General Meeting of Malayan Flour Mills Berhad will be held at the Theatre, Ground Floor, Bangunan MIDE, 195A Jalan Tun Razak, 50400 Kuala Lumpur on Wednesday, 18th June, 2003 at 9.30 a.m. for the following purposes:-

1. To receive and adopt the Audited Accounts for the year ended 31st December, 2002 and the Directors' and Auditors' Reports thereon. (Resolution 1)
2. To sanction the payment of a first and final dividend. (Resolution 2)
3. To re-elect Mr Geh Cheng Hooi who retires in accordance with Article 98 of the Company's Articles of Association and being eligible has offered himself for re-election. (Resolution 3)
4. To re-elect Dato' Hj Shaharuddin bin Hj Haron who retires in accordance with Article 111 of the Company's Articles of Association and being eligible has offered himself for re-election. (Resolution 4)
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 5)
 - (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"; (Resolution 6)
 - (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"; and (Resolution 7)
 - (d) "That pursuant to Section 129 (6) of the Companies Act, 1965, Tan Sri Datuk Arshad bin Ayub 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:- (Resolution 9)

"That the sum of RM195,069 being the Directors' fees payable for the year ended 31st December, 2002, be paid to the Directors and be divided amongst them in such manner as the Board of Directors may decide."
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:- (Resolution 11)

To consider and if thought fit, to pass with or without modifications, the following Ordinary Resolution:-

ORDINARY RESOLUTION

Proposed 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 and Fongcheng Enterprises Sdn Bhd, the nature of which is set out in Section 2 of the Circular to Shareholders dated 27th May, 2003 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

27th May, 2003

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 11 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 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 20th June, 2003 to 23rd June, 2003, both dates inclusive, for the purpose of preparing dividend warrants. If approved by members at the Forty-Third Annual General Meeting on 18th June, 2003, the first and final dividend of 10 sen tax exempt per share in respect of the financial year ended 31st December, 2002 will be paid on 1st July, 2003. The entitlement date for dividend payment is on 19th June, 2003.

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 17th June, 2003 (in respect of shares which are exempted from mandatory deposit);
- (b) Shares transferred into the Depositor's securities account before 4.00 p.m. on 19th June, 2003 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
27th May, 2003

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-Third Annual General Meeting of the Company are as follows:-

1. Teh Liang Teik
2. Lee Soon Lee
3. Tan Sri Hamzah bin Abu Samah
4. Tan Sri Datuk Arshad bin Ayub
5. Dato' Hj Shaharuddin bin Hj Haron
6. Geh Cheng Hooi

DETAILS OF ATTENDANCE OF DIRECTORS AT BOARD MEETINGS

Six (6) Board Meetings were held during the financial year ended 31st December, 2002. Details of the attendance of Directors at the Board Meetings are as follows:-

Name	Attendance
Teh Liang Teik	6 / 6
Teh Wee Chye	6 / 6
Teh Wee Kok	6 / 6
Lee Soon Lee	6 / 6
Tan Sri Hamzah bin Abu Samah	4 / 6
Dato' Hj Shaharuddin bin Hj Haron	6 / 6
Tan Sri Datuk Arshad bin Ayub (Appointed on 30th August, 2002)	2 / 2
Geh Cheng Hooi (Appointed on 11th March, 2003)	-
Khor Guat Bee (Retired on 20th June, 2002)	3 / 4

DETAILS OF PLACE, DATE AND TIME OF GENERAL MEETINGS

Place	Date	Time
Theatrette, Ground Floor, Bangunan MIDE, 195A Jalan Tun Razak, 50400 Kuala Lumpur	8th January, 2002	9.30 a.m.
Ballroom 1, Level 1, Corus hotel Kuala Lumpur, Jalan Ampang, 50450 Kuala Lumpur	20th June, 2002	9.30 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 81, 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 the 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 are disclosed in the Analysis of Shareholdings on pages 90 and 92 of the Annual Report. He has attended all the 6 Board Meetings held during 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 Lee Soon Lee

Mr Lee Soon Lee, aged 75, 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 the Chairman of the Remuneration Committee, a member of the Audit and Nomination Committees of the Company. 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 the 6 Board Meetings held during 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. Tan Sri Hamzah bin Abu Samah

Tan Sri Hamzah bin Abu Samah, aged 79, 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 was the Senior Partner of Messrs Hamzah Abu Samah & Partners and remains as the Consultant after his retirement. 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 4 out of the 6 Board Meetings held during 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. Dato' Hj Shaharuddin bin Hj Haron

Dato' Hj Shaharuddin bin Hj Haron, aged 64, a Malaysian, is an Independent Non-Executive Director of the Company. He was appointed to the Board of the Company on 23rd September, 1993 and is presently the Chairman of the Audit and Nomination Committees and a member of the Remuneration and Bumi-Issue Committees 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, Edaran Otomobil Nasional Bhd and Ajinomoto (Malaysia) Bhd. 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 all the 6 Board Meetings held during 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. Tan Sri Datuk Arshad bin Ayub

Tan Sri Datuk Arshad bin Ayub, aged 74, a Malaysian, is an Independent Non-Executive Director of the Company. He was appointed to the Board of the Company on 30th August, 2002 and is presently a member of the Remuneration and Bumi-Issue Committees of the Company. He graduated with a Diploma in Agriculture in 1954 from College of Agriculture, Serdang and pursued his Bachelor of Science degree in Economics with Statistics at the University College of Wales, Aberystwyth in the United Kingdom in 1958 and also Diploma in Business Administration (IMEDE), Lausanne, Switzerland in 1964. He has a distinguished career in the Malaysian Civil Service. Among the top posts he held were First Director, Mara Institute of Technology (1965-1975), Deputy Governor of Bank Negara Malaysia (1975-1977), Deputy Director-General in the Economic Planning Unit of the Prime Minister's Department (1977-1978) and Secretary-General in the Ministry of Primary Industries (1978), Ministry of Agriculture (1979-1981) and Ministry of Land and Regional Development (1981-1983). His current directorships in public companies include Kulim (Malaysia) Berhad, KPJ Healthcare Berhad, Sindora Berhad, Rumpun Hijau Capital Berhad, Audrey International (M) Berhad, Nationwide Express Courier Services Berhad, Tomypak Holdings Berhad, Top Glove Corporation Berhad, Pelaburan Johor Berhad, Perwira Affin Merchant Bank Berhad and Bistari Johor Berhad. He has no family relationship with any Director and/or substantial shareholder of the Company. His securities holdings in the Company are disclosed in the Analysis of Shareholdings on pages 90 and 92 of the Annual Report. He has attended all the 2 Board Meetings held during the financial year subsequent to his appointment. He has no conflict of interest with the Company and has not been charged for any offence within the past ten years.

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

6. Mr Geh Cheng Hooi

Mr Geh Cheng Hooi, aged 68, a Malaysian, is an Independent Non-Executive Director of the Company. He was appointed to the Board of the Company on 11th March, 2003 and is presently a member of the Audit Committee of the Company. After qualifying as a Chartered Accountant in the United Kingdom in 1959, he worked for Price Waterhouse, London as a qualified assistant in 1960/1961 before returning to Malaysia to join KPMG Peat Marwick ("KPMG") in 1961. He was admitted as a partner in KPMG in 1964 and retired as senior partner in 1989. Presently, he is an adviser/consultant in KPMG, a position which he was appointed since 1989. He is also a Fellow of the Institute of Chartered Accountants of England and Wales and a member of the Malaysian Institute of Certified Public Accounts ("MICPA"). His current directorships in public companies include Star Publications (Malaysia) Berhad, Lingui Developments Berhad, LPI Capital Bhd, NCB Holdings Bhd, Tan Chong Motor Holdings Bhd, Hap Seng Consolidated Berhad, Tien Wah Press Holdings Bhd, Paramount Corporation Bhd and PLUS Expressway 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 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)

Tan Sri Datuk Arshad bin Ayub

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

D.P.M.T., P.G.D.K., J.M.N.

Dato' Hj Shaharuddin bin Hj Haron

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

Geh Cheng Hooi

AUDIT COMMITTEE

Dato' Hj Shaharuddin bin Hj Haron

(Chairman and Independent Non-Executive Director)

Tan Sri Hamzah bin Abu Samah

(Independent Non-Executive Director)

Lee Soon Lee

(Non-Independent Non-Executive Director)

Geh Cheng Hooi

(Independent Non-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

Corporate Information (cont'd)

- **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
22520 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
- Dindings Grand Parent Farm Sdn Bhd (144962-W)

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 (130-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' Profiles

MR TEH LIANG TEIK

(Non-Independent
Non-Executive Director)

Mr Teh Liang Teik, aged 81, a Malaysian, was appointed to the Board of the Company on 14th May, 1976 and is presently the 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 all the 6 Board Meetings held during 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 50, a Malaysian, was appointed to the Board as an Executive Director of the Company on 19th June, 1989 and is presently the Managing Director of the Company. He is also the Chairman of the Bumi-Issue Committee and a member of the Remuneration Committee of the Company. 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 Company's entire 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 the 6 Board Meetings held during 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 54, 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 functions 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.

Directors' Profiles (cont'd)

He has attended all the 6 Board Meetings held during 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 75, a Malaysian, was appointed to the Board of the Company on 14th May, 1976 and is presently the Chairman of the Remuneration Committee, a member of the Audit and Nomination Committees of the Company. 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 the 6 Board Meetings held during 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 79, 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 [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 was the Senior Partner of Messrs Hamzah Abu Samah & Partners and remains as the Consultant after his retirement. 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 4 out of the 6 Board Meetings held during 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.

**DATO' HJ SHAHARUDDIN
BIN HJ HARON**

(Independent
Non-Executive Director)

Dato' Hj Shaharuddin bin Hj Haron, aged 64, a Malaysian, was appointed to the Board of the Company on 23rd September, 1993 and is presently the Chairman of the Audit and Nomination Committee and a member of the Remuneration and Bumi-Issue Committees 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, Edaran Otomobil Nasional Bhd and Ajinomoto (Malaysia) Bhd. He has no family relationship with any Director and/or substantial shareholder of the Company.

He has attended all the 6 Board Meetings held during 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 DATUK ARSHAD
BIN AYUB**

(Independent
Non-Executive Director)

Tan Sri Datuk Arshad bin Ayub, aged 74, a Malaysian, and is presently a member of the Remuneration and Bumi-Issue Committees of the Company. He was appointed to the Board of the Company on 30th August, 2002. He graduated with a Diploma in Agriculture in 1954 from College of Agriculture, Serdang and pursued his Bachelor of Science degree in Economics with Statistics at the University College of Wales, Aberystwyth in the United Kingdom in 1958 and also Diploma in Business Administration (IMEDE), Lausanne, Switzerland in 1964. He has a distinguished career in the Malaysian Civil Service. Among the top posts he held were First Director, Mara Institute of Technology (1965-1975), Deputy Governor of Bank Negara Malaysia (1975-1977), Deputy Director-General in the Economic Planning Unit of the Prime Minister's Department (1977-1978) and Secretary-General in the Ministry of Primary Industries (1978), Ministry of Agriculture (1979-1981) and Ministry of Land and Regional Development (1981-1983). His current directorships in public companies include Kulim (Malaysia) Berhad, KPJ Healthcare Berhad, Sindora Berhad, Rumpun Hijau Capital Berhad, Audrey International (M) Berhad, Nationwide Express Courier Services Berhad, Tomypak Holdings Berhad, Top Glove Corporation Berhad, Pelaburan Johor Berhad, Perwira Affin Merchant Bank Berhad and Bistari Johor Berhad. He has no family relationship with any Director and/or substantial shareholder of the Company.

Directors' Profiles (cont'd)

He has attended all the 2 Board Meetings held during the financial year subsequent to his appointment. He has no conflict of interest with the Company and has not been charged for any offence within the past ten years.

GEH CHENG HOOI

(Independent
Non-Executive Director)

Mr Geh Cheng Hooi, aged 68, a Malaysian, was appointed to the Board of the Company on 11th March, 2003 and is presently a member of the Audit Committee of the Company. After qualifying as a Chartered Accountant in the United Kingdom in 1959, he worked for Price Waterhouse, London as a qualified assistant in 1960/1961 before returning to Malaysia to join KPMG Peat Marwick ("KPMG") in 1961. He was admitted as a partner in KPMG in 1964 and retired as senior partner in 1989. Presently, he is an adviser/consultant in KPMG, a position which he was appointed since 1989. He is also a Fellow of the Institute of Chartered Accountants of England and Wales and a member of the Malaysian Institute of Certified Public Accounts ("MICPA"). His current directorships in public companies include Star Publications (Malaysia) Berhad, Lingui Developments Berhad, LPI Capital Bhd, NCB Holdings Bhd, Tan Chong Motor Holdings Bhd, Hap Seng Consolidated Berhad, Tien Wah Press Holdings Bhd, Paramount Corporation Bhd and PLUS Expressway Berhad. He has no family relationship with any Director and/or substantial shareholder of the Company.

