

Enriching & Nourishing Lifestyles

2008

Annual Report
Laporan Tahunan



Malayan Flour Mills Berhad (4260-M)

HEAD OFFICE:
22nd Floor, Wisma MCA, 163 Jalan Ampang, 50450 Kuala Lumpur, Malaysia.
Tel: (603) 2170 0900 (G/L), Fax: (603) 2170 0888
www.mfm.com.my



Malayan Flour Mills Berhad
(4260-M)



Malayan Flour Mills Berhad

(4260-M)

Vision

We aspire to be a leading food manufacturing enterprise in the region.

Mission

We are the preferred provider and strategic partner in the food industry.

We drive operational excellence by embracing a culture of continuous improvement.

We add value to our stakeholders by growing economy of scale.

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Corporate Information

CHAIRMAN

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.*

MANAGING DIRECTOR

Teh Wee Chye

DIRECTORS

Lee Soon Lee, J.M.K.

Dato' Hj Shaharuddin bin Hj Haron
D.P.C.M., J.S.M., P.C.M., K.M.N

Geh Cheng Hooi

Quah Ban Lee

Datuk Oh Chong Peng

AUDIT COMMITTEE

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

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

Geh Cheng Hooi
(Independent Non-Executive Director)

Tan Sri Datuk Arshad bin Ayub
(Independent Non-Executive Director)

Datuk Oh Chong Peng
(Independent Non-Executive Director)

SECRETARY

Mah Wai Mun (MAICSA 7009729)

REGISTERED OFFICE & HEAD OFFICE

22nd Floor, Wisma MCA
Jalan Ampang, 50450 Kuala Lumpur
Tel. No: 03-2170 0999
Fax No: 03-2170 0888
Website: www.mfm.com.my

REGISTRARS

Symphony Share Registrars Sdn Bhd
Level 26, Menara Multi Purpose, Capital Square
No. 8 Jalan Munshi Abdullah, 50100 Kuala Lumpur
Tel. No: 03-2721 2222
Fax No: 03-2721 2530

FACTORIES

Jalan David Sung, Batu Undan
32200 Lumut
Perak Darul Ridzuan

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

BRANCHES

- **FEDERAL TERRITORY**
Lot 40, Jalan E 1/4
Taman Ehsan Industrial Park
Kepong, 52100 Kuala Lumpur

BRANCHES (cont'd)

- **PENANG**
4557, Jalan Heng Choon Thian
12000 Butterworth, Pulau Pinang
- **PERAK**
No. 2, Laluan Perusahaan 10
Kawasan Perusahaan Menglembu
31450 Ipoh
Perak Darul Ridzuan
- **MALACCA**
No. 1, Jalan PM3
Taman Perindustrian Merdeka
75350 Batu Berendam, Melaka
- **JOHOR**
Lot 133, Jalan Pukal
Pasir Gudang Industrial Estate
81700 Pasir Gudang
Johor Darul Takzim
- **KELANTAN**
Lot 1763, Kampong Dusun Raja
Jalan Cherang Chempaka Panji
16100 Kota Bharu, Kelantan Darul Naim
- **PAHANG**
B-5 Lorong Padang Lalang
14, Jalan Tanjung Api
25050 Kuantan
Pahang Darul Makmur

SUBSIDIARIES

- Vimaflour Ltd
- MFM International Ltd
- Mekong Flour Mills Ltd
- Dindings Soya & Multifeeds Sdn Berhad (34884-U)
- MFM Feedmill Sdn Bhd (172615-X)
- Dindings Poultry Processing Sdn Bhd (144808-P)

- Dindings Broiler Breeder Farm Sdn Bhd (172600-T)
- Dindings Poultry Development Centre Sdn Bhd (180044-A)
- Semakin Dinamik Sdn Bhd (185533-V)
- Syarikat Pengangkutan Lumut Sdn Bhd (51336-M)
- Muda Fibre Manufacturing Sdn Bhd (48785-V)
- Dindings Grand Parent Farm Sdn Bhd (144962-W)
- MFM Property Sdn Bhd (176691-P)
- Dindings Trading Sdn Bhd (754079-T)
- MFM Ltd

PRINCIPAL BANKERS

- Malayan Banking Berhad (3813-K)
- HSBC Bank Malaysia Berhad (127776-V)
- Alliance Bank Malaysia Bhd (88103-W)
- Deutsche Bank (Malaysia) Bhd (312552-W)
- OCBC Bank (Malaysia) Bhd (29548-W)
- Bank Islam Malaysia Berhad (98127-X)

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
- Main Board (Consumer Products Sector)
Stock Code: 3662

SOLICITORS

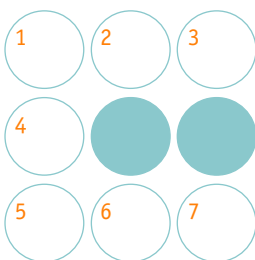
Isharidah, Ho, Chong & Menon
Skrine

AUDITORS

KPMG



Board of Directors



- 1 Tan Sri Datuk Arshad bin Ayub
- 2 Teh Wee Chye
- 3 Lee Soon Lee
- 4 Dato' Hj Shaharuddin bin Hj Haron
- 5 Geh Cheng Hooi
- 6 Quah Ban Lee
- 7 Datuk Oh Chong Peng

Directors' Profile

Tan Sri Datuk Arshad bin Ayub

(Independent Non-Executive Chairman)

Tan Sri Datuk Arshad bin Ayub, aged 80, a Malaysian, was appointed to the Board of the Company on 30 August 2002 and is presently the Chairman of the Company. He is also a member of the Audit, Nomination and Remuneration 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, LBI Capital Berhad, Tomypak Holdings Berhad, Top Glove Corporation Berhad, Pelaburan Johor Berhad and Bistari Johor Berhad. He has no family relationship with any Director and/or substantial shareholder of the Company.

He has attended all the 7 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

(Managing Director)

Mr Teh Wee Chye, aged 56, a Malaysian, was appointed to the Board as an Executive Director of the Company on 19 June 1989 and is presently the Managing Director of the Company. He is also 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 also a director of United Teochew (Malaysia) Berhad and Seu Teck Sean Tong Charitable Organisation Berhad. He is a substantial shareholder of the Company.

He has attended all the 7 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.

Directors' Profile (cont'd)

Mr Lee Soon Lee

(Non-Independent Non-Executive Director)

Mr Lee Soon Lee, aged 81, a Malaysian, was appointed to the Board of the Company on 14 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/Chief Accountant 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 7 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 70, a Malaysian, was appointed to the Board of the Company on 23 September 1993 and is presently the Chairman of the Audit and Nomination Committees and a member of the Remuneration Committee of the Company. He holds a Bachelor (Hons) Degree in Economics from the University of Malaya and a Masters Degree in Economics from the University of Pittsburgh, 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 till 1979. He 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 Gopeng Berhad, Latitude Tree Holdings Berhad and Ajinomoto (Malaysia) Berhad. He has no family relationship with any Director and/or substantial shareholder of the Company.

He has attended all the 7 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 Geh Cheng Hooi

(Independent Non-Executive Director)

Mr Geh Cheng Hooi, aged 74, a Malaysian, was appointed to the Board of the Company on 11 March 2003 and is presently a member of the Audit and Nomination Committees 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. He is also a Fellow of The Institute of Chartered Accountants of England and Wales ("ICAEW") and a member of the Malaysian Institute of Certified Public Accountants ("MICPA"). His current directorships in public companies include Lingui Developments Berhad, NCB Holdings Berhad, PLUS Expressways Berhad, Paramount Corporation Berhad and Wawasan TKH Holdings Berhad. He has no family relationship with any Director and/or substantial shareholder of the Company.

He has attended 5 out of the 7 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 Quah Ban Lee

(Finance Director)

Mr Quah Ban Lee, aged 51, a Malaysian, was appointed to the Board of the Company on 18 August 2005 and is presently the Finance Director of the Company. He is a qualified Chartered Accountant from The Institute of Chartered Accountants of England and Wales and a member of the Malaysian Institute of Accountants ("MIA"). He also possesses a Bachelor of Arts (Hons) in Economics and Accounting Degree from the University of Reading in the United Kingdom. He has more than 20 years experience in finance, including a number of years in professional accounting firms, both in the United Kingdom and Malaysia. He has worked with other public listed companies in Malaysia prior to joining the Company. 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 7 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.

Directors' Profile (cont'd)

Datuk Oh Chong Peng

(Independent Non-Executive Director)

Datuk Oh Chong Peng, aged 64, a Malaysian, was appointed to the Board of the Company on 20 August 2008 and is presently a member of the Audit Committee of the Company. He is a Fellow of the Institute of Chartered Accountants in England and Wales as well as a member of the Malaysian Institute of Certified Public Accountants (MICPA) and the Malaysian Institute of Accountants (MIA).

He joined Coopers & Lybrand (now known as PricewaterhouseCoopers) in London in 1969 and in Malaysia in 1971. He was a Partner of Coopers & Lybrand Malaysia from 1974. He retired as a Senior Partner of Coopers & Lybrand in 1997 and then joined the Rashid Hussain Berhad Group of Companies in 1998 until 2003.

He is currently the Independent Non-Executive Chairman of Alliance Financial Group Berhad and also sits on the boards of British American Tobacco (Malaysia) Berhad, IJM Corporation Berhad, IJM Plantations Berhad, Kumpulan Europlus Berhad, Dialog Group Berhad and several other private companies.

Datuk Oh is a Government appointed member of the Labuan Offshore Financial Services Authority and the Malaysian Accounting Standards Board. He is also a trustee of the Huaren Education Foundation and the UTAR Education Foundation and a council member of University Tunku Abdul Rahman. He also sits on the Listing Committee of Bursa Malaysia.

His past appointments included being a Government appointed Member of the Kuala Lumpur Stock Exchange (1990-1996), a Council member (1981-2001) and a past President (1994-1996) of the MICPA.

He has attended a Board Meeting held during the financial year subsequent to his appointment as a Director of the Company. 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.

Chairman's Statement



On behalf of the Board of Directors, I am pleased to present the Annual Report of Malayan Flour Mills Berhad ('MFM') for the financial year ended 31 December 2008.

REVIEW OF PERFORMANCE

It is a great pleasure for me to report that the Group has achieved another milestone in the year 2008 when it registered a profit before tax of RM80.7 million. This represents an increase of 26% as compared to the profit before tax of RM64.0 million in the previous year. The Group's revenue rose 16% to RM1.2 billion from RM1.0 billion in the prior year.

The year 2008 has on a number of occasions been described as a year of two halves by some analysts. During the first half of 2008 commodity prices escalated to record highs but subsequently plunged sharply with some commodities recording declines in excess of 50% during the second half. However, in spite of the high volatility in the global commodity market as well as the fuel, ocean freight and foreign exchange markets the Group had generally managed to maintain its gross margins and record a higher revenue. These were due mainly to the proper management of its raw material costs and the improvement in operational and distribution efficiencies. However, arising from the unforeseen sudden drop in commodity prices in the last quarter of 2008, the Group had to provide for a write down of its inventories amounting to RM12.2 million.



Chairman's Statement (cont'd)

REVIEW OF PERFORMANCE (cont'd)

Our Flour business recorded profits of RM98.7 million for the year. This represents a 22% improvement over the prior year on the back of a 18% year on year growth in revenue. During 2008 Vietnam experienced upheavals in its economy with high trade deficits, escalating inflation and high interest rates as well as weakness in its currency. The situation peaked around the middle of 2008 and has since stabilized. A GDP growth of 3.1% was reported for the first quarter of 2009 and it has been reported that a GDP growth of 4 % to 5% could be registered for 2009. The performance of our flour business in Vietnam was adversely impacted by exchange losses due to the sudden devaluation of the Vietnamese Dong in the second quarter of 2008. However the results of the flour business in Vietnam for the year 2008 were within expectation.

Despite the adverse market conditions, the profit of the Feeds business increased to RM3.3 million as compared to RM1.0 million reported in 2007. The better performance was due to improved margins from feeds sales and the higher contribution from raw material sales.

Due to a 19% reduction in revenue and a one-off provision for impairment of our broiler opened houses and equipment amounting to RM2.4 million, the poultry integration business reported an increased loss of RM14.1 million. Higher feed costs and softer selling prices in 2008 had an adverse impact on the poultry segment. Various turnaround action plans implemented during the

year such as the streamlining and improvement in the efficiency of distribution channels as well as effective margin management has created a positive impact for the business. We are also in the process of converting our broiler opened houses to closed houses in order to achieve better bird quality and at a lower cost.

In order to achieve economies of scale we plan to invest in upgrading our silo, warehouse and packaging facilities in 2009. This will position us well in the local market for the long term.

The Board and management would like to extend their deepest condolence to the family members of the deceased and injured workers caused by the unfortunate dust explosion incident at our jetty in Lumut in March 2008. Alternative arrangements from the logistic standpoint were immediately put in place during that period and the damaged jetty was rectified within a short period of time. The incident had no significant impact on our operations. The Group remains very committed in providing a safe and healthy working environment for all its employees.

As part of our Corporate Social Responsibility program we had made contributions to various deserving organizations and causes during the year such as to the victims of the Sichuan earthquake and also to the Lung Foundation of Malaysia.



OUTLOOK

The regional and global economic situation remains uncertain and it is expected that there will be continued volatility in commodity prices, fuel, ocean freight and foreign exchange rates. There is also intense competition in our business environment. In view of the above it is envisaged that 2009 will be a very challenging year. The Group will continue to strengthen its market position and work towards achieving further economies of scale. The Board expects the performance of the Group for the current year to be satisfactory.

DIVIDENDS

In view of the favourable results for year ended 31 December 2008, the Board of Directors is pleased to recommend a final dividend of 5 sen per ordinary share, less tax at 25% (Year ended 31 December 2007: 5 sen per ordinary share, less tax at 26%) and a special dividend of 10 sen per ordinary share, less tax at 25% (Year ended 31 December 2007: 10 sen per ordinary share, less tax at 26%), for your approval at the forthcoming Annual General Meeting to be held on 18 June 2009.

Including the interim dividend of 5 sen per ordinary share, less tax at 25% (Year ended 31 December 2007: 5 sen per ordinary share, less tax at 26%) paid on 18 January 2008, the total dividend payout for the whole year would be 20 sen per share.

DIRECTORS

I would like to express my sincere appreciation to one of our directors, Tan Sri Hamzah bin Abu Samah, who has retired on 2 April 2009. On behalf of the Board, I would like to thank him for his 21 years of dedicated service whilst on the Board of MFM and would like to wish him all the very best in his retirement.

At the same time I would like to welcome Datuk Oh Chong Peng who was appointed to the Board of Directors on 20 August 2008. Datuk Oh is also a director in other established public listed companies and brings with him vast experiences which would be beneficial to MFM.

APPRECIATION

On behalf of the Board of Directors, I would like to express our appreciation to the management and employees of the Group for their continued support and commitment as we work towards achieving our vision of being a leading food manufacturing enterprise in the region and in fulfilling our mission of being the preferred provider and strategic partner in the food industry.

To our shareholders, customers, suppliers, bankers, government agencies and regulatory authorities, we wish to thank you for your unwavering support and confidence in the Group.

Tan Sri Datuk Arshad bin Ayub
Chairman

Kuala Lumpur
27 May 2009



Corporate Social Responsibility

The Group sees Corporate Social Responsibility ("CSR") as a continuing commitment to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large. Hence, it is fully committed to being a deeply responsible company contributing positively to the communities.

For year 2008, the following main activities were undertaken by the Group as its responsibilities towards the customers, employees, shareholders and community:

COMMUNITY RELATIONS

1. Maulidur Rasul Celebration

On 13 April 2008, subsidiary, Dindings Poultry Processing Sdn Bhd ("DPP") had organised a Maulidur Rasul celebration for the third time at its own plant compound. The ceremony was held on the main road in front of the administration office. Estimated guests who attended were about 250 people.

After the opening prayer and speech, the guests were entertained with nasyid songs by DPP employees' nasyid group. The religious speech was then presented by an invited speaker, Ustaz Ibrahim bin Zakaria, from Maahad Tahfiz Kampung Ngor, Sauk, Kuala Kangsar. The content of the speech was about the Work Ethics in Islam and he outlined eight criteria to be implemented as a need for an employee.

Before the ceremony ended, the members of Kumpulan Marhaban Daerah Manjung presented their marhaban songs. At the end of the ceremony, lunch was served to the guests.



2. Donation to the victims of the Sichuan earthquake in China

Answering the call for humanitarian assistance, Malayan Flour Mills Berhad's Managing Director, Mr Teh Wee Chye together with two of its Board Members paid a visit to the Embassy of the People's Republic of China and presented a contribution of RM50,000 to the Head of Chancery & First Secretary in Malaysia, Mr He MingSheng on 3 June 2008.



The donation was made to ease the burden of the victims of the Sichuan earthquake in China.

3. Lung Foundation of Malaysia ("LFM")

Malayan Flour Mills Berhad had co-sponsored a Charity Concert with the legendary Alleycats organized by the Lung Foundation of Malaysia. The contribution was to assist LFM in gathering funds to improve the standard of care and treatment of patients with chronic lung diseases and thus, enabling them to lead a better quality lifestyle with minimal suffering.



4. Educare Centre

Malayan Flour Mills Berhad also contributed to the Educare Centre, run by the FMDM ("Franciscan Missionaries of the Divine Motherhood") Sisters, for its fund raising dinner to raise funds for sponsoring activities of Educare children.