He has no conflict of interest with the Company and has not been charged for any offence within the past ten years.

Statement On Corporate Governance

Pursuant to Paragraph 15.26 of the Listing Requirements of the Kuala Lumpur Stock Exchange

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 during the financial year.

BOARD OF DIRECTORS

There are currently eight (8) Directors on the Board comprising of two (2) Executive Directors and six (6) Non-Executive Directors; of whom four (4) 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 six (6) times during the year ended 31st December, 2002. 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

The Nomination Committee consists of one (1) Non-Independent Non-Executive Director and two (2) Independent Non-Executive Directors as follows:

Dato' Hj Shaharuddin bin Hj Haron (Chairman)	(Independent Non-Executive Director)
Mr Lee Soon Lee	(Non-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.

Statement on Corporate Governance (cont'd)

RE-ELECTION OF DIRECTORS

In accordance with the Company's Articles of Association, all Directors are subject to election by the shareholders at the next Annual General Meeting subsequent to their appointment.

The Article provides that at least one third or the nearest to one-third of the remaining Directors are subject to re-election by rotation at each Annual General Meeting. 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

The Remuneration Committee comprises of one (1) Non-Independent Non-Executive Director, three (3) Independent Non-Executive Directors and one (1) Non-Independent Executive Director as follows:

Mr Lee Soon Lee (Chairman)	(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)
Tan Sri Datuk Arshad bin Ayub	(Independent Non-Executive Director)
Mr Teh Wee Chye	(Non-Independent Executive Director)

The primary function of the Remuneration Committee is to develop and recommend the remuneration policy on Executives and Directors to the Board. The Committee also reviews and recommends for the Board's approval the Directors' fees/attendance fees. In addition, the Company reimburses reasonable expenses incurred by the Directors in the course of discharging their duties.

Executive Director will abstain from deliberations and voting decisions in respect of his remuneration. Non-Executive Directors' remuneration will be a matter to be decided by the Board as a whole with the Director concerned abstaining from deliberations and voting decisions in respect of his individual remuneration. The 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 follows:

(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)
3 Executive Directors	62	702	40	14	50
5 Non-Executive Directors	133	658	90	19	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	-	3
RM50,001 to RM100,000	1	1
RM150,001 to RM200,000	-	-
RM200,001 to RM250,000	1	-
RM400,001 to RM450,000	1	-
RM600,001 to RM650,000	1	-

BUMI-ISSUE COMMITTEE

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

Mr Teh Wee Chye (Chairman)	(Non-Independent Executive Director)
Tan Sri Datuk Arshad bin Ayub	(Independent Non-Executive Director)
Dato' Hj Shaharuddin bin Hj Haron	(Independent Non-Executive Director)

The Committee is to review and recommend plans for the implementation of the Proposed Special Issue of 16,000,000 ordinary shares to Approved Bumiputra Investors, to comply with the condition imposed by the Ministry of International Trade and Industry on the approval of the Rights Issue and Bond cum Warrants Issue in 1995.

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 balanced and objective 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.

Statement on Corporate Governance (cont'd)

INTERNAL CONTROL

The Directors acknowledge that they are responsible for maintaining a sound system of internal control which covers not only financial controls but also operational, compliance and risk management. The system of internal control provides reasonable but not absolute assurance against material misstatements, losses and fraud. The Statement on Internal Control can be found on page 23 of the Annual Report.

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 both the Internal and External Auditors 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 19 to 22 of the Annual Report.

RELATIONSHIP WITH SHAREHOLDERS AND INVESTORS

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

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.

Timely announcements are made through the Kuala Lumpur Stock Exchange on material information, financial results, corporate proposals and other announcements.

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, 2002, the Directors have:-

- Used 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 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.

Audit Committee Report

Pursuant to Paragraph 15.16 of the Listing Requirements of the Kuala Lumpur Stock Exchange

The Board of Malayan Flour Mills Berhad is pleased to present the Audit Committee Report for the year ended 31st December, 2002.

MEMBERS

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

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

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

Geh Cheng Hooi
(Independent Non-Executive Director)

MEETINGS OF THE AUDIT COMMITTEE

During the year, the Audit Committee met five (5) times and the details of the attendance of each member of the Audit Committee are as follows:

Name	Attendance
Dato' Hj Shaharuddin bin Hj Haron	5 of 5 meetings
Tan Sri Hamzah bin Abu Samah	5 of 5 meetings
Lee Soon Lee (Appointed on 22nd October, 2002)	1 of 1 meetings
Khor Guat Bee (Retired on 20th June, 2002)	3 of 3 meetings
Geh Cheng Hooi (Appointed on 11th March, 2003)	-

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

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

Audit Committee Report (cont'd)

TERMS OF REFERENCE

1. 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.

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 require to make up the minimum number of three members.

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

2. 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. Authority

The Committee shall have the authority to investigate matters within its authority and request for any relevant information from any employee. All employees are directed to co-operate and response to 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. 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 submitted to the Management and to ensure follow up actions by 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.

Audit Committee Report (cont'd)

- 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 the 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, 2002 was as follows:

- a) Reviewed the quarterly financial statements, interim financial announcements and year end financial statements of the Group and press 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.

Statement on Internal Control

Pursuant to Paragraph 15.27(b) of the Listing Requirements of the Kuala Lumpur Stock Exchange

The Board of Malayan Flour Mills Berhad is pleased to include the Statement on Internal Control in accordance with paragraph 15.27(b) of Kuala Lumpur Stock Exchange (KLSE) Listing Requirements and as guided by the KLSE's Statement on Internal Control Guidance for Directors of Public Listed Companies.

The Board of Directors recognises the importance of maintaining a sound system of internal control over all financial, operational and compliance controls to safeguard shareholders' investment and the Group's assets. The Board acknowledges its responsibility for the Group's system of internal control, risk management, and for reviewing the adequacy and integrity of those systems. The internal control systems are designed to manage rather than to eliminate the risk of failure and can only provide reasonable, and not absolute, assurance against material misstatement or loss. The Group has in place ongoing process to review the effectiveness, adequacy and integrity of the system of internal control.

RISK MANAGEMENT

The Board initiated a formal approach to risk management in the year 2001 by engaging an external risk management consultant to set up the risk management process and to initiate risk assessment procedures. The Board is committed to further develop the risk management process in line with the guidelines issued by the relevant authorities.

OTHER KEY ELEMENTS OF INTERNAL CONTROL

- The Board meets regularly to monitor and review the overall performance of the Group, to consider the findings and recommendations of committees and senior management and to consider and approve measures to be taken and changes in policies and procedures necessary to address risks and to enhance the system of internal control.
- An independent internal audit department was set up in July 2001 and reports directly to the Audit Committee. Internal audit plans are reviewed and approved by the Audit Committee and the plans are to monitor compliance with and adequacy of the Group's system of internal control and to provide assurance on the effectiveness of the Group's system of internal control including policies and procedures. Follow-up reviews on the previous audit reports were carried out to ensure that appropriate actions have been implemented to address control weaknesses highlighted.
- The Group has in place an organisation structure with proper segregation of duties and reporting procedures and authorisation limits and all heads of business units and departments are accountable for ensuring the effective implementation of established policies and procedures.
- The Group has in place a management reporting mechanism whereby financial information is generated and reviewed by management and the Board on a timely basis. Performance and results are monitored on a monthly basis against the results of corresponding period of prior year, with major variances explained and appropriate action taken or plans put in place.
- The Group Managing Director meets with the senior management regularly to review and resolve key operational, financial, personnel and other key management issues, including issues of risks and internal controls. Significant issues are highlighted and discussed at Board meetings.
- The Credit Committee meets regularly to conduct credit reviews, monitor receivables, progress of legal cases and formulates credit procedures and policies.
- The training and development programs are established to enhance and improve employee competencies and proficiencies. This is implemented through a combination of on-the-job training and classroom training courses.

The Board and Management are committed towards operating a sound system of internal control and the internal control systems will continue to be reviewed, added or updated in line with the changes in the operating environment.

Statement made in accordance with the resolution of the Directors dated 28th February, 2003.

Chairman's Statement



On behalf of the
Board of Directors,
I am pleased to present
our Company's
Annual Report
and Accounts
for the year ended
31st December, 2002

TEH LIANG TEIK
Chairman

REVIEW OF RESULTS AND CORPORATE DEVELOPMENTS

For the year under review, the business and operating environments were difficult arising from a slower than expected recovery in domestic economy. The increase in the raw material prices especially wheat from the traditional producing Countries together with the increase in the price of crude oil had impacted negatively on the performance of the Company and the Group.

The Company registered a turnover of RM163.7 million for the year under review, an increase of 8.45% as compared with the previous year. The Group recorded an increase in turnover to RM565.2 million, up by 1.26% from RM558.2 million in the previous year. The Company recorded a decrease in profit before taxation of RM14.9 million against RM20.2 million, a decrease of RM5.3 million as compared with the previous year. The Group's profit before taxation decreased by RM7.4 million from RM26.1 million to RM18.7 million for the year under review.

Due to the continued depressed stock market condition resulting in the share price of the Company trading at an average of 50% 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, 2003 and an announcement to this effect had been made to the Kuala Lumpur Stock Exchange. The Board will review the situation in the light of the current prevailing market conditions.

On 8th January, 2002, the Company had obtained your approval 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 construction of the plant is now completed and the Company has conducted successful trial production run and commenced commercial production and sales in early April, 2003.

The Company's overseas subsidiary in North Vietnam, Vimaflour Ltd has performed excellently with the plant running at full capacity. During the year under review, Vimaflour Ltd had prepaid its long term loans to IFC (International Finance Cooperation), the resultant savings in interest cost had impacted positively on the results. With this prepayment, the Company presently does not have any long term loan obligations other than trade financing contracted in the ordinary course of business. The Company is now in a position and has proposed a maiden dividend of USD500,000 for the financial year ended 31st December, 2002.

During the year, a rationalisation exercise has been undertaken by the subsidiary companies engaged in the poultry integration activities. It is projected that the positive impact arising from this exercise will be reflected on the results of the Group for the financial year ending 31st December, 2003. This will further enhance the net tangible assets value of the Group.

SUBSIDIARIES

For the current year under review, all the subsidiaries in the Group made positive contribution to the Group's profitability, except for those engaged in the feedmilling and poultry integration activities. In terms of profit contribution to the Group's profitability, flourmilling activity has continued to be the main contributor. During the year, the overseas subsidiary, Vimaflour Ltd has increased its profit contribution by 64.1% over the previous year.

The poultry integration activity although contributed 16.6% in turnover but nevertheless made a negative contribution of 59.6% to the Group's profitability. The transport activity contributed 1.3% in turnover and 0.6% in Group's pretax profit. The polypropylene activity contributed 1.3% and 0.7% 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 19.2% and 55.3% in both the Group's turnover and pretax profit respectively. The Board has approved a plan for the expansion of the production capacity which is expected to be implemented in the current financial year ending 31st December, 2003.

Chairman's Statement (cont'd)

PROSPECTS

In view of the uncertainty facing the World economy as well as the Malaysian economy, the Board of Directors expects Year 2003 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 commodity prices on imported raw materials. 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, 2003 may be maintained if not improved through a continuous process of cost efficiency measures, prudent credit control policy and rationalisation of the Group's operations so as to achieve greater operational efficiency.

DIVIDENDS

The Board has recommended a first and final dividend of 10 sen tax exempt per Ordinary Share payable on 1st July, 2003 to Shareholders appearing on the Register of Members as at 5.00p.m. on 19th June, 2003 subject to the approval of Shareholders at the forthcoming Annual General Meeting.

RETIREMENT

During the year, I have relinquished my post of Managing Director but remain as a Non-Executive Chairman for the Group. I am very happy to note that, on my recommendations, the Board has appointed Mr. Teh Wee Chye as the Managing Director to succeed me. I trust that fellow Board Members and staff shall continue to give guidance and support to him as you have given to me in the past.