5. D'Home Mental Health Association

Donation was also given to the D'Home Mental Health Association to support its charitable work for mental patients in Northern Malaysia.

6. RMCC-Tropicana Charity Golf Championship 2008

Malayan Flour Mills Berhad had also given its support to Ronald McDonald Children's Charities Fund of Malaysia ("RMCC") by sponsoring the RMCC-Tropicana Charity Golf Championship 2008, an event to raise fund for underprivileged children.

7. Old Folk's Welfare Association

Responding to the appeal for donations for the Manjung Welfare Home for the Aged, Malayan Flour Mills Berhad had contributed to the fund raising dinner organized to raise funds for the daily needs of the home.

Corporate Social Responsibility (cont'd)

CORPORATE EVENTS

1. Annual Dinner & Dance

Annual Dinner and Dance was held in appreciation of the hard work and dedication of the employees of the Group. The function was held at four different locations namely Kuala Lumpur, Lumut, Johor Bahru and Kota Bharu to enable the employees at the various locations of its plants and branches to attend the function.



2. Master Distributors Programme

Subsidiary, Dindings Poultry Processing Sdn Bhd ("DPP"), launched its Master Distributors Programme ("MDP") on 9 May 2008 at the The Zon Hotel, Kuala Lumpur.

The MDP was implemented to motivate distributors to further grow the poultry business together. An annual incentive programme was presented to the master distributors covering the Northern, Southern and East Coast regions of Peninsular Malaysia.



3. Annual General Meeting

The Company's 48th Annual General Meeting ("AGM") was held on 9 June 2008 at the Auditorium, 3rd Floor, Wisma MCA, Jalan Ampang, 50450 Kuala Lumpur.



4. Participation in the “Konvensyen dan Karnival Halal Kelantan 2008”

Subsidiary, Dindings Poultry Processing Sdn Bhd (“DPP”), reached out to East Coast consumers through its participation in the “Halal Carnival” in Kota Bharu. This carnival was organized by the Jabatan Hal Ehwal Agama Islam of Kelantan from 23 - 29 July 2008 and was held in conjunction with Visit Kelantan Year 2008.

The event played an educational role in providing a place where all its’ leaders and visitors met to obtain the knowledge on the use of the Halal logo and helped the users to have a better understanding on the system of issuance of Halal certificate. The event which was held daily at Dataran Stadium Sultan Muhammad Ke IV with exhibitors from Singapore, Brunei, Indonesia and Thailand attracted more than 80,000 visitors.

At the event, DPP’s frozen Processed Poultry Products such as nuggets, fried chicken, chicken ball, chicken burger patties, cocktail sausages and smoked frankfurters were introduced and promoted through sampling and lucky draw activities.

DPP products were sold on site and the Ayam Dindings brand is reinforce once again in the minds of the consumers.

5. Mid Autumn BBQ Party

A poolside BBQ party in celebration of the Mooncakes Festival was held on 29 August 2008. As usual, there were lots of games, prizes, lucky draws and laughter at the party.



Corporate Social Responsibility (cont'd)

6. Mooncakes Demonstration

It was an educational experience for shoppers at the Bandar Utama shopping complex when Malayan Flour Mills Berhad's ("MFM") staff presented a mooncake-making demo on 6 September 2008 in conjunction with the Mid-Autumn Festival celebration.

The 'chefs' were none other than Sr Food Technologist, Ms Koo Hui Miean and Flour Technical Manager, Mr Chia Kau Mon from the Pasir Gudang plant in Johor.

The crowd comprising mostly of female enthusiasts, were shown the preparation of the dough of Flaky and Traditional mooncakes. They were briefed on the various varieties of flour manufactured by MFM and were also introduced to the Superfine flour used for making mooncakes.

The baked mooncakes were later handed out to the audience for sampling.



7. Sales Convention

Subsidiary, Dindings Poultry Processing Sdn Bhd ("DPP") held its second Sales Convention with its distributors on 10 October 2008 at Awana Genting Highlands Resort.

The convention was officiated by the Managing Director, Mr Teh Wee Chye. DPP's tagline, MY BRAND MY CHOICE, was launched by the Senior General Manager, Mr WT Low. T-shirts with the embroidered tagline were given to all distributors.

The focus of the convention was to introduce a few new key distributors appointed since July 2008 in the Central & Southern Regions. To encourage and motivate sales growth, 2009 Partner Reward Point Systems was introduced to the distributors.



8. Hari Raya and Deepavali Open House

An open house was organised at the Head Office in celebration of the Hari Raya and Deepavali on 31 October 2008. The staff enjoyed the feast to the fullest.

9. Christmas Party

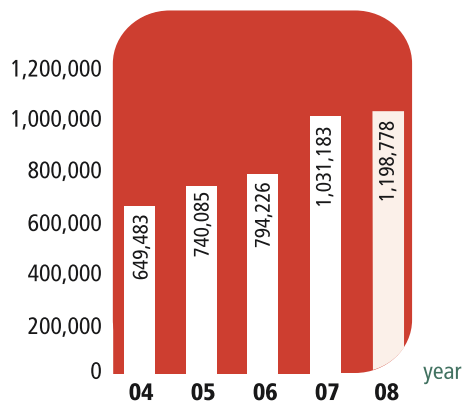
A Christmas party was organised to bring joy to the Head Office staff in celebration of the Christmas on 12 December 2008. A wide range of mouth-watering foods was served and the most exciting part of the gathering was the 'Gift Exchange Program'.



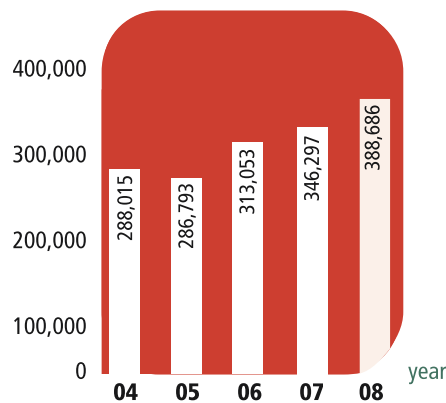
Group Financial Highlights

Year ended 31 December	2004 RM'000	2005 RM'000	2006 RM'000	2007 RM'000	2008 RM'000
Revenue	649,483	740,085	794,226	1,031,183	1,198,778
(Loss)/profit before taxation	(5,290)	22,898	43,482	63,985	80,715
Taxation	(2,339)	(6,453)	(10,606)	(10,676)	(18,804)
(Loss)/profit after taxation	(7,629)	16,445	32,876	53,309	61,911
Loss for the year from discontinued operations	-	(1,118)	-	-	-
(Loss)/profit for the year	(7,629)	15,327	32,876	53,309	61,911
Minority Interests	1,934	(4,902)	(4,575)	(6,718)	(3,940)
(Loss)/profit attributable to equity holders of the Company	(5,695)	10,425	28,301	46,591	57,971
Issued Share Capital (RM'000)	95,763	95,763	105,219	107,645	107,645
Shareholders' Fund (RM'000)	288,015	286,793	313,053	346,297	388,686
Net assets per share (sen)	301	299	298	322	361
(Loss)/earnings per share (sen)	(6.41)	10.89	28.47	43.54	53.85
Gross dividends (%) - tax exempt	0	5	5	0	0
Gross dividends (%) - taxable	10	5	5	20	20

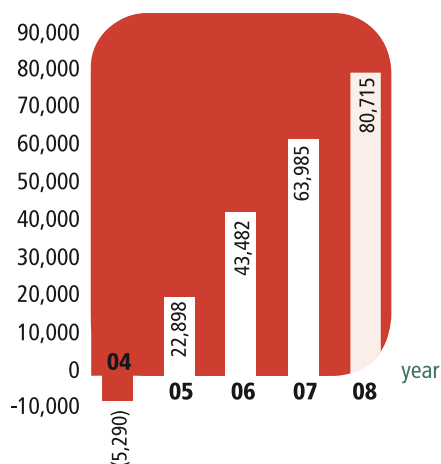
REVENUE
RM'000



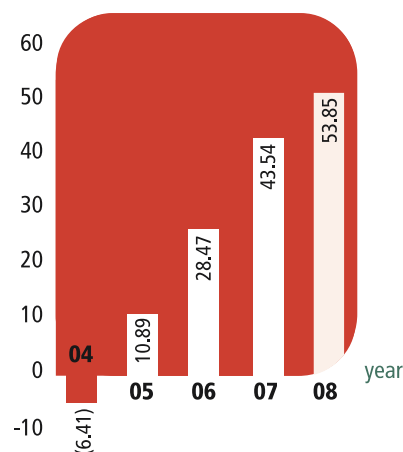
SHAREHOLDERS' FUND
RM'000



(LOSS)/PROFIT BEFORE TAXATION
RM'000



(LOSS)/EARNINGS PER SHARE
SEN



Statement on Corporate Governance

Pursuant to Paragraph 15.26 of the Listing Requirements of the Bursa Malaysia Securities Berhad

Arising from the recent developments in the world economy and the financial markets, sharper focus is placed on Corporate Governance. The only way to ensure growth in such a fiercely competitive environment is to have strong Corporate Governance in place.

The Board of Directors of Malayan Flour Mills Berhad recognizes this and hence, remains committed to ensure that the highest standards on Corporate Governance are observed throughout the Group in the interest of the stakeholders. The Board regards Corporate Governance as vitally important to the success of the Company's business and is unreservedly committed to applying the principles necessary to ensure that good governance is practiced in all of its business dealings.

The Board views the maintenance of high standards of corporate governance as a continuous process incorporating current developments from both within and outside the Country. The Board makes adjustments as may be appropriate and the overriding principle is to adopt the substance rather than the form, with the ultimate objective of enhancing the business processes and shareholder value.

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

Composition of the Board and Balance

The Board is responsible for the Company in achieving the highest level of business conduct. Its duties and responsibilities included amongst others to establish long and medium terms strategic plans, approve annual budget, establish goals for management and monitor the achievement of these goals. The roles and functions of the Board including the executive and non-executive Directors are clearly defined in the Board Charter which regulates how business is to be conducted by the Board in accordance with the principles of good Corporate Governance.

The Company has a unitary Board, currently consisting of two (2) Executive Directors and five (5) Non-Executive Directors of whom four (4) are Independent and thus obtain the desired level of objectivity and independence in Board deliberations and decision making. The Board composition also complies with the Listing Requirements of Bursa Malaysia Securities Berhad which require a minimum of 2 or 1/3 of the Board to be independent directors. A brief profile of each director is presented on pages 5 to 8 of this Annual Report.

There is a clear division of responsibility between the Chairman and the Managing Director to ensure that there is a balance of power and authority, such that no one individual has unfettered powers of decision-making. The Chairman is responsible for ensuring Board effectiveness and conduct whilst the Managing Director is responsible for implementing the policies and decisions of the Board, overseeing the operations as well as coordinating the development and implementation of business and corporate strategies.

The presence of the Independent Non-Executive Directors fulfills a pivotal role in corporate accountability and provides unbiased, objective and independent view, advice and judgment to the decision making process of the Board.

Statement on Corporate Governance (cont'd)

Pursuant to Paragraph 15.26 of the Listing Requirements of the Bursa Malaysia Securities Berhad

BOARD OF DIRECTORS (cont'd)

Appointment and Re-election of Directors

The procedures for appointments to the Board are formal and transparent. The Nomination Committee is responsible for making recommendations for any appointments to the Board by considering the mix of skills, knowledge, expertise and experience which the Director(s) brings to the Board. For the position of independent non-executive director, the Nomination Committee also evaluates the candidate's calibre, credibility and necessary skill and experience to bring an independent judgment and view to matters under consideration. Any new nomination received is forwarded to the Board for assessment and endorsement.

The Company's Articles of Association provide that all Directors are subject to election by the shareholders at the next Annual General Meeting subsequent to their appointment.

In respect of the re-election of Directors, 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 and that all Directors are subject to re-election by rotation at least once in every three years.

Directors over seventy years old are required to submit themselves for re-appointment annually in accordance to Section 129(6) of the Companies Act, 1965.

Board Meetings

The Board meets at least five (5) times annually, with additional meetings being convened as and when necessary. The Board meetings are scheduled prior to the commencement of the financial year. The Board receives documents on matters requiring its consideration prior to and in advance of each meeting.

Minutes of proceedings and resolutions passed at each Board and Board Committees Meetings are kept in the statutory register at the registered office of the Company. In the event of a potential conflict of interest, the Director in such position will make a declaration to that effect as soon as practicable. The Director concerned will then abstain from any decision-making process in which he has an interest in.

During the year under review, seven (7) Board Meetings were held. The attendance of each Director at the Board meetings are as follows:-

Director	Number of Meetings Attended
Tan Sri Datuk Arshad bin Ayub	7 / 7
Mr Teh Wee Chye	7 / 7
Mr Lee Soon Lee	7 / 7
Tan Sri Hamzah bin Abu Samah (Retired on 2 April 2009)	4 / 7
Dato' Hj Shaharuddin bin Hj Haron	7 / 7
Mr Geh Cheng Hooi	5 / 7
Mr Quah Ban Lee	7 / 7
Datuk Oh Chong Peng (Appointed on 20 August 2008)	1 / 1

Statement on Corporate Governance (cont'd)

Pursuant to Paragraph 15.26 of the Listing Requirements of the Bursa Malaysia Securities Berhad

BOARD OF DIRECTORS (cont'd)

Access to Advice and Information

In order for the Board to effectively discharge its duties and responsibilities, the Directors are provided with full, complete and unrestricted access to timely and accurate information. All Board and Committee members are provided with the agenda and reports relevant to the business of the meeting in advance so that the Directors have sufficient time to prepare and deliberate on the issues prior to the meeting.

Senior Management members may be invited to attend Board Meetings to provide the Board with their views and explanations on certain agenda items tabled to the Board, and to furnish their clarification on issues that may be raised by Directors.

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. In addition, the Directors may take independent advice if necessary at the Company's expense.

Directors' Training

Recognising the ever increasing demands of their role, the Directors of the Company have continued to attend and participate in various programmes which they have individually or collectively considered as relevant for them to keep abreast with the changes in regulations and trends in the business practices, environment and markets.

On appointment, all new Directors in particular the Non-Executive Directors will have the benefit of an induction programme aimed at deepening their understanding of the Company and the business environment and markets in which the Company operates.

The Company Secretary facilitates the participation of training programmes by the Directors and maintains the details of all trainings attended by the Directors.

During the financial year under review, the following training programmes were attended by the Directors of the Company:-

Name of Director	Mode of Training	Title of Training
Tan Sri Datuk Arshad bin Ayub	Seminar	1. Improving Board Directors' Performance, Leadership & Governance
	Briefing	2. Briefing on Directors and Officers Liability Insurance
	Conference	3. MAICSA Annual Conference 2008 - Corporate & Regulatory Updates
Teh Wee Chye	Briefing	1. Briefing on Directors and Officers Liability Insurance
	Conference Workshop	2. Australian Grains Industry Conference 3. A Half-Day Workshop on Dealing with the Food Crisis - Thinking Global Acting Local

Statement on Corporate Governance (cont'd)

Pursuant to Paragraph 15.26 of the Listing Requirements of the Bursa Malaysia Securities Berhad

BOARD OF DIRECTORS (cont'd)

Directors' Training (cont'd)

During the financial year under review, the following training programmes were attended by the Directors of the Company:- (cont'd)

Name of Director	Mode of Training	Title of Training
Lee Soon Lee	Briefing	1. Briefing on Directors and Officers Liability Insurance
	Seminar	2. A Half-Day Seminar on Directorship: Independent vs Executive
Tan Sri Hamzah bin Abu Samah	Briefing	1. Briefing on Directors and Officers Liability Insurance
	Conference	2. MAICSA Annual Conference 2008 - Corporate & Regulatory Updates
Dato' Hj Shahrudin Hj bin Haron	Briefing	1. Briefing on Directors and Officers Liability Insurance
	Conference	2. MAICSA Annual Conference 2008 - Corporate & Regulatory Updates
Geh Cheng Hooi	Briefing	Briefing on Directors and Officers Liability Insurance
Quah Ban Lee	Briefing	1. Briefing on Directors and Officers Liability Insurance
	Conference	2. MAICSA Annual Conference 2008 - Corporate & Regulatory Updates
	Conference	3. KPMG Tax Summit 2008
Datuk Oh Chong Peng	Seminar	1. Seminar on Future of Accounting Standards in Malaysia
	Seminar	2. Seminar on Directors and Officers Liability Insurance

BOARD COMMITTEES

The Board has delegated certain responsibilities to the Board Committees which are necessary to facilitate efficient decision-making to assist the Board in the execution of its duties, power and authorities. The functions and terms of reference of the Board Committees are clearly defined. The Chairman of the various committees will report to the Board the outcome of the respective Committee meetings and such reports are incorporated in the minutes of the Board meeting.

Currently, the Board has three standing committees namely, Audit Committee, Nomination Committee and Remuneration Committee. The Board retains full responsibility for the direction and control of the Company and the Group.

Statement on Corporate Governance (cont'd)

Pursuant to Paragraph 15.26 of the Listing Requirements of the Bursa Malaysia Securities Berhad

BOARD COMMITTEES (cont'd)

Audit Committee

The composition and terms of reference of the Audit Committee together with its report are presented on pages 27 to 30 of this Annual Report.

Nomination Committee

The Nomination Committee consists of one (1) Non-Independent Non-Executive Director and three (3) Independent Non-Executive Directors as follows:

Dato' Hj Shaharuddin bin Hj Haron (Chairman)	<i>(Independent Non-Executive Director)</i>
Mr Lee Soon Lee	<i>(Non-Independent Non-Executive Director)</i>
Tan Sri Datuk Arshad bin Ayub	<i>(Independent Non-Executive Director)</i>
Mr Geh Cheng Hooi	<i>(Independent Non-Executive Director)</i>

The Committee is responsible for making recommendations for any appointments to the Board, Board Committees as well as positions of the General Manager(s) and Chief Financial Officer. It also assesses 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.

The Committee met three (3) times during the financial year.

Remuneration Committee

The Remuneration Committee comprises of one (1) Non-Independent Non-Executive Director, two (2) Independent Non-Executive Directors and one (1) Executive Director as follows:

Mr Lee Soon Lee (Chairman)	<i>(Non-Independent Non-Executive Director)</i>
Dato' Hj Shaharuddin bin Hj Haron	<i>(Independent Non-Executive Director)</i>
Tan Sri Datuk Arshad bin Ayub	<i>(Independent Non-Executive Director)</i>
Mr Teh Wee Chye	<i>(Managing Director)</i>

The primary function of the Remuneration Committee is to determine and agree with the Board the framework or broad policy for the remuneration of the Executive Directors and other senior management staff of the Group. The Committee also reviews and recommends for the Board's consideration the Directors'/Committees' fees and meeting allowances.

The Committee also determines the policy for and the scope of service agreements for the Executive Directors of the Group.

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 increase in Directors' fees has to be approved by the shareholders at the Annual General Meeting.

The Committee met once during the financial year under review.

Statement on Corporate Governance (cont'd)

Pursuant to Paragraph 15.26 of the Listing Requirements of the Bursa Malaysia Securities Berhad

DIRECTORS' REMUNERATION

The Company has in place a remuneration policy which linked the remuneration package of the Executive Directors to the corporate and individual performance. The remuneration package of the Executive Directors comprises of the basic salary, performance incentive and other benefits as are laid down by the Company's rules and regulations from time to time. Their remuneration package is reviewed annually to keep abreast with the changes in the market and industry as well as to motivate and retain the directors to pursue the long term goals of the Group.

The Directors are paid meeting allowance for each Board and Committee meeting they attend. Besides this, the Non-Executive Directors of the Company are also paid annual fees which were approved by the shareholders at the Annual General Meeting.

In addition, the Company reimburses reasonable expenses incurred by the Directors in the course of discharging their duties.

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

(a) Aggregate remuneration of Directors categorized into appropriate components:

Category	Fees (RM'000)	Salaries (RM'000)	Performance Incentive (RM'000)	Benefits- In-Kind (RM'000)	Other Emoluments (RM'000)
2 Executive Directors	8	1,474	1,190	61	28
7 Non-Executive Directors	459	84	-	37	176

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

Range of Remuneration	Executive Directors	Non-Executive Directors
Below RM50,000		2
RM50,001 to RM100,000		2
RM100,001 to RM150,000		1
RM200,001 to RM250,000		2
RM650,000 to RM700,000	1	
RM2,050,000 to RM2,100,000	1	

Statement on Corporate Governance (cont'd)

Pursuant to Paragraph 15.26 of the Listing Requirements of the Bursa Malaysia Securities Berhad

RELATIONSHIP WITH SHAREHOLDERS AND INVESTORS

The Board recognises the importance of maintaining an effective communication with the shareholders and the general public. All shareholders are encouraged to attend the Company's Annual General Meeting ("AGM") 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. Where it is not possible to provide immediate answers, the Chairman will undertake to furnish the shareholder with a written reply after the AGM.

The timely release of quarterly financial results, the issue of the Company's Annual Reports and the Company's website provide regular information on the state of affairs of the Group. These, together with the announcements to the Bursa Malaysia Securities Berhad on material information and corporate proposals are the principal channels for dissemination of information to its investors, stakeholders and the public generally.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Directors take responsibility for presenting a balanced and objective assessment of the Group's financial performance and prospects primarily through the quarterly and annual financial announcements of results. In addition, the Chairman's statement and review of operations and corporate developments are also contained in this Annual Report to the 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 judgments and estimates are being used.

Internal Control

The Group has in place 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 as set out on pages 31 to 32 of this Annual Report provides an overview of the state of internal controls within the Group.

Relationship with Auditors

The Company through the Audit Committee has an appropriate and transparent relationship with the external auditors. 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.

Statement on Corporate Governance (cont'd)

Pursuant to Paragraph 15.26 of the Listing Requirements of the Bursa Malaysia Securities Berhad

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 cash flows for that year. In preparing the financial statements for the financial year ended 31 December 2008, the Directors have:

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

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

Additional Compliance Information

The following information is provided in compliance with the Listing Requirements of the Bursa Malaysia Securities Berhad.

1. Utilisation of Proceeds

During the financial year, there were no proceeds raised by the Company from any corporate proposals.

2. Share Buy-back

The Company has not conducted any share buy-back during the financial year ended 31 December 2008.

3. Options, Warrants or Convertible Securities

The Company does not have any outstanding options, warrants or convertible securities.

4. American Depositary Receipt ("ADR") or Global Depositary Receipt ("GDR") Programme

The Company did not sponsor any ADR or GDR programme during the financial year.

5. Imposition of Sanctions and/or Penalties

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by the relevant authorities during the financial year.

6. Non-Audit Fees

Non-Audit Fees amounting to RM10,000 would be payable to the External Auditors for the financial year.

7. Variation in Results

There were no material variations between the audited results for the financial year ended 31 December 2008 and the unaudited results for the quarter ended 31 December 2008 of the Group.

8. Profit Guarantee

The Company did not give any profit guarantee during the financial year.

9. Material Contracts involving Directors' and Substantial Shareholders' Interests

There were no material contracts entered into by the Company and/or its subsidiaries involving Directors' and substantial shareholders' interests either subsisting as at 31 December 2008 or entered into since the end of the previous financial year except for the related party transactions disclosed in Note 25 to the financial statements on pages 89 to 90 of this Annual Report.

10. Revaluation Policy on Landed Properties

The Group's revaluation policy is stated in Note 2(c) to the financial statements on pages 51 to 52 of this Annual Report.

11. Recurrent Related Party Transactions of a Revenue or Trading Nature

The Recurrent Related Party Transactions of a Revenue or Trading Nature are disclosed in Note 25 to the financial statements on pages 89 to 90 of this Annual Report.

Audit Committee Report

The Board of Malayan Flour Mills Berhad is pleased to present the Audit Committee Report for the year ended 31 December 2008.

MEMBERS

Chairman:	Dato' Hj Shaharuddin bin Hj Haron (Independent Non-Executive Director)
Members:	Tan Sri Hamzah bin Abu Samah (Retired on 2 April 2009) (Independent Non-Executive Director)
	Lee Soon Lee (Non-Independent Non-Executive Director)
	Geh Cheng Hooi (Independent Non-Executive Director)
	Tan Sri Datuk Arshad bin Ayub (Independent Non-Executive Director)
	Datuk Oh Chong Peng (Appointed on 20 August 2008) (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:

Audit Committee Members	Attendance
Dato' Hj Shaharuddin bin Hj Haron	5 of 5 meetings
Tan Sri Hamzah bin Abu Samah	3 of 5 meetings
Lee Soon Lee	5 of 5 meetings
Geh Cheng Hooi	3 of 5 meetings
Tan Sri Datuk Arshad bin Ayub	5 of 5 meetings
Datuk Oh Chong Peng	1 of 1 meeting

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

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

Audit Committee Report (cont'd)

TERMS OF REFERENCE

1.0 Members

The Committee shall be appointed by the Board of Directors and shall consist of not less than three members, all of whom shall be non-executive directors, with a majority of them being 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 with at least three years' working experience or fulfils such other requirements as prescribed or approved by the Exchange (Refer Paragraph 15.10(1)(c) of the Bursa Malaysia Securities Berhad's Listing Requirements)

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

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

2.0 Meetings

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

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

The Committee shall convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary.

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

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

A quorum shall consist of a majority of independent directors.

3.0 Authority

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

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

TERMS OF REFERENCE (cont'd)

4.0 Duties and Responsibilities

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

Audit Committee Report (cont'd)

TERMS OF REFERENCE (cont'd)

4.0 Duties and Responsibilities (cont'd)

- j) The term of office and performance of the Audit Committee and each of its members must be reviewed by the Board at least once every 3 years to determine whether such Audit Committee and members have carried out their duties in accordance with their terms of reference.

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

The summary of the activities of the Audit Committee in the discharge of its duties and responsibilities for the financial year ended 31 December 2008 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 with the external auditors their audit plans prior to commencement of audit.
- d) Discussed and reviewed the Group's financial year-end statements with the external auditors including issues and findings noted in the course of the audit of the Group's Financial Statements.
- e) Reviewed and appraised the audit reports submitted by the Internal Auditors.
- f) The Committee also appraised the adequacy of actions and remedial measures taken by the Management in resolving audit issues reported and recommended further improvement measures.

INTERNAL AUDIT FUNCTION

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

Statement on Internal Control

The Board of Malayan Flour Mills Berhad is pleased to include the Statement on Internal Control in accordance with paragraph 15.27(b) of Bursa Malaysia Securities Berhad Listing Requirements.

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 an ongoing process to review the effectiveness, adequacy and integrity of the system of internal control.

Risk Management

The Board confirms that there is a risk management plan in place to identify, evaluate and manage significant risks faced by the Group. Risk management is an integral part of our business operations and this process goes through a review by the Board. During the year, discussions were conducted at different levels of management to identify and address risks identified in the Group. The operational activities of the Group include the assessment of significant risks and the execution of relevant mitigating action plans.

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 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 regular 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.

Statement on Internal Control (cont'd)

Other key elements of internal control (cont'd)

- 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 21 April 2009.

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Directors' Report

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the year ended 31 December 2008.

Principal activities

The Company is principally engaged in the business of milling and selling wheat flour and trading in grains and other allied products, whilst the principal activities of the subsidiaries are as stated in Note 7 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

Results

	Group RM'000	Company RM'000
Profit attributable to:		
Equity holders of the Company	57,971	49,338
Minority Interest	3,940	-
	<hr/> 61,911	<hr/> 49,338

Reserves and provisions

There were no material transfers to or from reserves and provisions during the year under review.

Dividends

Since the end of the previous financial year, the Company paid:

- i) an interim dividend of 5 sen per ordinary share less tax at 26% totalling RM3,983,000 (3.70 sen net per ordinary share) in respect of the year ended 31 December 2007 on 18 January 2008;
- ii) a final dividend of 5 sen per ordinary share less tax at 26% totalling RM3,983,000 (3.70 sen net per ordinary share) in respect of the year ended 31 December 2007 on 25 June 2008;
- iii) a special dividend of 10 sen per ordinary share less tax at 26% totalling RM7,965,000 (7.40 sen net per ordinary share) in respect of the year ended 31 December 2007 on 25 June 2008; and
- iv) an interim dividend of 5 sen per ordinary share less tax at 25% totalling RM4,037,000 (3.75 sen net per ordinary share) in respect of the year ended 31 December 2008 on 16 January 2009.

The final and special dividends recommended by the Directors in respect of the year ended 31 December 2008 is 5 sen per ordinary share and 10 sen per ordinary share respectively less tax at 25% totalling RM4,037,000 (3.75 sen net per ordinary share) and RM8,073,000 (7.50 sen net per ordinary share) respectively.

Directors' Report (cont'd)

Directors of the Company

Directors who served since the date of the last report are:

Tan Sri Datuk Arshad bin Ayub
 Teh Wee Chye
 Lee Soon Lee
 Dato' Hj Shaharuddin bin Hj Haron
 Geh Cheng Hooi
 Quah Ban Lee
 Datuk Oh Chong Peng (appointed on 20 August 2008)
 Tan Sri Hamzah bin Abu Samah (retired on 2 April 2009)

Directors' interests

The interests and deemed interests in the shares and options of the Company and of its related companies (other than wholly-owned subsidiaries) of those who were Directors at year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares of RM1 each			
	At 1.1.2008	Bought	Sold	At 31.12.2008
Company - Malayan Flour Mills Berhad				
Direct interest				
Teh Wee Chye	456,500	-	-	456,500
Lee Soon Lee	6,000	-	-	6,000
Tan Sri Datuk Arshad bin Ayub	4,194,085	137,400	-	4,331,485
Dato' Hj Shaharuddin bin Hj Haron	400,000	-	-	400,000
Quah Ban Lee	235,000	-	-	235,000
Deemed interest				
Teh Wee Chye				
- own	29,858,483	-	-	29,858,483
- others *	12,000	-	-	12,000
Lee Soon Lee				
- others *	241,500	-	-	241,500
Tan Sri Datuk Arshad bin Ayub	2,394,000	310,400	-	2,704,400
Geh Cheng Hooi	3,000	-	-	3,000

Directors' Report (cont'd)

Directors' interests (cont'd)

	Number of ordinary shares of RM1 each			
	At 1.1.2008	Bought	Sold	At 31.12.2008
Subsidiary company				
- Dindings Soya & Multifeeds Sdn. Berhad				
Deemed interest				
Teh Wee Chye	29,185,000	-	-	29,185,000
- Muda Fibre Manufacturing Sdn. Bhd.				
Deemed interest				
Teh Wee Chye	7,000,001	-	-	7,000,001
- Dindings Poultry Processing Sdn. Bhd.				
Deemed interest				
Teh Wee Chye	51,160,000	-	-	51,160,000
- Dindings Trading Sdn. Bhd.				
Deemed interest				
Teh Wee Chye	10,200	-	-	10,200

Interest in capital contribution denominated in Vietnamese Dong (VND)

	At 1.1.2008 VND'000	Bought VND'000	Sold VND'000	At 31.12.2008 VND'000
- Vimaflour Limited				
Deemed interest				
Teh Wee Chye	149,310,144	-	-	149,310,144

* Deemed to have interest through spouse and children pursuant to the Section 134(12)(c) of the Companies Act, 1965.

By virtue of his interest in the shares of the Company, Mr. Teh Wee Chye is also deemed interested in the shares of the subsidiaries during the financial year to the extent that Malayan Flour Mills Berhad has an interest.

None of the other Directors holding office at 31 December 2008 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

Directors' benefits

Since the end of the previous financial year, no Director has received nor become entitled to receive any benefits (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with Director 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 a Director who has significant financial interests in companies which traded with certain companies in the Group in the ordinary course of business as disclosed in Note 25 to the financial statements.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Issue of shares

There were no changes in the authorised, issued and paid-up capital of the Company during the financial year.

Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company during the financial year.

Other statutory information

Before the balance sheets and income statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

- i) all known bad debts have been written off and adequate provision made for doubtful debts, and
- ii) all current assets have been stated at the lower of cost and net realisable value.

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

- i) that would render the amount written off for bad debts, or the amount of the provision for doubtful debts, in the Group and in the Company inadequate to any substantial extent, or
- ii) that would render the value attributed to the current assets in the Group and in the Company financial statements misleading, or
- iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or
- iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

Directors' Report (cont'd)

Other statutory information (cont'd)

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

- i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or
- ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

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

In the opinion of the Directors, the results of the operations of the Group and of the Company for the financial year ended 31 December 2008 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Auditors

The auditors, Messrs KPMG, have indicated their willingness to accept re-appointment.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

Tan Sri Datuk Arshad Bin Ayub

Teh Wee Chye

Kuala Lumpur
21 April 2009

Balance Sheets

at 31 December 2008

		Group		Company	
	Note	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Assets					
Property, plant and equipment	3	184,091	180,817	80,063	64,460
Intangible assets	4	3,339	3,953	1,196	1,902
Leasehold land	5	13,265	13,928	3,403	3,570
Investment properties	6	5,676	5,733	5,405	5,462
Investments in subsidiaries	7	-	-	149,316	149,316
Investments in associates	8	319	870	-	*
Other investments	9	112	112	60	60
Deferred tax assets	10	2,593	1,828	-	-
Total non-current assets		209,395	207,241	239,443	224,770
Receivables, deposits and prepayments	11	201,386	187,501	180,065	134,212
Inventories	12	282,000	284,564	104,954	80,945
Current tax assets		748	495	-	-
Cash and cash equivalents	13	104,056	134,246	40,928	27,271
Total current assets		588,190	606,806	325,947	242,428
Total assets		797,585	814,047	565,390	467,198
Equity					
Share capital		107,645	107,645	107,645	107,645
Reserves		281,041	238,652	227,609	194,256
Total equity attributable to equity holders of the Company		388,686	346,297	335,254	301,901
Minority interest		33,571	32,851	-	-
Total equity	14	422,257	379,148	335,254	301,901

* denotes RM4

Balance Sheets (cont'd)
at 31 December 2008

	Note	Group		Company	
		2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Liabilities					
Deferred tax liabilities	10	6,889	6,638	6,889	6,638
Total non-current liabilities		6,889	6,638	6,889	6,638
Payables and accruals	15	82,206	87,366	72,057	41,662
Loans and borrowings	16	279,908	335,135	144,865	112,272
Current tax liabilities		2,288	1,777	2,288	742
Dividend payable		4,037	3,983	4,037	3,983
Total current liabilities		368,439	428,261	223,247	158,659
Total liabilities		375,328	434,899	230,136	165,297
Total equity and liabilities		797,585	814,047	565,390	467,198

The notes set out on pages 48 to 90 are an integral part of these financial statements.