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
27th May, 2003

Group Financial Highlights

Year ended 31st December	1998 RM'000	1999 RM'000	2000 RM'000	2001 RM'000	2002 RM'000
Turnover	562,020	588,397	583,939	558,215	565,228
Operating profit before tax	9,941	62,574	35,477	27,456	21,842
Share of profit/(loss) of an associated company	-	-	-	152	(647)
Exceptional items	1,779	(4,049)	(1,500)	(1,500)	(2,531)
Profit before taxation	11,720	58,525	33,977	26,108	18,664
Taxation	(8,719)	764	(9,893)	(11,080)	(7,365)
Profit after taxation	3,001	59,289	24,084	15,028	11,299
Minority interests	3,389	(5,742)	(1,770)	(290)	(1,286)
Profit attributable to shareholders	6,390	53,547	22,314	14,738	10,013
Issued Share Capital (RM'000)	84,015	84,015	84,015	84,015	84,015
Shareholders' Fund (RM'000)	225,331	261,867	275,124	289,067	289,653
Net tangible assets per share (sen)	253	312	327	344	345
Earnings per share (sen)	7.61	63.74	26.56	17.54	11.92
Gross dividends (%) - tax exempt	3	10	10	10	10



FINANCIAL STATEMENTS

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, 2002 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.

RESULTS

	GROUP RM	COMPANY RM
Profit after taxation	11,298,836	8,257,547
Minority interests	(1,286,322)	-
Net profit for the year	<u>10,012,514</u>	<u>8,257,547</u>

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, 2001, as proposed in the Directors' Report for that year, a first and final dividend of :-

10 sen per ordinary share, tax exempt, paid on 5th July, 2002	<u>RM8,401,461</u>
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- (b) The directors recommend a first and final tax exempt dividend in respect of the current year ended 31st December, 2002 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, 2003.

Directors' Report (cont'd)

DIRECTORS

The Directors in office since the date of the last Directors' Report on 26th April, 2002 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
Tan Sri Datuk Arshad bin Ayub (Appointed on 30th August, 2002)
Geh Cheng Hooi (Appointed on 11th March, 2003)
Khor Guat Bee (Retired on 20th June, 2002)

Pursuant to Section 129(6) of the Companies Act, 1965, Teh Liang Teik, Lee Soon Lee, Tan Sri Hamzah bin Abu Samah and Tan Sri Datuk Arshad bin Ayub 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, Geh Cheng Hooi retires from the board at the forthcoming Annual General Meeting and, being eligible, offers himself for re-election.

In accordance with Article 111 of the Company's Articles of Association, Dato' Hj Shaharuddin bin Hj Haron retires from the board at the forthcoming Annual General Meeting and, being eligible, offers himself for re-election.

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

Shareholdings in the Company

Directors	Registered in the name of	Number of ordinary shares of RM1.00 each			
		Balance at 1.1.2002	Acquired	Disposed	Balance at 31.12.2002
Teh Liang Teik	Teh Liang Teik	2,908,800	-	-	2,908,800
Teh Wee Kok	Teh Wee Kok	1,589,600	2,000	-	1,591,600
Lee Soon Lee	Lee Soon Lee	6,000	-	-	6,000
Teh Wee Chye	Teh Wee Chye	6,500	-	-	6,500
Tan Sri Datuk Arshad bin Ayub	Tan Sri Datuk Arshad bin Ayub	91,685	-	61,400	30,285

DIRECTORS (CONT'D)

Directors	Registered in the name of	Number of ordinary shares of RM1.00 each			
		Balance at 1.1.2002	Acquired	Disposed	Balance at 31.12.2002
Teh Liang Teik, Teh Wee Kok & Teh Wee Chye	Thye Nam Loong Holdings Sdn Bhd	26,100,754	-	-	26,100,754
Teh Liang Teik, Teh Wee Kok & Teh Wee Chye	Thye Nam Loong Sdn Bhd	417,600	-	-	417,600
Teh Liang Teik, Teh Wee Kok & Teh Wee Chye	Thye Nam Loong Shipping Sdn Bhd	574,800	-	-	574,800
Teh Liang Teik, Teh Wee Kok & Teh Wee Chye	Suai Timber Products Sdn Bhd	531,600	-	-	531,600
Teh Wee Chye	Essence Lane Sdn Bhd	2,233,729	-	-	2,233,729
Tan Sri Datuk Arshad bin Ayub	Zalaraz Sdn Bhd	54,000	-	-	54,000
Tan Sri Datuk Arshad bin Ayub	Malaysia Nominees (Tempatan) Sdn Bhd	133,600	61,400	-	195,000

Interest in warrants of the Company

Directors	Registered in the name of	Number of warrants of the Company			
		Balance at 1.1.2002	Acquired	Disposed	Balance at 31.12.2002
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
Tan Sri Datuk Arshad bin Ayub	Tan Sri Datuk Arshad bin Ayub	5,000	-	-	5,000

Directors' Report (cont'd)

DIRECTORS (CONT'D)

Interest in warrants of the Company

Directors	Registered in the name of	Number of warrants of the Company			
		Balance at 1.1.2002	Acquired	Disposed	Balance at 31.12.2002
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
Tan Sri Datuk Arshad bin Ayub	Zalaraz Sdn Bhd	12,000	-	-	12,000

Shareholdings in subsidiary company, Dindings Soya & Multifeeds Sdn Berhad

Directors	Registered in the name of	Number of ordinary shares of RM1.00 each			
		Balance at 1.1.2002	Acquired	Disposed	Balance at 31.12.2002
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

DIRECTORS (CONT'D)

Shareholdings in subsidiary company, Dindings Poultry Processing Sdn Bhd

Directors	Registered in the name of	Number of ordinary shares of RM1.00 each			
		Balance at 1.1.2002	Acquired	Disposed	Balance at 31.12.2002
Teh Liang Teik, Teh Wee Kok & Teh Wee Chye	Malayan Flour Mills Berhad	38,303,000	-	-	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 1.1.2002	Acquired	Disposed	Balance at 31.12.2002
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 1.1.2002	Acquired	Disposed	Balance at 31.12.2002
Teh Liang Teik, Teh Wee Kok & Teh Wee Chye	Malayan Flour Mills Berhad	1,000	-	-	1,000

Directors' Report (cont'd)

DIRECTORS (CONT'D)

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 1.1.2002 VND'000	Acquired VND'000	Disposed VND'000	Balance at 31.12.2002 VND'000
Teh Liang Teik, Teh Wee Kok & Teh Wee Chye	MFM International Ltd (wholly owned by Malayan Flour Mills Berhad)	26,538,904	195,034,873	-	221,573,777

Interests in subsidiary company, Vimaflour Ltd (incorporated in Vietnam)

Directors	Registered in the name of	Interests in capital denominated in Vietnamese Dong (VND)			
		Balance at 1.1.2002 VND'000	Acquired VND'000	Disposed VND'000	Balance at 31.12.2002 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 24 to the financial statements.

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 items as stated in Note 4 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.

Directors' Report (cont'd)

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
10th April, 2003

Consolidated Income Statement for the year ended 31st December, 2002

	NOTE	2002 RM	2001 RM
REVENUE	3(n)		
Sales of goods		558,089,507	550,320,971
Services		7,138,506	7,893,797
		<u>565,228,013</u>	<u>558,214,768</u>
COST OF SALES			
Cost of inventories sold		(484,886,334)	(466,793,881)
Cost of services		(6,983,029)	(7,387,921)
		<u>(491,869,363)</u>	<u>(474,181,802)</u>
GROSS PROFIT		73,358,650	84,032,966
OTHER OPERATING INCOME		5,463,062	6,542,605
SELLING & DISTRIBUTION EXPENSES		(31,988,182)	(32,577,377)
ADMINISTRATION EXPENSES		(20,921,376)	(24,859,838)
OTHER OPERATING EXPENSES		<u>(6,010,159)</u>	<u>(4,286,013)</u>
OPERATING PROFIT		19,901,995	28,852,343
FINANCE COSTS		(591,051)	(2,896,064)
SHARE OF RESULTS OF AN ASSOCIATED COMPANY		<u>(646,979)</u>	<u>151,622</u>
PROFIT BEFORE TAXATION	4	18,663,965	26,107,901
TAXATION	6	<u>(7,365,129)</u>	<u>(11,079,777)</u>
PROFIT AFTER TAXATION		11,298,836	15,028,124
MINORITY INTERESTS		<u>(1,286,322)</u>	<u>(289,747)</u>
NET PROFIT FOR THE YEAR		<u>10,012,514</u>	<u>14,738,377</u>
EARNINGS PER SHARE (SEN) - BASIC	7	<u>11.92</u>	<u>17.54</u>
DIVIDEND PER SHARE (TAX EXEMPT)	8	<u>10 sen</u>	<u>10 sen</u>

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

Consolidated Balance Sheet as at 31st December, 2002

	NOTE	2002 RM	2001 RM
SHARE CAPITAL	9	84,014,606	84,014,606
RESERVES	10	205,638,209	205,051,926
TOTAL CAPITAL AND RESERVES		289,652,815	289,066,532
MINORITY INTERESTS		27,606,840	27,458,224
LONG TERM AND DEFERRED LIABILITIES			
Deferred taxation	11	1,957,000	1,965,000
Retirement benefits	12	228,869	237,208
Hire purchase creditors	13	28,845	98,071
		319,474,369	318,825,035
Represented by :-			
PROPERTY, PLANT AND EQUIPMENT	14	239,004,832	216,108,482
ASSOCIATED COMPANY	16	1,898,650	2,545,629
INVESTMENTS	17	5,157,442	5,159,671
CURRENT ASSETS			
Inventories	18	164,900,467	114,374,128
Trade and other receivables	19	104,652,420	104,511,816
Tax recoverable		1,950,734	865,610
Deposits, cash and bank balances	20	31,913,778	45,878,846
		303,417,399	265,630,400
CURRENT LIABILITIES			
Trade and other payables	21	35,900,112	30,160,558
Bank borrowings	22	190,545,978	134,133,960
Taxation		3,557,864	6,324,629
		230,003,954	170,619,147
NET CURRENT ASSETS		73,413,445	95,011,253
		319,474,369	318,825,035

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, 2002*

	Note	Share capital RM	Share premium RM	Capital reserves RM	Exchange translation differences RM	Retained profit RM	Total RM
Balance at 31st December, 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 31st December, 2001		84,014,606	41,686,650	26,369,308	2,141,162	134,854,806	289,066,532
Currency translation loss not recognised in the income statement		-	-	-	(1,024,770)	-	(1,024,770)
Net profit for the year		-	-	-	-	10,012,514	10,012,514
Dividend paid for the year ended 31st December, 2001	8	-	-	-	-	(8,401,461)	(8,401,461)
Balance at 31st December, 2002		84,014,606	41,686,650	26,369,308	1,116,392	136,465,859	289,652,815

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, 2002

	2002 RM	2001 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	18,663,965	26,107,901
Adjustments for :-		
Share of associated company's results	646,979	(151,622)
Provision for retirement benefits	24,000	39,500
Depreciation	19,755,763	19,562,464
Interest expenses	5,842,158	5,322,476
Gain on disposal of property, plant and equipment	(117,018)	(193,892)
Property, plant and equipment written off	22,968	21,941
Allowance for impairment of property, plant and equipment	2,531,104	1,500,000
Allowance for doubtful debts	1,615,174	2,952,596
Allowance for diminution in value of quoted investment	2,229	8,560
Bad debts written off	54,981	1,199,060
Unrealised loss on foreign currency exchange	169,288	1,773,418
Interest income	(776,651)	(2,147,160)
Inventories written off	80,744	-
Additional compensation from compulsory acquisition of freehold land in 1997	-	(670,280)
Goodwill written off	-	593,739
Operating profit before working capital changes	48,515,684	55,918,701
Increase in trade and other receivables	(2,905,051)	(3,472,380)
(Increase)/Decrease in inventories	(51,009,143)	19,807,351
Increase/(Decrease) in trade and other payables	5,955,501	(6,875,779)
Cash generated from operations	556,991	65,377,893
Taxation paid	(11,225,018)	(9,803,080)
Interest received	1,168,224	1,755,587
Interest paid	(5,842,158)	(5,322,476)
Retirement benefits paid	(32,339)	(11,253)
Net cash (used in)/from operating activities	(15,374,300)	51,996,671

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, 2002 (cont'd)

	2002 RM	2001 RM
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	280,015	208,637
Purchase of property, plant and equipment (Note 23(a))	(46,481,338)	(14,006,690)
Purchase of shares in a subsidiary company	-	(1,664,000)
Additional compensation from compulsory acquisition of freehold land in 1997	-	670,280
Net cash used in investing activities	(46,201,323)	(14,791,773)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of hire purchase liabilities	(69,227)	(248,166)
Term loans repaid	(14,257,171)	(20,135,400)
Dividends paid to shareholders of the Company	(8,401,461)	(8,401,461)
Dividends paid to minority shareholders of subsidiary companies	(917,917)	(917,864)
Net increase/(decrease) in other bank borrowings	68,876,340	(13,056,846)
Net cash from/(used in) financing activities	45,230,564	(42,759,737)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(16,345,059)	(5,554,839)
Cash and cash equivalents at beginning of year	45,878,846	51,721,913
Foreign currency exchange differences on opening balances	(186,533)	(288,228)
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 23(b))	29,347,254	45,878,846

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, 2002

	NOTE	2002 RM	2001 RM
REVENUE	3(n)	163,703,960	150,952,267
COST OF SALES		(129,202,295)	(118,218,861)
GROSS PROFIT		34,501,665	32,733,406
OTHER OPERATING INCOME		4,786,110	5,569,090
SELLING AND DISTRIBUTION EXPENSES		(9,280,558)	(8,931,858)
ADMINISTRATION EXPENSES		(8,188,639)	(7,950,997)
OTHER OPERATING EXPENSES		(6,704,734)	(1,164,931)
OPERATING PROFIT		15,113,844	20,254,710
FINANCE COSTS		(211,355)	(22,841)
PROFIT BEFORE TAXATION	4	14,902,489	20,231,869
TAXATION	6	(6,644,942)	(6,292,000)
NET PROFIT FOR THE YEAR		8,257,547	13,939,869
EARNINGS PER SHARE (SEN) - BASIC	7	9.83	16.59
DIVIDEND PER SHARE (TAX EXEMPT)	8	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, 2002

	NOTE	2002 RM	2001 RM
SHARE CAPITAL	9	84,014,606	84,014,606
RESERVES	10	237,864,355	238,008,269
TOTAL CAPITAL AND RESERVES		321,878,961	322,022,875
DEFERRED TAXATION	11	1,750,000	1,542,000
		323,628,961	323,564,875
Represented by :-			
PROPERTY, PLANT AND EQUIPMENT	14	72,100,792	72,884,360
SUBSIDIARY COMPANIES	15	134,270,864	140,970,864
INVESTMENTS	17	5,150,442	5,152,671
CURRENT ASSETS			
Inventories	18	57,313,482	26,032,834
Trade and other receivables	19	137,907,072	122,492,562
Deposits, cash and bank balances	20	3,056,874	23,879,135
		198,277,428	172,404,531
CURRENT LIABILITIES			
Trade and other payables	21	11,341,531	8,996,728
Bank borrowings	22	74,100,806	57,445,000
Taxation		728,228	1,405,823
		86,170,565	67,847,551
NET CURRENT ASSETS		112,106,863	104,556,980
		323,628,961	323,564,875

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, 2002

	Note	Share capital RM	Share premium RM	Capital reserves RM	Retained profit RM	Total RM
Balance at 31st December, 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 31st December, 2001		84,014,606	41,686,650	26,369,308	169,952,311	322,022,875
Net profit for the year		-	-	-	8,257,547	8,257,547
Dividend paid for the year ended 31st December, 2001	8	-	-	-	(8,401,461)	(8,401,461)
Balance at 31st December, 2002		84,014,606	41,686,650	26,369,308	169,808,397	321,878,961

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, 2002

	2002 RM	2001 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	14,902,489	20,231,869
Adjustments for :-		
Depreciation	5,529,530	5,313,568
Interest expenses	1,951,761	1,166,507
Allowance for impairment of investment in a subsidiary company	6,700,000	-
Allowance for diminution in value of quoted investment	2,229	8,560
Property, plant and equipment written off	2,505	5
Allowance for doubtful debts	502,451	106,417
Bad debts written off	54,981	-
Interest income	(587,705)	(1,689,158)
Gain on disposal of property, plant and equipment	(80,546)	(52,996)
Additional compensation from compulsory acquisition of freehold land in 1997	-	(670,280)
Dividend income	(1,362,500)	-
Operating profit before working capital changes	27,615,195	24,414,492
Increase in subsidiary companies' balances	(29,433,324)	(42,088,442)
(Increase)/Decrease in inventories	(31,280,648)	20,783,702
Decrease/(Increase) in trade and other receivables	16,027,062	(1,326,988)
Decrease in trade and other payables	(589,969)	(1,251,830)
Cash (utilised in)/generated from operations	(17,661,684)	530,934
Dividends from subsidiary companies	1,362,500	1,362,500
Interest received	979,278	1,297,585
Interest paid	(1,951,761)	(1,166,507)
Taxation paid	(7,114,537)	(6,991,089)
Net cash used in operating activities	(24,386,204)	(4,966,577)

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, 2002 (cont'd)

	2002 RM	2001 RM
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	81,130	53,000
Purchase of property, plant and equipment (Note 23(a))	(4,771,532)	(2,286,123)
Purchase of shares in a subsidiary company	-	(1,664,000)
Additional compensation from compulsory acquisition of freehold land in 1997	-	670,280
Net cash used in investing activities	(4,690,402)	(3,226,843)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of hire purchase liabilities	-	(9,585)
Dividends paid to shareholders of the Company	(8,401,461)	(8,401,461)
Net increase in other bank borrowings	15,302,066	10,927,892
Net cash from financing activities	6,900,605	2,516,846
NET DECREASE IN CASH AND CASH EQUIVALENTS	(22,176,001)	(5,676,574)
Cash and cash equivalents at beginning of year	23,879,135	29,555,709
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 23(b))	1,703,134	23,879,135

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, 2002

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.

The financial statements were authorised for issue by the Board of Directors on 10th April, 2003.

2. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

- (a) A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

Financial assets of the Group include cash and bank balances, trade and other receivables, deposits with licensed banks and investments.

Financial liabilities of the Group include trade and other payables and bank borrowings.

The Group's accounting policies and methods adopted in respect of its financial instruments and further information thereof are disclosed in the individual accounting policy statements or notes to the financial statements associated with the financial instruments.

- (b) The Group's financial instruments are subject to a variety of financial risks including currency risk, interest rate risk, credit risk, market risk, liquidity and cash flow risks.

The Group's overall financial risk management objective is to seek to address and control the risks to which the Group is exposed and to minimise or avoid the incidence of loss that may result from its exposure to such risks and to enhance returns where appropriate.

The Board is primarily responsible for the management of these risks and to formulate policies and procedures for the management thereof. The risks are managed by regular risk reviews, internal control systems, on-going formulation and adherence to finance risk policies and mitigated by insurance coverage where appropriate.

(i) Foreign Currency Risk

The Group is exposed to foreign currency risk mainly due to its substantial purchases of raw materials from overseas suppliers that are denominated in a currency other than Ringgit Malaysia (RM). These purchases are denominated primarily in United States Dollar (USD).

Notes To The Financial Statements as at 31st December, 2002 (cont'd)

2. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT'D)

(i) Foreign Currency Risk (cont'd)

Since 1st September, 1998, the USD is pegged by the Malaysian authorities to Ringgit Malaysia at USD1.00 to RM3.80 to provide a stable rate of exchange.

With the peg, the Group's exposure to the risk of fluctuation in RM/USD exchange rates is minimised. In view of the minimal risk, the Group does not enter into foreign currency forward contracts as a means of hedging against such risk.

(ii) Interest Rate Risk

The Group has interest rate risks in respect of its borrowings and deposits with licensed banks.

The Group's bank borrowings are subject to interest based on floating rates while hire purchase financing and interest bearing deposits are based on fixed rates.

Market interest rates movements are monitored with the view to ensuring that the most competitive rates are secured and where appropriate borrowings arrangements and interest bearing deposits are restructured or reduced.

(iii) Credit Risk

Credit risk is the risk of financial loss attributable to default on obligations by parties contracting with the Group. The Group's main exposure to credit risk is in respect of its trade receivables.

Credit risk is addressed by a Credit Committee that sets policies, carries out evaluation and institutes mitigating actions.

New customers are subject to a credit evaluation process and existing customers' risk profiles are reviewed regularly with a view to setting appropriate terms of trade and credit limits. Where appropriate, further sales are suspended and legal actions are taken to attempt recoveries and mitigate losses.

(iv) Market Risk

Market risk is the risk that the value of the financial instruments will fluctuate due to changes in market prices.

The Group has an investment in Shanghai Malayan Flour & Foods Co. Ltd., a foreign corporation registered in the People's Republic of China. This investment is held for long term and the Group monitors the performance of this corporation through Board representation.

2. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT'D)

(v) Liquidity and Cash Flow Risks

Liquidity or funding risk is the risk of the inability to meet commitments associated with financial instruments while cash flow risk is the risk of uncertainty of future cash flow amount associated with a monetary financial instrument.

Liquidity and cash flow risks are addressed by annual and continuous review and forward planning of cash flow in relation to business plans to ensure a balanced and prudent portfolio of cash and other liquid assets and credit facilities is maintained. The proper management of currency, interest rate and credit risks have the effect of further minimising the incidence and effects of liquidity and cash flow risks.

3. 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.

Notes To The Financial Statements as at 31st December, 2002 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Goodwill and Reserve on Consolidation (cont'd)

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

(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 associates are stated at cost. Where an indication of impairment exists, the carrying amount of the investment is assessed and allowance is made for impairment where appropriate based on the recoverable amount.

Investments in other non-current investments are stated at cost and an allowance for diminution in value is made where, in the opinion of the Directors, there is a decline other than temporary in the value of such investments. Such a decline is recognised as an expense in the income statement.

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

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Property, Plant and Equipment and Depreciation (cont'd)

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.

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	5 - 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.

Notes To The Financial Statements as at 31st December, 2002 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Inventories (cont'd)

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 consist 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) Receivables

Receivables are carried at anticipated realisable value. 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.

(j) Provisions

Provisions are recognised when the Group has a present legal and constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

(k) 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.

(l) Foreign Currencies

Transactions in foreign currencies are converted into Ringgit Malaysia at exchange rates ruling at the transaction dates. Foreign currency monetary assets and liabilities are translated at exchange rates prevailing at the balance sheet date. Exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Foreign Currencies (cont'd)

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

	2002 RM	2001 RM
1 Singapore Dollar (SGD)	2.19	2.06
1 United States Dollar (USD)	3.80	3.80
1000 Vietnamese Dong (VND)	0.25	0.25

(m) 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.

(n) Revenue

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

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

Interest income is recognised on an accrual basis.

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.

(o) 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.

Notes To The Financial Statements as at 31st December, 2002 (cont'd)

4. PROFIT BEFORE TAXATION

	Group		Company	
	2002	2001	2002	2001
	RM	RM	RM	RM
Profit before taxation is stated after charging :-				
Auditors' remuneration	169,508	160,553	34,000	34,000
Depreciation	19,755,763	19,562,464	5,529,530	5,313,568
Directors' emoluments	2,619,692	2,049,807	1,539,253	1,382,474
Directors' fees	241,319	178,999	195,069	125,000
Interest expenses included in :				
- finance costs	580,118	2,847,530	211,355	18,370
- cost of sales	5,251,107	2,437,034	1,740,406	1,143,666
Rental of premises	1,577,822	1,019,768	375,402	365,349
Retirement benefits	24,000	39,500	-	-
Bad debts written off	54,981	1,199,060	54,981	-
Allowance for doubtful debts	1,615,174	2,952,596	502,451	106,417
Allowance for diminution in value of quoted investment	2,229	8,560	2,229	8,560
Inventories written off	80,744	-	-	-
Project expenses written off	-	1,381,413	-	1,156,366
Property, plant and equipment written off	22,968	21,941	2,505	5
Hire purchase interest	10,933	37,912	-	4,471
Loss on foreign currency exchange :				
- realised	718,853	-	4,496	-
- unrealised	169,288	1,860,407	-	-
Goodwill written off	-	593,739	-	-
Exceptional items :-				
Allowance for impairment of :				
- property, plant and equipment	2,531,104	1,500,000	-	-
- a subsidiary company	-	-	6,700,000	-
Estimated value of benefits-in-kind of Directors	54,379	44,763	32,979	44,763
and crediting :-				
Dividends from :				
- subsidiary companies (tax exempt)	-	-	1,362,500	-
- others	250	180	-	-
Gain on disposal of property, plant and equipment	117,018	193,892	80,546	52,996
Interest income	776,651	2,147,160	587,705	1,689,158
Jetty income	853,208	1,196,877	853,208	1,196,877
Rental income	1,101,429	1,012,380	1,849,681	1,803,550
Exceptional item :				
- additional compensation from compulsory acquisition of freehold land in 1997	-	670,280	-	670,280
Gain on foreign currency exchange :				
- realised	219,144	-	-	-
- unrealised	-	86,989	-	-

5. EMPLOYEES INFORMATION

	Group		Company	
	2002	2001	2002	2001
	RM	RM	RM	RM
Staff costs	48,366,876	44,914,616	12,557,097	12,964,271

The number of employees of the Group and the Company at end of the financial year were 2,352 (2001 : 2,128) and 444 (2001 : 417) respectively.