Income Statements

for the year ended 31 December 2008

Note	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Revenue	1,198,778	1,031,183	429,377	303,023
Cost of goods sold	(1,017,888)	(872,813)	(325,876)	(234,481)
Gross profit	180,890	158,370	103,501	68,542
Other income	11,498	6,311	23,911	7,922
Distribution and selling expenses	(61,137)	(62,864)	(26,335)	(23,902)
Administrative expenses	(27,265)	(27,990)	(14,698)	(16,432)
Other expenses	(16,290)	(2,188)	(16,275)	(8,194)
Results from operating activities	87,696	71,639	70,104	27,936
Interest expense	(14,868)	(13,350)	(5,625)	(3,616)
Interest income	8,399	5,868	506	345
Operating profit	81,227	64,157	64,985	24,665
Share of loss after tax of equity accounted associates	(512)	(172)	-	-
Profit before tax	80,715	63,985	64,985	24,665
Tax expense	(18,804)	(10,676)	(15,647)	(6,976)
Profit for the year	61,911	53,309	49,338	17,689
Attributable to:				
Equity holders of the Company	57,971	46,591		
Minority interest	3,940	6,718		
Profit for the year	61,911	53,309		
Basic earnings per ordinary share (sen)	53.85	43.54		

The notes set out on pages 48 to 90 are an integral part of these financial statements.

Statement of Changes in Equity

for the year ended 31 December 2008

Group	Attributable to equity holders of the Company									
	Non-distributable					Distributable				
	Share capital RM'000	Share premium RM'000	Revaluation reserve RM'000	Other capital reserves RM'000	Share option reserve RM'000	Translation reserve RM'000	Retained earnings RM'000	Total RM'000	Minority interest RM'000	Total equity RM'000
At 1 January 2007	105,219	54,030	19,310	7,673	148	(11,687)	138,360	313,053	29,612	342,665
Foreign exchange translation differences	-	-	-	-	-	(8,156)	-	(8,156)	(1,414)	(9,570)
Net loss recognised directly in equity	-	-	-	-	-	(8,156)	-	(8,156)	(1,414)	(9,570)
Profit for the year	-	-	-	-	-	-	46,591	46,591	6,718	53,309
Total recognised income and expense for the year	-	-	-	-	-	(8,156)	46,591	38,435	5,304	43,739
Share-based payments	-	-	-	-	93	-	-	93	-	93
Share options exercised	2,426	1,832	-	-	(200)	-	-	4,058	-	4,058
Reversal of share-based payments upon maturity of ESOS	-	-	-	-	(41)	-	41	-	-	-
Subscription of shares in a subsidiary	-	-	-	-	-	-	-	-	10	10
Dividends to equity holders	-	-	-	-	-	-	(9,342)	(9,342)	-	(9,342)
Dividends to minority interests	-	-	-	-	-	-	-	-	(2,075)	(2,075)
At 31 December 2007	107,645	55,862	19,310	7,673	-	(19,843)	175,650	346,297	32,851	379,148

Statement of Changes in Equity (cont'd)
for the year ended 31 December 2008

<i>Group</i>	← <i>Attributable to equity holders of the Company</i> →							→ <i>Distributable</i>	Minority interest	Total equity
	Share capital	Share premium	Revaluation reserve	Other capital reserves	Share option reserve	Translation reserve	Retained earnings			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	Total RM'000	RM'000	RM'000
At 1 January 2008	107,645	55,862	19,310	7,673	-	(19,843)	175,650	346,297	32,851	379,148
Foreign exchange translation differences	-	-	-	-	-	403	-	403	(99)	304
Net gain/(loss) recognised directly in equity	-	-	-	-	-	403	-	403	(99)	304
Profit for the year	-	-	-	-	-	-	57,971	57,971	3,940	61,911
Total recognised income and expense for the year	-	-	-	-	-	403	57,971	58,374	3,841	62,215
Bonus shares issued by a subsidiary	-	-	-	6,935	-	-	(6,935)	-	-	-
Realisation of revaluation reserves	-	-	(2,243)	-	-	-	2,243	-	-	-
Dividends to equity holders	-	-	-	-	-	-	(15,985)	(15,985)	-	(15,985)
Dividends to minority interests	-	-	-	-	-	-	-	-	(3,121)	(3,121)
At 31 December 2008	107,645	55,862	17,067	14,608	-	(19,440)	212,944	388,686	33,571	422,257

Statement of Changes in Equity (cont'd)
for the year ended 31 December 2008

<i>Company</i>	← <i>Non-distributable</i> →			<i>Distributable</i> →		Total RM'000
	Share capital RM'000	Share premium RM'000	Revaluation reserves RM'000	Share option reserve RM'000	Retained earnings RM'000	
At 1 January 2007	105,219	54,030	19,310	148	110,696	289,403
Profit for the year	-	-	-	-	17,689	17,689
Share-based payments	-	-	-	93	-	93
Share options exercised	2,426	1,832	-	(200)	-	4,058
Reversal of share-based payment upon maturity of ESOS	-	-	-	(41)	41	-
Dividends to equity holders	-	-	-	-	(9,342)	(9,342)
At 31 December 2007/ 1 January 2008	107,645	55,862	19,310	-	119,084	301,901
Profit for the year	-	-	-	-	49,338	49,338
Realisation of revaluation reserves	-	-	(2,243)	-	2,243	-
Dividends to equity holders	-	-	-	-	(15,985)	(15,985)
At 31 December 2008	107,645	55,862	17,067	-	154,680	335,254

The notes set out on pages 48 to 90 are an integral part of these financial statements.

Cash Flow Statements

for the year ended 31 December 2008

	Note	Group		Company	
		2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Cash flows from operating activities					
Profit before tax		80,715	63,985	64,985	24,665
<i>Adjustments for:</i>					
Amortisation of intangible assets	4	1,715	972	889	853
Amortisation of leasehold land	5	608	615	167	167
Depreciation of investment properties	6	57	57	57	57
Depreciation of property, plant and equipment	3	18,686	21,056	5,535	5,236
Dividend income		-	-	(18,432)	(5,801)
Gain on disposal of an associate		(39)	-	(18)	-
Gain on disposal of property, plant and equipment		(1,109)	(1,004)	(244)	(141)
Gain on disposal of quoted investments		-	(484)	-	-
Impairment on property, plant and equipment		2,809	-	-	-
Interest expense		14,868	13,350	5,625	3,616
Interest income		(8,399)	(5,868)	(506)	(345)
Property, plant and equipment written off		1,760	63	1,760	-
Share-based payments		-	93	-	93
Share of loss of equity accounted associates		512	172	-	-
Unrealised loss/(gain) on foreign exchange		737	(405)	-	-
Operating profit before changes in working capital		112,920	92,602	59,818	28,400
Changes in working capital:					
Inventories		1,721	(56,035)	(24,009)	14,285
Payables and accruals		(8,208)	30,437	30,395	15,291
Receivables, deposit and prepayments		(14,272)	(49,763)	(45,853)	(24,145)
Cash generated from operations		92,161	17,241	20,351	33,831
Interest paid		(14,868)	(13,350)	(5,625)	(3,616)
Interest received		8,399	5,868	506	345
Tax paid		(19,098)	(11,667)	(13,599)	(6,634)
Net cash generated from/(used in) operating activities		66,594	(1,908)	1,633	23,926

Cash Flow Statements (cont'd)

for the year ended 31 December 2008

Note	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Cash flows from investing activities				
Acquisition of intangible assets	(1,112)	(1,992)	(183)	(204)
Acquisition of property, plant and equipment	(28,250)	(11,679)	(23,073)	(4,744)
Dividend received	-	-	18,181	5,542
Subscription of shares in a subsidiary	-	-	*	-
Subscription of shares in a subsidiary by minority interest	-	10	-	-
Proceeds from disposal of an associate	18	-	18	-
Proceeds from disposal of property, plant and equipment	2,438	1,065	419	161
Proceeds from disposal of quoted investment	-	966	-	-
Net cash (used in)/generated from investing activities	(26,906)	(11,630)	(4,638)	755
Cash flows from financing activities				
Dividends paid to minority shareholders	-	(2,075)	-	-
Dividends paid to equity holders of the Company	(15,931)	(9,199)	(15,931)	(9,199)
Proceeds from issuance of shares (Repayment of)/Proceeds from loans and borrowings	-	4,058	-	4,058
	(54,919)	103,992	32,593	(647)
Net cash (used in)/generated from financing activities	(70,850)	96,776	16,662	(5,788)
Net (decrease)/increase in cash and cash equivalents	(31,162)	83,238	13,657	18,893
Effect of exchange rate fluctuations on cash held	972	(3,599)	-	-
Cash and cash equivalents at 1 January	(i) 134,246	54,607	27,271	8,378
Cash and cash equivalents at 31 December	(i) 104,056	134,246	40,928	27,271

* denotes RM326

Cash Flow Statements (cont'd)

for the year ended 31 December 2008

i) *Cash and cash equivalents*

Cash and cash equivalents included in the cash flow statements comprise the following balance sheet amounts:

	Note	Group		Company	
		2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Deposit placed with licensed banks	13	86,190	115,282	34,100	20,300
Cash and bank balances	13	17,866	18,964	6,828	6,971
		104,056	134,246	40,928	27,271

The notes set out on pages 48 to 90 are an integral part of these financial statements.

Notes to the Financial Statements

Malayan Flour Mills Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Board of the Bursa Malaysia Securities Berhad. The address of its registered office, which is also its principal place of business is as follows:

Registered office and principal place of business

22nd Floor, Wisma MCA
Jalan Ampang
50450 Kuala Lumpur

The consolidated financial statements of the Company as at and for the year ended 31 December 2008 comprise the Company and its subsidiaries and the Group's interest in associates.

The Company is principally engaged in the business of milling and selling wheat flour and trading in grains and other allied products, whilst the principal activities of the subsidiaries are as stated in Note 7 to the financial statements.

The financial statements were approved by the Board of Directors on 21 April 2009.

1. Basis of preparation

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards (FRS), accounting principles generally accepted in Malaysia and the Companies Act, 1965. These financial statements also comply with the applicable disclosure provisions of the Listing Requirements of the Bursa Malaysia Securities Berhad.

The Group and the Company have not applied the following accounting standards (including their consequential amendments) and interpretations that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective:

FRSs / Interpretations	Effective date
FRS 4, <i>Insurance Contracts</i>	1 January 2010
FRS 7, <i>Financial Instruments: Disclosures</i>	1 January 2010
FRS 8, <i>Operating Segments</i>	1 July 2009
FRS 139, <i>Financial Instruments: Recognition and Measurement</i>	1 January 2010
IC Interpretation 9, <i>Reassessment of Embedded Derivatives</i>	1 January 2010
IC Interpretation 10, <i>Interim Financial Reporting and Impairment</i>	1 January 2010

The Group and the Company plan to apply the abovementioned FRSs/Interpretations, which are relevant to its operation, from the annual period beginning 1 January 2010.

FRS 4 is not applicable to the Group and the Company. Hence, no further disclosure is warranted.

The impact of applying FRS 7 and FRS 139 on the financial statements upon first adoption as required by paragraph 30(b) of FRS 108, Accounting Policies, Changes in Accounting Estimates and Errors is not disclosed by virtue of the exemptions given in the respective FRSs. The initial application of the rest of the above standards (and their consequential amendments) and interpretations is not expected to have any material impact on the financial statements of the Group and the Company.

Notes to the Financial Statements (cont'd)

1. Basis of preparation (cont'd)

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (RM), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements.

2. Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements, and have been applied consistently by Group entities, unless otherwise stated.

(a) Basis of consolidation

(i) *Subsidiaries*

Subsidiaries are entities, including unincorporated entities, controlled by the Group. Control exists when the Group has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. Subsidiaries are consolidated using the purchase method of accounting.

Under the purchase method of accounting, the financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Investments in subsidiaries are stated in the Company's balance sheet at cost less any impairment losses, unless the investment is held for sale.

Notes to the Financial Statements (cont'd)

2. Significant accounting policies (cont'd)

(a) Basis of consolidation (cont'd)

(ii) Associates

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Associates are accounted for in the consolidated financial statements using the equity method unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). The consolidated financial statements include the Group's share of the profit or loss of the equity accounted associates, after adjustments, if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an equity accounted associates, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Investments in associates are stated in the Company's balance sheet at cost less impairment losses, unless the investment is classified as held for sale.

(iii) Minority interest

Minority interest at the balance sheet date, being the portion of the net identifiable assets of subsidiaries attributable to equity interest that are not owned by the Company, whether directly or indirectly through subsidiaries, are presented in the consolidated balance sheet and statement of changes in equity within equity, separately from equity attributable to the equity holders of the Company. Minority interest in the results of the Group are presented on the face of the consolidated income statement as an allocation of the total profit or loss for the year between minority interest and the equity holders of the Company.

Where losses applicable to the minority exceed the minority's interest in the equity of a subsidiary, the excess, and any further losses applicable to the minority, are charged against the Group's interest except to the extent that the minority has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequently report profits, the Group's interest is allocated with all such profits until the minority's share of losses previously absorbed by the Group has been recovered.

(iv) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gain arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

2. Significant accounting policies (cont'd)

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies are translated at exchange rates at the dates of the transactions except for those that are measured at fair value, which are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in the income statements.

(ii) Operations denominated in functional currencies other than Ringgit Malaysia

The assets and liabilities of operations in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the balance sheet date. The income and expenses of operations in functional currencies other than RM are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in translation reserve. On disposal, accumulated translation differences are recognised in the consolidated income statement as part of the gain or loss on sale.

(c) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are stated at cost/valuation less accumulated depreciation and accumulated impairment losses.

The Group has availed itself to the transitional provision when the MASB first adopted IAS 16, Property, Plant and Equipment in 1998. Certain properties were revalued in 1983 and no later valuation has been recorded for these property, plant and equipment, except in the case of impairment adjustments based on a valuation.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the market prices for similar items.

Notes to the Financial Statements (cont'd)

2. Significant accounting policies (cont'd)

(c) Property, plant and equipment (cont'd)

(i) *Recognition and measurement* (cont'd)

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income" or "other operating expenses" respectively in the income statements. When revalued assets are derecognised, the amounts included in the revaluation surplus reserve are transferred to retained earnings.

(ii) *Subsequent costs*

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statements as incurred.

(iii) *Depreciation*

Depreciation is recognised in the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative periods are as follows:

- | | |
|--|--|
| • buildings | 10 and 50 years or over lease period, whichever is shorter |
| • jetty | 50 years |
| • plant, machinery, fixtures and equipment | 4 and 10 years |
| • motor vehicles and boats | 5 and 10 years |

Depreciation methods, useful lives and residual values are reassessed at the balance sheet date.

2. Significant accounting policies (cont'd)

(d) Leased assets

Operating lease

Leases, where the Group does not assume substantially all the risks and rewards of the ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the Group's balance sheet. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property.

Leasehold land that normally has an indefinite economic life and title is not expected to pass to the lessee by the end of the lease term is treated as an operating lease.

Certain leasehold land were revalued and the Group has retained the unamortised revalued amount as the surrogate carrying amount of leasehold land in accordance with the transitional provision in FRS 117.67A when it first adopted FRS 117, Leases in the year 2007.

Payments made under operating leases are recognised in the income statements on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Leasehold land are amortised over the lease term of between 30 to 99 years.

(e) Intangible assets

(i) Computer software

Computer software acquired by the Group is stated at cost less accumulated amortisation and impairment loss, if any.

The cost capitalised includes expenditures that are directly attributable to the acquisition of the software licenses and any other development costs directly attributable to the preparation of the computer software for its intended use.

(ii) Subsequent expenditure

Subsequent expenditure on computer software is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

(iii) Amortisation

Amortisation of computer software is charged to the income statements on a straight-line basis over its estimated useful lives. Computer software is amortised from the date that it is available for use.

The estimated useful life of computer software is 4 years.

Notes to the Financial Statements (cont'd)

2. Significant accounting policies (cont'd)

(f) Investments in equity securities

Investments in equity securities are recognised initially at fair value plus attributable transaction costs.

Subsequent to initial recognition, investments in non-current equity securities other than investments in subsidiaries and associates, are stated at cost less allowance for diminution in value.

Where in the opinion of the Directors, there is a decline other than temporary in the value of non-current equity securities other than investment in subsidiaries and associates, the allowance for diminution in value is recognised as an expense in the financial year in which the decline is identified.

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in the income statements.

All investments in equity securities are accounted for using settlement date accounting. Settlement date accounting refers to:

- a) the recognition of an asset on the day it is received by the entity, and
- b) the derecognition of an asset and recognition of any gain or loss on disposal on the date it is delivered.

(g) Investment properties

(i) *Investment properties carried at cost*

Investment properties are properties which are owned to earn rental income or for capital appreciation or for both. These include land (other than leasehold land) held for a currently undetermined future use. Properties that are occupied by the companies in the Group are accounted for as owner-occupied rather than as investment properties.

Investment properties are stated at cost less any accumulated depreciation and any accumulated impairment losses, consistent with the accounting policy for property, plant and equipment as stated in accounting policy note 2(c).

Depreciation is charged to the income statements on a straight-line basis over the estimated useful lives of 50 years for buildings. Freehold land is not depreciated.

Notes to the Financial Statements (cont'd)

2. Significant accounting policies (cont'd)

(g) Investment properties (cont'd)

(ii) Determination of fair value

The Directors estimate the fair values of the Group's investment properties without the involvement of independent valuers.

The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

In the absence of current prices in an active market, the valuations are prepared by considering the aggregate of the estimated cash flows expected to be received from renting out the property. A yield that reflects the specific risks inherent in the net cash flows then is applied to the net annual cash flows to arrive at the property valuation.

(h) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average cost and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of semi-processed goods and finished goods, cost includes an appropriate share of production overheads based on normal operating capacity.

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

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

Poultry parent inventories are stated at the lower of depreciated cost and net realisable value. Cost includes original purchase price 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.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Notes to the Financial Statements (cont'd)

2. Significant accounting policies (cont'd)

(i) Receivables

Receivables are initially recognised at their cost when the contractual right to receive cash or another financial asset from another entity is established.

Subsequent to initial recognition, receivables are stated at cost less allowance for doubtful debts.

Receivables are not held for the purpose of trading.

(j) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value. For the purpose of the cash flow statement, cash and cash equivalents are presented net of bank overdrafts.

(k) Impairment of assets

The carrying amounts of assets except for financial assets (excluding investments in subsidiaries and investments in associates), inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or group of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount unless the asset is carried at a revalued amount, in which case the impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. Impairment losses are recognised in the income statements. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (groups of units) on a pro rata basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to the income statements in the year in which the reversals are recognised, unless it reverses an impairment loss on a revalued asset, in which case it is credited directly to revaluation surplus. Where an impairment loss on the same revalued asset was previously recognised in the income statements, a reversal of that impairment loss is also recognised in the income statements.

Notes to the Financial Statements (cont'd)

2. Significant accounting policies (cont'd)

(l) Loans and borrowings

Loans and borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statements over the period of the loans and borrowings using the effective interest method.

(m) Employee benefits

Short term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The Group's contribution to statutory pension funds are charged to the income statements in the year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

(n) Payables

Payables are measured initially and subsequently at cost. Payables are recognised when there is a contractual obligation to deliver cash or another financial asset to another entity.

(o) Revenue recognition

(i) Goods sold

Revenue from sale of goods and services are measured at the fair value of the consideration receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

(ii) Rental income

Rental income from investment property is recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

Rental income from jetty is recognised at contractual rates based on the length of stay of vessel on an accrual basis.

Notes to the Financial Statements (cont'd)

2. Significant accounting policies (cont'd)

(o) Revenue recognition (cont'd)

(iii) Dividend income

Dividend income is recognised when the right to receive payment is established.

(p) Interest income and borrowing costs

Interest income is recognised as it accrues, using the effective interest method.

All borrowing costs are recognised in the income statement using the effective interest method, in the period in which they are incurred.

(q) Tax expense

Tax expense comprises current and deferred tax. Tax expense is recognised in the income statements except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or tax loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax liability is recognised for all taxable temporary differences.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unutilised reinvestment allowance is treated as the tax base of the assets and is recognised as a reduction of tax expense as and when they are utilised.

Notes to the Financial Statements (cont'd)

2. Significant accounting policies (cont'd)

(r) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the period.

(s) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

3. Property, plant and equipment

Group	Freehold land RM'000	Buildings RM'000	Jetty RM'000	Plant, machinery, fixtures and equipment RM'000	Motor vehicles and boats RM'000	Capital work-in progress RM'000	Total RM'000
Cost/Valuation							
At 1 January 2007							
- At cost	1,346	174,024	789	266,646	35,955	10,634	489,394
- At valuation	-	21,386	6,073	-	-	-	27,459
	1,346	195,410	6,862	266,646	35,955	10,634	516,853
Additions	-	407	-	2,514	675	8,083	11,679
Disposals	-	-	-	(8,642)	(3,048)	-	(11,690)
Write-off	-	(13)	-	(60)	-	-	(73)
Transfers	-	6,138	120	10,316	(899)	(15,675)	-
Effect of movements in exchange rate	-	(2,785)	-	(3,098)	(472)	(221)	(6,576)
At 31 December 2007/ 1 January 2008	1,346	199,157	6,982	267,676	32,211	2,821	510,193
Additions	-	527	662	4,131	1,040	21,890	28,250
Disposals	-	(1,083)	-	(14,286)	(2,452)	-	(17,821)
Write-off	-	-	(3,217)	(1,677)	(72)	-	(4,966)
Transfers	-	1,185	3,336	6,152	-	(10,673)	-
Effect of movements in exchange rate	-	(285)	-	(301)	(41)	(4)	(631)
At 31 December 2008	1,346	199,501	7,763	261,695	30,686	14,034	515,025

Notes to the Financial Statements (cont'd)

3. Property, plant and equipment (cont'd)

Group	Freehold land RM'000	Buildings RM'000	Jetty RM'000	Plant, machinery, fixtures and equipment RM'000	Motor vehicles and boats RM'000	Capital work-in progress RM'000	Total RM'000
Representing items at:							
- At cost	1,346	178,115	4,703	261,695	30,686	14,034	490,579
- At valuation	-	21,386	3,060	-	-	-	24,446
	1,346	199,501	7,763	261,695	30,686	14,034	515,025
Depreciation and impairment							
At 1 January 2007							
Accumulated depreciation	-	82,548	2,905	192,576	29,185	-	307,214
Accumulated impairment	-	311	-	15,086	-	-	15,397
	-	82,859	2,905	207,662	29,185	-	322,611
Charge for the year	-	6,466	137	11,923	2,530	-	21,056
Disposals	-	-	-	(8,586)	(3,044)	-	(11,630)
Write-off	-	-	-	(10)	-	-	(10)
Transfers	-	-	-	349	(349)	-	-
Effect of movements in exchange rate	-	(624)	-	(1,644)	(383)	-	(2,651)
At 31 December 2007/ 1 January 2008							
Accumulated depreciation	-	88,390	3,042	194,658	27,939	-	314,029
Accumulated impairment	-	311	-	15,036	-	-	15,347
	-	88,701	3,042	209,694	27,939	-	329,376

Notes to the Financial Statements (cont'd)

3. Property, plant and equipment (cont'd)

Group	Freehold land RM'000	Buildings RM'000	Jetty RM'000	Plant, machinery, fixtures and equipment RM'000	Motor vehicles and boats RM'000	Capital work-in progress RM'000	Total RM'000
Depreciation and impairment							
At 31 December 2007/ 1 January 2008							
Accumulated depreciation	-	88,390	3,042	194,658	27,939	-	314,029
Accumulated impairment	-	311	-	15,036	-	-	15,347
	-	88,701	3,042	209,694	27,939	-	329,376
Charge for the year	-	6,169	173	10,602	1,742	-	18,686
Impairment	-	1,409	-	1,400	-	-	2,809
Disposals	-	(260)	-	(14,131)	(2,101)	-	(16,492)
Write-off	-	-	(1,517)	(1,617)	(72)	-	(3,206)
Transfers	-	5	-	(5)	-	-	-
Effect of movements in exchange rate	-	(48)	-	(151)	(40)	-	(239)
At 31 December 2008							
Accumulated depreciation	-	94,256	1,698	201,064	27,468	-	324,486
Accumulated impairment	-	1,720	-	4,728	-	-	6,448
	-	95,976	1,698	205,792	27,468	-	330,934

Carrying amounts

At 1 January 2007	1,346	112,551	3,957	58,984	6,770	10,634	194,242
At 31 December 2007/ 1 January 2008	1,346	110,456	3,940	57,982	4,272	2,821	180,817
At 31 December 2008	1,346	103,525	6,065	55,903	3,218	14,034	184,091

Notes to the Financial Statements (cont'd)

3. Property, plant and equipment (cont'd)

Company	Buildings RM'000	Jetty RM'000	Plant, machinery, fixtures and equipment RM'000	Motor vehicles and boats RM'000	Capital work-in progress RM'000	Total RM'000
Cost/Valuation						
At 1 January 2007						
- At cost	47,005	788	79,610	14,940	815	143,158
- At valuation	21,386	6,073	-	-	-	27,459
	68,391	6,861	79,610	14,940	815	170,617
Additions	32	-	429	499	3,784	4,744
Disposals	-	-	(42)	(1,727)	-	(1,769)
Transfers	2,237	121	1,034	-	(3,392)	-
At 31 December 2007/ 1 January 2008	70,660	6,982	81,031	13,712	1,207	173,592
Additions	34	662	483	1,029	20,865	23,073
Disposals	-	-	(35)	(1,417)	-	(1,452)
Write-off	-	(3,217)	(827)	(72)	-	(4,116)
Transfers	883	3,336	4,044	-	(8,263)	-
At 31 December 2008	71,577	7,763	84,696	13,252	13,809	191,097
Representing items at:						
- At cost	50,191	4,703	84,696	13,252	13,809	166,651
- At valuation	21,386	3,060	-	-	-	24,446
At 31 December 2008	71,577	7,763	84,696	13,252	13,809	191,097

Notes to the Financial Statements (cont'd)

3. Property, plant and equipment (cont'd)

Company	Buildings RM'000	Jetty RM'000	Plant, machinery, fixtures and equipment RM'000	Motor vehicles and boats RM'000	Capital work-in progress RM'000	Total RM'000
Depreciation						
At 1 January 2007	26,793	2,905	64,429	11,518	-	105,645
Charge for the year	1,389	138	2,412	1,297	-	5,236
Disposals	-	-	(23)	(1,726)	-	(1,749)
At 31 December 2007/ 1 January 2008	28,182	3,043	66,818	11,089	-	109,132
Charge for the year	1,297	173	2,911	1,154	-	5,535
Disposals	-	-	(33)	(1,244)	-	(1,277)
Write-off	-	(1,517)	(767)	(72)	-	(2,356)
At 31 December 2008	29,479	1,699	68,929	10,927	-	111,034
Carrying amounts						
At 1 January 2007	41,598	3,956	15,181	3,422	815	64,972
At 31 December 2007/ 1 January 2008	42,478	3,939	14,213	2,623	1,207	64,460
At 31 December 2008	42,098	6,064	15,767	2,325	13,809	80,063

3.1 Impairment

The Group assessed the recoverable amount of all the property, plant and equipment and wrote down the carrying amount of certain assets by RM2,809,000 (2007 - Nil) based on their recoverable scrap values. The impairment is included in other expenses.

3.2 Property, plant and equipment under the revaluation model

The Company's buildings and jetty were revalued on 1 January 1983 by independent professional qualified valuers using an open market value method.

The Company has availed itself to the transitional provision when the MASB first issued FRS 116₂₀₀₄, Property, Plant and Equipment in 2000. Due to the absence of historical records, the Group is not able to provide the carrying amounts of the revalued freehold land and buildings had they been carried under the cost model.

Notes to the Financial Statements (cont'd)

4. Intangible assets

	Computer software Group RM'000	Company RM'000
Cost		
At 1 January 2007	6,257	4,979
Additions	1,992	204
Effect of movements in exchange rates	(77)	-
At 31 December 2007/1 January 2008	8,172	5,183
Additions	1,112	183
Effect of movements in exchange rates	(8)	-
At 31 December 2008	9,276	5,366
Amortisation		
At 1 January 2007	3,291	2,428
Amortisation for the year	972	853
Effect of movements in exchange rates	(44)	-
At 31 December 2007/1 January 2008	4,219	3,281
Amortisation for the year	1,715	889
Effect of movements in exchange rates	3	-
At 31 December 2008	5,937	4,170
Carrying amounts		
At 1 January 2007	2,966	2,551
At 31 December 2007/1 January 2008	3,953	1,902
At 31 December 2008	3,339	1,196

4.1 Intangible assets

Intangible assets principally comprise expenditure that are directly attributable to the acquisition of the software licences and any other development costs directly attributable to the preparation of the computer software for its intended use.

4.2 Amortisation and impairment charge

The amortisation is allocated to the income statement on a straight-line basis over the intangible assets' estimated useful lives.

Notes to the Financial Statements (cont'd)

5. Leasehold land

Group	Unexpired period less than 50 years RM'000	Unexpired period more than 50 years RM'000	Total RM'000
Cost			
1 January 2007	14,319	7,293	21,612
Effect of movements in exchange rates	(789)	-	(789)
At 31 December 2007/1 January 2008	13,530	7,293	20,823
Effect of movements in exchange rates	(75)	-	(75)
At 31 December 2008	13,455	7,293	20,748
Amortisation			
At 1 January 2007	3,843	2,665	6,508
Amortisation for the year	429	186	615
Effect of movements in exchange rates	(228)	-	(228)
At 31 December 2007/1 January 2008	4,044	2,851	6,895
Amortisation for the year	422	186	608
Effect of movements in exchange rates	(20)	-	(20)
At 31 December 2008	4,446	3,037	7,483
Carrying amounts			
At 1 January 2007	10,476	4,628	15,104
At 31 December 2007/1 January 2008	9,486	4,442	13,928
At 31 December 2008	9,009	4,256	13,265

Notes to the Financial Statements (cont'd)

5. Leasehold land (cont'd)

Company	Unexpired period more than 50 years RM'000
Cost	
At 1 January 2007/31 December 2007/31 December 2008	6,058
Amortisation	
At 1 January 2007	2,321
Amortisation for the year	167
At 31 December 2007/1 January 2008	2,488
Amortisation for the year	167
At 31 December 2008	2,655
Carrying amounts	
At 1 January 2007	3,737
At 31 December 2007/1 January 2008	3,570
At 31 December 2008	3,403

5.1 Legal titles

Certain leasehold land of the Group with a carrying amount of RM1,797,000 (2007 - RM1,847,000) of which legal titles of these land have not been transferred to the respective subsidiaries.

6. Investment properties

Group	Freehold land RM'000	Buildings RM'000	Total RM'000
Cost/Valuation			
At 1 January 2007/31 December 2007/ 31 December 2008	3,943	2,836	6,779
Representing item at:			
- At cost	369	1,096	1,465
- At valuation	3,574	1,740	5,314
	3,943	2,836	6,779

Notes to the Financial Statements (cont'd)

6. Investment properties (cont'd)

Group (cont'd)

	Freehold land RM'000	Buildings RM'000	Total RM'000
Depreciation			
At 1 January 2007	-	989	989
Depreciation for the year	-	57	57
At 31 December 2007/1 January 2008	-	1,046	1,046
Depreciation for the year	-	57	57
At 31 December 2008	-	1,103	1,103
Carrying amounts			
At 1 January 2007	3,943	1,847	5,790
At 31 December 2007/1 January 2008	3,943	1,790	5,733
At 31 December 2008	3,943	1,733	5,676
Company			
Cost/Valuation			
At 1 January 2007/31 December 2007/ 31 December 2008	3,672	2,836	6,508
Representing item at:			
- At cost	98	1,096	1,194
- At valuation	3,574	1,740	5,314
	3,672	2,836	6,508
Depreciation			
At 1 January 2007	-	989	989
Depreciation for the year	-	57	57
At 31 December 2007/1 January 2008	-	1,046	1,046
Depreciation for the year	-	57	57
At 31 December 2008	-	1,103	1,103
Carrying amounts			
At 1 January 2007	3,672	1,847	5,519
At 31 December 2007/1 January 2008	3,672	1,790	5,462
At 31 December 2008	3,672	1,733	5,405

Notes to the Financial Statements (cont'd)

6. Investment properties (cont'd)

The fair value of the investment properties for the Group and the Company as at 31 December 2008 approximate RM29,400,000 (2007 - RM29,400,000) and RM28,800,000 (2007 - RM28,800,000) respectively.

The following are recognised in the income statement in respect of investment properties:

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Rental income	222	208	258	243
Direct operating expenses of investment properties:				
- revenue generating investment properties	48	44	48	44

Certain investment properties were revalued on 1 January 1983 by independent professional qualified valuers using the open market value method.

The Group has availed itself to the transitional provision when the MASB first issued FRS 116²⁰⁰⁴, Property, Plant and Equipment in 2000. Due to the absence of historical records, the Group is not able to provide the carrying amounts of the revalued freehold land and buildings had they been carried under the cost model.

7. Investments in subsidiaries

	Company	
	2008 RM'000	2007 RM'000
Unquoted shares at cost	203,383	203,383
Less: Accumulated impairment	(54,067)	(54,067)
	149,316	149,316

During the year, the Company subscribed for 100 ordinary shares of USD1.00 each in MFM Ltd., a wholly owned subsidiary for a total cash consideration of RM326.

Notes to the Financial Statements (cont'd)

7. Investments in subsidiaries (cont'd)

The subsidiaries, all of which are incorporated in Malaysia except as disclosed otherwise, comprise:

Name of subsidiary	Principal activities	Effective ownership interest	
		2008 %	2007 %
Dindings Soya & Multifeeds Sdn. Berhad	Manufacture and sale of animal feeds and related raw materials, purchase and contract farming of poultry for resale	70	70
Syarikat Pengangkutan Lumut Sdn. Bhd.	Transport management. The Company ceased its operations in 2006	100	100
Dindings Poultry Processing Sdn. Bhd.	Processing and sale of poultry products	95	95
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
Dindings Poultry Development Centre Sdn. Bhd.	Poultry grow-out farm and training and research centre and letting of property	100	100
Semakin Dinamik Sdn. Bhd.	Breeding and sale of day-old chicks and eggs	100	100
Vimaflour Limited* (incorporated in Vietnam)	Milling and selling wheat flour together with its allied products	70	70
Muda Fibre Manufacturing Sdn. Bhd.	Manufacture and sale of polypropylene and polyethylene woven bags and its allied products. The Company ceased its operations in 2004	60	60

Notes to the Financial Statements (cont'd)

7. Investments in subsidiaries (cont'd)

Name of subsidiary	Principal activities	Effective ownership interest	
		2008 %	2007 %
MFM International Ltd (incorporated in British Virgin Islands) #	Investment holding	100	100
MFM Property Sdn. Bhd.	Dormant	100	100
Dindings Grand Parent Farm Sdn. Bhd.	Dormant	100	100
MFM Ltd.	Dormant	100	-
Subsidiary of Dindings Poultry Processing Sdn. Bhd.			
Dindings Trading Sdn. Bhd.	Dormant	48	48
Subsidiary of MFM International Ltd.			
Mekong Flour Mills Ltd* (incorporated in Vietnam)	Milling and selling wheat flour together with its allied products	100	100

* Audited by other member firms of KPMG International

Not audited by KPMG

The impairment recognised represents the allowance made to adjust the carrying amount of the investment in certain subsidiaries to their estimated recoverable amount.