6. TAXATION

	Group		Company	
	2002	2001	2002	2001
	RM	RM	RM	RM
Current year tax charge :				
- Malaysian income tax	(5,935,300)	(8,554,500)	(5,800,000)	(6,350,000)
- foreign tax	(860,175)	-	-	-
	(6,795,475)	(8,554,500)	(5,800,000)	(6,350,000)
Underprovision in prior years	(577,654)	(3,259,277)	(636,942)	-
	(7,373,129)	(11,813,777)	(6,436,942)	(6,350,000)
Transfer from/(to) deferred taxation	8,000	786,000	(208,000)	58,000
Share of associated company's taxation	-	(52,000)	-	-
	(7,365,129)	(11,079,777)	(6,644,942)	(6,292,000)

- (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) 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 :-

Notes To The Financial Statements as at 31st December, 2002 (cont'd)

6. TAXATION (CONT'D)

	Group		Company	
	2002	2001	2002	2001
	RM	RM	RM	RM
Unabsorbed tax losses	37,375,300	34,800,800	-	-
Unutilised capital allowances	33,531,900	43,283,800	-	-
	70,907,200	78,084,600	-	-
Estimated tax effect at 28% thereon	19,854,000	21,864,000	-	-

7. EARNINGS PER SHARE

(a) Basic

The basic earnings per share is calculated on the Group's profit after taxation and minority interest of RM10,012,514 (2001 : RM14,738,377) and the Company's profit after taxation of RM8,257,547 (2001 : RM13,939,869) and is based on the issued share capital of 84,014,606 (2001 : 84,014,606) ordinary shares.

(b) Diluted

The number of convertible warrants issued by the Company for the year ended 31st December, 2002 is 41,985,394 (2001 : 41,985,394) (see Note 9.2). 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 2002 was RM1.91 (2001 : RM1.87) per share.

As the exercise price exceeded the fair value (average transacted price) for 2001 and 2002, the assumed conversion of the warrants to ordinary shares is anti-dilutive for both the years.

8. DIVIDEND

	Group and Company	
	2002	2001
	RM	RM

First and final dividend :-

10 sen (2001 : 10 sen) per ordinary share, tax exempt	8,401,461	8,401,461
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A first and final tax exempt dividend in respect of the current year ended 31st December, 2002 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, 2003.

9. SHARE CAPITAL

	Group and Company	
	2002	2001
	RM	RM

9.1 Share capital

Authorised :-

200,000,000 ordinary shares of RM1.00 each	<u>200,000,000</u>	<u>200,000,000</u>
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Issued and fully paid :-

84,014,606 ordinary shares of RM1.00 each	<u>84,014,606</u>	<u>84,014,606</u>
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9.2 Warrants

	Group and Company	
	2002	2001
	No.	No.

At beginning and end of year	41,985,394	41,985,394
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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.

Notes To The Financial Statements as at 31st December, 2002 (cont'd)

10. RESERVES

	Group		Company	
	2002	2001	2002	2001
	RM	RM	RM	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	1,116,392	2,141,162	-	-
Retained profit	136,465,859	134,854,806	169,808,397	169,952,311
	205,638,209	205,051,926	237,864,355	238,008,269

- (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 RM68,770,000 (2001 : RM62,164,000) which, subject to agreement with the Malaysian tax authorities, is available to frank the payment of dividends out of its retained profit as at year end, in full.
- (iii) The Company has tax exempt income of approximately RM25,851,000 (2001 : RM32,818,000) which, subject to agreement with the Malaysian tax authorities and the availability of profits, is distributable by way of tax exempt dividend.

11. DEFERRED TAXATION

	Group		Company	
	2002	2001	2002	2001
	RM	RM	RM	RM
At beginning of year	1,965,000	2,751,000	1,542,000	1,600,000
Transfer (to)/from income statement	(8,000)	(786,000)	208,000	(58,000)
At end of year	1,957,000	1,965,000	1,750,000	1,542,000

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 6(c).

12. RETIREMENT BENEFITS

The movements in retirement benefits are as follows :-

	Group		Company	
	2002	2001	2002	2001
	RM	RM	RM	RM
At beginning of year	237,208	208,961	-	-
Provision for the year	24,000	39,500	-	-
Less : Payment	(32,339)	(11,253)	-	-
At the end of year	228,869	237,208	-	-

13. HIRE PURCHASE CREDITORS

	Group		Company	
	2002	2001	2002	2001
	RM	RM	RM	RM
Outstanding hire purchase instalments :-				
Within 1 year	80,160	80,160	-	-
Between 2 to 5 years	33,400	113,470	-	-
	113,560	193,630	-	-
Future finance charge on hire purchase	(15,488)	(26,332)	-	-
Outstanding hire purchase principal	98,072	167,298	-	-
Payable within 1 year (included under other payables - Note 21)	(69,227)	(69,227)	-	-
Payable between 2 to 5 years	28,845	98,071	-	-

Notes To The Financial Statements as at 31st December, 2002 (cont'd)

14.PROPERTY, PLANT AND EQUIPMENT

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

2002

Group	Cost RM	Accumulated depreciation/ Accumulated impairment losses RM	Net book value RM	Depreciation charge/ Impairment losses RM
At cost :-				
Freehold land	1,715,424	-	1,715,424	-
Leasehold land :				
- Long lease	8,033,657	1,782,038	6,251,619	199,829
- Short lease	9,106,035	2,532,863	6,573,172	303,445
Buildings	155,325,566	52,145,808	103,179,758	4,851,348
Jetty	459,288	33,682	425,606	9,186
Plant, machinery, fixtures and equipment	213,069,088	165,618,087	47,451,001	13,789,819
Motor vehicles and boat	35,125,571	25,452,460	9,673,111	2,530,054
Capital work-in-progress	41,257,154	-	41,257,154	-
At valuation :-				
Freehold land	3,574,151	-	3,574,151	-
Long leasehold land	2,063,492	595,215	1,468,277	24,888
Buildings	23,447,856	9,737,775	13,710,081	456,842
Jetty	6,072,795	2,347,317	3,725,478	121,456
	499,250,077	260,245,245	239,004,832	22,286,867

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	1,209,269	4,035,664	155,837
Buildings	46,375,453	12,527,470	33,847,983	927,055
Jetty	459,288	33,682	425,606	9,186
Plant, machinery, fixtures and equipment	63,613,436	56,181,001	7,432,435	3,081,618
Motor vehicles and boat	12,139,012	10,003,698	2,135,314	752,648
Capital work-in-progress	1,647,803	-	1,647,803	-
At valuation :-				
Freehold land	3,574,151	-	3,574,151	-
Long leasehold land	2,063,492	595,215	1,468,277	24,888
Buildings	23,447,856	9,737,775	13,710,081	456,842
Jetty	6,072,795	2,347,317	3,725,478	121,456
	164,736,219	92,635,427	72,100,792	5,529,530

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

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

2001

Group	Cost RM	Accumulated depreciation/ Accumulated impairment losses RM	Net book value RM	Depreciation charge/ Impairment losses 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	209,141,911	152,470,943	56,670,968	12,678,505
Motor vehicles and boat	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
	455,498,598	239,390,116	216,108,482	21,062,464

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 boat	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

Notes To The Financial Statements as at 31st December, 2002 (cont'd)

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

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

2002

Group	Balance at 1.1.2002 RM	Additions RM	Disposals/ Reduction RM	Transfer RM	Net exchange differences RM	Balance at 31.12.2002 RM
Cost/Valuation						
At cost :-						
Freehold land	1,715,424	-	-	-	-	1,715,424
Leasehold land :						
- Long lease	8,033,657	-	-	-	-	8,033,657
- Short lease	9,281,655	-	-	-	(175,620)	9,106,035
Buildings	154,943,261	969,034	(84,467)	65,526	(567,788)	155,325,566
Jetty	459,288	-	-	-	-	459,288
Plant, machinery, fixtures and equipment	209,141,911	4,790,643	(531,755)	190,217	(521,928)	213,069,088
Motor vehicles and boat	33,853,994	2,035,761	(615,673)	6,429	(154,940)	35,125,571
Capital work-in- progress	2,911,114	38,685,900	(26,567)	(262,172)	(51,121)	41,257,154
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
	<u>455,498,598</u>	<u>46,481,338</u>	<u>(1,258,462)</u>	<u>-</u>	<u>(1,471,397)</u>	<u>499,250,077</u>

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

Accumulated depreciation and impairment losses

	Accumulated depreciation RM	Accumulated impairment losses RM	Balance at 1.1.2002 RM	Depreciation charge for the year RM	Deletions RM	Net exchange differences RM	Impairment losses for the year RM	Accumulated depreciation RM	Accumulated impairment losses RM	Balance at 31.12.2002 RM
Assets at cost:-										
Leasehold land:										
- Long lease	1,582,209	-	1,582,209	199,829	-	-	-	1,782,038	-	1,782,038
- Short lease	2,271,592	-	2,271,592	303,445	-	(42,174)	-	2,532,863	-	2,532,863
Buildings	47,372,356	-	47,372,356	4,851,348	-	(77,896)	-	52,145,808	-	52,145,808
Jetty	24,496	-	24,496	9,186	-	-	-	33,682	-	33,682
Plant, machinery, fixtures and equipment	143,311,959	9,158,984	152,470,943	11,258,715	(408,206)	(234,469)	2,531,104	153,968,798	11,649,289	165,618,087
Motor vehicles and boat	23,591,399	-	23,591,399	2,530,054	(602,307)	(66,686)	-	25,452,460	-	25,452,460
Assets at valuation:-										
Long leasehold land	570,327	-	570,327	24,888	-	-	-	595,215	-	595,215
Buildings	9,280,933	-	9,280,933	456,842	-	-	-	9,737,775	-	9,737,775
Jetty	2,225,861	-	2,225,861	121,456	-	-	-	2,347,317	-	2,347,317
	230,231,132	9,158,984	239,390,116	19,755,763	(1,010,513)	(421,225)	2,531,104	248,595,956	11,649,289	260,245,245

2002

Company	Balance at 1.1.2002 RM	Additions RM	Disposals/ Reduction RM	Balance at 31.12.2002 RM
At cost :-				
Freehold land	98,000	-	-	98,000
Long leasehold land	5,244,933	-	-	5,244,933
Buildings	46,397,934	-	(22,481)	46,375,453
Jetty	459,288	-	-	459,288
Plant, machinery, fixtures and equipment	61,689,515	2,132,828	(208,907)	63,613,436
Motor vehicles and boat	11,449,936	990,901	(301,825)	12,139,012
Capital work-in-progress	-	1,647,803	-	1,647,803
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
	160,497,900	4,771,532	(533,213)	164,736,219

Notes To The Financial Statements as at 31st December, 2002 (cont'd)

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

	Balance at 1.1.2002 RM	Charge for the year RM	Deletions RM	Balance at 31.12.2002 RM
Accumulated depreciation				
Assets at cost :-				
Long leasehold land	1,053,432	155,837	-	1,209,269
Buildings	11,600,415	927,055	-	12,527,470
Jetty	24,496	9,186	-	33,682
Plant, machinery, fixtures and equipment	53,305,208	3,081,618	(205,825)	56,181,001
Motor vehicles and boat	9,552,868	752,648	(301,818)	10,003,698
Assets at valuation :-				
Long leasehold land	570,327	24,888	-	595,215
Buildings	9,280,933	456,842	-	9,737,775
Jetty	2,225,861	121,456	-	2,347,317
	87,613,540	5,529,530	(507,643)	92,635,427

(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
Group				
2002				
Motor vehicles	259,600	21,633	237,967	12,980
2001				
Motor vehicles	259,600	8,653	250,947	8,653

(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 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.