The financial statements of a foreign subsidiary were qualified on an except for basis and the summarised details of the qualification are as follows:

Included in property, plant and equipment are machinery and equipment with a carrying value of approximately RM2,199,000 (2007: RM2,264,000) which the subsidiary has not put into use since they were contributed by a shareholder in 1995. There is no evidence that these assets will generate future economic benefits to the subsidiary and no depreciation has been provided for these assets. The subsidiary has not carried out a valuation of this machinery and equipment. The audit report of this subsidiary has been qualified and carried an except for opinion on the basis that they were unable to determine its net realisable value by other audit procedures.

In consolidating the subsidiary's financial statements, these assets were fully impaired in the Group's consolidated financial statements in the year 2002. Consequently, this qualification does not apply to the Group.

Notes to the Financial Statements (cont'd)

8. Investments in associates

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Unquoted shares at cost	2,800	2,800	-	*
Share of post-acquisition reserves	(2,481)	(1,930)	-	-
	319	870	-	*

In 2006, the Company acquired 40% equity interest in Innosolutions Sdn. Bhd. through the subscription of 4 new ordinary shares of RM1.00 each for a total cash consideration of RM4.00. The entire equity interest in the aforesaid associate company has been disposed off for a cash consideration of RM18,000 during the year.

* denotes RM4

Summary financial information on associates:

Group	Country incorporation	Effective ownership interest %	Revenues (100%) RM'000	Profit/ (Loss) (100%) RM'000	Total assets (100%) RM'000	Total liabilities (100%) RM'000
2008						
Fongcheng Enterprises Sendirian Berhad +	Malaysia	28	71,241	(1,264)	8,310	(7,512)
2007						
Fongcheng Enterprises Sendirian Berhad +	Malaysia	28	61,858	(368)	10,042	(7,981)
Innosolutions Sdn. Bhd.++	Malaysia	40	300	112	122	(10)
			62,158	(256)	10,164	(7,991)

+ Held through Dindings Soya & Multifeeds Sdn. Berhad

++ Held through Malayan Flour Mills Berhad

Notes to the Financial Statements (cont'd)

9. Other investments

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Non-current				
Unquoted shares in Malaysia	60	60	60	60
Unquoted shares outside Malaysia	5,134	5,134	5,082	5,082
Less: Allowance for diminution in value	(5,082)	(5,082)	(5,082)	(5,082)
	112	112	60	60

Included in unquoted shares outside Malaysia of RM5,082,000 (2007 - RM5,082,000) is an investment which represents a 12% interest in the registered capital of Shanghai Malayan Flour & Foods Co. Ltd (SMFF), a foreign corporation registered in the People's Republic of China. SMFF is in the progress of liquidation.

10. Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
Group	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Property, plant and equipment	-	(262)	5,600	6,140	5,600	5,878
Revaluation on property, plant and equipment	-	-	3,425	3,566	3,425	3,566
Provisions	(4,729)	(3,359)	-	-	(4,729)	(3,359)
Tax loss carry- forwards	-	(1,275)	-	-	-	(1,275)
Tax (assets)/ liabilities	(4,729)	(4,896)	9,025	9,706	4,296	4,810
Set off	2,136	3,068	(2,136)	(3,068)	-	-
Net tax (assets)/ liabilities	(2,593)	(1,828)	6,889	6,638	4,296	4,810

Notes to the Financial Statements (cont'd)

10. Deferred tax assets and liabilities (cont'd)

Company	Assets		Liabilities		Net	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Property, plant and equipment	-	-	4,774	4,382	4,774	4,382
Revaluation on property, plant and equipment	-	-	3,425	3,566	3,425	3,566
Provisions	(1,310)	(1,310)	-	-	(1,310)	(1,310)
Tax (assets)/liabilities	(1,310)	(1,310)	8,199	7,948	6,889	6,638
Set off	1,310	1,310	(1,310)	(1,310)	-	-
Net tax liabilities	-	-	6,889	6,638	6,889	6,638

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2008 RM'000	2007 RM'000
(Taxable)/Deductible temporary differences	(9,925)	391
Unutilised capital allowance	65,322	58,706
Tax loss carry-forwards	68,200	55,866
	123,597	114,963
Tax at 25% (2007: 26%)	30,899	29,890

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits there from.

Notes to the Financial Statements (cont'd)

11. Receivables, deposits and prepayments

Note	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Current				
Trade receivables	206,806	193,744	74,834	68,044
Less: Allowance for doubtful debts	(11,567)	(14,284)	(2,604)	(3,011)
	195,239	179,460	72,230	65,033
Amount due from subsidiaries	11.1	-	141,184	87,531
Less: Allowance for doubtful debts	-	-	(35,787)	(21,630)
	-	-	105,397	65,901
Other receivables	2,725	4,793	1,263	1,827
Deposits	978	799	573	438
Prepayments	2,444	2,449	602	1,013
	6,147	8,041	2,438	3,278
	201,386	187,501	180,065	134,212

11.1 Amount due from subsidiaries

The amount due from subsidiaries is unsecured, interest free and repayable on demand.

12. Inventories

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Raw materials	228,195	251,276	92,924	73,694
Work-in-progress	-	90	-	10
Finished goods	30,004	13,899	7,115	2,727
Poultry livestocks and hatching eggs	10,979	7,411	-	-
Consumables	12,822	11,888	4,915	4,514
	282,000	284,564	104,954	80,945

The write-down of inventories to net realisable value amounted to RM12,238,000 (2007 - Nil). The write-down is included in cost of goods sold.

Notes to the Financial Statements (cont'd)

13. Cash and cash equivalents

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Deposits placed with licensed banks	86,190	115,282	34,100	20,300
Cash and bank balances	17,866	18,964	6,828	6,971
	104,056	134,246	40,928	27,271

14. Share capital and reserves

14.1 Share capital

	Group and Company			
	Amount 2008 RM'000	Number of shares 2008 '000	Amount 2007 RM'000	Number of shares 2007 '000
Authorised: Ordinary shares of RM1 each	200,000	200,000	200,000	200,000
Issued and fully paid: Ordinary shares at RM1 each				
At 1 January	107,645	107,645	105,219	105,219
Issued during the year for cash pursuant to Employees' Share Option Scheme ("ESOS")	-	-	2,426	2,426
At 31 December	107,645	107,645	107,645	107,645

14.2 Revaluation reserve

The revaluation reserve relates to surplus on revaluation of property, plant and equipment in 1983.

14.3 Other capital reserve

The other capital reserve comprises an amount transferred from retained earnings arising from the issuance of bonus shares by subsidiaries.

Notes to the Financial Statements (cont'd)

14. Share capital and reserves (cont'd)

14.4 Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

14.5 Section 108 tax credit

Subject to agreement by the Inland Revenue Board, the Company has sufficient Section 108 tax credit and tax exempt income to frank all of its distributable reserves at 31 December 2008 if paid out as dividends.

The Finance Act 2007 introduced a single tier company income tax system with effect from year of assessment 2008. As such, the Section 108 tax credit as at 31 December 2008 will be available to the Company until such time the credit is fully utilised or upon expiry of the six-year transitional period on 31 December 2013, whichever is earlier.

15. Payables and accruals

	Note	Group		Company	
		2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Trade payables		27,895	29,448	6,972	3,731
Amount due to subsidiaries	15.1	-	-	42,748	6,193
Other payables and accruals	15.2	54,311	57,918	22,337	31,738
		82,206	87,366	72,057	41,662

15.1 Amount due to subsidiaries

The amount due to subsidiaries is unsecured, interest free and repayable on demand.

15.2 Other payables and accruals

Included in other payables of the Group and of the Company are deposits from customers of RM13,599,000 (2007 - RM7,551,000) and amount of RM3,124,000 (2007 - RM3,241,000) payable to Mr Teh Liang Teik, a former Director and Chairman of the Company as retirement gratuity. In the previous year, other payables included an amount of RM73,000 payable to a related party, Indah Enterprise Sdn. Bhd. as rental for permit to use its trucks.

Notes to the Financial Statements (cont'd)

16. Loans and borrowings

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Current				
Unsecured bankers' acceptances/ Unsecured revolving credits	241,708	164,360	144,865	112,272
Unsecured short term loans	38,200	170,775	-	-
	<u>279,908</u>	<u>335,135</u>	<u>144,865</u>	<u>112,272</u>

16.1 Terms and debts repayment schedule

	2008		2007	
	Year of maturity	Carrying amount due within 1 year RM'000	Year of maturity	Carrying amount due within 1 year RM'000
Group				
Unsecured bankers' acceptance/ Unsecured revolving credits denominated in:				
- RM	2009	169,154	2008	164,360
- USD	2009	72,554	2008	-
Unsecured short term loans denominated in USD	2009	<u>38,200</u>	2008	<u>170,775</u>
		<u>279,908</u>		<u>335,135</u>
Company				
Unsecured bankers' acceptance/ Unsecured revolving credits denominated in:				
- RM	2009	97,759	2008	112,272
- USD	2009	<u>47,106</u>	2008	<u>-</u>
		<u>144,865</u>		<u>112,272</u>

Notes to the Financial Statements (cont'd)

17. Operating profit

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Operating profit is arrived at after charging:				
Allowance for doubtful debts				
- amount due from subsidiaries	-	-	14,157	8,194
- trade	-	185	-	-
Amortisation of intangible assets	1,715	972	889	853
Amortisation of leasehold land	608	615	167	167
Auditors' remuneration:				
- Audit services				
KPMG	148	146	40	40
Affiliates of KPMG	95	55	-	-
Other auditors	4	4	-	-
- Other services				
KPMG	10	25	10	-
Bad debts written off	85	168	-	166
Depreciation of investment properties	57	57	57	57
Depreciation of property, plant and equipment	18,686	21,056	5,535	5,236
Impairment on property, plant and equipment	2,809	-	-	-
Inventories written down	12,238	-	-	-
Personnel expenses (including key management personnel):				
- Contributions to Employees				
Provident Fund	4,985	5,620	2,287	2,731
- Wages, salaries and others	54,406	57,961	21,881	26,198
- Share-based payments *	-	93	-	93
Property, plant and equipment written off	1,760	63	1,760	-
Realised loss on foreign exchange	7,433	86	-	-
Rental expenses on property leases	2,699	1,772	1,435	499
Unrealised loss on foreign exchange	737	-	-	-

* The Employees' Share Option Scheme ("ESOS") expired on 27 May 2007.

Notes to the Financial Statements (cont'd)

17. Operating profit (cont'd)

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
and after crediting:				
Dividends from subsidiaries (unquoted):				
- non tax exempt	-	-	960	960
- tax exempt	-	-	17,472	4,841
Gain on disposal of property, plant and equipment	1,109	1,004	244	141
Gain on disposal of quoted investments	-	484	-	-
Gain on disposal of an associate	39	-	18	-
Realised gain on foreign exchange	-	-	926	-
Rental income from:				
- investment properties	222	208	258	243
- others	383	137	570	570
Reversal of allowance for doubtful debts	1,778	-	-	-
Unrealised gain on foreign exchange	-	405	-	-

18. Key management personnel compensation

The key management personnel compensations are as follows:

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Directors				
- Fees	467	491	452	476
- Remuneration	2,952	3,260	2,882	3,138
Other short term employee benefits (including estimated monetary value of benefits-in-kind)	98	136	98	136
	3,517	3,887	3,432	3,750

Notes to the Financial Statements (cont'd)

19. Tax expense

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Current tax expense				
Malaysian - current year	15,946	8,267	15,396	8,024
- prior year	195	-	-	-
Overseas - current year	3,177	3,276	-	-
- prior year	-	15	-	-
Total current tax	19,318	11,558	15,396	8,024
Deferred tax expense				
Origination and reversal of temporary differences	(514)	(882)	251	(1,048)
Total deferred tax	(514)	(882)	251	(1,048)
Total tax expense	18,804	10,676	15,647	6,976
Recognised in the income statements				
Profit for the year	61,911	53,309	49,338	17,689
Total tax expense	18,804	10,676	15,647	6,976
Profit before tax	80,715	63,985	64,985	24,665
Tax at Malaysian tax rate of 26% (2007 - 27%)	20,986	17,276	16,896	6,659
Effect of tax rates in foreign jurisdiction	(4,980)	(7,349)	-	-
Effect of change in tax rate*	751	(145)	(153)	(145)
Non-deductible expenses	1,692	775	4,561	2,688
Tax exempt income	(266)	(1,251)	(4,809)	(1,307)
Tax incentives	(508)	(2,254)	-	-
Unrecognised deferred tax assets	1,009	4,353	-	-
Tax savings from group relief	(712)	(997)	(712)	(997)
Others	637	253	(136)	78
	18,609	10,661	15,647	6,976
Underprovision in prior years	195	15	-	-
	18,804	10,676	15,647	6,976

* The corporate tax rates are 26% for year of assessment 2008 and 25% for the subsequent years of assessment. Consequently, deferred tax assets and liabilities are measured using these tax rates.

Notes to the Financial Statements (cont'd)

19. Tax expense (cont'd)

Subject to agreement by the Inland Revenue Board, the Group has estimated unutilised reinvestment allowance amounting to RM1,604,800 (2007: RM1,604,800) available at the balance sheet date to be carried forward to set off against future taxable income.

During the year, a subsidiary in a foreign jurisdiction has been granted a 50% tax reduction whilst another foreign subsidiary was subject to a 15% tax rate on its taxable income and an exemption for income from an additional production line.

20. Earnings per share

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 31 December 2008 was based on the profit attributable to ordinary equity holders and the weighted average number of ordinary shares outstanding calculated as follows:

	Group	
	2008 RM'000	2007 RM'000
Profit attributable to ordinary equity holders of the Company	57,971	46,591
Weighted average number of ordinary shares ('000)		
	Group	
	2008	2007
Issued ordinary shares at 1 January	107,645	105,219
Effect of ordinary shares issued in pursuant to ESOS	-	1,798
Weighted average number of ordinary shares at 31 December	107,645	107,017
Basic earnings per ordinary share (sen)	53.85	43.54

Notes to the Financial Statements (cont'd)

21. Dividends

Dividends recognised in the current year by the Company are:

	Sen per share	Total amount RM'000	Date of payment
2008			
Interim 2008 ordinary (net of tax)	3.75	4,037	16 January 2009
Final 2007 ordinary (net of tax)	3.70	3,983	25 June 2008
Special 2007 ordinary (net of tax)	7.40	<u>7,965</u>	25 June 2008
Total amount		<u>15,985</u>	
2007			
Interim 2007 ordinary (net of tax)	3.70	3,983	18 January 2008
Final 2006 ordinary (tax exempt)	5.00	<u>5,359</u>	9 July 2007
Total amount		<u>9,342</u>	

After the balance sheet date, the following dividends were proposed by the Directors. These dividends will be recognised in subsequent financial reports upon approval by the equity holders.

	Sen per share (net of tax)	Total amount RM'000
Final ordinary	3.75	4,037
Special ordinary	7.50	<u>8,073</u>
Total amount		<u>12,110</u>

22. Segment reporting

Segment information is presented in respect of the Group's business and geographical segments. The primary format, business segments, is based on the Group's management and internal reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly of deferred tax assets, investments in associates and related revenue and related expenses, corporate assets (primarily the Company's headquarters) and head office expenses, and tax assets and liabilities.

Notes to the Financial Statements (cont'd)

22. Segment reporting (cont'd)

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment and intangible assets.

Inter-segment pricing is determined on an arm's length basis.