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

- (e) The Group's property, plant and equipment as at balance sheet date include an unused machinery owned by a foreign subsidiary which had been fully written down during the year. The impairment loss of RM1,031,104 (VND4,170 million) is recognised as an expense during the year in the consolidated income statement.
- (f) During the year, a subsidiary company, Dindings Soya & Multifeds Sdn Berhad wrote down the carrying value of its unused soya extraction plant from RM4,200,000 to RM2,700,000 (2001 : RM5,700,000 to RM4,200,000) 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 Note 14(c) and the following assets of a foreign subsidiary company which had been charged to a financial institution in consideration for term loans facilities granted :-

	Group	
	Net book value	
	31.12.2002	31.12.2001
	RM	RM
Assets included in :-		
Plant, machinery, fixtures and equipment	-	456,128
Motor vehicles	-	772,567
	-	1,228,695

15.SUBSIDIARY COMPANIES

	Company	
	2002	2001
	RM	RM
Unquoted shares at cost	140,970,864	140,970,864
Less : Accumulated impairment losses	(6,700,000)	-
	134,270,864	140,970,864

Notes To The Financial Statements as at 31st December, 2002 (cont'd)

15.SUBSIDIARY COMPANIES (CONT'D)

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

Direct subsidiary company	Principal activities	Effective interest in equity	
		2002 %	2001 %
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	85
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

* Subsidiary companies not audited by Folks DFK & Co.

15.SUBSIDIARY COMPANIES (CONT'D)

Direct subsidiary company	Principal activities	Effective interest in equity	
		2002 %	2001 %
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
Indirect subsidiary company			
Mekong Flour Mills Ltd * (incorporated in Vietnam)	Flour and feed milling (pre-operating)	100	100

* Subsidiary company not audited by Folks DFK & Co.

- (a) The impairment losses recognised represent the allowance made to adjust the carrying amount of a subsidiary company to its estimated recoverable amount. The recoverable amount is estimated based on the projected future net cash flows of the subsidiary company, discounted at the Group's expected rate of returns.
- (b) The financial statements of a foreign subsidiary company, Vimaflour Ltd ("Vimaflour") were qualified on an except for basis and the summarised details of the qualification are as follows :-

Included in property, plant and equipment is a Miag flour milling machine carried at the value of VND12,537 million (RM3,099,987). 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 RM1,031,104 (VND4,170 million) in the current year and cumulatively RM3,099,987 (VND12,537 million) as at 31st December, 2002. Consequently this qualification does not apply to the Group.

Notes To The Financial Statements as at 31st December, 2002 (cont'd)

16. ASSOCIATED COMPANY

	Group		Company	
	2002	2001	2002	2001
	RM	RM	RM	RM
Unquoted shares at cost	2,800,000	2,800,000	-	-
Share of post-acquisition reserves less goodwill written off	(901,350)	(254,371)	-	-
	<u>1,898,650</u>	<u>2,545,629</u>	<u>-</u>	<u>-</u>

Associated company can be analysed as follows :-

	Group	
	2002	2001
	RM	RM
Group's share of net assets	<u>1,898,650</u>	<u>2,545,629</u>

The details of the associated company are as follows :-

Name of company	Principal activities	Effective interest in equity	
		2002	2001
		%	%
Fongcheng Enterprises Sendirian Berhad (incorporated in Malaysia)	Poultry merchant	24	24

17. INVESTMENTS

	Group		Company	
	2002	2001	2002	2001
	RM	RM	RM	RM
Quoted in Malaysia				
- loan stocks at cost	-	107,000	-	107,000
- shares at cost (Note 17(a))	114,000	7,000	107,000	-
Unquoted shares at cost				
- in Malaysia	60,000	60,000	60,000	60,000
- foreign (Note 17(b))	5,081,971	8,760,164	5,081,971	8,760,164
less : Amount reclassified to current assets under other receivables	-	(3,678,193)	-	(3,678,193)
	5,081,971	5,081,971	5,081,971	5,081,971
Less : Allowance for diminution in value of quoted investment	(98,529)	(96,300)	(98,529)	(96,300)
	5,157,442	5,159,671	5,150,442	5,152,671
Market value of quoted shares/loan stocks	18,171	20,400	8,471	10,700

- (a) The Company's investment in quoted loan stocks was converted into ordinary shares by the investee company during the year and is accordingly reclassified as quoted shares at cost.
- (b) This represents an 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 had been redetermined by SMFF in the previous year which resulted in the refund of excess contribution to capital to the respective registered shareholders. The Company's share of the refund of capital contribution of RM3,678,193 had been received during the year.

Notes To The Financial Statements as at 31st December, 2002 (cont'd)

18. INVENTORIES

	Group		Company	
	2002	2001	2002	2001
	RM	RM	RM	RM
At cost :-				
Raw materials	121,558,358	76,876,125	52,216,378	21,910,674
Semi-processed goods	2,568,058	2,582,969	-	-
Finished goods	22,053,538	17,185,512	2,374,873	1,744,557
Broilers, day-old chicks and hatching eggs	4,345,426	4,502,990	-	-
Consumables	9,598,752	9,013,990	2,722,231	2,377,603
At cost less depreciation :-				
Poultry parent inventories	4,776,335	4,212,542	-	-
	164,900,467	114,374,128	57,313,482	26,032,834

19. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2002	2001	2002	2001
	RM	RM	RM	RM
Trade receivables	97,215,175	94,562,277	30,635,893	37,778,140
Allowance for doubtful debts	(10,147,723)	(9,736,344)	(2,500,000)	(2,000,000)
	87,067,452	84,825,933	28,135,893	35,778,140
Amount owing by subsidiary companies	-	-	106,118,110	73,727,533
Other receivables, deposits and prepayments	19,810,060	21,947,687	3,761,937	13,093,306
Allowance for doubtful debts	(2,225,092)	(2,261,804)	(108,868)	(106,417)
	17,584,968	19,685,883	3,653,069	12,986,889
	104,652,420	104,511,816	137,907,072	122,492,562
The currency exposure profile of trade receivables is as follows :				
- Ringgit Malaysia	76,025,988	75,965,620	28,135,893	35,778,140
- VND	11,041,464	8,860,313	-	-
	87,067,452	84,825,933	28,135,893	35,778,140

19. TRADE AND OTHER RECEIVABLES (CONT'D)

- (a) The normal credit terms of trade receivables range from 30 to 60 days.
- (b) The Group has no significant concentration of credit risk.
- (c) The amount owing by subsidiary companies is unsecured, interest free and has no fixed terms of repayment.
- (d) Included under trade receivables of the Group as at 31st December, 2002 is an amount owing by an associated company, Fongcheng Enterprises Sendirian Berhad of RM3,187,651 (2001 : RM2,541,711).

20. DEPOSITS, CASH AND BANK BALANCES

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Deposits with licensed banks	7,570,632	25,063,463	2,039,732	20,268,731
Cash and bank balances	24,343,146	20,815,383	1,017,142	3,610,404
	31,913,778	45,878,846	3,056,874	23,879,135

The currency exposure profile of deposits, cash and bank balances is as follows :

- Ringgit Malaysia	10,456,173	34,329,132	2,952,528	22,367,743
- USD	7,623,526	1,830,247	69,304	1,437,411
- SGD	35,042	73,981	35,042	73,981
- VND	13,799,037	9,645,486	-	-
	31,913,778	45,878,846	3,056,874	23,879,135

Notes To The Financial Statements as at 31st December, 2002 (cont'd)

21. TRADE AND OTHER PAYABLES

	Group		Company	
	2002	2001	2002	2001
	RM	RM	RM	RM
Trade payables	17,833,785	13,763,203	2,638,263	3,124,037
Amount owing to subsidiary companies	-	-	5,378,695	2,421,442
Other payables and accruals	17,997,100	16,328,128	3,324,573	3,451,249
Hire purchase creditors (Note 13)	69,227	69,227	-	-
	35,900,112	30,160,558	11,341,531	8,996,728
The currency exposure profile of trade payables is as follows :				
- Ringgit Malaysia	14,985,763	11,290,434	2,638,263	3,124,037
- VND	2,848,022	2,472,769	-	-
	17,833,785	13,763,203	2,638,263	3,124,037

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 RM5,047,770 (2001 : RM1,472,330) as at 31st December, 2002 of which interest is charged at a rate of 3% (2001 : 4%) per annum.

22. BANK BORROWINGS

	Group		Company	
	2002	2001	2002	2001
	RM	RM	RM	RM
Term loans - Note 22(a)	-	14,538,326	-	-
Bills payable	145,627,801	85,374,000	72,747,066	57,445,000
Bank overdrafts	2,566,524	-	1,353,740	-
Other short term loans	42,351,653	34,221,634	-	-
	190,545,978	134,133,960	74,100,806	57,445,000

22.BANK BORROWINGS (CONT'D)

(a) Term loans

	2002 RM	Group 2001 RM
--	------------	---------------------

Term loans comprised :-

Secured - USD loans (USD3,675,000)	-	13,964,196
Unsecured - VND loan (VND2,277 million)	-	574,130
	-	<u>14,538,326</u>

The above term loans relate to balance of term loans granted to a foreign subsidiary company which were repayable on demand. The loans have been fully repaid during the year. The secured portion were secured by a legal charge on certain plant and machinery of the subsidiary concerned.

(b) Bills payable, bank overdrafts and other short term loans are unsecured.

Interest on bills payable is calculated at rates ranging between 2.84% to 2.94% (2001 : 2.95% to 3.50%) per annum.

Interest on bank overdrafts is calculated at rates ranging from 7.40% to 7.90%.

Other short term loans relate to that of a foreign subsidiary and interests are payable at rates ranging from 2.40% to 8.40% (2001 : 2.91% to 12.1%) per annum.

(c) The currency exposure profile of other bank borrowings is as follows :-

	2002 RM	Group 2001 RM	Company 2002 RM	2001 RM
Ringgit Malaysia	148,194,325	85,374,000	74,100,806	57,445,000
USD	32,986,516	19,940,910	-	-
VND	9,365,137	28,819,050	-	-
	<u>190,545,978</u>	<u>134,133,960</u>	<u>74,100,806</u>	<u>57,445,000</u>

Notes To The Financial Statements as at 31st December, 2002 (cont'd)

23.NOTES TO CASH FLOW STATEMENT

(a) Purchase of property, plant and equipment

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

	Group		Company	
	2002	2001	2002	2001
	RM	RM	RM	RM
Cash purchase	46,481,338	14,006,690	4,771,532	2,286,123
Hire purchase financing	-	207,680	-	-
Aggregate cost	<u>46,481,338</u>	<u>14,214,370</u>	<u>4,771,532</u>	<u>2,286,123</u>

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) Cash and cash equivalents at end of year

	Group		Company	
	2002	2001	2002	2001
	RM	RM	RM	RM
Deposits, cash and bank balances (Note 20)	31,913,778	45,878,846	3,056,874	23,879,135
Bank overdrafts (Note 22)	(2,566,524)	-	(1,353,740)	-
	<u>29,347,254</u>	<u>45,878,846</u>	<u>1,703,134</u>	<u>23,879,135</u>

24. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

(a) Transactions with related companies :-

	2002 RM	2001 RM
Freight and workshop services provided by a subsidiary :		
- to the Company	2,208,844	2,484,478
- to other subsidiaries	1,436,943	1,090,418
Hire of machinery and motor vehicles charged to subsidiaries	573,663	627,840
Interest :		
- received from a subsidiary	-	228,087
- charged by a subsidiary	113,632	8,082
Rental of premises :		
- charged to subsidiaries	388,623	278,520
- charged by a subsidiary	74,856	76,606
Supervision fee charged by a subsidiary	193,380	303,193
Sales to subsidiaries	11,976,146	4,029,278
Purchases from subsidiaries	3,427,079	3,058,873
Sales between subsidiaries	<u>128,447,675</u>	<u>122,202,522</u>

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 Sendirian Berhad are carried out in the ordinary course of business on terms not materially different from those transacted with unrelated third parties :-

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Sales of feeds and day-old chicks	<u>29,425,242</u>	29,578,258	-	-

The balance due from Fongcheng Enterprises Sendirian Berhad is disclosed under Note 19(d).