Business segments

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

- Flour and trading in grains and other allied products Milling and selling wheat flour and trading in grains and other allied products
- Feeds Manufacture and sale of animal feeds and related raw materials
- Poultry integration Processing and sale of poultry products, breeding and sale of day-old-chicks, sale of eggs and contract farming activities

2008	Flour and trading in grains and other allied products RM'000	Feeds RM'000	Poultry integration RM'000	Eliminations RM'000	Consolidated RM'000
<i>Business segments</i>					
Total external revenue	746,236	291,964	160,578	-	1,198,778
Inter-segment revenue	9,647	83,927	999	(94,573)	-
Total segment revenue	755,883	375,891	161,577	(94,573)	1,198,778
Segment result	98,676	3,327	(14,061)	-	87,942
Unallocated expenses					(246)
Results from operating activities					87,696
Interest income					8,399
Interest expense					(14,868)
Share of loss after tax of equity accounted associates					(512)
Tax expense					(18,804)
Profit for the year					61,911

Notes to the Financial Statements (cont'd)

22. Segment reporting (cont'd)

2007	Flour and trading in grains and other allied products RM'000	Feeds RM'000	Poultry integration RM'000	Eliminations RM'000	Consolidated RM'000
Business segments					
Total external revenue	633,003	200,094	198,086	-	1,031,183
Inter-segment revenue	7,377	88,275	1,475	(97,127)	-
Total segment revenue	640,380	288,369	199,561	(97,127)	1,031,183
Segment result	80,820	955	(10,037)	-	71,738
Unallocated expenses					(99)
Results from operating activities					71,639
Interest income					5,868
Interest expense					(13,350)
Share of loss after tax of equity accounted associates					(172)
Tax expense					(10,676)
Profit for the year					53,309

	Flour and trading in grains and other allied products		Feeds		Poultry integration		Consolidated	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Segment assets	555,183	602,406	149,311	114,751	87,175	91,237	791,669	808,394
Investment in associates							319	870
Unallocated assets							5,597	4,783
Total assets							797,585	814,047

Notes to the Financial Statements (cont'd)

22. Segment reporting (cont'd)

	Flour and trading in grains and other allied products		Feeds		Poultry integration		Consolidated	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Segment liabilities	231,283	334,765	120,032	70,561	14,580	20,901	365,895	426,227
Unallocated liabilities							9,433	8,672
Total liabilities							375,328	434,899
Capital expenditure	24,824	8,971	1,746	2,019	2,792	2,681	29,362	13,671
Depreciation of property, plant and equipment	10,242	11,843	1,776	1,839	6,668	7,374	18,686	21,056
Amortisation of intangible assets	1,608	957	-	-	107	15	1,715	972
Amortisation of leasehold land	555	562	-	-	53	53	608	615
Depreciation of investment properties	57	57	-	-	-	-	57	57
Impairment on property, plant and equipment recognised directly in income statements	-	-	-	-	2,809	-	2,809	-
Non-cash expenses other than depreciation and amortisation	2,692	229	612	185	85	2	3,389	416

Notes to the Financial Statements (cont'd)

22. Segment reporting (cont'd)

Geographical segments	Malaysia		Vietnam		Consolidated	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Revenue from external customers	872,272	693,827	326,506	337,356	1,198,778	1,031,183
Segment assets	553,148	463,638	244,437	350,409	797,585	814,047
Capital expenditure	27,792	9,648	1,570	4,023	29,362	13,671

23. Financial instruments

Financial risk management objectives and policies

Exposure to credit, interest rate, currency and liquidity risks arises in the normal course of the Group's business.

Credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit risk is addressed by the Credit Committee that sets policies, approves credit evaluations and institutes mitigating actions. New customers are subject to 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.

At the balance sheet date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

Liquidity risk

The Group and the Company monitor and maintain a level of cash and cash equivalents and facilities deemed adequate by management to finance the Group and the Company's operations and to mitigate the effects of fluctuations in cash flows.

Interest rate risk

The Group and the Company's exposure to interest rate risk relates primarily to their borrowings and deposits with licensed banks.

Notes to the Financial Statements (cont'd)

23. Financial instruments (cont'd)

Interest rate risk (cont'd)

The Group and the Company's bank borrowings are subject to interest based on floating rates 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, borrowing arrangements are restructured or reduced. The Group and the Company's interest bearing assets are mainly placed in short term deposits with reputable financial institutions.

Effective interest rates and repricing analysis

In respect of financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at the balance sheet date and the periods in which they mature, or may reprice.

Group 2008	Average effective interest rate %	Total RM'000	Less than 1 year RM'000
Fixed rate instruments			
Deposits with licensed banks	2.5 - 17.5	86,190	86,190
Unsecured bankers' acceptances/ Unsecured revolving credits	2.7 - 4.9	241,708	241,708
Unsecured short term loans	3.5 - 6.9	38,200	38,200
2007			
Fixed rate instruments			
Deposits with licensed banks	2.8 - 8.5	115,282	115,282
Unsecured bankers' acceptances/ Unsecured revolving credits	3.6 - 4.4	164,360	164,360
Unsecured short term loans	5.7 - 6.8	170,775	170,775
Company 2008			
Fixed rate instruments			
Deposits with licensed banks	2.5 - 3.6	34,100	34,100
Unsecured bankers' acceptances/ Unsecured revolving credits	3.0 - 4.9	144,865	144,865
2007			
Fixed rate instruments			
Deposits with licensed banks	2.8 - 3.5	20,300	20,300
Unsecured bankers' acceptances/ Unsecured revolving credits	3.6 - 4.3	112,272	112,272

Notes to the Financial Statements (cont'd)

23. Financial instruments (cont'd)

Foreign currency risk

The Group and the Company are exposed to foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities. The currency giving rise to this risk is primarily United States Dollar (USD).

The Group and the Company monitor their exposure to foreign currency movements closely and where appropriate, the Group and the Company have used forward exchange contracts to hedge some of its foreign currency risk.

Fair values

The carrying amounts of cash and cash equivalents, receivables, other payables and short term borrowings, approximate fair values due to the relatively short term nature of these financial instruments.

It was not practicable to estimate the fair value of the Group's investment in unquoted shares due to the lack of comparable quoted market prices and the inability to estimate fair value without incurring excessive costs.

The fair values of other financial assets and liabilities, together with the carrying amounts shown in the balance sheets, are as follows.

	2007 Carrying amount RM'000	2007 Fair value gain RM'000
Group and Company		
Commodity forward contracts	-	7,732

Group and Company	2007 RM'000
The nominal value of derivatives are as follows:	
Commodity forward contracts	52,901

There were no outstanding commodity forward contracts as at 31 December 2008.

Estimation of fair values gain

Commodity forward contracts were marked to market using listed market prices and deducting those to the contracted value.

Notes to the Financial Statements (cont'd)

24. Capital and other commitments

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Plant and equipment				
Authorised but not contracted for	-	843	-	6
Contracted but not provided for	18,911	2,541	16,521	495

25. Related parties

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel includes all the Directors of the Group.

The significant related party transactions of the Group and the Company, other than key management personnel, are as follow:

Group	2008 RM'000	2007 RM'000
Sales of goods to an associated company	-	3,136
Purchase of computer software from an associate	(115)*	(300)
Services rendered and hiring of motor vehicles from companies in which a Director, Teh Wee Chye, has financial interest		
- Pembena Transport Sdn. Bhd.	(90)	-
- Indah Enterprise Sdn. Bhd.	(61)	-

* The associate was disposed off on 10 November 2008

Notes to the Financial Statements (cont'd)

25. Related parties (cont'd)

Company	2008 RM'000	2007 RM'000
Subsidiaries		
- Sales of goods	9,647	7,376
- Purchase of goods	(131)	(6)
- Rental of premises	234	234
- Rental of furniture and fittings	147	147
- Hire of machinery and motor vehicles	224	224
Services rendered and hiring of motor vehicles from companies in which a Director, Teh Wee Chye, has financial interest		
- Pembena Transport Sdn. Bhd.	(90)	-
- Indah Enterprise Sdn. Bhd.	(61)	-

Balances with subsidiaries, associate and related parties are disclosed in Note 11 and 15. All transactions have been entered in the ordinary course of business and have been established based on negotiated terms.

Statement by Directors

pursuant to Section 169(15) of the Companies Act, 1965

In the opinion of the Directors, the financial statements set out on pages 39 to 90 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company at 31 December 2008 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

Tan Sri Datuk Arshad Bin Ayub

Teh Wee Chye

Kuala Lumpur
21 April 2009

Statutory Declaration

pursuant to Section 169(16) of the Companies Act, 1965

I, **Quah Ban Lee**, the Director primarily responsible for the financial management of Malayan Flour Mills Berhad, do solemnly and sincerely declare that the financial statements set out on pages 39 to 90 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed in Kuala Lumpur on 21 April 2009.

Quah Ban Lee

Before me,

Ahmad B. Laya (W259)
Commissioner for Oaths
Kuala Lumpur

Independent Auditors' Report

to the Members of Malayan Flour Mills Berhad

Report on the Financial Statements

We have audited the financial statements of Malayan Flour Mills Berhad, which comprise the balance sheets as at 31 December 2008 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 39 to 90.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2008 and of their financial performance and cash flows for the year then ended.

Independent Auditors' Report (cont'd) to the Members of Malayan Flour Mills Berhad

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- b) We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in note 7 to the financial statements.
- c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- d) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act except as disclosed in Note 7.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG

Firm Number: AF 0758
Chartered Accountants

Chong Dee Shiang

Approval Number: 2782/09/10(J)
Chartered Accountant

Petaling Jaya
21 April 2009

Analysis of Shareholdings

as at 30 April 2009

Authorised Capital - RM200,000,000
 Issued and fully paid - RM107,644,606
 Class of shares - Ordinary shares of RM1.00 each

4,412 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 100	145	3.29	4,048	0.00
100 to 1,000	1,478	33.50	1,239,091	1.15
1,001 - 10,000	2,358	53.44	8,682,833	8.07
10,001 - 100,000	379	8.59	9,742,185	9.05
100,001 to less than 5% of issued shares	50	1.13	52,271,695	48.56
5% and above of issued shares	2	0.05	35,704,754	33.17
	4,412	100.00	107,644,606	100.00

Thirty (30) Largest Shareholders	No. of Shares	Percentage Holding (%)
1. Thye Nam Loong Holdings Sdn Bhd	26,100,754	24.25
2. HSBC Nominees (Asing) Sdn Bhd [Exempt An For Credit Suisse (SG BR-TST-ASING)]	9,604,000	8.92
3. Astar Commercial Limited	5,313,000	4.94
4. Onas Resources Sdn Bhd	5,300,000	4.92
5. Star Hill Avenue (M) Sdn Bhd	5,298,000	4.92
6. A. A. Anthony Nominees (Asing) Sdn Bhd [Solid Esteem Sdn Bhd for Wise Bright Investment Limited]	3,500,572	3.25
7. Teh Liang Teik	2,908,800	2.70
8. Amble Volume Sdn Bhd	2,742,000	2.55
9. Zalaraz Sdn Bhd	2,650,400	2.46
10. Tan Sri Datuk Arshad bin Ayub	2,240,085	2.08
11. Essence Lane Sdn Bhd	2,233,729	2.08
12. Mayban Nominees (Tempatan) Sdn Bhd [Pledged Securities Account for Tan Sri Datuk Arshad bin Ayub]	2,030,000	1.89
13. Teh Wee Kok	1,591,600	1.48
14. A. A. Anthony Nominees (Tempatan) Sdn Bhd [Amble Volume Sdn Bhd for Rise Glory Investment Limited]	1,572,171	1.46
15. Alliancegroup Nominees (Tempatan) Sdn Bhd [Pheim Asset Management Sdn Bhd for Employees Provident Fund]	1,075,700	1.00

Analysis of Shareholdings (cont'd)

as at 30 April 2009

Thirty (30) Largest Shareholders	No.of Shares	Percentage Holding (%)
16. Favourite Access Sdn Bhd	1,000,000	0.93
17. Duangmanee Liewphairatana	869,300	0.81
18. Solid Esteem Sdn Bhd	864,000	0.80
19. Koperasi Polis Diraja Malaysia Berhad	840,200	0.78
20. Yeoh Kean Hua	703,000	0.65
21. Thye Nam Loong Shipping Sdn Bhd	574,800	0.53
22. Cartaban Nominees (Asing) Sdn Bhd [Caceis Bank Paris for Prevoir Renaissance Vietnam]	562,000	0.52
23. Suai Timber Products Sdn Bhd	531,600	0.49
24. Allison Foo May Ling	500,000	0.46
25. Teh Wei Siong	475,155	0.44
26. Teh Li Choo	473,572	0.44
27. Teh Wee Chye	456,500	0.42
28. Thye Nam Loong Sdn Bhd	417,600	0.39
29. Teh Win Kee	412,655	0.38
30. Lai Foh Yau	400,000	0.37

Analysis of Shareholdings (cont'd)

as at 30 April 2009

Substantial Shareholders

Name	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
Thye Nam Loong Holdings Sdn Bhd	26,100,754	24.25	949,200 ⁽¹⁾	0.88
Teh Liang Teik	2,908,800	2.70	27,624,754 ⁽²⁾	25.66
Teh Wee Kok	1,591,600	1.48	27,624,754 ⁽³⁾	25.66
Teh Wee Chye	456,500	0.42	29,870,483 ⁽⁴⁾	27.75
Tan Sri Datuk Arshad bin Ayub	4,331,485	4.02	2,704,400 ⁽⁵⁾	2.51

Directors' Interests in the Company and its Related Corporations

Name	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
Tan Sri Datuk Arshad bin Ayub	4,331,485	4.02	2,704,400 ⁽⁵⁾	2.51
Teh Wee Chye	456,500	0.42	29,870,483 ⁽⁴⁾	27.75
Lee Soon Lee	6,000	0.01	241,500 ⁽⁶⁾	0.22
Dato' Hj Shaharuddin bin Hj Haron	400,000	0.37	-	-
Geh Cheng Hooi	-	-	44,100 ⁽⁷⁾	0.05
Quah Ban Lee	235,000	0.22	-	-
Datuk Oh Chong Peng	-	-	-	-

Director, Teh Wee Chye is deemed to have interests in all the shares held by the Company in its related corporations by virtue of his substantial shareholdings in the Company.

Notes:

- (1) Deemed interested through Thye Nam Loong Sdn Bhd and Suai Timber Products Sdn Bhd.
- (2) Deemed interested through Thye Nam Loong Holdings Sdn Bhd, Thye Nam Loong Sdn Bhd, Thye Nam Loong Shipping Sdn Bhd and Suai Timber Products Sdn Bhd.
- (3) Deemed interested through Thye Nam Loong Holdings Sdn Bhd, Thye Nam Loong Sdn Bhd, Thye Nam Loong Shipping Sdn Bhd and Suai Timber Products Sdn Bhd.
- (4) Deemed interested through Thye Nam Loong Holdings Sdn Bhd, Thye Nam Loong Sdn Bhd, Thye Nam Loong Shipping Sdn Bhd, Suai Timber Products Sdn Bhd, Essence Lane Sdn Bhd and shareholdings of his spouse.
- (5) Deemed interested through Zalaraz Sdn Bhd.
- (6) Deemed interested through shareholdings of his spouse and child.
- (7) Deemed interested through Emmel Sdn Bhd.

List of Properties

Description, Location & Size	Existing Use	Approximate Age of Building (Year)	Date/Year of last Revaluation/ Acquisition	Net Book Value At 31-12-08 RM
Freehold land with shophouses Lots 448 & 449 Section 4 Town of Butterworth, Penang Total: 1.62 acres	Shoplot	48	9 Sept 1996	3,557,000
Freehold land with residential building Lot 449 Section 67 District of Kuala Lumpur Total: 1.00 acres	Commercial land and building	69	4 Dec 1996	1,619,000
Freehold land Lots 5326, 5327 and part of Lots 5331 & 5332 District of Dindings Perak Darul Ridzuan Total: 9.00 acres	Vacant land	-	1981	72,000
Leasehold land and buildings Lots 4902 (expiring on 11-12-2061) 5337 (expiring on 25-4-2075) 5466 & 5336 (expiring on 22-11-2090) PT 4333 HSD 28222/PT 4334 HSD 28223 (expiring on 25-4-2075) Mukim of Lumut, District of Dindings Perak Darul Ridzuan Total: 61.43 acres	Office and factory	27-42	6 Oct 1998	29,811,000
Freehold land with shophouses Grant No. 36370, Lot No. 12256 Mukim of Pulau District of Johor Bahru Johor Darul Takzim Total: 0.04 acres	Shoplot	29	1991	158,000
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	Office and factory	16	3 Feb 1995	31,656,000

List of Properties (cont'd)

Description, Location & Size	Existing Use	Approximate Age of Building (Year)	Date/Year of last Revaluation/ Acquisition	Net Book Value At 31-12-08 RM
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	11	1997	479,000
Freehold land with building Lot PTB 18284 Mukim of Tampoi District of Johor Bahru Johor Darul Takzim Total: 0.12 acres	Factory	9	1999	593,000
Leasehold land with farm buildings Kawasan Batu Undan Mukim of Lumut Perak Darul Ridzuan (Title yet to be issued) Total: 200 acres	Breeder Farm	19	13 Mar 1995	2,386,000
Leasehold land with building Estet Perindustrian Kampung Aceh Mukim of Sitiawan District of Manjong Perak Darul Ridzuan (Title yet to be issued) Total: 16.1 acres	Office and factory	18	10 Mar 1995	6,158,000
Freehold land with house PTD 46071 Title No. 142790 Mukim of Plentong District of Johor Bahru Johor Darul Takzim Total: 0.04 acres	Residential house	17	1990	45,000
Leasehold land with farm buildings Pasir Panjang Mukim of Pengkalan Bahru Perak Darul Ridzuan (Title yet to be issued) Total: 621 acres	Broiler Farm	16	1992	900,000

List of Properties (cont'd)

Description, Location & Size	Existing Use	Approximate Age of Building (Year)	Date/Year of last Revaluation/ Acquisition	Net Book Value At 31-12-08 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: 7.5 acres	Office and factory	26	14 Jul 2004	2,081,000
Freehold land Grant 1784, Lot 12653 Mukim of Sitiawan District of Dindings Perak Darul Ridzuan Total: 17 acres	Vacant land	-	1997	271,000
Freehold land GM 3937, Lot 12553 Mukim of Bagan Serai District of Kerian Perak Darul Ridzuan Total: 2.19 acres	Vacant land	-	1990	1
Land Use Rights with building (expiring on 31-8-2024) Cai Lan, Quang Ninh Province The Socialist Republic of Vietnam Total: 17.30 acres	Office and factory	11	1994	23,171,000
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	12	2000	2,335,000
Land Use Rights with building (expiring on 30-6-2048) Phu My Industrial Zone I Tan Thanh District Baria - Vungtau Province The Socialist Republic of Vietnam Total: 17.29 acres	Office and factory	6	2000	18,520,000

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Forty-Ninth Annual General Meeting of Malayan Flour Mills Berhad will be held at the Auditorium, 3rd Floor, Wisma MCA, Jalan Ampang, 50450 Kuala Lumpur on Thursday, 18 June 2009 at 9.30 a.m. for the following purposes:-

1. To receive the Audited Financial Statements for the financial year ended 31 December 2008 together with the Reports of the Directors and Auditors thereon.
2. To sanction the payment of a Final Dividend of 5 sen per Ordinary Share less 25% income tax and a Special Dividend of 10 sen per Ordinary Share less 25% income tax for the financial year ended 31 December 2008. **(Resolution 1)**
3. To re-elect Mr Teh Wee Chye who retires in accordance with Article 111 of the Company's Articles of Association, and being eligible, has offered himself for re-election. **(Resolution 2)**
4. To re-elect Datuk Oh Chong Peng 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)**
5. To consider and if thought fit, pass the following motions:-
 - (a) "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 4)**
 - (b) "That pursuant to Section 129 (6) of the Companies Act, 1965, Mr Lee Soon Lee be re-appointed as a Director of the Company to hold office until the next Annual General Meeting"; **(Resolution 5)**
 - (c) "That pursuant to Section 129 (6) of the Companies Act, 1965, Mr Geh Cheng Hooi be re-appointed as a Director of the Company to hold office until the next Annual General Meeting"; and **(Resolution 6)**
 - (d) "That pursuant to Section 129 (6) of the Companies Act, 1965, Dato' Hj Shaharuddin bin Hj Haron be re-appointed as a Director of the Company to hold office until the next Annual General Meeting". **(Resolution 7)**
6. To re-appoint Messrs KPMG as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 8)**

Notice of Annual General Meeting (cont'd)

7. As Special Business:-

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

7.1 Ordinary Resolution 1

(Resolution 9)

Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature pursuant to paragraph 10.09 of the Bursa Malaysia Securities Berhad 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 Bursa Malaysia Securities Berhad ("Bursa Securities") 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, the nature of which is set out in Section 2 of the Circular to Shareholders dated 27 May 2009 for the purposes of Paragraph 10.09 of the Bursa Securities Listing Requirements, subject to the following:-

- (a) 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;
- (b) 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 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
- (c) 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."

7.2 Ordinary Resolution 2

(Resolution 10)

Proposed Renewal of Authority for Share Buy-Back

"THAT subject always to the Companies Act, 1965, the provisions of the Memorandum and Articles of Association of the Company, the requirements of the Bursa Malaysia Securities Berhad ("Bursa Securities") and the approvals of all relevant governmental and/or regulatory authorities, the Company be and is hereby authorised, to the fullest extent permitted by law, to purchase such amount of ordinary shares of RM1.00 each in the Company ("Proposed Share Buy-back") as may be determined by the Directors of the Company from time to time through the Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that the aggregate number of shares purchased pursuant to this resolution does not exceed ten per cent (10%) of the total issued and paid-up share capital of the Company as at the point of purchase and that an amount not exceeding the Company's retained profits and share premium accounts at the time of the purchase(s) will be allocated by the Company for the Proposed Share Buy-back;

AND THAT the authority conferred by this resolution will be effective immediately and shall continue in force until:-

- (a) the conclusion of the first annual general meeting of the Company following the general meeting at which such resolution was passed at which time it shall lapse unless by ordinary resolution passed at that meeting, the authority is renewed, either conditionally or subject to conditions; or
- (b) the expiration of the period within which the next annual general meeting after that date is required by law to be held; or
- (c) revoked or varied by ordinary resolution passed by shareholders in a general meeting,

whichever occurs first.

Notice of Annual General Meeting (cont'd)

7.2 Ordinary Resolution 2 (cont'd)

Proposed Renewal of Authority for Share Buy-Back (cont'd)

AND THAT authority be and is hereby given unconditionally and generally to the Directors of the Company to take all such steps as are necessary or expedient (including without limitation, the opening and maintaining of central depository account(s) under the Securities Industry (Central Depositories) Act, 1991, and the entering into of all other agreements, arrangements and guarantee with any party or parties) to implement, finalise and give full effect to the aforesaid purchase with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities and with the fullest power to do all such acts and things thereafter (including without limitation, the cancellation or retention as treasury shares of all or any part of the repurchased shares) in accordance with the Companies Act, 1965, the provisions of the Memorandum and Articles of Association of the Company and the requirements and/or guidelines of the Bursa Securities and all other relevant governmental and/or regulatory authorities and to do all such things as the said Directors may deem fit and expedient in the best interest of the Company."

8. To transact any other business of which due notice shall have been given.

By Order of the Board

Mah Wai Mun (MAICSA 7009729)
Company Secretary

Kuala Lumpur
27 May 2009

Notice of Annual General Meeting (cont'd)

Notes:-

1. A member entitled to attend and vote at the 49th Annual General Meeting is entitled to appoint not more than two proxies to attend and to vote in his/her stead. The proxy shall be a member of the Company, an Advocate, an approved company Auditor or a person approved by the Companies Commission of Malaysia.
2. Where a member appoints two (2) proxies, the appointment shall be invalid unless he/she specifies the proportion of his/her holding to be represented by each proxy.
3. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account it holds which is credited with ordinary shares of the Company.
4. The instrument appointing a proxy must be in writing under the hand of the appointer or his attorney duly authorised in writing or, if the appointer is a corporation, either under seal or the hand of the attorney duly authorised.
5. The instrument appointing a proxy must be duly deposited at the Registered Office of the Company, 22nd Floor, Wisma MCA, Jalan Ampang, 50450 Kuala Lumpur, not less than 48 hours before the time for holding the meeting or any adjournment thereof.
6. For the purpose of determining a member who shall be entitled to attend this 49th Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Article 66(b) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a Record of Depositors as at 15 June 2009. Only a depositor whose name appears on such Record of Depositors shall be entitled to attend the said meeting or appoint proxies to attend and vote on his/her behalf.
7. Notes on Special Business

Resolution 9

The proposed Resolution 9, if passed, will enable the Company to enter into recurrent related party transactions with Dindings Soya & Multifeeds Sdn Berhad for the purposes of Paragraph 10.09 of the Bursa Securities 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.

Resolution 10

The proposed Resolution 10, if passed, will empower the Directors to purchase the Company's shares of up to a maximum of ten per cent (10%) of the issued and paid-up share capital of the Company by utilising the funds allocated out of the retained profits and share premium accounts of the Company. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

Notice of Closure of Book

NOTICE IS HEREBY GIVEN that the Register of Members of the Company will be closed from 25 June 2009 to 26 June 2009, both dates inclusive, for the purpose of preparing dividend warrants. If approved by members at the Forty-Ninth Annual General Meeting on 18 June 2009, the final dividend of 5 sen per Ordinary Share less 25% income tax and a Special Dividend of 10 sen per Ordinary Share less 25% income tax in respect of the financial year ended 31 December 2008 will be paid on 6 July 2009. The entitlement date for dividend payment is on 24 June 2009.

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 22 June 2009 (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 24 June 2009 in respect of ordinary transfers; and
- (c) Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

By Order of the Board

Mah Wai Mun (MAICSA 7009729)
Company Secretary

Kuala Lumpur
27 May 2009

Statement Accompanying Notice of Annual General Meeting

Pursuant to Paragraph 8.28(2) of the Listing Requirements of the Bursa Malaysia Securities Berhad

PARTICULARS OF DIRECTORS STANDING FOR RE-APPOINTMENT/RE-ELECTION

1. Tan Sri Datuk Arshad bin Ayub (*Independent Non-Executive Chairman*)

Tan Sri Datuk Arshad bin Ayub, aged 80, a Malaysian, was appointed to the Board of the Company on 30 August 2002 and is presently the Chairman of the Company. He is also a member of the Audit, Nomination and Remuneration 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, LBI Capital Berhad, Tomypak Holdings Berhad, Top Glove Corporation Berhad, Pelaburan Johor Berhad and Bistari Johor Berhad.

He has a direct interest of 4.02% in the Company which represents 4,331,485 ordinary shares and an indirect interest of 2.51% by virtue of his directorship and shareholding in Zalaraz Sdn Bhd which holds 2,704,400 ordinary shares in the Company.

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.

2. Mr Lee Soon Lee (*Non-Independent Non-Executive Director*)

Mr Lee Soon Lee, aged 81, a Malaysian, was appointed to the Board of the Company on 14 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/Chief Accountant 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 holds 6,000 ordinary shares in the Company and has an indirect interest in the 241,500 ordinary shares held by his spouse and child.

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 Accompanying Notice of Annual General Meeting (cont'd) Pursuant to Paragraph 8.28(2) of the Listing Requirements of the Bursa Malaysia Securities Berhad

PARTICULARS OF DIRECTORS STANDING FOR RE-APPOINTMENT/RE-ELECTION (cont'd)

3. Mr Geh Cheng Hooi (*Independent Non-Executive Director*)

Mr Geh Cheng Hooi, aged 74, a Malaysian, was appointed to the Board of the Company on 11 March 2003 and is presently a member of the Audit and Nomination Committees 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. He is also a Fellow of The Institute of Chartered Accountants of England and Wales ("ICAEW") and a member of the Malaysian Institute of Certified Public Accountants ("MICPA"). His current directorships in public companies include Lingui Developments Berhad, NCB Holdings Berhad, PLUS Expressways Berhad, Paramount Corporation Berhad and Wawasan TKH Holdings Berhad.

He has an indirect interest of 0.04% in the Company by virtue of his directorship and shareholding in Emmel Sdn Bhd which holds 44,100 ordinary shares in the Company.

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.

4. Dato' Hj Shaharuddin bin Hj Haron (*Independent Non-Executive Director*)

Dato' Hj Shaharuddin bin Hj Haron, aged 70, a Malaysian, was appointed to the Board of the Company on 23 September 1993 and is presently the Chairman of the Audit and Nomination Committees and a member of the Remuneration Committee of the Company. He holds a Bachelor (Hons) Degree in Economics from the University of Malaya and a Masters Degree in Economics from the University of Pittsburgh, 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 till 1979. He 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 Gopeng Berhad, Latitude Tree Holdings Berhad and Ajinomoto (Malaysia) Berhad. He has no family relationship with any Director and/or substantial shareholder of the Company.

He holds 400,000 ordinary shares in the Company but does not hold shares in any of its subsidiaries.

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 Accompanying Notice of Annual General Meeting (cont'd) Pursuant to Paragraph 8.28(2) of the Listing Requirements of the Bursa Malaysia Securities Berhad

PARTICULARS OF DIRECTORS STANDING FOR RE-APPOINTMENT/RE-ELECTION (cont'd)

5. Mr Teh Wee Chye (*Managing Director*)

Mr Teh Wee Chye, aged 56, a Malaysian, was appointed to the Board as an Executive Director of the Company on 19 June 1989 and is presently the Managing Director of the Company. He is also 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 also a director of United Teochew (Malaysia) Berhad and Seu Teck Sean Tong Charitable Organisation Berhad.

He is a substantial shareholder of the Company and therefore deemed to have interests in all the shares held by the Company in its related corporations. He has no family relationship with any Director and has no conflict of interest with the Company and has not been charged for any offence within the past ten years.

6. Datuk Oh Chong Peng (*Independent Non-Executive Director*)

Datuk Oh Chong Peng, aged 64, a Malaysian, was appointed to the Board of the Company on 20 August 2008 and is presently a member of the Audit Committee of the Company. He is a Fellow of the Institute of Chartered Accountants in England and Wales as well as a member of the Malaysian Institute of Certified Public Accountants (MICPA) and the Malaysian Institute of Accountants (MIA).

He joined Coopers & Lybrand (now known as PricewaterhouseCoopers) in London in 1969 and in Malaysia in 1971. He was a Partner of Coopers & Lybrand Malaysia from 1974. He retired as a Senior Partner of Coopers & Lybrand in 1997 and then joined the Rashid Hussain Berhad Group of Companies in 1998 until 2003.

He is currently the Independent Non-Executive Chairman of Alliance Financial Group Berhad and also sits on the boards of British American Tobacco (Malaysia) Berhad, IJM Corporation Berhad, IJM Plantations Berhad, Kumpulan Europlus Berhad, Dialog Group Berhad and several other private companies.

Datuk Oh is a Government appointed member of the Labuan Offshore Financial Services Authority and the Malaysian Accounting Standards Board. He is also a trustee of the Huaren Education Foundation and the UTAR Education Foundation and a council member of University Tunku Abdul Rahman. He also sits on the Listing Committee of Bursa Malaysia.

His past appointments included being a Government appointed Member of the Kuala Lumpur Stock Exchange (1990-1996), a Council member (1981-2001) and a past President (1994-1996) of the MICPA.

He has no interest in the securities of the Company or any of its subsidiaries. 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.



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Form of Proxy

I/We, _____

I/C No./Passport No./Co. No. _____ CDS Account No. _____

of _____

being a member/members of **MALAYAN FLOUR MILLS BERHAD** hereby appoint _____

_____ I/C No. _____ of _____

or failing him/her _____ I/C No. _____

of _____

as my/our proxy to vote on my/our behalf at the Forty-Ninth Annual General Meeting of the Company to be held on Thursday, 18 June 2009 at 9.30 a.m. and at any adjournment thereof.

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

No.	Motions	For	Against
1.	Declaration of a Final Dividend and a Special Dividend		
2.	Re-election of Mr Teh Wee Chye under Article 111 of the Company's Articles of Association		
3.	Re-election of Datuk Oh Chong Peng under Article 98 of the Company's Articles of Association		
	Re-appointment of the following Directors pursuant to Section 129(6) of the Companies Act, 1965:-		
4.	a. Tan Sri Datuk Arshad bin Ayub		
5.	b. Mr. Lee Soon Lee		
6.	c. Mr. Geh Cheng Hooi		
7.	d. Dato' Hj. Shaharuddin bin Hj. Haron		
8.	Re-appointment of Auditors		
9.	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		
10.	Proposed Renewal of Authority for Share Buy-Back		

Dated this _____ day of _____, 2009.

Number of shares held

Signature/Common Seal of Shareholder

Notes:-

1. A member entitled to attend and vote at the 49th Annual General Meeting is entitled to appoint not more than two proxies to attend and to vote in his/her stead. The proxy shall be a member of the Company, an Advocate, an approved company Auditor or a person approved by the Companies Commission of Malaysia.
2. Where a member appoints two (2) proxies, the appointment shall be invalid unless he/she specifies the proportion of his/her holding to be represented by each proxy.
3. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account it holds which is credited with ordinary shares of the Company.
4. The instrument appointing a proxy must be in writing under the hand of the appointer or his attorney duly authorised in writing or, if the appointer is a corporation, either under seal or the hand of the attorney duly authorised.
5. The instrument appointing a proxy must be duly deposited at the Registered Office of the Company, 22nd Floor, Wisma MCA, Jalan Ampang, 50450 Kuala Lumpur, not less than 48 hours before the time for holding the meeting or any adjournment thereof.
6. For the purpose of determining a member who shall be entitled to attend this 49th Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Article 66(b) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a Record of Depositors as at 15 June 2009. Only a depositor whose name appears on such Record of Depositors shall be entitled to attend the said meeting or appoint proxies to attend and vote on his/her behalf.

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Affix
stamp
here

The Company Secretary
MALAYAN FLOUR MILLS BERHAD (4260-M)
22nd Floor, Wisma MCA
Jalan Ampang, 50450 Kuala Lumpur

fold here

MFM Brand

Consumer Products 消费人产品系列



Peaches Self-Raising Flour

双桃牌自发粉

Pre-mixed with chemical leavening agents, this flour is suitable for baking quality Sponge and Chiffon cakes. This expertly blended and finely milled flour comes enriched with vitamins and iron.

此面粉已预先混合化学发泡剂，适合烘焙优质的海绵蛋糕和戚风蛋糕。它是经过精细研磨，精心配制的面粉，富含维生素和铁质。

Standard Packing: 1KG



Red Roses Superfine Flour

玫瑰牌特幼面粉

A high quality, all-purpose flour recommended to be used for baking cakes, tarts, pies and other pastries. It is also ideal for making doughnuts and home-made noodles. This finely milled quality flour comes enriched with vitamins and iron.

优质的中筋面粉，极之适合快厨蛋糕、挞饼和其他酥皮点心。同时也是制作甜甜圈和自制面条的理想面粉。这款优质的特幼面粉也富含维他命和铁质。

Standard Packing: 1KG



Bunga Cempaka General Purpose Flour

玉兰花牌

A specially milled general purpose flour used for making pancakes, cookies and 'Kuih-muih'. Also ideal for making batter for frying prawn, chicken, vegetables etc.

这特别研磨的普通面粉适合制作煎饼、饼干和糕点。同时也适合制作炸虾、炸鸡、蔬菜等的面糊。

Standard Packing: 1KG



MFM All-Purpose Flour

通用面粉

Expertly blended, finely milled quality flour enriched with vitamins and iron. This flour is recommended for cakes, tarts, pies, doughnuts and other pastries. It is also used as thickener for gravies, sauces and soups.

这特别调配、精细研磨的优质面粉富含维生素和铁质。最适合制作蛋糕、挞饼、派饼和其他各种酥皮点心，也可用于稠化浓羹酱汁。

Standard Packing: 1KG