Notes To The Financial Statements as at 31st December, 2002 (cont'd)

24.SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONT'D)

(c) Transactions 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 :-

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Sales of goods to :				
- Thye Nam Loong Sdn Bhd	6,831,135	3,135,801	3,491,622	1,668,797
Recovery of expenses :				
- Shanghai Malayan Flour & Foods Co. Ltd.	140	7,547	140	7,547
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	60,000	105,548	-	45,548
- Indah Enterprise Sdn Bhd	18,000	63,449	-	45,449
	78,000	168,997	-	90,997
Freight services provided by :				
- Pembena Transport Sdn Bhd	794,406	830,889	67,731	90,213
- Indah Enterprise Sdn Bhd	498,489	355,627	97,988	106,110
	1,292,895	1,186,516	165,719	196,323

(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.

24.SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONT'D)

(c) Transactions with other related parties (Cont'd) :-

(ii) The balances due to or from the above related parties included in the financial statements are as follows :-

Amount included in :-	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Receivables :				
- Thye Nam Loong Sdn Bhd	1,204,765	1,351,344	278,756	753,197
- Pembena Transport Sdn Bhd	435,864	492,784	417,580	492,784
- Indah Enterprise Sdn Bhd	294,743	347,496	239,893	288,989
- Kitake Development Ltd.	836,701	871,407	836,701	871,407
- Shanghai Malayan Flour & Foods Co. Ltd.	347	18,715,900	347	18,715,900
	2,772,420	21,778,931	1,773,277	21,122,277
Payables :				
- Indah Enterprise Sdn Bhd	18,224	4,093	-	-
- Pembena Transport Sdn Bhd	13,237	3,505	-	-
- Thye Nam Loong Sdn Bhd	2	-	2	-
	31,463	7,598	2	-

25.SEGMENT REPORTING

(a) Primary reporting format - Business segments

The Group's operations comprise the following business segments :-

- (i) Flour - Milling and selling wheat flour together with its allied products
- (ii) Feeds - Manufacture and sale of animal feeds and related raw materials
- (iii) Transport - Transport management
- (iv) Poultry integration - Processing and sale of poultry products, breeding and sale of day-old chicks and eggs and contract farming activities
- (v) Polypropylene goods - Manufacture and sale of polypropylene and polyethylene woven bags and its allied products

All intersegment transactions have been entered into in the ordinary course of business and have been established on the terms and conditions that are not materially different from those transacted with unrelated third parties.

Notes To The Financial Statements as at 31st December, 2002 (cont'd)

25.SEGMENT REPORTING (CONT'D)

(a) Primary reporting format - Business segments (Cont'd)

	Flour RM	Feeds RM	Transport RM	Poultry integration RM	Polypropylene goods RM	Group RM
2002						
Sales						
Total sales	265,485,129	227,031,963	10,977,673	140,653,679	12,522,150	656,670,594
Intersegment sales	(5,053,195)	(30,953,561)	(3,839,167)	(46,655,105)	(4,941,553)	(91,442,581)
External sales	<u>260,431,934</u>	<u>196,078,402</u>	<u>7,138,506</u>	<u>93,998,574</u>	<u>7,580,597</u>	<u>565,228,013</u>
Results						
Segment result (External)	30,487,848	(473,302)	113,971	(11,115,889)	121,186	19,133,814
Interest income						776,651
Unallocated expenses						(8,470)
Profit from operations						<u>19,901,995</u>
Finance costs						(591,051)
Share of results of an associated company	-	-	-	(646,979)	-	<u>(646,979)</u>
Profit before taxation						18,663,965
Taxation						<u>(7,365,129)</u>
Profit after taxation						11,298,836
Minority interest						<u>(1,286,322)</u>
Net profit for the year						<u>10,012,514</u>

25.SEGMENT REPORTING (CONT'D)

(a) Primary reporting format - Business segments (Cont'd)

	Flour RM	Feeds RM	Transport RM	Poultry integration RM	Polypropylene goods RM	Group RM
2002						
Other information						
Segment assets	318,260,929	104,453,738	4,429,664	103,973,699	14,376,272	545,494,302
Investment in an associate	-	-	-	1,898,650	-	1,898,650
Unallocated assets						<u>2,085,371</u>
Consolidated total assets						<u>549,478,323</u>
Segment liabilities	130,331,037	79,843,514	2,156,041	9,848,719	1,856,862	224,036,173
Unallocated liabilities						<u>8,182,495</u>
Consolidated total liabilities						<u>232,218,668</u>
Capital expenditure	41,786,822	965,872	65,377	3,627,842	35,425	<u>46,481,338</u>
Depreciation and amortisation	10,157,990	2,319,367	108,398	6,886,387	283,621	<u>19,755,763</u>
Allowance for impairment of property, plant and equipment	1,031,104	1,500,000	-	-	-	<u>2,531,104</u>
Non-cash expenses other than depreciation, amortisation and allowance for impairment losses	779,177	1,000,000	-	20,463	169,744	<u>1,969,384</u>

Notes To The Financial Statements as at 31st December, 2002 (cont'd)

25.SEGMENT REPORTING (CONT'D)

(a) Primary reporting format - Business segments (Cont'd)

	Flour RM	Feeds RM	Transport RM	Poultry integration RM	Polypropylene goods RM	Group RM
2001						
Sales						
Total sales	251,059,678	220,380,355	11,592,324	144,197,608	12,458,969	639,688,934
Intersegment sales	(4,029,277)	(23,743,507)	(3,698,527)	(44,561,263)	(5,441,592)	(81,474,166)
External sales	<u>247,030,401</u>	<u>196,636,848</u>	<u>7,893,797</u>	<u>99,636,345</u>	<u>7,017,377</u>	<u>558,214,768</u>
Results						
Segment result (External)	26,432,543	3,099,892	320,654	(3,319,834)	403,816	26,937,071
Interest income						2,147,160
Unallocated expenses						<u>(231,888)</u>
Profit from operations						28,852,343
Finance costs						<u>(2,896,064)</u>
Share of results of an associated company	-	-	-	151,622	-	<u>151,622</u>
Profit before taxation						26,107,901
Taxation						<u>(11,079,777)</u>
Profit after taxation						15,028,124
Minority interest						<u>(289,747)</u>
Net profit for the year						<u>14,738,377</u>

25.SEGMENT REPORTING (CONT'D)

(a) Primary reporting format - Business segments (Cont'd)

	Flour RM	Feeds RM	Transport RM	Poultry integration RM	Polypropylene goods RM	Group RM
Other information						
Segment assets	272,936,034	97,981,249	4,502,322	94,423,308	16,188,651	486,031,564
Investment in an associate	-	-	-	2,545,629	-	2,545,629
Unallocated assets						866,989
Consolidated total assets						489,444,182
Segment liabilities	106,251,573	34,116,690	2,219,562	5,620,884	1,712,429	149,921,138
Unallocated liabilities						22,998,288
Consolidated total liabilities						172,919,426
Capital expenditure	5,500,442	1,127,328	271,235	7,270,875	44,490	14,214,370
Depreciation and amortisation	10,147,887	2,353,774	112,914	6,618,332	329,557	19,562,464
Allowance for impairment of property, plant and equipment	-	1,500,000	-	-	-	1,500,000
Non-cash expenses other than depreciation, amortisation and allowance for impairment losses	3,066,702	3,687,308	-	846,670	144,500	7,745,180

Notes To The Financial Statements as at 31st December, 2002 (cont'd)

25.SEGMENT REPORTING (CONT'D)

(b) Secondary reporting format - Geographical segments

In determining the geographical segments of the Group, sales is based on the geographical location of customers. Total assets and capital expenditure are based on the geographical location of assets.

	Sales		Total assets		Capital expenditure	
	2002	2001	2002	2001	2002	2001
	RM	RM	RM	RM	RM	RM
Malaysia	456,523,893	458,107,356	398,558,956	394,344,717	9,466,048	11,000,051
Vietnam	108,704,120	100,107,412	148,833,996	94,232,476	37,015,290	3,214,319
	<u>565,228,013</u>	<u>558,214,768</u>	<u>547,392,952</u>	<u>488,577,193</u>	<u>46,481,338</u>	<u>14,214,370</u>
Unallocated assets			<u>2,085,371</u>	<u>866,989</u>		
			<u>549,478,323</u>	<u>489,444,182</u>		

26.CAPITAL AND OTHER COMMITMENTS

	Group		Company	
	2002	2001	2002	2001
	RM	RM	RM	RM
Authorised and contracted for :				
- Investments in foreign subsidiary companies :				
- Vimaflour Limited (Note 26(a))	-	-	-	13,300,000
- Mekong Flour Mills Ltd (Note 26(b))	-	-	5,599,000	-
- Acquisition of property, plant and equipment for Vietnam project	6,117,000	1,194,000	-	-
- Acquisition of plant and equipment	5,373,000	-	5,373,000	-
Authorised but not contracted for :				
- Acquisition of property, plant and equipment for Vietnam project (Note 26(c))	20,010,000	43,229,000	-	-
- Acquisition of plant and equipment	-	1,200,000	-	1,200,000
Lease commitments				
- within 1 year	2,204,000	1,381,000	-	-
- 2 to 5 years	3,311,000	2,925,000	-	-
	<u>5,515,000</u>	<u>4,306,000</u>	<u>-</u>	<u>-</u>
	<u>37,015,000</u>	<u>49,929,000</u>	<u>10,972,000</u>	<u>14,500,000</u>

26. CAPITAL AND OTHER COMMITMENTS (CONT'D)

(a) Investment in Vimaflour Limited

The Company's commitment to subscribe for the rights issue of equity of USD3.5 million (RM13,300,000) is no longer applicable as the rights issue exercise had been aborted during the year.

(b) Investment in Mekong Flour Mills Ltd

The amount represents the balance of capital contribution in MFM International Ltd out of a total sum of USD16.0 million or RM60,800,000 which has been committed by the Company. Contributions paid by the Company as at the balance sheet date amounting to USD14,526,642 or RM55,201,240 has been included under the amount owing by subsidiary companies and will be capitalised subsequently when the balance of the capital sum is fully paid.

(c) 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.

27. CONTINGENT LIABILITIES (UNSECURED)

	Group		Company	
	2002	2001	2002	2001
	RM	RM	RM	RM
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
Legal claim made by a supplier under dispute	994,000	-	-	-

Notes To The Financial Statements as at 31st December, 2002 (cont'd)

28.FINANCIAL INSTRUMENTS

(a) Maturity Profile and Interest Rate Risk

The maturity profile and effective interest rates of financial instruments exposed to interest rate risk are as follows :-

Group

	Maturity profile			Total RM	Effective interest rate
	Within 1 year RM	1 to 5 years RM	More than 5 years RM		
2002					
Financial assets					
Deposits with licensed banks	7,570,632	-	-	7,570,632	2.6% - 3.2%
Financial liabilities					
Bills payable	145,627,801	-	-	145,627,801	2.4% - 8.9%
Bank overdrafts	2,566,524	-	-	2,566,524	7.4% - 7.9%
Other short term loans	42,351,653	-	-	42,351,653	2.4% - 8.4%
Hire purchase creditors	69,227	28,845	-	98,072	9.8%
2001					
Financial assets					
Deposits with licensed banks	25,063,463	-	-	25,063,463	2.6% - 3.4%
Financial liabilities					
Term loans	14,538,326	-	-	14,538,326	4.5% - 10.2%
Bills payable	85,374,000	-	-	85,374,000	2.9% - 12.1%
Other short term loans	34,221,634	-	-	34,221,634	2.9% - 12.1%
Hire purchase creditors	69,227	98,071	-	167,298	9.8%

28.FINANCIAL INSTRUMENTS (CONT'D)

(a) Maturity Profile and Interest Rate Risk (cont'd)

Company

	<div style="display: flex; align-items: center; justify-content: center;"> ← Maturity profile → </div>				
	Within 1 year RM	1 to 5 years RM	More than 5 years RM	Total RM	Effective interest rate

2002

Financial assets

Deposits with licensed banks	2,039,732	-	-	2,039,732	2.6% - 3.2%
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Financial liabilities

Bills payable	72,747,066	-	-	72,747,066	2.4% - 2.9%
Bank overdrafts	1,353,740	-	-	1,353,740	7.4% - 7.9%

2001

Financial assets

Deposits with licensed banks	20,268,731	-	-	20,268,731	2.6% - 3.4%
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Financial liabilities

Bills payable	57,445,000	-	-	57,445,000	2.9% - 3.5%
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(b) Fair values

- (i) The carrying amount of the current financial assets and liabilities of the Group and the Company at the balance sheet date approximated their fair values due to the relatively short term nature of these financial instruments.
- (ii) There is no significant difference between the fair value and the carrying amount of the hire purchase creditors.
- (iii) The fair value of the quoted investment is based on the quoted market price as at balance sheet date as disclosed under Note 17 to the financial statements. The fair value of non-current unquoted investment is not provided as it is not practicable to estimate the fair value reliably.

29.SIGNIFICANT/SUBSEQUENT EVENTS

- (a) On 8th July, 2002, the Company obtained approval from the Ministry of International Trade and Industry to defer the proposed special issue of 16,000,000 new ordinary shares of RM1.00 each in the Company to approved Bumiputra investors until 30th June, 2003.
- (b) On 1st March, 2003, the Company acquired the entire issued and paid-up capital in Dindings Grand Parent Farm Sdn Bhd, representing 2 ordinary shares of RM1.00 each for a total consideration of RM2.00.

Notes To The Financial Statements as at 31st December, 2002 (cont'd)

30.COMPARATIVE FIGURES

(a) The following are the changes to presentation of comparatives to reflect current year's presentation :-

(i) Impairment Losses on Property, Plant and Equipment

Previously, impairment losses of Property, Plant and Equipment were deducted against the costs of the assets concerned.

The presentation of Property, Plant and Equipment for the current year has been changed to show the original costs and cumulative impairment losses of the Group's Property, Plant and Equipment separately. Accordingly, Property, Plant and Equipment of the Group as disclosed in Note 14 to the financial statements have been re-presented as follows :-

	As previously reported RM	Restatement RM	As restated RM
Costs	446,339,614	9,158,984	455,498,598
Accumulated depreciation	(230,231,132)	-	(230,231,132)
Accumulated impairment losses	-	(9,158,984)	(9,158,984)
Net book value	216,108,482	-	216,108,482

The change in presentation has no effect on the net book value of the Group's Property, Plant and Equipment.

(ii) Trade and Other Receivables/Tax Recoverable

Group

	As previously reported RM	Reclassification RM	As restated RM
Trade and other receivables	105,377,426	(865,610)	104,511,816
Tax recoverable	-	865,610	865,610

The change in presentation is to enable tax recoverable to be shown as a separate item on the face of the balance sheet.

(b) In addition, the presentation and classification of certain items in the current year's financial statements have been changed or modified to comply with the requirements of the following applicable approved accounting standards which came into effect during the year :-

(i) MASB 22, Segment Reporting

(ii) MASB 24, Financial Instruments : Disclosure and Presentation

Report Of The Auditors To The Members

We have audited the financial statements set out on pages 37 to 86 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 misstatement. 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, 2002 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
10th April, 2003

Analysis of Shareholdings as at 21st April, 2003

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

6,849 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	698	10.19	247,197	0.29
1,000 - 10,000	5,609	81.90	15,736,590	18.73
10,001 - 100,000	494	7.21	12,246,643	14.58
100,001 to less than 5% of issued shares	47	0.69	29,683,422	35.33
5% and above of issued shares	1	0.01	26,100,754	31.07
	6,849	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. JB 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. JB Nominees (Asing) Sdn Bhd [Amble Volume Sdn Bhd for Rise Glory Investment Limited]	1,572,171	1.87
8. Employees Provident Fund Board	1,002,000	1.19
9. Favourite Access Sdn Bhd	1,000,000	1.19
10. Thye Heng Realty Sdn Bhd	950,000	1.13
11. M&A Nominee (Asing) Sdn Bhd [A/C for Pedigree Limited]	922,000	1.10
12. Alliancegroup Nominees (Tempatan) Sdn Bhd [Pheim Asset Management Sdn Bhd for Employees Provident Fund]	866,000	1.03
13. Solid Esteem Sdn Bhd	864,000	1.03
14. Duangmancee Liewphairatana	662,000	0.79
15. Cartaban Nominees (Asing) Sdn Bhd [Credit Suisse Singapore for Lavarra Limited]	618,000	0.74
16. Yeoh Kean Hua	588,000	0.70
17. Thye Nam Loong Shipping Sdn Bhd	574,800	0.68
18. HSBC Nominees (Tempatan) Sdn Bhd [Shenyin for Teh Hong Eng]	537,000	0.64
19. Suai Timber Products Sdn Bhd	531,600	0.63
20. Teh Li Li	450,001	0.54

Analysis of Shareholdings as at 21st April, 2003 (cont'd)

Thirty (30) Largest Shareholders	No. of Shares	Percentage Holding (%)
21. Teh Li Choo	439,238	0.52
22. Ng Swee Hong	433,000	0.52
23. MCIS Insurance Berhad	428,000	0.51
24. Thye Nam Loong Sdn Bhd	417,600	0.50
25. Ong Ah Yiew @ Ong Keng Wah	379,000	0.45
26. AMMB Nominees (Tempatan) Sdn Bhd [AMTRUSTEE Berhad for HLB Penny Stock Fund]	322,000	0.38
27. Cartaban Nominees (Tempatan) Sdn Bhd [A/C for Su Ming Keat]	300,000	0.36
28. Menteri Kewangan Malaysia (Section 29-SICDA)	239,911	0.29
29. Universiti Malaya	235,200	0.28
30. Lee Ying Fong	200,000	0.24

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 Chye	6,500	0.01	29,858,483	35.54
Teh Wee Kok	1,591,600	1.89	27,624,754	32.88
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 Chye	6,500	0.01	29,858,483	35.54
Teh Wee Kok	1,591,600	1.89	27,624,754	32.88
Lee Soon Lee	6,000	0.01	-	-
Tan Sri Hamzah bin Abu Samah	-	-	-	-
Dato' Hj Shaharuddin bin Hj Haron	-	-	-	-
Tan Sri Datuk Arshad bin Ayub	104,685	0.12	187,600	0.22
Geh Cheng Hooi	-	-	-	-

Directors, Teh Liang Teik, Teh Wee Chye and Teh Wee Kok 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 Warrant Holdings as at 21st April, 2003

Size of Holdings	No. of Warrant Holders	% of Warrant Holders	No. of Warrants	% of Warrants
Less than 1,000	163	4.61	65,472	0.16
1,000 - 10,000	3,001	84.87	9,455,339	22.52
10,001 - 100,000	351	9.92	9,499,076	22.62
100,001 to less than 5% of warrants	19	0.54	7,597,844	18.10
5% and above of warrants	2	0.06	15,367,663	36.60
	3,536	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. Yap Thiam Fook	223,000	0.53
11. Thye Nam Loong Sdn Bhd	208,800	0.50
12. Employees Provident Fund Board	200,000	0.48
13. Menteri Kewangan Malaysia (Section 29-SICDA)	197,245	0.47
14. Choo Teik Heng	197,000	0.47
15. Yap Keng Hock	171,000	0.41
16. Sing Kong Hum	151,150	0.36
17. United Overseas Nominees (Tempatan) Sdn Bhd [A/C for Lim Seng Huat]	133,000	0.32
18. Khor Joo Hong	122,000	0.29
19. Chew Cheong Ber	108,000	0.26
20. Chin Chin Choo	107,000	0.25
21. Lembaga Tabung Haji	101,000	0.24
22. Mayban Nominees (Asing) Sdn Bhd [DBS Bank for Bloomswick Ltd]	100,000	0.24
23. Grace Yeoh Cheng Geok	99,000	0.24
24. Lim Poo Lee @ Lim Foo Lee	99,000	0.24
25. Ng Kean Lee	93,000	0.22
26. Hong Leong Finance Berhad [A/C for Lim Tiem Chai]	92,000	0.22
27. Wong Ah Sang	89,000	0.21
28. Loo Huck Loo	85,000	0.20
29. Teh Chak Seong	80,000	0.19
30. Wong Kian Teck	80,000	0.19

Analysis of Warrant Holdings as at 21st April, 2003 (cont'd)

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 Chye	-	-	15,067,491	35.89
Teh Wee Kok	47,400	0.11	13,947,377	33.22
Lee Soon Lee	3,000	0.01	-	-
Tan Sri Hamzah bin Abu Samah	-	-	-	-
Dato' Hj Shaharuddin bin Hj Haron	-	-	-	-
Tan Sri Datuk Arshad bin Ayub	5,000	0.01	12,000	0.03
Geh Cheng Hooi	-	-	-	-

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 31-12-02 RM
(i) Owned by the Company, shown at valuation:				
Freehold land and buildings	Shoplot	1960	5,160,000	2,903,000
- Land with shophouses			at	
Lots 448 & 449 Section 4			22-12-1981	
Town of Butterworth, Penang				
Total: 1.62 acres				
- Freehold land with residential building	Vacant	1939	21,725,500	1,643,000
Lot 449 Section 67			at	
District of Kuala Lumpur			5-12-1996	
Total: 1.00 acres				
Freehold land				
- Lots 5326, 5327 and part of	Vacant	-	72,000	72,000
Lots 5331 & 5332			at	
District of Dindings			29-12-1981	
Perak Darul Ridzuan				
Total: 9.00 acres				
Leasehold land and buildings				
- Lots 4902 (expiring on 11-12-2061)	Factory	1966-1981	33,515,000	14,134,000
5022 (expiring on 25-4-2075)			at	
5337 (expiring on 25-4-2075)			29-12-1981	
5466 & 5336 (expiring on 22-11-2090)				
Mukim of Lumut, District of Dindings				
Perak Darul Ridzuan				
Total: 61.43 acres				

(ii) Owned by the Company, shown at cost:

- Building on Lots 4902, 5022, 5336, 5337 & 5466	Factory	1982-1987	20,000,000	13,126,000
Mukim of Lumut			at 1987	
District of Dindings				
Perak Darul Ridzuan				

Details of Assets (cont'd)

Description, Location & Size	Existing Use	Year Buildings Were Built	Approximate Value RM	Net Book Value At 31-12-02 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	3,104,000
- Freehold land with shophouses Grant No. 36370, Lot No. 12256 Mukim of Pulau District of Johor Bahru Johor Darul Takzim Total: 0.04 acres	Rented out on 1 to 3 year Lease	1979	190,000 at 1991	169,000
- 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	18,949,000
- 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	551,000
- 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	680,000

Description, Location & Size	Existing Use	Year Buildings Were Built	Approximate Value RM	Net Book Value At 31-12-02 RM
- Freehold land with shophouses Lots 448 & 449 Section 4 Town of Butterworth, Penang Total: 1.62 acres	Shoplot	1960	659,000 at 1999	958,000
(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	5,945,000
- 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	7,286,000
- 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	53,102
- 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	10,000,000
- 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	3,415,000

Details of Assets (cont'd)

Description, Location & Size	Existing Use	Year Buildings Were Built	Approximate Value RM	Net Book Value At 31-12-02 RM
- 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	2,591,000
- Freehold land Grant 1784, Lot 12653 Mukim of Sitiawan District of Dindings Perak Darul Ridzuan Total: 17 acres	Vacant	-	255,775 at 1997	271,000
- Land Use Rights with building (Expiring on 31-8-2024) Cai Lan, Quang Ninh Province The Socialist Republic of Vietnam Total: 17.30 acres	Factory	1997	40,563,000 at 1997	31,609,000
- 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	2,922,000
- Phu My Industrial Zone I Tan Thanh District Baria – Vungtau Province The Socialist Republic of Vietnam Total: 17.29 acres (Expiring on 30-6-2048)	Factory	Under Construction	39,289,000	40,629,000

Form of Proxy

I/We, _____
of _____
being a member/members of **MALAYAN FLOUR MILLS BERHAD** hereby appoint _____
of _____
or failing him/her _____
of _____
as my/our proxy to vote on my/our behalf at the Forty-Third Annual General Meeting of the Company
to be held on Wednesday, 18th June, 2003 at 9.30 a.m. and at any adjournment thereof.

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

No.	Motions	For	Against
1.	To adopt reports and accounts		
2.	To sanction dividend		
3.	To re-elect Mr Geh Cheng Hooi under Article 98 of the Company's Articles of Association		
4.	To re-elect Dato' Hj Shaharuddin bin Hj Haron 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:-		
6.	a. Mr. Teh Liang Teik		
7.	b. Tan Sri Hamzah bin Abu Samah		
8.	c. Mr. Lee Soon Lee		
9.	d. Tan Sri Datuk Arshad bin Ayub		
9.	To approve payment of Directors' fees totalling RM195,069		
10.	To re-appoint Auditors		
11.	Proposed 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 _____, 2003

Number of shares held _____

Signature of shareholder (s) _____

Witnessed by _____ (Signature)

Address _____

Occupation _____

Notes:-

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

Malayan Flour Mills Berhad (4260-M)

10th Floor, Wisma MCA

Jalan Ampang, 50450 Kuala Lumpur

Tel. No. 03-2161 9055

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